

## **NICSSA AGM – MARCH 2020**

**Explanatory note on the proposal to increase membership subscription rates by £1.08 per annum (9p per month) to £5.96 per month with effect from 1 July 2020. The £20 annual rate for junior membership in the 16-18 age category will remain unchanged. The £10 subscription for under 16-year olds will remain unchanged.**

### **1) Introduction**

The purpose of this paper is to summarise the case for the proposal to:

Increase membership subscription rates from 1 July 2020. The last increase was 12p per month from 1 July 2019 (and July 2018 & 2017). There was no increase in 2013. In 2012 there was an increase of 22p per month. At its February 2014 meeting Council supported the general principle of small annual increases. Such increases mean that any increases are very small in light of fairly low inflation; are reasonably seen by our members as affordable; and do assist cash flow within NICSSA.

Junior membership in the 16-18 age category was decreased last year to £20 per annum to encourage clubs to attract more young people in sport and this subscription along with the £10 subscription for under 16 year olds will remain unchanged.

### **2) Background**

Since the mid-1990s it had been NICSSA policy to implement a biennial increase in the subscription rate payable by members by an amount broadly equivalent to the rate of inflation (RPI). This policy was developed against a background of generally increasing overhead and service delivery costs, a slow-down in membership growth and a freeze in the annual grant from DFP. RPI has since been replaced by CPI as the main benchmark inflation rate and the DFP grant has now ended.

In 2011 the increase the link with RPI was broken following consideration by Council of a number of factors and in particular pay constraints. Council proposed that it would be more appropriate to scale down the level of increase to be applied in July 2012 from 9.9% (the RPI increase over 2 years) to 4.4%. This proposal was subsequently approved at the NICSSA AGM in March 2012.

There was no increase in 2013 and at its February 2014 meeting Council agreed the principle that annual increases linked to CPI would now be the way forward. At the NICSSA AGM in March 2014 members unanimously supported a CPI linked increase of 12p per month. At the NICSSA AGM in March 2015, 2016, 2017, 2018 and 2019 members again unanimously supported a CPI linked increase - of 12p per month.

### **3) The Case for ongoing review – NICSSA membership subscription rates**

NICSSA last increased the subscription rate in July 2019. The increase was approved at the AGM in March 2019. The increase was effective from July 2019. The inflation rate (CPI) for the 12-month period ending November 2019 is 1.5% (at November 2018 it

was 2.2%. If inflation was the sole factor in determining the subscription increase, there would be a 9p per month increase in 2019. Looking ahead inflation is likely to remain in and around 2% during 2020.

Consideration should therefore be given to increasing the 2020 subscription rate in line with inflation i.e. an increase in 2020 of 9p per month. This would bring the rate to £5.96 per month.

In addition to keeping pace with inflation there is a clear business need to generate additional income to sustain the range and volume of activities now provided by NICSSA to members. In this context a helpful example is the strategy to increase the number of events and activities delivered to members outside Stormont Estate and fund future capital development. NICSSA's financial performance has generally delivered a modest surplus for the last five years (£45k in 2010; £44k in 2011; £39k in 2012; a small deficit of around £8k in 2013; a surplus of £29k in 2014; a surplus of £67k in 2015 (as a result of the one off sale of our ownership of the membership plus brand); a surplus of £38k in 2016); a surplus of £61k in 2017, £42k in 2018 and a projected surplus of £45k in 2019. The next 3 years will be financially challenging, not only for our members, but also for NICSSA. Important facts to note are:

- \* DFP revenue grant stopped from April 2011. This was worth £118k in 2010, the last full year;

- \* The significant reductions in the number of public sector employees in the period 2015 to 2019 (and especially our core membership in the NICS) has hit our membership income – a 10% reduction in employed members would equate to around £50k per annum. In 2020 membership will remain static at best.

- \* We have significant loans outstanding at 31 December 2019 totalling about £260k;

- \* Income from healthworks has been unpredictable for several years. In 2013 it was £184k; falling to £160k in 2014; and in 2015 fell further to £60k. In 2016 our income from Healthworks was £80k; in 2017 it was £65k; in 2018 it was £75k and in 2019 it was £81k, much of this as a result of private sector interest. This specific income source may be difficult to sustain in the future following the rollout of our wider programme of Health & Wellbeing services – in both the public and private sector

- \* The Well programme has been subject to NICS review and although successful there is no guarantee that it will continue to be delivered by NICSSA;

- \* Without Playball, the financial position of the Association would be poor and its future at risk; and

- \* We have limited cash reserves (less than £60k at 31 December 2019). Revenue reserves on our balance sheet are just under £950k. However, this is largely a technical accounting reserve, as we don't own key assets such as the Pavilion building. It is prudent for businesses such as NICSSA to hold reserves equal to 3

months of cash outgoings (which would be about £210k 2019). Council agreed this was necessary at its December 2011 meeting and that any subscription increase be used to assist build up such a reserve. This increase, all other things remaining equal, would increase our total subscription income by £12k per annum

\* All capital expenditure requires prior approval from our main bank lender. It is important that as far as practical we can self-fund urgent capital expenditure.

The Association needs also to consider the NICSSC position on their subscription increases going forward from July 2014. They agreed annual increases, with the first 'catch up' increase being 24p (including VAT) per month in July 2014. NICSSA subscriptions increased by a further 12p in all years since 2015. In light of this, it is better that our increase from July 2020 is no more than 13p – otherwise the increase for members of both NICSSA and NICSSC could be perceived as unreasonable.

In light of all these factors, a subscription increase is necessary. To assist with the setting of subscriptions for the various categories of membership and to support 12 monthly pay and direct debit deductions, it is best any full membership increase is easy to divide equally.

#### **4) Proposal**

In consideration of all the factors set out above, the AGM is asked to agree there should be an increase of 9p per month (1.5%) in the NICSSA membership subscription rate from July 2020.

Junior membership in the 16-18 age category was decreased last year to £20 per annum to encourage clubs to attract more young people in sport and this subscription along with the £10 subscription for under 16-year olds will remain unchanged.

**Michael Carson**

**NICSSA Treasurer**

**31 January 2020**