

Dear ECF Bronze member,

## 2018 ECF Finance Council Meeting

We are writing to you to tell you about the ECF Finance Council Meeting which takes place on Saturday 28 April and to seek your input on how, as your representatives, we should vote.

(For some background on the workings of the ECF and its Council meetings, please see the section on the third fifth 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](#) (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).

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

1. The setting of membership fees (item 6 on the agenda);
2. The accounts for 2016/17 and accounts to date for 2017/18 (no agenda item);
3. Approval of the budget for 2018/19 (also item 6);
4. The proposal to merge Bronze and Silver membership categories (item 9); and,
5. Proposed changes for the national stages of the county championships (item 8).

There is another proposal which may also be of interest. Casual Chess, who [describe](#) themselves as '*London's feminist, diverse, central chess cafe*', have asked the ECF for a grant of £6,000 a year. They've not said how the money would be spent though they have previously provided chess training for women which we think is a good thing. We're minded to vote against the proposal but to suggest that the proposer works with the Board or perhaps the Chair of Council to consider coming up with a detailed proposal, likely for a lesser amount.

**Please send feedback on these and any other Council issues to us at: [ECFBronzeReps@gmx.co.uk](mailto:ECFBronzeReps@gmx.co.uk)**

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

### 1. Membership Fees for 2018/19 and beyond

- The Board proposes to leave the adult Bronze fee unchanged at £16 for 2018/19 and to reduce the junior Bronze fee from £9.50 to £5. The Board also proposes to reduce the junior Silver fee to £5 (the same amount proposed for the junior Bronze fee).
- The proposed reduction in junior membership fees prompts a question: to what extent should junior chess be supported? Already juniors get a discount on membership, funds are provided for the Junior Directorship (the budget is for a net contribution of £17,410; until a few years ago, the Directorate operated on a break-even basis) and further funds are provided by the John Robinson Youth Trust (no figure is given for 2018/19 but the figure in last year's budget appears to be at least £18,000) and the Chess Trust and may also now be provided from Richard Haddrell's legacy.

- The Paysubsonline membership system will (according to the [Finance report](#)) be replaced in 2018/19 by a new system called Azsolve (about which a Google search reveals nothing). Looking at the budget it appears there will be no set-up or transfer costs and the operational costs will remain the same. However, one consequence of the change is that the £1 online discount will be removed. It's not clear why this is but the effect will be to increase the cost of membership.
- The Board have indicated that they would like to increase membership fees, excepting those for junior members, for 2019/20. For adult Bronze membership the indicated increase is from £16 to £17.

**Please let us know whether you support these changes.**

## **2. The accounts for 2016/17 and the forecast for 2017/18**

- Council is provided with the accounts (in a format suitable for presentation to Companies House and with little breakdown detail or commentary) for 2015/16 and 2016/17. Further information is available in the [Finance Director's report](#) and the [Budget details document](#).
- The turnout for 2016/17 was better than expected with a loss of £4,983 against a budgeted loss of £19,211. The Finance Director attributes this to a £9,000 reassignment from the previous year and improved game fee collection.
- The forecast for 2017/18 is for a loss of £12,354 against a budgeted loss of £19,101.
- When a financial year is complete (or at a stage when a forecast is made) and accounts figures have been compiled we think there ought to be a review of the outcome (or forecast outcome). There's no item on the agenda for this (in fact there are no items on the agenda which relate to accounts) and there's an absence of commentary in the Finance Director's report. There also isn't a report from Finance Committee. We list some specific concerns on the accounts figures presented in the appendix at the end of this document.

## **3. The budget for 2018/19**

- The budget for 2018/19 is for a loss of £25,391. This is the context of budgeted turnover of £387,940 and budgeted reserves of £72,888 at the end of the period. ECF activities also benefit from contributions from several trust funds.
- Membership numbers for 2017/18 are up on previous years – see [here](#). This is mostly due to the increase in junior Silver members with many taking advantage of an initial free year of membership. Perhaps the abolition of game fee has also helped. From our own calculations it appears, in particular, that the number of graded rapidplay games played has increased, with 65K graded games played in 2017 against just over 50K games in 2016.
- Based on increased membership numbers (in all categories) and higher fees the Board is expecting membership income to increase from 191K in 2018/19 to £213K in 2019/20 and then to £223K in 2020/21. This will bring the (anticipated) budgets for 2019/20 and 2020/21 close to balance.
- The Board wishes to invest in junior chess. They are proposing to reduce junior membership fees and to invest further in the ECF Academy (for junior Gold members). Budgeted net expenditure on the Junior directorate is £17,410.

- Last year we had some questions about the 2017/18 budget for the Junior directorate and the [ECF Academy](#) which it runs – see [here](#). We also had some [questions the year before](#). The questions weren't answered. This year's budget has no breakdown of income and expenditure for the ECF Academy. As there's no breakdown and as the figures of previous years appeared to contain inconsistencies, we wonder if the headline figures are correct. Further, it's not clear how much income is expected from the trust funds on which the ECF relies (nor whether the amounts have been agreed with the trusts – something which in previous years apparently hadn't been the case). We don't wish to detract from the work being done by the ECF Academy – and we note [recent junior successes](#) – but the accounts presentation continues to be a concern.
- We are also concerned about expenditure on international chess. Budgeted net expenditure is now at £43K (though in last year's budget a figure for 2018/19 of £33.5K was indicated). Forecast expenditure (no actual figure is yet available) in 2015/16 was £40,495 and actual expenditure in 2016/17 was £49,784. Forecast expenditure for 2017/18 is £42,080. Before the current International Director took up his position, net expenditure on international chess had for many years ranged from just under £20K to just over £25K (see [here](#) for a chart). In his [2015 election address](#) the International Director said *"There is a danger that the shortfall [in funding] will have to be met by increasing Members fees and I very much want to avoid that"*. But this, in effect, is what has happened. Net expenditure is paid for out of ECF funds which come from membership and player fees. These could be lower if international expenditure was less. See also the appendix at the end of this document for more detailed comments.

**Please let us know: are you happy with the level of expenditure on junior and international chess and are you happy with the accounts and the budget in general?**

#### **4. The proposal to merge Bronze and Silver membership categories**

- The Northern Counties Chess Union has proposed that the Bronze and Silver membership categories are combined with the fee for the merged category set midway between the fees for the two categories. See [here](#) for the NCCU's proposal document.

Yes, the proposal has a number of benefits:

- It would simplify the membership system – by reducing the number of categories and by removing the need for Bronze-to-Silver upgrades. The tag *"play as much graded chess [excluding FIDE-rated chess] as you like for one fee"* has appeal. Removing Bronze-to-Silver upgrades would reduce administrative effort [though how many upgrades of this type are there?].
- It would create an incentive for Bronze members to play in congresses (since there would be no extra cost for doing that);
- It would reduce the cost of membership for those who would otherwise be Silver members.

However:

- For those Bronze members not interested in playing in congresses there would be an extra cost but no extra benefit. This could apply to a significant number of Bronze members (of which, at the end of a membership year, there are usually around 4,000). If they *were* interested in playing in congresses would the cost of the Bronze-to-Silver upgrade, currently £7.50, disincline them to play?

- The membership scheme, as it currently stands, reflects adult participation in competitive chess. (Junior participation is different – please see point below.) Bronze members mostly only play league chess (some also play in internal club tournaments and/or in county matches), last season they played an average of 13.4 standard play and 1.6 rapidplay games (see table [here](#)); Silver members play in the same competitions as Bronze members and also in congresses (at an average, last season, of 21.2 and 5.5 games); Gold members play in the same competitions as Silver members and also in FIDE-rated tournaments (at an average, last season, of 29.8 and 7.8 games). Note that the average game counts align pretty well with current membership fee rates (£16 Bronze; £23.50 Silver; £34 Gold).
- An increase in cost for the entry level of membership raises the “barrier to entry” into competitive chess. The notion of a barrier to entry is dismissed by some; it’s been said that the cost of membership is the cost of a round of drinks. But feedback from Bronze members and others says this can matter. People ask: what do I get for the cost of membership?
- A similar proposal (not acknowledged in the new proposal) was made three years ago to the Finance Council meeting of 2015 – see item 11 in the [minutes](#). The proposal was lost on a hand vote with only the two proposers voting for. Bronze members were asked for [feedback](#) in advance of the meeting: 5 indicated a preference for combining Bronze and Silver categories; 29 were against the idea.
- We *do* think there’s a case for combining junior bronze and junior categories as, unlike with adults, most juniors participate in congresses (often rapidplay congresses) rather than leagues. Effectively the Board have recognised this by proposing that membership fees for Bronze and Silver juniors are set to the same amount.

**Please let us know: do you support the proposal or not?**

## **5. Proposed changes for the national stages of the county championships.**

- Bronze members are currently permitted to play in local-stage county matches and in grade-limited national-stage county matches. For national-stage Open section county matches, players must have at least Bronze membership for their first match and then either at least Gold membership for their second and subsequent matches or else must be a member of a national chess federation which isn’t the ECF.

The principle proposed changes are to:

- Reduce the under 180, 160 and 140 sections to 12 boards (matching the lower-graded sections).
- Discontinue the 'Minor counties' section
- Make the U180 section (and the Minor counties section if it continues) FIDE-rated.

**If you have a view on this, please let us know.**

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

**PLEASE send replies direct to us at [ECFBronzeReps@gmx.co.uk](mailto:ECFBronzeReps@gmx.co.uk)**

## 2017 ECF AGM

This took place last October. The minutes are available [here](#). Ben Edgell's on-the-day report is [here](#).

Angus apologies for the lack of consultation with Bronze members for this meeting. His attention was diverted by an emergency at home. Although a [consultation message](#) was written, the ECF Office was left with too little time to distribute it.

The following were re-elected:

- David Eustace as Director of Finance
- Alex Holowczak as Director of Home Chess
- Dave Thomas as Direct of Membership
- Julie Denning as Non-executive Director (during the meeting, Peter Hornsby withdrew his candidacy)
- Mike Gunn as Chairman of Council
- Malcolm Pein as FIDE Delegate

Some good news: the proposals on voting reform were approved. The number of votes for members' representatives was increased from 10 to 40 with the Bronze reps getting six each (up from one). In future the results of card votes, except where they concern the election of Directors and Officers, will be published in full (showing how each rep's votes were cast).

The Board's Strategy paper was approved although the Bronze members' vote was cast against (the [consultation message](#) gives the reasons for this).

### 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 various directors and senior officers (there are elections for one third of these positions; each director/officer serves a three-year term); 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.

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. And Board members and senior officers are members of Council. Council meetings are usually attended by forty to fifty individuals (some acting as proxies for other representatives) with, in theory, over 330 votes at their disposal. Bronze members' representatives have six votes each to cast. Gareth Ellis has joined Angus French as a Bronze Members' Direct Representative at ECF Council meetings.

Angus French and Gareth Ellis, Bronze Members' Representatives on ECF Council

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## Appendix – Expenditure/accounting concerns

1. The budget details document is in unhelpfully provided in pdf format. Previously it's been in .xls format which facilitates analysis and enables calculations to be checked.
2. At the AGM last October the Finance Director promised to provide a breakdown of the 2015/16 actuals, as would normally have been provided with the 2017/18 budget details spreadsheet. This is still awaited.
3. The agenda proposes a junior Gold Fee for 2018/19 of £27.50 but the [budget details document](#) gives the amount as £17. Which figure is correct? Also, are the following correct (from the budget details document): indicated junior Gold membership fees for 2019/20 and 2020/21 of £18; indicated junior Platinum membership fees for 2019/20 and 2020/21 of £5?
4. International directorate: It cost £58, 879 in 2016/17 to take two five-player teams to the 2016 Olympiad in Baku. This seems rather a lot; a breakdown of expenditure would be useful.
5. International directorate: Why was £15,457 spent in 2016/17 on the Euro Team Championships when there was no European Team Championship took place in that period and there was no budget for it?
6. International directorate: Forecast net expenditure for 2017/18 is £42K. This is £8.5K over budget and more than the £5K of contingency for the accounts as a whole. No explanation is given for the overspend.
7. International directorate: There was expenditure of £7,204 on last month's (March 2018) European Individuals in Georgia in which four English players participated (Gawain Jones and Luke McShane both did well, qualifying for the FIDE World Cup). The expenditure was unbudgeted and quite possibly the budget for international chess had already been spent.
8. International directorate: The budget for net expenditure in 2018/19 is £43K, up £9.5K from the amount indicated when last year's budget was presented. Olympiad expenditure is now anticipated to be £36K, more than for the European Team Championships although at Olympiads accommodation and food is provided while at the European Teams it isn't.
9. International directorate: Previously, the International Director has [declined to provide a breakdown of the expenditure on team events](#) though most of this comes from ECF funds and members are surely entitled to know how the money they've provided is spent. At the 2015 Finance Council meeting it was [revealed](#) that budgeted spend for the 2016 Olympiad was split £26K for the Open team and £10K for the women's team (both teams having the support of a coach), implying significant spend on appearance fees for the Open team players.
10. Junior directorate: no actuals to date for 2017/18 have been provided. The budget details documents says these will be provided closer to the meeting. As at 23 April, they are yet to appear. Doesn't the Finance Director have access to this information?
11. Junior directorate: Amounts in the budget details documents for various periods are listed against 'Alternative funding: see below' but no further information is provided. The Junior directorate figures are followed by a blank page.
12. Oughtn't there to be a review of expenditure decisions taken for the 2016/17 and 2017/18 accounting periods? There's a lack of commentary on this in the Finance Director's report. There's no report from the Finance Committee (surely the job of the Finance Committee is to scrutinise the ECF's finances and part of their responsibility should be to report back to Council).
13. A year ago the decision was made to relocate the ECF Office and National Chess Library. What's happening with the Library?