

ENGLISH CHESS FEDERATION

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From: Andrew Farthing, Chief Executive

To: All ECF Member Organisations

AN UPDATE ON ECF FUNDING PROPOSALS

Introduction

Earlier this year, I published a paper, *The Funding of the English Chess Federation*, setting out the ECF's financial situation following the ending of the Government grant for chess in April of this year. The ECF Board identified and implemented cost savings of about £40,000, but these alone are not sufficient to offset the full impact of the loss of the £60,000 grant.

My paper included proposals for changes to the funding of the ECF, based on two options: (1) A Membership Scheme at a flat rate of £18 for adults and £12 for juniors; (2) A modified version of the current combination of Game Fee and optional Membership, which would see the base rate of Game Fee rise to 70p.

On 16th April, the ECF Finance Council met to discuss the proposals. Following considerable discussion, the results of the members' vote was as follows:

Option 1 (Membership Scheme)	-	91 votes	(54%)
Option 2 (Game Fee + Membership)	-	71 votes	(42%)
Neither of the above	-	7 votes	(4%)

In accordance with the results of the vote, I was mandated to prepare detailed proposals for implementing a Membership Scheme for consideration by Council at its AGM on 15th October 2011.

To implement a Membership Scheme, it will be necessary to make significant changes to the Articles of the ECF, which requires a 75% majority vote.

The Purpose of this Note

A number of points emerged from the discussion of my original paper, and it is important that the final proposals should reflect these as far as possible. Pleasing everyone will be impossible, but I am seeking to develop a framework which satisfies the wishes and addresses the concerns of the large majority.

In writing to you now, I am seeking to:

1. Update all organisations which are ECF members on the latest thinking on how the Membership Scheme proposals are taking shape;
2. Inform Member Organisations of the current plans for the formation of a charity to take over the bulk of the ECF's activities;
3. Give Member Organisations an opportunity to debate the issues in good time for the AGM;
4. Ensure that Member Organisations have a voice in shaping the final proposals by inviting their views.

PLEASE NOTE: These are not the final proposals and are subject to refinement and change. The formal proposals will be published at least one month in advance of the AGM.

MEMBERSHIP SCHEME

As well as supporting (and in many cases benefiting from) the activities of the Federation in chess at every level, ECF members will be entitled to a published grade twice a year, details of their graded game results and online access to the bimonthly newsletter *ChessMoves*. Those areas with membership schemes currently stress the benefit of being able to play an unlimited number of graded games for one annual membership fee and argue that this encourages more graded competitions.

As a result of the comments received on my original outline proposals, I am considering a number of refinements:

1) Tiered membership structure

In my original paper, I described a membership scheme based on a flat rate of £18 for adults, £12 for juniors, irrespective of the amount of chess played. The view was expressed by many that this was unfair on less active players, who were paying a relatively high amount for a few games.

The current thinking, therefore, is to establish different tiers of membership as follows:

BRONZE – Eligibility for all graded events except congresses and FIDE-rated events;

SILVER – Eligibility for all graded events except FIDE-rated events;

GOLD – Eligibility for all graded and rated events.

Players who only compete in graded league, club and county competitions would be covered by Bronze membership. Silver would cover those who play in congresses as well, but not FIDE-rated events. Gold would cover all types of event. As is currently the case, all English-registered players with an active FIDE rating will be required to be ECF members in order to retain their “active” status on the FIDE rating list.

Preliminary analysis of past activity suggests that 62% of adults (29% of juniors) would need Bronze membership only. Silver would apply to 28% of adults (67% of juniors). The comparable figures for Gold would be 10% (4%) respectively.

Preliminary analysis again suggests pricing for adults in the order of: Bronze £13; Silver £19; Gold £25. Junior membership fees would be about a third lower in each case. In other words, those who play in non-FIDE-rated congresses would pay £1 more than in the original £18 flat rate proposal; those who play only in league and club competitions – the group which caused most concern in the response to the original paper – would pay £5 less than envisaged.

It is also envisaged that there would be a *PLATINUM* membership tier, at a higher price, for those who wished to support the Federation as a patron.

A note about Game Fee

Given the vote at Council in April, my brief is to prepare detailed proposals for a membership scheme. If these do not obtain the necessary support in October, it is likely that some form of Game Fee would remain. As you will be aware, Game Fee is currently paid on all graded games, except for those played by ECF direct members in congresses and all games played by those who are part of a Membership Organisation (Basic and Basic Junior members).

Outside Membership Organisations, players generally pay Game Fee through their league or match fees or through congress entry fees. In view of the need to close the budget gap created by the loss of the Government grant, Game Fee would have to increase further, which would have a knock-on effect on league fees, etc.

It should be stressed that, under a Membership scheme, no Game Fee will be payable, so league fees should be significantly reduced or even eliminated entirely, depending on local circumstances. Similarly, congress organisers will no longer need to include an element in their entry fees to cover Game Fee (i.e. about £3 for a typical weekend congress).

I appreciate that this is likely to be well understood, but it is important to be clear that, while a membership scheme will, on average, increase what individuals pay towards the ECF, this is also true of the alternative.

2) Treatment of non-members

The ECF hopes that all English players will choose to become a member. Some will choose not to. The Board has discussed how the games of non-members should be treated. Three options were considered:

1. Not allowing non-members to compete in graded competitions;
2. Not grading the games of non-members;
3. Grading the games but not publishing the grade of non-members.

The Board's clear view was that the first option was an unacceptable constraint on players. The second option was also considered unacceptable because it would penalise members who played non-members (since the game as a whole would not be processed for grading). The preference, therefore, is to continue to process the games of non-members but not to publish their grade.

3) "Pay to Play" fee

This was originally proposed as a £6 fee to be paid by non-members when competing in a congress. It was intended to cover non-English players (i.e. other Home Nations and overseas) wishing to play in graded English congresses.

In view of the tiered structure proposed above, it is now considered that the "Pay to Play" option should only apply to non-English players in congresses. English players wishing to have their congress games graded will need to become Silver or Gold members.

4) New players

The original proposals allowed for new/ungraded players to play up to 3 games without becoming a member. This remains the intention. For a player to obtain a grade, he or she would have to become a member (and play the requisite number of games).

5) Collection of membership fees

This has been a controversial point. Some argue that collection is a complicated burden to place upon local organisations and that the ECF should handle all memberships directly. Others find that local collection operates smoothly in practice. In the existing Membership Organisations (MOs), the MO receives 10% of the value of the subscription in return for collecting the memberships.

After much discussion, my main conclusion is that flexibility is the order of the day. I would not propose to abolish the option of local collection, because this arrangement clearly suits many. However, we shall implement an effective means of becoming a member and renewing memberships online for those who wish to handle it this way.

6) Members' guarantees

Currently, members are required to sign a form, guaranteeing the sum of £1 in the event of the ECF's insolvency. It is our intention to change the Articles to do away with this requirement. This in itself will make a simple online enrolment process more practicable.

YOUR VIEWS WANTED!

These ideas are not set in stone. You have the chance to help to shape them. Please tell me what you think about the above suggested changes to the original outline proposals? We have tried to adapt the approach to address the concerns expressed by members. Are we on the right lines? All feedback welcome on chief.executive@englishchess.org.uk.

REORGANISATION

1) Establishment of a new charity

It is intended to present Council with proposals for the establishment of a new chess charity. This would take on all of the ECF's principal activities in respect of **amateur** chess, i.e. in practice, everything except International chess, the British Championships (in whole or in part) and interaction with FIDE (including rating and titles) and the European Chess Union.

It is envisaged that the membership scheme set out above would relate to the new charity, not the body dealing with professional chess.

One of the major potential benefits of charitable status is that donations, including membership subscriptions, should be eligible for Gift Aid, provided that the individual is a UK taxpayer and gives consent. Gift Aid makes donations and membership subscriptions go further by allowing the charity to reclaim tax, i.e. equivalent to an extra 25%.

If this comes to pass, it will either mean that the charity will have additional funds to invest in the development of English chess or it could reduce the cost of membership. This would be determined by those who govern the charity.

Governance of the charity is an important issue. The Board's overall preference would be to move towards a system of "One Member, One Vote", i.e. giving every member a say in the organisation. There are practical considerations here, and it may be preferred to continue the system of representation through leagues, congresses, county associations, etc.

What is your view? This is an opportunity for change, if that is the majority wish.

2) **The non-charitable organisation**

The remaining organisation dealing with professional chess will be considerably smaller than the current ECF. Its turnover is almost certain to fall below the VAT threshold of £73,000.

For this reason, it is envisaged that there may be a considerable financial benefit through no longer having to pay the 20% VAT which we currently have to on British Championship entry fees, membership income and game fee. All other things being equal, this should mean that the British Championship would operate consistently at a surplus. (If needed, the charity would be able to provide grants for the amateur sections of the event.) Surpluses from the British would be available to finance International chess.

The potential effect of these developments would be to make players' contributions go further. I should like to see this translated into investment in the development of the game in England, but if members preferred that it could be used to reduce the amount they pay, this would be an option.

CONCLUSION

I apologise for imposing on your time with this lengthy note. I would not have done so if I did not consider the subject of vital importance. Your views are crucial if we are to ensure that the ECF moves forward in the right direction with the maximum of consensus. Please discuss the issues within your organisation and have your say by e-mailing me on chief.executive@englishchess.org.uk. I look forward to hearing from you.

Andrew Farthing
Chief Executive