

Dear ECF Bronze member,

## 2017 ECF Finance Council Meeting

I am writing to you to tell you about the ECF Finance Council Meeting which takes place on Saturday 22 April and to seek your input on how, as your representative, I should vote.

(For some background on the workings of the ECF and its Council meetings, please see the section on the last page of this paper. Following that is a brief report of last October's AGM.)

The agenda for the meeting is [here](#). Supporting papers can be found [here](#). Also relevant is discussion on the EC Forum (<http://www.ecforum.org.uk/> - see the 'ECF Matters' section). Documents relating to representation of Bronze members can be found [here](#) (please check at the same location for updates if you are interested).

My guess is that the issues likely to be of most interest to Bronze members are:

1. The proposal to abolish league Game Fee (item 6 on the agenda);
2. The budget for 2017/18 (item 7(a));
3. The proposal to increase Membership Fees (item 7(b)); and,
4. The proposal to pursue voting reform (item 8).

**Please send feedback on these and any other Council issues to me at:**  
[angusmisc@angusf.myzen.co.uk](mailto:angusmisc@angusf.myzen.co.uk)

Taking each of the issues listed above in turn...

### 1. The proposal to abolish league Game Fee

- The proposal is for Non-members of the ECF to be permitted to play up to three graded games in a league for free, with penalty fees for exceeding this quota set at £25 for adults and £12 for juniors. Rapidplay games would count as being 0.5 games. The scheme would also apply to internal club events.
- The rationale for the proposal is to help achieve a long-term goal of abolishing Game Fee (which is viewed as an anomalous relic now that the ECF has switched to being a membership-based organisation) and to reduce the time spent processing invoices at the ECF Office (it is assumed that if the proposal is approved most leagues wouldn't be liable for penalty fee payments). The proposal is intended to be cost-neutral.
- I very much like the free results part of the proposal. This is a big plus for new or infrequent players.
- But I have some questions and concerns:
  - Has production of invoices yet been automated? (On receipt of a grading submission I think it should be possible to automatically produce an invoice and to email it to an event's Treasurer.)

- Savings in invoice-related processing at the ECF Office will be offset by the extra time required to process additional membership applications. (It seems that 1,800-odd additional memberships are anticipated and some of these would, no doubt, be acquired by post or by telephone, necessitating the involvement of the ECF Office. There may also be additional enquiries to the Office.)
- The penalty charges seem to me to be punitive and not really appropriate for a membership organisation. Leagues and clubs would have to keep a careful eye to ensure they don't exceed player result quotas – this will mean further work for leagues and clubs. Why is there such a difference between the adult and junior penalty fees?
- The payment due for those playing four or five games in a league will be greater than would be the case if Game Fees applied. For example, for an adult playing four games in a league, an adult Bronze membership would be required at a cost of £16 (to avoid incurring the £25 penalty fee). With Game Fees this charge would be £12 (assuming Game Fee is increased from £2.50 to £3)... OK, this is a threshold-type problem which can't be avoided but I think there might have been a better way of handling it.
- Why not abolish Game Fee for all event types - **why retain it for junior-only congresses?**
- I am doubtful the proposal is cost-neutral (as claimed). The supporting data [analysis](#) appears to assume, for example, that the additional memberships would be acquired at the full adult Bronze membership rate though presumably some will be junior memberships - and memberships acquired online or through a Membership Organisation will attract a discount. I can see no allowance for additional credit card/bank charges or for additional membership system (PaySubsOnline) charges.

**Comment [AF1]:** Feedback to follow up on: "Does the bye law wording accommodate the continuation of this approach? We cannot see any mention of the current 60p/30p junior game fees in the draft bye laws".  
Also: the data analysis provided included income projections for current Game Fee rates of 30p and 60p and these only apply to junior-only events...

I am inclined to support the proposal. Please tell me what you think, whether you agree or not.

## 2. The budget for 2017/18

- The budget, which includes increases in membership fees (see next section below), is for a loss of a little more than £19,000. See the [Finance Director's paper](#) and the [detailed budget spreadsheet](#) for further information.
- **The projected loss is consistent with the Five-year Plan approved at last October's AGM which relies on substantial additional contributions from the trusts which assist in the funding of English chess.**
- Actual figures for 2015/16 and forecast figures for 2016/17 are not yet available. These figures would have been useful, not least, to enable comparisons to be made with the budget figures. The reason the figures are missing is that the ECF is catching up on bookkeeping following the sad loss of John Philpott on whom the ECF was over-reliant... A new system has been installed to computerise the bookkeeping system.
- The Finance Director's report states (in the 'Requests from the trust Funds' section): "*The trustees of the [John Robinson Youth Trust] have at the time of writing refused any larger amounts above their normal support. This means the Board will have to reconsider its financial plans if these funds are not forthcoming*". It looks like there is a problem here.
  - The Board's Five-year Plan (presented and approved at last October's AGM) was reliant on substantial increased contributions from trust funds, the bulk of it - almost £150,000 over five years - from the John Robinson Youth Trust (JRYT).

**Comment [AF2]:** On closer inspection, my statement appears incorrect. The Five-year Plan relied on contributions from the trusts, sponsors and donors to offset losses and maintain Reserves at £100K. The budgeted loss of £19,000 \*already\* includes a £20,400 contribution from the JRYT and sponsors towards junior chess... So the loss looks real and this is a concern.

- One of the JRYT Trustees expressed concern at the AGM. He said he was a life-long friend of John Robinson and that to use the trust's capital (which the Board assumed to be available) would be to go against what John Robinson believed in which was prudence.
- The [minutes](#) of the February 2017 Board Meeting state: "*[Stephen Woodhouse, one of the Non-executive Directors] informed the Board that the terms of the John Robinson Youth Trust (JRYT) indicate no particular constraint on making a capital payment from the funds, but there is no obligation for the trustees to do so either. Consideration would be given to amend the request from Council to the trustees of the JRYT to specifically allow the trustees to pay out capital in appropriate circumstances*".
- However, the JRYT's [policy on investments](#) states (with my emboldening): "*The return objective of the Charity is to receive income, after fees, of £20,000 per annum whilst **maintaining the real value of the assets**. The income generated (net of fees) is to be distributed quarterly. The risk tolerance is formally "lower risk" but, given the long investment time horizon and the **desire to maintain the real value of the assets**, there is scope for an allocation to equities. Constraints: The Charity is to be managed with a long time horizon in mind as **there is currently no intention to distribute more than the annual income. Given that there is little chance of cash distributions beyond the quarterly distributions of dividends, there are little or no liquidity constraints for the Charity...***"
- I've been trying to make sense of the Junior Directorate's budget figures and the ECF Academy figures in particular. (This has not been helped by the messed-up presentation of the Junior Directorate section in the [detailed budget spreadsheet](#).)
  - I don't understand why income from the ECF Academy for 2017/18 is now budgeted at £0 when fees of £400 are charged for all participants except Elite participants. Shouldn't the totals of all income and all expenditure be shown?
  - [Last year's budget](#) had 2017/18 net expenditure for the Academy projected at £13,669 (after an £18,000 contribution from the John Robinson Youth Trust and sponsors). Now, for the same period, we have budgeted net expenditure of £22,000. But this is before the £18,000 contribution so the 'real' net expenditure figure appears to be £4,000 - a substantial gain!
  - In contrast, the February 2017 Board Meeting [minutes](#) state with regard to the Academy: "*No sponsor has been found so far. We are considering reducing this programme if sponsorship or trust funding is not available... The international programme is funded by parents at £400 per annum. We are considering increasing the contribution*".
  - I am mindful of [previous unresolved discrepancies](#) and remain to be convinced of the figures. I would like to see a detailed breakdown of budgeted income and expenditure.
  - Budgets presented at last year's Finance meeting and AGM show that the Academy is reliant on financial support from the JRYT. Given this and given the refusal (documented above) of the JRYT to provide "*any larger amounts above their normal support*", it would be useful to know: what support has so far been provided by the JRYT for the ECF Academy?
  - What will happen if the ECF Academy doesn't receive the income it requires from the JRYT? Can assurance be provided that the ECF's finances won't be affected?
- Net expenditure on International chess has reduced and is apparently capped for 2017/18 and subsequent years at £33,500. [Previously](#) net expenditure was projected at £65,623 for 2017/18 and then £70,623 for later periods. This is a significant improvement. That said, £33,500 is quite a bit more than the annual net spend of £20,000-£25,000 in the years 2006/7 to 2014/15.

**Comment [AF3]:** David Sedgwick has pointed out (on the EC Forum) that there is a motion on the agenda for the [BCF](#) meeting which directly precedes the [ECF](#) meeting:

To consider the following motion: "The British Chess Federation Council recommends to the Trustees of the John Robinson Youth Trust that:

(a) The Trustees give due consideration to requests for funding for junior chess made by the English Chess Federation; and

(b) When determining whether such requests should be accepted, they are prepared to make payments by way of grant out of the capital of the Trust Fund and do not limit the acceptance of such requests to such amounts as can be funded out of the income received by the Trust Fund."

**Comment [AF4]:** For comparison, the section of the budget for the British Chess Championship shows entry fee income.

- Both the detailed budget spreadsheet and the Finance Director's report indicate that the Board has made a decision - apparently at a cost of £8,198 per annum for the next ten years - to relocate the ECF Office and provide space for the National Chess Library. However, there has been no formal announcement. The decision (if it has been made) was made with just five days' notice given to Council members (who were asked on 8 March to respond by 13 March). While I support the idea of a National Chess Library I was concerned and [wrote](#) on behalf of Bronze members to object: the Board would be overturning a decision made by Council (which has primacy) two years ago on the \*exact same\* option; how could the expenditure be justified given the low number of visits to the library (when housed at Hastings University) - 8 visits in 2012 and 4 in each of 2013 and 2014; the case for the need to improve Office accommodation didn't seem convincing; no plan was provided for the audit and rationalisation of the library which is known to contain thousands of volumes which are duplicates or likely to be of little value or interest.

**Although I am encouraged by the improvements in the budget for international chess, I am concerned about the situations with the John Robinson Youth Trust and the National Chess Library and I would like further information about the financing of the ECF Academy. My inclination at the moment is to vote against the proposed budget. Please tell me whether you agree or not.**

### **3. The proposal to increase Membership Fees**

- The Board is proposing to increase the adult Bronze membership fee from £15 to £16 and to \*reduce\* the junior Bronze membership fee from £11 to £9.50.
- No explanation has been provided for the proposed reduction in the junior Bronze membership fee though the Council Chairman, who wrote the agenda, has said it is not a misprint. The detailed budget spreadsheet provided by the Finance Director (see the 'Workings' sheet) gives a junior Bronze membership fee of £11.50 not £9.50. It seems to me, therefore, that income is overstated by £350.

**Should I vote to approve the membership fee increases or not? Please tell me your view.**

### **4. The proposal to pursue voting reform**

- For background please see the Board's [consultation paper](#). It may also be useful to read the section towards the end of this document which provides a short description on the workings of the ECF and Council.
- There are three main options for reform:
  - [Option 1](#) - Board members are elected by Direct (i.e. individual) members rather than by Council and Council is abolished;
  - [Option 2](#) - Council is retained but Council members are elected by Direct members (and not, directly at least, representatives of counties, leagues, congresses etc.); and,
  - [Option 3](#) - Council and the existing voting rights for Council members are retained except that extra votes are awarded to the Direct Members' Representatives. For this third option, there are two further sub-options:
    - Either to award the Direct Members' representatives the same number of votes (currently about 300) as the Member Organisations (counties, leagues, congresses etc.) or to award them a third of the number (i.e. about 100). With the former, there might be 20 reps each with 15 votes. With the latter there might be 10 reps each with 10 votes;

- Either to have Direct Members Representatives for individual categories of membership (Bronze, Silver, Gold, Platinum - as at present) or to have them representing all members.
- There are also two related proposals (both of which I believe have merit):
  - (Relating to Options 2 & 3) To make Direct Members' card votes at Council meetings transparent. I am in favour of this as it should make the reps more accountable.
  - (Relating to Option 3, sub option 2) To remove the requirement for a Direct Members' Representative to be a member of the same category as the members he or she represents. I think this is very good idea. I often I receive feedback from Silver and Gold members who have signed-up club colleagues for Bronze membership – such people may be well-placed to represent Bronze members.
- Council will be asked to express its preferences on the options described above. If there is a clear appetite for reform, it will be for the Governance Committee to produce a proposal for the AGM in October this year.
- I am very much in favour of voting reform as:
  - Direct Members' Representatives (for Bronze, Silver, Gold, Platinum membership categories and also for Vice Presidents) currently have, in total, 10 votes (2 votes for each category) and this means their influence is tiny in a Council of 320-odd votes.
  - I am sure Direct members' Representatives receive far greater feedback in advance of Council meetings than do leagues. For the last two Finance Council meetings, I've had more than 60 responses; the Silver members' representatives typically get more than 100 responses. Does any league receive more than a handful of responses?
  - It is true that Direct members are represented by the leagues and congresses in which they play *but* too often, leagues and congresses don't send a representative to Council meetings (or are represented through a proxy – which is not ideal) or don't consult or, in the case of leagues, consult clubs which don't then consult players.
  - With the introduction of the membership scheme, the ECF is now, for the most part, funded directly by individual members and it is now as much an association of members as a federation of membership organisations. This situation ought to be better reflected in voting rights.
- Specifically, I am in favour of:
  - **Option 3 (to increase the number votes given to Direct Members' Representatives);**
  - Setting the number of votes available to Direct Members Representatives to be a third of those available to Membership Organisations. This is for practical reasons: to achieve a sensible number of representatives with a sensible number of votes each. And I doubt Council, as currently made up, would approve parity of vote entitlements; and,
  - Having representatives for membership categories, as currently. Membership categories provide natural constituencies which can easily be consulted (as I am doing here). I don't see how someone could represent all direct members and would be concerned that this might provide people with a free block of votes to do with as they wished.

**Please tell me your views on voting reform.**

**Please let me know your views on the above** - and anything else on the agenda - so that I cast my vote as your representative accordingly and possibly ask questions at the meeting. The more responses I get, the greater the weight of your (collective) opinion. **I would also urge you to express your views to the ECF representative(s) for the league(s) in which you participate.**

**Comment [AF5]:** In principle, I quite like Option 2 (Direct members elect Council members). But I think there is a practical problem. Currently 145 Member Organisations (counties, leagues, congresses etc.) are capable of being represented. However, the consultation paper suggests an appropriate number of Council members as being 25 to 30. That's quite a difference and I imagine many organisations will feel threatened with disenfranchisement.

FWIW, Option 3 is also the easiest to implement (in terms of constitutional change).

## Background on the workings of the ECF and its Council meetings

Most ECF decisions are taken by the Board and Officers but the more important decisions are taken by ECF Council. ECF Council meets twice year:

- in October for its AGM, to receive reports from Board members and senior officers, to consider proposals and to **elect a new Board and senior officers**; and,
- In April for its Finance meeting, to approve the previous year's accounts, to set a Budget for the following year and to consider (typically finance-related) proposals.

**Comment [AF6]:** Board members and Senior Officers now serve three-year terms. So, elections are for a third of Board members and Senior Officers.

For the most part, Council is made up of representatives of the leagues, tournaments, unions and other groups which organise the playing of graded chess. Each membership category also has up to two representatives. Board members and senior officers are also members of Council. Council meetings are usually attended by forty to fifty individuals (some acting as proxies for other representatives) with, in theory, over 300 votes at their disposal. Bronze members' representatives have a single vote each to cast.

I have been a Bronze Members' representative since early 2015. I also represent the Croydon & District Chess League and have attended the last 11 Council meetings. I was briefly a Non-executive Director of the ECF. I was also briefly a member of the ECF's Governance Committee.

## 2016 ECF AGM

This took place last October. The minutes are available [here](#). The Southern Counties Chess Union report is [here](#). Ben Edgell's report is [here](#).

I asked for feedback on three issues in particular: which of the four candidates in the election for two Non-executive Director positions I should vote for; whether, as part of the Board's Five-year Plan, increases in membership fees should be supported; and, also as part of the Board's Five-year Plan, whether increases in expenditure on International chess should be supported.

I received 34 responses which are summarised [here](#). Feedback was in favour of Julie Denning and Stephen Woodhouse for the Non-executive Director positions. I voted for Julie and Stephen and both were elected. Feedback was against further increases in membership fees but Council voted for them – by 32 votes against 6; I was one of the six. Feedback was against increases in expenditure on International chess and I spoke against the increases, drawing attention to the significant projected increases. I was supported in this by the Silver members' representatives. I am pleased to say, as mentioned above, that **the new budget for International chess shows significant reductions**.

**Comment [AF7]:** This could have been expressed better. Net expenditure appears now to be capped at £33,500 but with additional expenditure (raised from players, donors, sponsors and trusts) set at £25,500.

Also as stated earlier, one of the Trustees of the John Robinson Youth Trust expressed concern about the Board's proposal to drawdown on the capital of the trust. Please see above for further information.

And one other point: The draft Strategic Statement was referred back to the Board for further work.

Angus French, Bronze Members' Direct Representative

**PLEASE send replies direct to me at [angusmisc@angusf.myzen.co.uk](mailto:angusmisc@angusf.myzen.co.uk)**