

## Finance and Audit Committee paper for Area Meetings

### 1. Subscription rate for 2019

The Finance and Audit Committee (FAC) are recommending to National Council Reps that the AGM agenda should include an agenda item to potentially increase the subscription rate for 2019.

### 2. Mechanism for changing subscription rates

Subscription rate changes have to be approved at the AGM on 16 June. There is a round of Area Meetings between 11-19 April. National Council members should consult the membership on potential changes to subscription rates prior to the National Council meeting on 28 April 2018. FAC welcome any feedback from the Area Meetings on this paper before advising on the final agenda items for the AGM.

### 3. The 2017 accounts

The FAC met on 9 April 2018 to consider the 2017 draft accounts. The draft accounts for the year ended 31 December 2017 have shown a **loss of £100k**. This is the result of a number of factors, but the main issue was that Sport England grant income retained by the BMC fell by £250k. The total Sport England grant income fell from £758k in 2016 to £331k in 2017. The BMC receives and passes on some grant income to various partner organisations other organisations such as Mountain Training (MTE, MTUK) and the climbing wall sector (ABC & ABCTT). A summary of grant income from the 2017 accounts and current 2018 budget is:

	2018 (budget) £	2017 (actual) £	2016 (actual) £
<b>Sport England Grant</b>	<b>0</b>	<b>331,829</b>	<b>758,063</b>
Grant forwarded to MTE, MTUK, NICAS & OIA	-	(13,015)	(190,052)
<b>Retained by the BMC</b>	<b>0</b>	<b>318,814</b>	<b>568,011</b>

Other changes in 2017 were less significant. There was welcome additional income from subscriptions and commercial partnerships but it was not sufficient to substitute the loss of grant funding and was partly offset by the additional ORG review costs of £43k and declines in other revenues such as Summit advertising, Financial Services and magazine sales.

#### 4. ORG Implementation Proposal 1

The FAC considered the budget but there is a great deal of uncertainty at the moment due to the ORG Review Implementation. The FAC has costed Proposal 1 at approximately £20,000. The Sport England bid will be submitted on by the end of May 2018 and a decision is expected on 8 June 2018 prior to the AGM. The current best estimate of grant income from Sport England in 2018 if Proposal 1 is accepted at the AGM is in the range of £200k to £250k.

The BMC does not have to accept Sport England grant income and it would manage without that income. The 2018 budget has been prepared without that income and is forecasting a surplus of £6k, however this is would be achieved by curtailing all grant funded activity in the Specialist Programmes such as; Clubs, Talent, Hillwalking and Equity development.

#### 5. FAC proposal

FAC advise that the BMC will need an agenda item at the AGM regarding subscription rate increases. We have yet to determine the final wording of any AGM agenda item and the actual increases required but have set out a draft below for discussion at area meetings.

**If Proposal 1 is accepted at the AGM then the recommended subscription rate increase would be withdrawn.**

If Proposal 1 is not accepted at the AGM, then FAC recommend the AGM should consider the following draft agenda item to increase subscriptions:

*“To retain the broad range of activity that the BMC currently undertakes on behalf of the membership then the BMC seeks the authority to increase membership fees by up to 10% for each category of membership for 2019. Such an increase would approximate to £3.40 on membership fee for individuals and £1.43 for club members.”*

Such a 10% increase would **only generate £100k** of additional income in 2019 to replace a shortfall of approximately £200k to £250k due to the delayed impact of a subscription rise against individual members. The full annual impact of the 10% rise would be £200k in 2020 and each year going forward.

**Finance and Audit Committee**

**11 April 2018**