



AFFILIATION FEES NARRATIVE

13 DECEMBER 2022

This document provides the narrative behind the proposal of a 7.2% rise for affiliation fees for the 2023/24 year.

1. Background

The current methodology used to calculate affiliations fees was inherited from the predecessor organisation (BUSA) in 2008 and approved by the inaugural BUCS AGM in June 2008. It was renewed at the AGM in July 2012 and discussed again at Advisory Group in September 2014.

AGM in July 2012 voted that the total annual amount raised by BUCS from affiliation fees would rise by the inflation rate declared in the pre-ceding January, (e.g. the inflation rate in January 2023 would be used to calculate the affiliation fees for the season 2023-24) unless otherwise agreed by AGM. The RPI inflation rate has historically been used as this value. The current RPI is 11.1% as of November 2022.

It was agreed at the March 2022 meeting of Advisory Group to conduct a further review and that a subgroup be convened to do so. Despite a request to the members through Regional Groups no subgroup emerged, therefore the matter was discussed at June 2022 Advisory Group.

Additionally Advisory Group in June 2022 agreed the following actions in order for the BUCS Office to confirm amounts due from members by 31 March each year for the following August:

- A) Utilise student participation numbers from two years before, in line with the data for student body. E.g. for August 2023 calculation, the student BUCS participation is from team & individual entries from 2021-22.
- B) Amend the Articles/T&Cs to require members to state any intention to withdraw from BUCS by confirming by 31 January each year.

The affiliations group will have two remits:

- A) A short-term review of the existing RPI inflationary increase due to be applied to the 2023 affiliation fees, with any recommendations being made to the membership at the 2022 AGM for application to 2023 fees.
- B) A review of the current model, with any recommendations being made to the membership at the 2023 AGM for application to 2024 fees.

The affiliations working group met on the 4th and 17th November and discussed all aspects of the Affiliations Fees Summary paper provided by the BUCS Executive (attached as Appendix 1). The first point discussed was the review of fees for 2023.

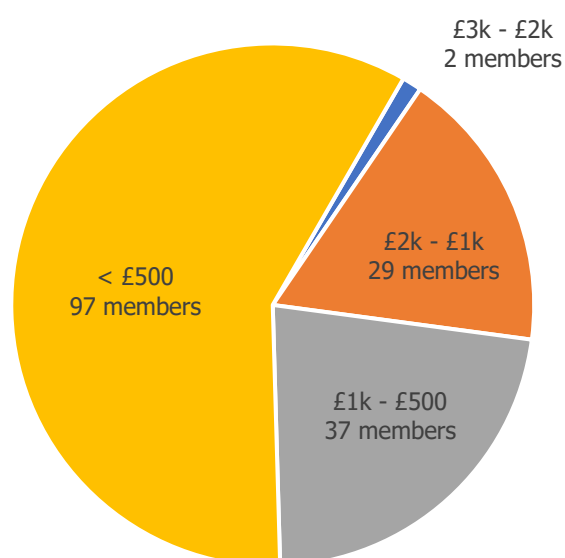
A. Review for 2023 fees

The current rate of RPI inflation (for November 2022) is 11.1%. Under the current agreement in the Articles of Association, if this is the rate in January 2023, this would be applied to the total amount raised and then divided according to the methodology outlined in Section 1.1.

However, it is recognised that an increase of 11.1% could have a negative impact on several institutions who may be experiencing severe financial challenges already and especially if costs to BUCS are unlikely to have risen 11.1% across all areas of expenditure. Therefore, it is proposed to reduce this percentage value to acknowledge the financial pressure across the sector. To do this, an estimated 'BUCS Inflation' value of 7.2% has been calculated. This has been achieved by examining known and likely cost rises in different areas of the business. For example, a 5% increase has been applied to staff costs, but a 10% rise has been applied to the cost of running events. The amount is an average across all areas of expenditure.

For the purposes of an example, the chart below shows the impact of this increase on Affiliation fees if applied to 2022 values across a range of institutions.

Fig 2 – Summary of increase to Affiliation Fees in 2023 if 7.2% increase is applied



2. The Narrative of the 7.2% fees

The working group asked to see the narrative that led to a proposed 7.2% increase. Please find below a summary that details the workings, showing some examples of expenditure and increase in price between the 2021/22 and 2022/23 year:

3. Estimate for 2023-24 (FY24) compared to budget 2022-23 (FY23)

	Budget FY23 £k	Estimate FY24 £k	Variance
Income			
National Programmes	2,211	2,433	10.0%
International Programmes	331	364	10.0%
Development	179	179	0.0%
Football Development	693	727	5.0%
Member Events	279	307	10.0%
Digital and Engagement	79	85	7.0%
Data and Insight	124	124	0.0%
Commercial	412	412	0.0%
Business Services and Overheads	32	34	7.9%
Affiliation Fees	1,254	1,345	7.2%
Total income	5,594	6,009	
Expenditure - Activity			
National Programmes	(1,552)	(1,707)	10.0%
International Programmes	(319)	(351)	10.0%
Development	(114)	(121)	6.0%
Football Development	(537)	(564)	5.0%
Member Events	(254)	(279)	10.0%
Digital and Engagement	(129)	(138)	7.0%
Data and Insight	(12)	(13)	2.9%
Commercial	(21)	(21)	0.0%
Business Services and Overheads	(576)	(622)	7.9%
Affiliation Fees	(3)	(3)	7.2%
Expenditure - Activity	(3,518)	(3,819)	
Expenditure - Staff	(2,076)	(2,180)	5.0%
Surplus / (Deficit)	0	10	

Staffing

Staff costs are included at an average 5% uplift which in comparison to the HE sector average of 3% may appear generous. BUCS staff are paid below many similar roles in NGB's, H.E. and wider sectors for example, and to enable the BUCS Office to both recruit and retain staff effectively would require the BUCS Office to budget for a slightly higher rate than the HE sector average.

Venue hire

Sporting Event	2022-23	2021-22	% increase
Big Wednesday – Hockey	£1,800*	£1,164	54%
Short Course Swimming	£13,600*	£13,200	3%

Accommodation

Sporting Event	2022-23	2021-22	% increase
Big Wednesday	£10,895*	£8,693	25%
Nationals	£34,519*	£27,704	24%
Table Tennis	£4,710	£4,394	7%
Short Course Swimming	£8,163	£6,920	17%

*costs based on information available to date. NB these are not all currently confirmed.

4. Options

Whilst the proposal from the BUCS Executive is for an uplift of 7.2%, the Affiliations working group asked that a 0% option and associated risks is also included for consideration and is duly shown below. The Affiliation working group felt providing a third option of RPI would be pointless in the current climate as all felt none would be willing to agree to the uplift in membership fees.

Option 1 – a 7.2% increase in affiliations

The 7.2% proposed increase is the substantive proposal from the BUCS Executive for members. This is a composite average of all the areas of expenditure, some of which are much higher than the 7.2 figure, and some which are less. No weighting is applied to the areas, these are the predicted increases based on information we have available to us now. This would be a fixed rate increase, subject to on-going review as detailed below which balances the risk for members and the BUCS office.

Option 2 - a 0% increase in affiliation fees

Whilst clearly attractive to many members this does come with a number of risks.

- a) A reduction in affiliation would require a reduction in competition and/or event delivery. This could be achieved in different ways for example reducing the “quality” of events (delivering to a “bronze/basic” standard rather than platinum standard). This would have a negative impact on student experience and potentially commercial income. Alternatively or additionally, a reduction in the number of events, especially those that are perhaps costly to deliver could also be considered but again will have a direct impact on student experience and may have an impact on commercial income.
- b) Secondly, applying no inflationary increase this year would mean that a funding gap will emerge, and in the very likely scenario that all costs increase by inflation next year, any inflationary uplift in BUCS affiliations in the FY 2024 will still leave a significant gap in the finances. A relatively small increase this year would reduce that gap in future years. It’d be likely that other costs such as team entries, would increase to bridge the gap in the resourcing.

It is worth noting that some areas of the business could not be reduced, for example the Commercial team, alongside the Engagement team. These teams bring income into the business and diversifying our income streams is critical for us to do, so that we are not reliant on affiliation fees to the same degree in the future.

The Development team are largely externally funded and some tied specifically to Sport England funding. Therefore, not only do these posts bring in additional money to BUCS they are crucial to delivering the outcomes of the significant funding which is already having a positive impact across the business.

There may also be the requirement to increase costs elsewhere if reductions in programme delivery were not felt to be appropriate.

5. Next steps

Following the AGM, the Executive will begin budget preparation for the next financial year in collaboration with the Board Finance and Audit sub-committee. This will build in known costs (conference, some major events ie. Nationals, BBW, Dryslope (Edinburgh) if confirmed, average staff salary uplifts, operational costs etc) and projected income and expenditure lines (e.g. fines, commercial, digital engagement and upgrades etc). The Draft budget is presented to Board at the April meeting for questions and comments, and a final budget at the July meeting for sign-off.

It is worth noting that the Executive do try and build in multi-year agreements to events like Nationals, BUCS conference and Winter Summit to reduce the site visits required and secure preferential rates on the subsequent years wherever possible.

Whilst a decision at AGM will provide us with a clear direction of travel, it is noted that the current external environment is highly volatile. We would therefore undertake to continually review this as a sub-group and communicate any potential changes to the membership in a timely manner.

We will also review the Articles of Association to acknowledge the shift in timing of AGM from July to December which impacts on the timing of proposals and decisions alongside the additional work of the Affiliation sub-group which suggests that RPI is not a suitable metric to use in calculating affiliations.

6. Action for members

Members are asked to clarify their acceptance of Option 1 or 2 above to allow detailed budget preparation to begin in earnest, with an acknowledgement of the risks outlined in Option 2 as above.

Fiona Dick – Vice Chair, Senior Managers Executive
Vince Mayne – CEO

December 2022