

## **A NOTE FOR CSSA MEMBERS ON THE PROPOSED REDUCTION TO 'SINGLE SHARE' CSSC MEMBERSHIP AND THE FINANCIAL IMPACTS ON CSSA AND ITS CLUBS**

1. The proposal by CSSA (and it is a decision for the CSSA rather than the CSSC) to reduce members' shareholdings in CSSC to a single share stems mainly from CSSC's introduction of its Linked Membership scheme. This scheme will, in effect, largely displace the 'family membership' arrangements that most CSSA's clubs operate (at least as regards adult family members), because it will mean that many such members join the CSSC through the new scheme. The cost to those members – particularly at a 'two share' subscription rate - seemed likely to threaten the family membership element of clubs and, in some cases, the club's viability. The proposed reduction to a single shareholding – 'ordinary' membership rather than Membership Plus in CSSC's terminology – is intended to ameliorate such impacts.

### **Why is CSSC introducing Linked Membership?**

2. CSSC's Linked Membership scheme has been introduced to boost its membership numbers, which are likely to decline because of government cut-backs. It is because of this that CSSC has also broadened the eligibility criteria for 'full' membership, to include the wider public sector. The scheme also stems from CSSC's increasingly firm stance that all those who benefit from its activities and facilities should be CSSC members; and, conversely, that those benefits should be made more widely available to family members and friends - but only through their becoming Linked Members.

### **Broader financial perspective for CSSC**

3. Most – some 75 per cent – of CSSC's income is derived from membership subscriptions, which is why the potential decline in membership is so important. Moreover, over the next few years CSSC faces losing almost all its annual Cabinet Office grant. Such grant, at well over £1 million pa, represents more than 15 per cent of income and in the past has, in effect, met much of CSSC's overheads. At present CSSC is doing little better financially than 'breaking even', so it is facing considerable financial challenges.

### **Financial impacts for CSSA**

#### ***'Single share' impacts***

4. All this means that the reduction to a single CSSC shareholding has to be a 'zero sum' game. Otherwise it would represent a loss of over £50,000 for CSSC that would have to be made up elsewhere. Some of this 'making up' will come from new Linked Members but the take up of this is very uncertain and won't become evident for some while. Accordingly, under the proposals provisionally agreed with CSSC:

- CSSC's membership grant to CSSA would be reduced by about £6,500 from just under £26,000 to just over £19,000. It would however be capitation based, so increases in CSSA membership, including Linked Membership, would increase the grant.
- CSSA would still be entitled to bid annually for the separate Sports and Recreational Bodies grant which funds things such as the Inter Departmental Offshore Regatta and the Dinghy Championships (CSSC has factored this into their budgets at current levels – about £9,000 pa).
- The overall effect of this and the loss of Associate Membership subscription income (see paragraph 6 below) would be that the Association would remain viable. However, the amounts of grant that have been made available to clubs in recent years would be substantially reduced and the Association's capital, from which it makes interest-free loans to clubs for capital projects, would probably remain 'static' and thus diminish in 'real terms' over time, because of inflation.

- All CSSA clubs, and not just some as at present, would pay rent to CSSC for their sites. This would be phased in.
- Where applicable, clubs would reimburse CSSC for their buildings insurance costs.

***Impacts from LM and broadened public sector membership eligibility***

5. Regardless of any reduction to a single CSSC shareholding there will also be the following financial consequences.

- Associate Membership will very largely be a thing of the past, being replaced by Linked Membership. Most of the Income from AM subscriptions - about £8,000 pa which split 50:50 between CSSA and Clubs – will disappear and CSSC will instead receive the benefit from LM subscriptions.
- Those CSSA dinghy clubs that have non-CSSC ‘Lodger’ or ‘Local’ clubs attached to them and from whom much of their income is derived will see a reduction in that income. This is because the subscriptions paid by those members, set (like Associate Members) at 120 per cent of the CSSC membership subscription, currently all go to the club, whereas when any such members become full members of CSSC and thus of the core CSSA club (by virtue of the broadened public sector eligibility criteria or through Linked Membership) their subscriptions will be payable instead to CSSC. For these clubs the proposed reduction to a single CSSC shareholding might ameliorate the situation by allowing higher ‘club membership’ subscriptions at no additional net cost to members (although this would of course depend on family circumstances).

**Overall impacts and conclusions**

6. The proposed change to a single CSSC shareholding is very far from being a simple 50 per cent reduction in members’ costs. Indeed the overall financial impact for the Association and its clubs is broadly neutral. Within that, however, there are considerable winners and losers and for some clubs the impacts will be significant. But much of the die is already cast through CSSC’s broadening of its membership eligibility criteria and introduction of the Linked Membership scheme, and unless a reduction to a single CSSC shareholding is made, the impacts are likely to be unsustainable for many of CSSA’s clubs. The CSSA has done all that it can to ameliorate those impacts and will continue to do so; CSSC for its part has shown itself more than willing in this regard. The changes are not all negative; they will provide new membership opportunities for clubs, many of whom will find this welcome. The bottom line, however, is that CSSC’s financial situation means that there is no prospect of a generally more favourable ‘deal’ than the one that is on offer.

**Brian Grubb  
Hon Treasurer  
CSSA  
September 2011**