

## ECF Finance Council Meeting 27 April 2019

### Report to Gold Members

Lorin D'Silva was unable to attend, so I (Roger Emerson) attended, armed with voting instructions and proxy from Lorin. The meeting was attended by 11 ECF Office Holders (a number of whom were also representatives of member organisations) and only 23 other representatives. Despite the recommendations of the Pearce Commission, a sizeable number of representatives did not attend, nor had they given any proxy or voting instructions to the ECF Office.

The meeting was made up predominantly of ageing, white males (myself included) with only one female attendee. I will be standing down after this meeting, hopefully to be replaced by a younger Gold member of similar age to Lorin. In the light of the non-attendance of representatives and the difficulties of at least some of the attendees in following proceedings,

it would be helpful to the conduct of future meetings if member organisations reviewed their representatives, as recommended in Part 5.1 of the Pearce Commission Report of 2015 (<https://www.englishchess.org.uk/wp-content/uploads/2015/09/C23.13-Governance-Commission-Report-FINAL.pdf>.)

### Main Items of Business

#### Approval of 2017/18 Audited Accounts

The 2017/18 accounts, audited, were approved nem con.

#### Budget and Proposed Membership Fess for 2019/20

David Eustace presented the 2018/19 budget. Tim Herring presented a slide showing an allocation of admin costs by activity, which showed that the cost of the international budget was effectively borne primarily by Platinum and Gold members' higher membership fees, with some support from Silver and none from Bronze. It should be noted that, although the level of Bronze, Silver and Gold membership fees is broadly proportional to the average number of games played annually by each class of member, currently the grading system runs largely cost-free because it is mainly run by volunteers. ECF Office expenditure relates to dealings with and enquiries from all categories of member.

#### Proposal by NCCU to limit fee increases by reference to CPI

Before voting on the budget, Council looked at the two resolutions to amend the budget. The first, NCCU, Resolution to limit percentage increases in fees to increases in the CPI was presented by Tim Wall (Durham) on behalf of Bill O'Rourke. Tim cited pressures on local congresses/ clubs, entry/membership going down. He said that the proposal was supported unanimously by NCCU board. There were various contributions from the floor, on both sides of the debate. David Eustace, ECF Finance Director, explained that the ECF's own costs were rising faster than CPI. From the floor Stewart Reuben (ECF Vice-President) said that

**Comment [AF1]:** Comments below made by Angus French, 14 May 2019.

**Comment [AF2]:** D'Costa rather than D'Silva?

**Comment [AF3]:** The suggestion is that some of the current representatives are not up to the mark?

**Comment [AF4]:** Missing here is commentary on the forecast outcome for 2018/19. This is particularly important as the Board took the unusual step of asking Council to approve a revised budget at last October's AGM. The revised budget had new/additional expenditure for the development of chess, women's chess, international chess and the ECF Office with the expenditure to be financed out of ECF funds and from Chess Trust/Permanent Invested Fund (PIF) contributions. Disappointingly, funding from the Chess Trust has only recently been secured and this has delayed the appointment of a Development Officer to provide support for grassroots chess and to address the ECF's "demographic time bomb".

**Comment [AF5]:** Roger himself had produced similar analysis before the meeting. It's something of a coincidence that Tim Herring should do the same.

The (currently unpublished) analysis attributed administrative costs on a per member basis, not distinguishing between membership categories. This approach was questioned at the meeting:

- Shouldn't it be possible to allocate some, at least, of the administrative costs to directorates;
- Shouldn't there be some recognition of the different average numbers of graded games played by each membership category; and,
- Aren't Bronze memberships likely to impact less on the ECF Office if their memberships are acquired through a Membership Organisation (currently not, we were told, as processing isn't automated) or via a club secretary?

You might also approach cost allocations from a different angle: if you assume that Bronze members are, for the most part, only interested in obtaining a grade, what would it cost to provide just a grading service?

the NCCU's proposal to limit fee increases, with its concomitant push to more aggressively use trust funds and legacies to cover budgeted costs, wasn't a great selling point to those thinking of leaving legacies to help improve English chess.

On a hand vote, the resolution was lost, with 11 for and 19 against. The requested card vote was also lost, by 97 votes (93 For, 190 Against, with 8 abstentions).

### Proposal by Bronze and Silver Reps to cap International budget at £30,000

After a break for tea and the BCF meeting, we reconvened to discuss the proposal put forward by the Bronze and Silver Representatives, to restrict the International budget to £30,000 for each of the next 3 years. The resolution was put to the meeting by Angus French, Bronze members' representative. He didn't add much to the paper supporting the motion

(<https://www.englishchess.org.uk/wp-content/uploads/2019/04/C30.9-International-Expenditureresolution.pdf>)

Angus quoted from two or three e-mails from bronze members, along the lines of "why should we fund International chess when we get no benefit from it?" He also said that he was still awaiting the breakdown of actual expenditure on International that he had requested at the AGM in October 2018.

In reply, Malcolm Pein (International Director) referred to an e-mail he had previously sent to Angus, giving a breakdown of International expenditure on the last two Olympiads and European Championships. Malcolm read out the numbers for the benefit of everyone at the meeting. Malcolm referred to recent successes of England teams internationally, in respect of which he said he'd received congratulatory comments from many Bronze members. He also referred to his Key Performance Indicators (<https://www.englishchess.org.uk/wpcontent/uploads/2019/04/C30.7-ii-International-Directorate-KPIs-report.pdf>) and noted another achievement, now that Gawain Marroa Jones had achieved a FIDE rating of over 2700 – cue applause from the meeting. Malcolm explained that the effect of the resolution, if passed, would probably lead to England fielding an open team of 1 grandmaster and four young amateur international masters.

Chris Fegan said he had received feedback from most of the top women players, who were worried about whether the proposed cut would lead to the ECF not fielding a women's team, as had nearly happened a few years ago until Council voted more money to International.

The Silver Members' representatives, Michael Farthing and John Reyes, said that their feedback was approximately 2 to 1 in support of the proposal., among those expressing a view one way or the other. I didn't get a note of the exact numbers, but it was something like 45% for, 25% against and 30% undecided. Someone else from the floor noted that over 90% of Gold Member responses were against the proposal. Most other responses from the floor were against the proposal. I didn't think it necessary to add any comments of my own.

**Comment [AF6]:** Wouldn't those leaving legacies want what they had bequeathed to be spent?

**Comment [AF7]:** This – and the section heading – are inaccurate and misleading. The proposal was for a cap on the contribution from ECF funds (made up, for the most part, from membership fee income) and **not** on expenditure as a whole. Extra expenditure would be possible through sponsorship, donations and, in some cases, income from the trust funds.

**Comment [AF8]:** This is not especially true. In my speech – text [here](#) – but not in the paper supporting the motion were:

- quotes from the feedback provided by Bronze members;
- updated expenditure figures for the 2017 European Team Championships and the 2018 Olympiad (taken from the [management accounts spreadsheet](#) provided for the meeting);
- Speculation that something of the order of £20,000 was spent on appearance fees for the 2018 Olympiad; and
- An expression of concern about next year's budget which seemed to me to be somewhat optimistic and reliant, in particular, on increases in membership numbers.

**Comment [AF9]:** The request was made to and approved at the last Finance Council Meeting, held in April 2018, which Roger attended.

**Comment [AF10]:** The figures Malcolm read out and which had been provided to me by [email](#) where **not** the figures which had been requested, a number of times. Malcolm did not provide figures to show how much had been spent on the Open and Women's teams for the 2018 Olympiad. There was no breakdown of the £32,000 "fees" figure to give, in particular, the amount spent on appearance fees.

**Comment [AF11]:** Why would that be the case? Could not cuts be made in other areas? Could not sponsorship be found?

**Comment [AF12]:** This comment is correct. Maybe I was wrong but I didn't think it much worth responding to at the meeting as why would the women's team be at risk? Why would it be more important to maintain expenditure on such things as appearance fees, coaching and a training weekend than to field a women's team?

Asked to sum up before a vote, Angus repeated that he still didn't have the breakdown he'd asked for, despite Malcolm having read out the figures for all to hear.

**On a hand vote : there were 10 for the motion with 18 against. The card vote was an emphatic defeat for the proposal ( 65 for, 230 against, with 5 abstentions).**

### Proposal to further increase Gold and Platinum Fees

Before we voted on the budget and proposed membership fees, Robert Richmond (attending his first Council meeting as a proxy for Francis Bowers, Platinum Members' Representative) proposed, out of the blue, to increase fees for 2019/20 for Platinum and Gold Members to the £80 (rather than £75) and £41 (rather than £39). When questioned, he said that he hadn't consulted Platinum members, but Francis had just instructed him to use his judgement. Looking at the cost allocation slide, which showed Gold and Platinum members effectively funding most of International, he had worked out that his proposed increases would eliminate the forecast deficit for the year. Angus French, Bronze Members' Representative, seconded the proposal.

I spoke against it, arguing that the proposed fees had been considered and approved in principle at the AGM last October and that consultations with members had been on the basis of those proposals. To change now, to increase fees without warning, would be wrong.

**On a hand vote, Mr Richmond's proposal was overwhelmingly defeated, with (I think) only the Bronze members' representatives in support.**

### Budget and Fee Proposals by the Board

The Board asked us not only to approve 2019/20 proposed fees but also 2020/21, recognising that this would only be an indicative vote, because actual approval must wait until next year's Finance Council meeting. Michael Farthing (Silver members' representative) pointed out that the proposed increase for Silver members in 2020/21 was considerably greater in percentage terms than other categories. Others pointed out further anomalies:

- The junior game fee at £7.50 was higher than the junior silver and bronze joining fees at £6 for 2019/2020
- The second year silver membership fee increase was £1 more than the gold membership fee increase
- The FIDE rated events fee was £11 for both years which was less than the difference between silver and gold

In response David agreed to change the junior game fee to £6 for 2019/2020 and to look again at fee ratios for 2020/21, but he wanted to leave the FIDE rated events fee at £11 for 2019/20 - and this was the basis of an agreed amendment to the Board's membership fee motion.

**Comment [AF13]:** This is misleading. Malcolm still hadn't provided the expenditure figures requested of him: for the Women's and Open teams for the 2018 Olympiad and for appearance fees for the same event. It remained and remains unclear why it cost more than £40,000 each time to send two five-person teams to the 2017 European Team Championships and 2018 Olympiad – amounts which average out at more than £4,000 a player an event.

**Comment [AF14]:** I wonder what those Gold members reading Roger's report and knowing little if anything of Robert Richmond would make of this? Robert has in fact attended many Council meetings and was previously the ECF's Finance Director. I believe he said he had consulted Francis Bowers on the specific proposal before it was made to the meeting.

**Comment [AF15]:** Mike Gunn, the meeting Chair, was going to second the motion but it was suggested it mightn't be appropriate (even though Mike carried votes other than the one he had as Chair). I seconded the motion as: a) Since the inception of the membership scheme, Gold and Platinum membership fees have increased, percentage-wise, by somewhat less than those for Bronze and Silver (see [here](#) for a table of fees since 2012/13); and b) judged by their reported response, Gold members are rather more keen than Bronze and Silver members to fund expenditure on international chess.

**Comment [AF16]:** I think Roger has a point here though it's the job of Finance Council meetings to set membership fees.

In view of the need to re-look at fees for 2020/21, I proposed that Council should only be asked to vote on the proposed fees for 2019/20, leaving 2020/21 for next year's Finance Meeting when David Eustace could come back with revised fee proposals which took account of the points raised. Michael Farthing seconded this. Julie Denning (Non-Executive Director), in support, said that the indicative vote at last October's AGM still stood.

**A hand vote supporting my amendment was carried, with 17 votes for (basically ordinary Council members) and 13 against (basically ECF Officers). A vote to approve 2019/20 fees as proposed by the budget was passed on a hand vote, with 26 for and 6 against**

**The budget for 2019/20 was passed on a hand vote, with 27 for and 2 against.**

### Participation of Women in the County Championship Final Stages

The Director of Women's Chess's motion regarding female participation in county chess was then discussed. It was confirmed that the ECF can only control the final stage of the County Championships, because regional stages are controlled by the Unions. After some debate, there was an amendment proposed by Tim Wall and agreed by delegates so that **the motion actually voted on was:**

**'A team in the County Championships shall receive one extra point if it fields at least one female player in the National Stage, starting from the 2019/2020 season.'**

I had omitted this item in the note to Gold members before the meeting, as there was no paper supporting it. In discussion between Lorin and myself, he was supportive of the motion, whereas I didn't think it likely to further women's chess in England. I preferred to leave it to County representatives to decide. At the Finance Council meeting, asked by Chris Fegan, I pointed out that, out of the 16 female players in Division 1 of the 4NCL, only 4 were English.

So I voted Lorin's proxy in favour, as directed, and abstained myself.

**This proposal was won narrowly on a hand vote but lost narrowly (88 For, 91 Against with 34 abstentions counted).** Clearly a lot more than 34 abstained in fact, given that the number of card votes available at the meeting was close to 300.

### Other Business

A final piece of business asked for a straw poll about whether the three Counties which regularly submit no games for grading should be required to pay the Member Organisation fee of £64 per annum.

That was supported by a sizeable majority.

The meeting lasted from 1.30pm to about 6.10pm.

Roger Emerson  
(mailto:regoldecf@gmail.com)

29 April 2019

**Comment [AF17]:** Missing from this section of the report is commentary on the concerns expressed about the budget's reliance on increases in membership numbers (a net 500 new members a year for the current year and the next two) and where those increases are going to come from. It was suggested by the Director of Finance that the current year's budget had been optimistic and that there was a delay in increased membership numbers coming through. Malcolm Pein said that one online chess provider had reported 113,000 different UK players in one month; perhaps online players might be persuaded to switch over to over-the-board chess? Malcolm also referred to the US Chess Federation which incentivises organisers to add new members. Mike Truran suggested that Council members had a responsibility to encourage new members... Personally I am unconvinced by the Board's response and am concerned about the federation's financial position as its reserves are already projected to reduce to £37,146 by the end of 2019/20 - equivalent to less than a sixth of membership fee income for the year.