

AGM: Fees to operate from 1 April 2022

(This paper, in line with our bye-laws asks for approval of the UM price increase to operate from April 2022; as is our custom and practice, to give context to the UM proposal, the paper also sets out the other price changes agreed by the Board)

This is my last year for presenting a UM pricing paper, endorsed by our Board, to the AGM. It is also the most difficult that we have had to construct.

Usually there will be firm and reasonably accurate forecasts going forward by up to 4 years for our main cost and income lines, and then we would set down a way forward based on our two agreed policies:

- That we should show a small surplus over each 4-year cycle (4 years because that is the normal international cycle)
- That price increases should be at or around RPI, implying some efficiency improvements to enable us, medium-term, to ensure wages kept pace with the economy generally, historically at RPI + 1%; (Note: it is probably time to change this indicator to CPI)

In terms of the inputs this year, forecasting 1 year ahead is tough, 4 years impossible with any underlying accuracy for most income areas.

Current Year

In the current year we froze both prices and employee pay, to support mainly our Clubs. The Board then set a small deficit budget with the intention of using our reserves. We also halved our support to EBED with a consequential slowing down of bridge development. In practice it is beginning to look as if we might out-turn around break-even for the following main reasons:

- Government support (furlough and rates) totalled a bigger than expected £25k in 2021/22
- The EBU's own BBO online games are doing well, although our face-to-face competitions are currently below budget, but still leaving the expected contribution from Competitions likely to be £34.5k better than budget;
- Junior International games were either cancelled or moved online saving around £25k in the year;
- The Bridge Warehouse is picking up quicker than expected and will probably outperform budget contribution by some £10k;
- Notwithstanding setting what felt like a marginally optimistic budget, UM receipts will be close to budget (possibly a little below);
- In contrast we had hoped for another reduction in our WBF/EBL affiliation fees, but that was not forthcoming, and that cost line will overspend by £14.9k; non-staff costs generally are also starting to creep up as inflation takes hold, whilst staff costs are in line with budget;

Next Year

The main differences and points to note in cost terms for 2022/23 are:

- the complete removal of government support, increased inflation (forecast at over 4% in early 2022), and the consequent increases in wages in the economy which will need to be reflected with our own employees;
- the additional National Insurance charge which will cost the EBU around £10k, and its employees a similar amount in aggregate;

- the move of some competitions back to face-to-face attracting fewer entrants but partially offset by reducing prize money;
- we also have probably overdone our cost cutting on IT-related staffing and will need to re-invest in that area early in 2022;
- we will however keep issues of English Bridge at four per year (+ one on-line) and not revert to pre-pandemic frequency;
- rather pleasingly after last year's over-budget, the way our agreed formula with the EBL/WBF works, one year in arrears, will result in a significant reduction in our fees, maybe as much as 45% as our lower number of active members in 2020/21 impacts on our fees in 2021/22;
- most other cost areas will be broadly as expected in 2021/22, with an assumed at least 3% uplift on average wage costs.

That leaves the volatile issue of income. If I ask 10 people for their estimates, I get 10 different answers. We still have good reserves, however, so being just a touch optimistic, this paper is based on the following assumptions:

- Universal Membership income will remain flat in volume terms year-on-year with an increase in face-to-face balanced by a drop in online;
- Our main Competitions will in very broad terms be 80% of pre-pandemic levels, albeit with a rather different structure, which have been modelled on a competition-by-competition basis;
- There will be a 40% drop in EBU BBO games' numbers;
- Sims will run at 75% of pre-pandemic levels, which is a step-up from this year;
- The Bridge Warehouse will have volume of 60% of pre-pandemic levels, again a step-up from this year in total;
- Overall other income will be flat in volume terms but with some increases, eg County online events, and some falls.

Prices

Given critically the assumption that we will probably out-turn near break-even, and above budget, in 21/22, I am proposing that we can plan sensibly on a manageable deficit in 22/23, whilst we get greater certainty around future income (and cost) streams. I am suggesting that deficit could be in the £25k to £40k range.

The Competitions Board sub-committee are also concerned that, with our VAT disadvantage and our overheads rather than volunteers, the EBU cannot, and maybe should, compete with Counties for everyday green-point online events. But we do need to ensure that the EBU maintains its contribution levels from Competitions in the widest sense, as a critical element in covering our running costs. Securing a fair share of income from the green point structure which the EBU administers, will also help protect struggling Clubs from too large a UM increase in a single year, whilst still being able to keep the entry fees well below pre-pandemic tournament levels, remembering that, online, such events are no longer largely confined inside county boundaries.

We also want to protect the face-face game in our Clubs and elsewhere which in overall cost to the player can be significantly undercut by the online game. (Echoes here of the high-street v online retailer debate). We are therefore intending a significant change in the structure and balance of our licence fees.

Based on all the above we can hold our UM price to 42p, just a 2p or 5% increase ie reasonably in line with inflation over 2 years. Without the additional increase to green-point online events set out below, the UM increase would be 3p. We will also increase the price of the EBU's BBO online game to operate from 1 January 2022, with a further increase 12 months later. All this results in the following price list from April 2022:

Membership Subscription: £0.42 (Last year: £0.40)

Direct Membership UK: £33 (£32)

Direct Membership O/S: £43 (£41)

Club affiliation fee: £27 (£27)

Licensed Club and County Events: £2.32 (£2.20) per table

Licensed Charity Events (including multi-venue): £2.04 (£1.96) per table

Non-charity multi-venue simultaneous events: £6.40 (£6.20) per venue

Blue Point events: £2.96 (£2.84) per table

County online green-pointed events; £16.40 (£8.20) per table

County face-to-face green-pointed events; £8.32 (£8.20) per table

Beginner/improver events: £0.84 (£0.80) per table.

Annual licence for tour operators: £57 (£55)

Events run by non-affiliated organisations (eg holidays): £2.80 (£2.68) per table

NOTE: University Affiliation fees remain unchanged at £5; there is no charge for affiliation fee for schools.

If all assumptions in this paper are correct, not only will I win the lottery in 2022/23 but the out-turn for the EBU will be a deficit of around £30k – in practice the result will be something different, but we have robust reserves to handle downside, and if there is upside, particularly in volume, this would help dampen the scale of price proposals for 2023.

Jerry Cope

Treasurer

November 2021