

## Finance Director's Report for Finance Council 26/04/2025 Budget, Strategy and Membership Rates 2025/26

### Executive Summary

This report provides an overview of the ECF's financial position, key budget considerations, and strategic outlook for the coming years. The primary objectives are to ensure financial stability, support key chess initiatives, and approve necessary budgetary decisions for 2025/26 and beyond.

#### Key Items for Discussion and Approval

- Financial impact of the DCMS grant
- 2023/24 audited accounts
- 2024/25 projected forecast
- Membership rates for 2025/26
- Strategic priorities of the 2025/26 budget
- Financial strategy and three-year budget (2026-2028)
- Departmental plans for 2025/26

#### DCMS Grant Impact

The DCMS grant of £500k has provided a significant boost to the ECF. The financial impact can be summarized as follows:

- **£189k - Funding for new initiatives** (including grants to UK based tournaments, elite player training and support for blind and deaf players)
- **£167k - Increased funding for international teams** (open, women's and senior) and ECF organised home events (British Championships, Cambridge, English Championships, Senior Championships)
- **£144k - Investment in a grassroots development fund**

#### Financial Overview

- The 2023/24 audited accounts show a £13k surplus, a £41k positive variance against budget, with year-end reserves of £90k (above the £50k minimum target) and a cash balance of £248k
- The 2024/25 forecast is a £6k surplus versus a budgeted break-even position, increasing reserves to £96k (a £45k positive variance to budget)
- Membership rate increases for 2025/26 are proposed at approximately 5%, with further increases tracking expected inflation at 2.5%
- The three-year budget aims to reduce reserves back towards the £50k target spending, while keeping the annual deficit below £20k, with a return to breakeven by 2027/28

#### Strategic Priorities

The financial strategy supports:

- Maintaining reserves above the £50k minimum while directing surplus funds to targeted investments
- Capping annual 'burn rate' at £20k
- Investing in IT infrastructure and strengthening financial oversight to improve long-term operational stability
- Supporting national and international chess events, including the British Chess Championships and elite English teams
- Developing junior, women's, and grassroots initiatives, with aligned funding strategies and collaboration with partners including the Chess Trust and JRYCT
- Ensuring membership pricing remains good value for money with inflation-linked increases only beyond 2025/26

### Conclusion

The ECF remains in a strong financial position, with prudent reserve management, strategic investment, and a sustainable membership pricing model. The financial plan proposed in this will help ensure long-term stability while continuing to support English chess at all levels.

## **Main Report**

### **Impact of DCMS Grant**

As of writing, £454k has been received from the DCMS, with the remaining £46k expected in April. In total we will have received and made claims for £500k. Below is a breakdown of the claims made:

£159k – Elite-level spending (European Teams, Olympiad and training camps)

£94k – (British Championships – 2023 and 2024)

£93k – Senior international teams (two WSTCCs and two ESTCCs)

£79k – Grants to other UK based tournaments (English, Cambridge, IoW, Hastings, LCC, Northumbria, Sheffield, Wood Green)

£29k – Norm seeker grants

£27k – Women's events, including the two Menchik Memorial tournaments

£10k – Support for deaf and blind chess associations

£11k – Administrative support

Notes to the accounting treatment of the grant are given in Appendix 1. The overall impact of the grant can be summarized as follows:

- 1) £189k - Funding for initiatives that would not have otherwise been possible, such as norm seeker grants, grants to UK-based tournaments, elite player training, and accessible chess programs.
- 2) £167k - Increased funding for international and domestic competitions, including European Teams, Senior international teams (resulting in a series of medal wins), and enhancements to

major events such as the British Championships, English Championships, and Cambridge International.

- 3) £144k - Investment in grassroots development, creating a multi-year legacy that has already strengthened regional chess infrastructure.

## **2023/24 Audited Accounts**

The 2024 accounts have been audited and approved by Watson Associates. They are satisfied that the accounts give a true and fair view of the company's affairs and that the ECF is a going concern.

Our final result was a surplus of £13k versus an original budgeted £28k loss (a positive variance against budget of £41k). Our year end reserves were £90k – comfortably higher than our minimum target of £50k.

The year end cash balance was £248k, and we have as usual set aside a provision (£110k as at the end of the financial year) for deferred member subscriptions (as member payments and subscriptions span two financial years).

The 2024 budget was approved in April 2023 which was before we had knowledge of the DCMS support. The DCMS funding has supported increased spend across the international and home directorates.

See Appendix 2 for the detailed variance analysis of actuals versus budget.

## **2024/25 Forecast**

We are forecasting a £6k surplus versus a budgeted break-even position. This will leave reserves at £96k versus a budgeted £51k – a significant positive variance of £45k.

The figures include a £25k compensation payment made by FIDE in respect to their decision to host the 2025 Teams World Rapid and Blitz Championships during the English Championships. These funds have been allocated to further home and international spend and are included in the analysis given below.

Key items in the forecast (i.e. between now and the end of the financial year) are:

- Home and Women's budgets as per latest round of projections with additional contingency of £12.5k (50% of the FIDE compensation resulting from clashing FIDE event with the English) to be spent at the discretion of the Home and Women's Directors
  - BCC - £23k + £2k women's
  - English - £15k + £4k women's
  - Cambridge - £9k
  - Seniors - £5k
  - Event Managers - £5k
- Remaining international spend includes £6.5k for ESTCC and £12.5k (50% of the FIDE compensation resulting from clashing FIDE event with the English) on the FIDE World Teams Rapid and Blitz; remaining unspent DCMS funds will be used for norm seeker grants
- Changes to staff costs, with additional office cover and financial support

See Appendix 3 for the detailed variance analysis of actuals versus budget.

**Proposed Membership Rate Increases for 2025/26**

	<b>Current 2024/25</b>	<b>2025/26 Budget</b>	<b>2026/27 forecast</b>	<b>2027/28 forecast</b>
	£	£	£	£
Junior Bronze	6.00	7.50	9.00	11.00
Junior Gold	12.00	14.00	16.00	19.50
Junior Platinum	77.00	80.00	82.00	84.00
Bronze	20.00	21.00	21.50	22.00
Gold	35.00	37.00	38.00	39.00
Platinum	77.00	80.00	82.00	84.00
Supporter	12.00	13.00	13.50	14.00
Effective junior discount	66%	62%	58%	50%
Congress P2P	15.00	16.00	16.50	17.00
Junior only events P2P	3.00	3.00	3.00	3.00
FIDE admin fee (non-Eng)	1.50 (waived)	1.50 (waived)	1.50 (waived)	1.50 (waived)
Non-members game fee	20.00	21.00	21.50	22.00
Non-members game fee (junior)	6.00	7.50	9.00	11.00

Price increases are assumed to take effect on 1<sup>st</sup> July each year, so the rates for 2025/26 will be effective from 01/07/2025.

The 2025/26 increases require a decision – the 2026/27 and 2027/28 increases are indicative. An approximate 5% increase for 2025/26 is necessary to support the strategic and financial aims outlined in the following section. From 2026/27 onwards our aim is that membership rates will increase roughly in-line with inflation, currently 2.5%

The approximate P&L impacts of the proposed 2025/26 increases are:

Junior Gold - £5k

Bronze - £5k

Gold - £10k

These increases allow us to achieve the strategic objectives outlined below, while remaining financially robust.

## **Strategic Outlook**

The three-year plan aims to ensure the ECF is able to meet the following strategic objectives:

- Maintaining reserves above the target level of £50k, and utilising surplus reserves in a targeted manner – while not exceeding > £20k burn per annum
- Ring-fencing the grass-roots provision (£144k at 2023/24 year end) for expenditure in development areas
- Improving our back-office resilience and performance, including IT infrastructure, with a view to long-term stability
- Continuing to deploy our strongest international sides in open, women's and senior events (while maintaining a reasonable fees policy)
- Supporting our national championships and flagship events, including creating norm opportunities for English players
- Coordinating investment with partners such as The Chess Trust and JRYCT, for example our focus on elite junior chess being funded via the Chess Trust's Accelerator Programme
- Maintaining a competitive and attractive membership offering regarding price and benefits when benchmarked against comparable sports; our aim from 2026/27 is not to exceed inflation with subsequent increases

## **Financial Strategy**

We believe our approach in maintaining a minimum of £50k reserves remains reasonable due to the following factors:

- 1) We have an agreement with the Chess Trust that up to £100k of Chess Trust funds is set aside as an emergency fund for the ECF
- 2) Our policy of deferring member income (i.e. spreading each payment proportionally across the two financial years that membership typically covers) is prudent and ensures we have a significantly higher cash balance than our reserves position. The deferred membership provision is £110k at the end of 2023/24
- 3) We have significant flexibility in controlling our discretionary spend, in an emergency we can reduce international, home, women's and junior spend significantly

With the projected reserves surplus for 2024/25, we have some flexibility in terms of whether to spend this down and, if so, how fast. The proposed forecast aims to reduce reserves in a controlled fashion across 2025/26 and 2026/27 and contain our 'burn-rate' to less than £20k, reducing to £9k in 2026/27 before breaking even in 2027/28 when our membership revenue catches up with the higher level of spending commitments.

## **2025/26 Budget and Departmental Spend**

The main items and new additions are summarized below:

### Membership revenue and volumes

Membership rates, and their impact on revenue, are discussed above. The volumes are prudent when looking at current numbers – for instance the year end projection for 2024/25 is 14,502 versus 14,440 as of writing. However, we did not see the expected uplift at the end of the 2023/24 financial year, so have erred on the side of caution.

The paid member numbers no longer include the 'Student' category, which is why the 2025 budgeted figures appear high.

### Membership costs and other income

- Membership-related costs (Go Membership system, rating administration and FIDE fees) and other income (pay to play, game fee, JustGo Rewards) are in line with 2024/25 with inflationary increases
- Commercial income (currently mostly ChessMood affiliate income): a very small increase is included, though there could be scope for further growth

### Admin (Office, Finance and IT)

- Overall staff costs slightly reduce from 2023 and 2024 levels due to changes in hours and less reliance on agency staff. Additional finance support is included to support operations and reporting
- Additional IT investment is included at £7k per annum to support ongoing improvement and resilience of main systems including rating and LMS
- We will be ending the office lease (we will still have some residual ongoing costs for storage, redirection etc.)
- PR spending is maintained at £6k per annum

### Home

- Non-BCC events net spending is aligned with 2025 run rates with an inflation allowance (excluding the £12.5k contingency)
- Additional £10k cost is assumed for British Chess Championships venue – there are significant cost pressures with this event
- £5k to pay for event managers
- £5k 'other' (including arbiters, county chess, online etc.)
- £15k target savings/income

### International

- £50k for European Teams Championships
- £10k Seniors
- £10k 'other'
- £5k target savings/income

## Other

- Junior - new £5k discretionary budget
- Women's - £12.5k (assuming £2k on the British Chess Championships, £2k on the UK Blitz and £4k on the English Championships)
- Interest - £5k

## Appendices

### Appendix 1: DCMS Accounting Treatment

1) New investments (e.g., norm seeker grants) have been categorized under 'DCMS Expenditure – new initiatives,' which is separate from the usual departmental accounting structure.

2) Core spending areas (e.g., British Chess Championships and international events) have been recorded under their standard budget categories within 'Home' and 'International.' This explains the significant increase in expenditure in these areas for 2023/24 and 2024/25 compared with previous years.

### Appendix 2: 2023/24 Actuals – Variance to Budget

23/24 Variance Analysis	Variance		Notes
Budget surplus / (deficit)		(28)	
DCMS income	363		DCMS income and spend not in original budget
DCMS – new initiatives	(99)		
DCMS – grassroots provision	(144)	120	
British Championships	(29)		Increased expenditure funded by DCMS
Other home events	(16)		Increased expenditure funded by DCMS
European Teams	(24)		Increased expenditure funded by DCMS
International Seniors	(42)		Increased expenditure funded by DCMS
		(111)	
Membership income	(6)		
Commercial income	6		ChessMood income
Membership costs	4		
Admin costs	13		Over-estimated general costs
Junior	6		
Other international	9		
		32	
<b>Total variance</b>		<b>41</b>	
<b>Actual Surplus / (deficit)</b>		<b>13</b>	

**Appendix 3: 2024/25 Actuals – Variance to Budget**

<b>24/24 Variance Analysis</b>	<b>Variance</b>		<b>Notes</b>
Budget surplus / (deficit)		0	
DCMS income	137		
DCMS – new initiatives	(90)	47	Overlap between DCMS spend and core budget
Home events	(10)		BCC, English, Cambridge
Event managers	(5)		New paid roles
Membership income (inc. P2P)	(14)		Membership growth slowed end of 2023/24
FIDE fees	(7)		Higher FIDE charges
Commercial income	8		ChessMood
Staff costs	(12)		Higher use of agency temps – now stopped
IT costs	(5)		Adding resilience
Interest	4		
		(41)	
FIDE compensation	25		Due to clash with English Championships
Home contingency	(12.5)		
World Teams Rapid and Blitz	(12.5)	0	
<b>Total variance</b>		<b>6</b>	
<b>Actual Surplus / (deficit)</b>		<b>6</b>	