

**Independent Constitutional and Governance Review Commission**

**Report to the Council, Board and Governance Committee**

**of the English Chess Federation**

# Contents

	Page
<b>1. Introduction</b>	<b>1</b>
<b>2. Scope of Review</b>	<b>1</b>
<b>3. Structure and Operation of the Board</b>	<b>2</b>
3.1 Elected officers' responsibilities and powers	2
3.2 Managers and other officers	4
3.3 Conduct of Board meetings	5
3.4 Building trust and co-operation	6
3.5 Recording and implementation of Board decisions	6
3.6 Strategic adviser	7
3.7 The ECF Forum	7
3.8 Finance, strategy and policies	8
<b>4. Operation of Council and Interaction with the Board</b>	<b>9</b>
4.1 Chairing Council meetings	9
4.2 Matters for Council	10
4.3 Standing Committees	10
<b>5. Voting Issues and Composition of Council</b>	<b>11</b>
5.1 Concentration of voting power	11
5.2 Representation of direct members	12
5.3 Distribution of rights between Member Organisations	14
<b>6. Integrity, Rules and Conduct</b>	<b>15</b>
<b>7. Representation of Elite Players</b>	<b>16</b>
<b>8. Other Matters</b>	<b>16</b>
<b>9. Implementation of Recommendations</b>	<b>18</b>
<b>APPENDIX A</b> Terms of Reference - Independent Constitutional and Governance Review Commission - English Chess Federation	
<b>APPENDIX B</b> Voluntary Code of Good Governance for the Sport and Recreation Sector (published by the Sport and Recreation Alliance) Summary of Principles	



## 1. Introduction

We have been asked by the Board of the English Chess Federation (“ECF”) to conduct a wide ranging review of the ECF's Articles of Association and other aspects of ECF governance and to make recommendations to improve constitutional arrangements and governance. In so doing we have been greatly helped by the Chief Executive and other Directors of the ECF, members of the Standing Committees and of Council, representatives of Member Organisations and other interviewees and respondents. We thank them for their time and for the valuable insights they have provided.

This commission consists of:

**Gareth Pearce** (Chairman) – former chairman of Smith & Williamson Holdings Limited, with extensive board experience in both executive and non-executive roles in a number of different organisations.

**Suzzane Wood** – partner in a leading global executive search firm, with considerable experience advising boards on key appointments. Also a former junior chess international.

**Roger Emerson** – partner in a leading accountancy firm and then senior executive in the pharmaceutical industry, with wide experience of leading diverse teams and successful project management.

Our full terms of reference are set out in Appendix A. In fulfilling these terms and in preparing the recommendations in this report, we have had particular regard to the Voluntary Code of Good Governance for the Sport and Recreation Sector published by the Sport and Recreation Alliance (“SRA”). A summary of the SRA Code is set out in Appendix B, together with a link to the SRA website.

## 2. Scope of Review

At the outset, we think it helpful to define what is meant by governance. While broadly similar definitions can be found in different dictionaries, the best we have found is from the Institute on Governance (<http://iog.ca/defining-governance/>), an independent not-for-profit organisation based in Canada, which states: “*Governance determines who has power, who makes decisions, how other players make their voice heard and how account is rendered.*”

The governance of the ECF is regulated by its Memorandum and Articles, Bye-Laws and Regulations, which may be found on the ECF website under the tab “About”.

We have reviewed all of these documents. Words and phrases with capital letters in this report, other than those defined specifically, have the meaning given them by these documents.

In accordance with our terms of reference, we sent to the Board and the Governance Committee on 5 August 2015 a draft document, in which we set out preliminary findings, recommendations and proposals. Since that date we have received comments from individual members of the Board and the Governance Committee. Our report takes note of all comments received up to and including Friday 4 September 2015 and it contains all our formal findings, recommendations and proposals to the Board and to Council.

The ECF is run mainly by volunteers with a small number of paid employees. Having lost government grants in 2010, it operates with limited financial resources. These constraints must be recognised in any programme of change in governance. The order in which we set out our principal recommendations reflects our views on what most needs to be done, bearing in mind such constraints. Most of the changes we recommend could be made with little additional cost, but they will require the time of Directors and other officers.

Our principal recommendations fall within the following headings:

- Structure and Operation of the Board

- Operation of Council and Interaction with the Board

- Voting issues and Composition of Council

- Integrity, Rules and Conduct

- Representation of Elite Players

- Other matters

### **3. Structure and Operation of the Board**

A number of the elements of good board governance are already in place or are being developed. The size of the Board and the number of Non-Executive Directors are reasonable. The new board, elected in October 2014, has devoted more time to strategic planning and to developing policies in a number of areas. There is general agreement, however, that considerable further improvement is needed in the strategic planning process and, indeed, in the overall effectiveness of the board.

### **3.1 Elected officers' responsibilities and powers**

Under Article 17 Directors, the FIDE Delegate and members of the Standing Committees are elected at each Annual General Meeting of Council, for a period of one year. Between November 2009 and October 2013 the Board had a non-executive chairman, who also chaired meetings of Council. That position was abolished at the October 2013 AGM, following which the President chaired board meetings until his resignation in March 2014. Since then, under the regulations, the Chief Executive has been required to act as chairman at Board meetings, to ensure good working relationships among Board members and to co-ordinate activities of Directors. However, Directors and other elected officers (in particular the FIDE Delegate) are required to report directly to Council and merely to “communicate regularly with” the Chief Executive. In addition, some Directors' responsibilities are considerably greater than others. These arrangements do not promote board unity or effectiveness.

**We recommend a number of fundamental changes to Article 17 and to Regulation No.2 in order to improve the effectiveness of the Board, to set clear reporting lines and to help provide continuity of future ECF activities:**

- **A non-executive chairman should be appointed who should take responsibility for, inter alia, the organisation and conduct of Board meetings, the efficient operation of the Board and ensuring, jointly with the Chief Executive, that agreed policies and procedures are adhered to.**
- **The Company Secretary should report to the chairman. The Chief Executive should report to the Board as a whole.**
- **The FIDE Delegate should be appointed by the Board, subject to approval by Council, and should report to and take directions from the Board.**
- **All Executive Directors should report to the Chief Executive.**
- **Instead of individual Directors reporting to Council, there should be a single report of the Board, approved by it beforehand.**
- **The non-executive chairman and Non-Executive Directors should together report to Council.**
- **Directors may be elected by Council or appointed by the Board, subject to ratification by Council at its next Meeting (as is currently the case). Directors should serve for an initial period of three years but may be re-elected for a further period of 3 years.**

- **To help continuity and stability, Directors' three year terms should be phased in so that, as far as possible, each AGM should have only 3 or 4 elections or re-elections.**
- **The Chief Executive's performance should be reviewed annually by the Chairman. The performance of all other Executive Directors and the FIDE Delegate should be reviewed annually by the Chief Executive.**
- **There should be safeguards under which the FIDE Delegate or any individual Director may be removed by unanimous decision of the Board or by Council if their performance is inadequate.**
- **The Board should conduct a review of each Director's role as described in Regulation No.2, to ensure that there is proper division of responsibilities, that each Director has adequate time to dedicate to their role and that no Director has too many responsibilities to be effective.**

### **3.2 Managers and other officers**

Article 82(1) gives the Board the power to make “regulations relating to all other matters as are commonly the subject of company rules.” Pursuant to that power the Board has issued Regulation No.2 entitled “The Directors and Officers Responsibilities Regulations”, which is intended to contain job descriptions for all Directors and other officers of the ECF. It is however incomplete. The minutes of the Board meeting on 7 November 2014 refer to a paper by the Secretary proposing a new framework for appointment of managers and other officers. The Secretary was asked to prepare a revised draft Regulation No.2 to reflect these changes, for the Board to consider. Our review has identified a number of other areas in which Regulation No. 2 needs to be amended or updated, so that each role encompassed by it has clearly defined manner of appointment, term of office, responsibilities, powers and reporting lines. In particular, we can find nothing in the Articles, Regulation No.2 or any other official document which sets the term of appointment for anyone other than Directors, members of Standing Committees and the FIDE Delegate. A review of Board Minutes suggests that each appointment is intended to stand until the next AGM. However the last time this was confirmed in any Minutes was in November 2010. This uncertainty needs to be rectified.

**We recommend that a full update and revision of Regulation No.2 is made as soon as possible after the next AGM in October 2015, taking all the above points into account.**

### **3.3 Conduct of Board meetings**

There is general agreement that Board meetings have been over-long and that it has taken too long for minutes of some meetings to be published. The additional secretarial resource now available to the Board has improved matters, but further improvements can and should be made. For a Board to be most effective, it is important that a Board meeting should be both the proper forum for Board decisions and an important and useful way of exchanging views and progressing the Board's strategy, rather than viewed as a boring administrative chore.

**We recommend that:**

- **the agenda for Board meetings should be shortened, with a set start time, specific times allotted for each item and a set finishing time for the whole meeting.**
- **all agenda items should be accompanied by a paper prepared by the relevant Director setting out clearly the approval(s) sought from the Board.**
- **the agenda and papers must be circulated at least 7 working days before the meeting.**
- **all papers should be read beforehand and taken as read, so that the meeting can concentrate on the approvals sought.**
- **Board meetings should be for Directors and the Company Secretary. The standing invitation to chairmen of the Standing Committees to attend Board meetings should be retained. The number of other individuals who are invited to attend any Board meeting should be as few as possible. They should not participate generally in the meeting, but should contribute on specific matters only when asked to do so.**
- **Directors and other attendees must adhere to all these rules and the Chairman should enforce them.**
- **Minutes of each board meeting should be finalised, approved and published on the ECF website within 21 days of the meeting.**
- **Minutes for each agenda item should be brief, highlighting the decisions made by the Board and any points for future action, specifying which Director is responsible and setting a deadline for action.**
- **The Chief Executive should monitor progress against action points between Board meetings.**



### **3.4 Building trust and co-operation**

The strategy statement approved by the Finance Council in April 2015 starts with a vision statement: *“The ECF will lead the development, organisation and running of chess in England. This will be achieved through a mixture of directly organised activities and through a wide range of third parties and international bodies such as FIDE and the European Chess Union. We will encourage, and work cooperatively with, all chess-related activity in England.”*

In pursuing that vision, the ECF must recognise the limited resources directly available to it. So, for example, the ECF needs to do more to enable third-party initiatives rather than seek to control them. Similarly, Council and Board need to work harder to develop trust and co-ordination between them, and Directors themselves need to work together in a more collegiate way. This will require not merely changes in internal bye-laws and regulations, but the development of different ways of working together to reflect the spirit of the SRA Code and of Paragraph 4 of Bye-Law No.3 and Regulation No.4, which are concerned with the standard of conduct expected in Council and Board meetings and by ECF officials in the performance of their duties. There have been too many instances in recent years of such provisions being ignored. While a strong chairman can control behaviour within a meeting, it must still be left to individuals to take responsibility for their behaviour generally. The non-executive directors are a valuable source of advice in resolving friction. **We recommend that ECF Officials and Council Members avail themselves of such advice *before* embarking on a course of confrontation.**

The SRA itself runs training courses on governance and board effectiveness, details of which can be found on its website. **We recommend that the Board arrange such a training course with the SRA, to help further understanding of the code of conduct to which it has committed.**

### **3.5 Recording and implementation of Board decisions**

In recent years there have been several instances where an individual Director has publicly dissociated himself from a Board decision, reached properly by majority vote. We are pleased to note that the current Board has not engaged in such behaviour. We believe that Board performance is much improved when all Directors accept (as they should) that they bear a collective responsibility for all decisions of the Board.

This requires that all decisions of the Board be properly minuted, whether the decision is made in face-to-face meeting, by telephone conference, circulation of

emails or any other means. We highlight two examples where such evidence is lacking.

### 3.6 Strategic Adviser

The role of strategic adviser superseded that of strategic planning officer when the current incumbent was appointed by the Board in its meeting of 11 May 2014. The ECF website shows the strategic adviser as one of a number of individuals “reporting to the Board, President or Chief Executive”. However Regulation No.2 contains no description of the strategic adviser's role or of the responsibilities, powers and reporting requirements associated with it. The minutes of the Board meeting of 11 May 2014 contain no such description. In contrast to the silence in recent minutes about the term of appointment of other Officers, the minutes of the meeting expressly note that the present incumbent's appointment would be only until October 2014. We can find nothing in any subsequent Board or Council meeting extending his appointment. Consequently, according to the official record he has had no authority to represent the ECF or its Board since October 2014.

**We recommend that the Board clarifies the position of the strategic adviser by:**

**either (a) ratifying his re-appointment since October 2014, defining the term of office, responsibilities, powers and reporting requirements of the role and making the necessary consequential changes to Regulation No.2;**

**or (b) reducing the role to that of informal adviser to the Chief Executive, with consequential limitations on the powers and responsibilities of the strategic adviser.**

### 3.7 The ECF Forum

The minutes of the 93rd meeting of the Board on 20 March 2015 include, as item 6, a discussion of the ECF forum. The minutes include the statement: *“It was noted that it had previously been agreed that directors would use the official forum, so that it would be perceived as the official forum, and for it to be successful”*.

We cannot find anything in the minutes of previous Board meetings to support this statement. Indeed we cannot find any minute of any previous Board meeting approving the setting up of the forum. The only relevant reference we can find is in the minutes of the Board meeting of 15 July 2014, under item 9: *“At the strategy meeting that led to the construction of the ECF forum it was decided that there was no obligation to engage. A further resolution is to be discussed via email...”*

There is no record in Board minutes of any such resolution being discussed. Moreover, the first sentence appears to be at variance with the statement in the March 2015 Board minutes.

As we understand it, the ECF forum was intended by those establishing it to be an integral part of an overall communication policy involving all Directors. In our view the decision whether to set it up (rather than manage it, once established) should therefore have been a matter for the whole Board rather than regarded as within the remit of any one or two Directors. Had the Board formally voted in favour, all Directors would be bound by the policy. As matters now stand, that is not the case.

**We recommend that the Board formally considers, votes and records its decision in approved minutes:**

- a) whether the existence of the forum is approved;**
- b) whether, in the light of experience over the past year, it should be continued;**
- c) if the board decides to approve the existence and continuation of the forum, what its function should be within a general policy of communication with members, and what role in it is required of each Director.**

### **3.8 Finance, strategy and policies**

The Finance Council meeting in April 2015 considered the Budget for 2015-16 and the Strategy Paper which had been prepared following concentrated discussions by the Board. Since accomplishment of the strategy requires sufficient financial resources, we think it good practice for these two matters to be reviewed together annually by Council in the future. A number of other matters require the attention of the Board or Council periodically, for example the review of job descriptions, Regulations, Bye-laws and Board policies.

**We recommend that the Board establish an annual calendar of reports and activities covering all such matters. Responsibilities should be allocated for each item.**

Some areas could reasonably be dealt with by a rolling process of review over, say, a three year period. In compiling the calendar reference should be made to the practical considerations contained in the SRA Code, in order to ensure that all these matters are dealt with on a timely basis.

One particular Bye-Law which needs review, in the interests of clarity and efficiency, is Bye-Law No.4 – The Financial Bye-Laws, part 2 of which deals with unbudgeted expenditure. **We recommend that the Finance Director and Chairman of the Finance Committee together re-draft Bye-Law No.4 , with a view to submitting a revised Bye-Law to the Finance Council meeting in April 2016.**

## 4. Operation of Council and Interaction with the Board

Article 18 requires the holding of a Finance Council Meeting in April each year. Articles 16 and 17 require the holding of an Annual General Meeting and such other General Meetings as may be required. Articles 23 to 35 cover proceedings at such meetings and are primarily concerned with how votes should be counted. Articles 36 to 41 deal with the appointment of proxies. We cover voting issues in the third section of our report. Other matters are dealt with in the order in which they appear in the Articles.

### 4.1 Chairing Council meetings

In particular, Article 24 states that: *“The President shall preside as chairman at every General Meeting of the Company, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the members of the Council present shall elect one of their number to be chairman of the meeting.”*

The President's role description in Regulation 2 also includes the paragraph: *“Chairs the general meetings of the Federation/ (or may delegate as appropriate), and, with the assistance of the Secretary, prepares the agenda and documentation for these meetings.”*

For different reasons, the last two Council meetings have not been chaired by the President and it has been necessary to appoint a chairman from those present. Such a state of affairs is undesirable, because a meeting can be run most effectively when the chairman has had time to prepare fully, including oversight of the agenda and documentation.

Between November 2009 and October 2013 there was the post of “non-executive chairman of the ECF” who chaired meetings of both Board and Council. We think these two roles should be separated, in order to assist in a proper separation of Council and Board and in order to ensure that Council has control over its own agenda and minutes of meetings.

**Accordingly, we recommend that at each Annual General Meeting Council appoint a non-executive chairman, who is not a Director or chairman of the Board, to chair all meetings of Council up to and including the next Annual General Meeting. The chairman should have oversight of the agenda and documentation for each such meeting. The Secretary should assist, and report to, him in preparing the agenda and should prepare draft minutes of each meeting for the chairman to approve.**

For the avoidance of doubt we see no reason why the chairman may not be an existing Representative Member, although they do not need to be. The chairman should have a vote ex-officio in Council, although (in accordance with normal practice) they would only be expected to use it in the event of a tie.

## **4.2 Matters for Council**

We have received representations from several interviewees suggesting that matters which should be dealt with at Board level are sometimes put to Council instead. While we have seen little sign of this from our observation of the last two Council meetings, **we endorse the principle that Council should maintain effective oversight of the overall direction, strategy and management of the ECF on behalf of the ECF membership as a whole, while allowing the Board to have responsibility for the day-to-day running of the ECF.**

We think it right that there should be a periodic review to ensure this and, with its detailed knowledge of the workings of the ECF, the Governance Committee is in a better position than we are to undertake such review.

**Accordingly, we recommend that the Governance Committee undertake a review of matters reserved for Council with a view to improving the efficiency of the ECF as a whole. Any proposals the Committee makes that any matters currently reserved for Council should be delegated to the Board should be submitted for approval by Council.**

## **4.3 Standing Committees**

Article 17(6) provides for a Finance Committee and a Governance Committee, with members appointed by Council. While these Standing Committees are required to advise both Board and Council as they think fit, and their chairmen are entitled to attend Board meetings, they are separate from the Board and their reporting obligation is to Council at every AGM.

**We think these arrangements and reporting obligations are appropriate. If Council approves our recommendations with regard to appointment and tenure of Directors, we recommend that Council consider whether similar arrangements should apply to members of the Standing Committees.**

We note that various comments on deficiencies made by the Governance Committee over the years have not been acted on. **We therefore recommend that the annual report of each Standing Committee sets out specific recommendations for Council to endorse and for Council or the Board, as appropriate, to implement, with agreed time limits for implementation.**

## 5. Voting Issues and Composition of Council

We have received a wide range of views on “the appropriate balance of voting and decision making powers between Direct Members and Affiliated Organisations.” About the only matter on which all respondents have agreed has been on the need to reform the current position under which there can be a concentration of too much voting power in the hands of one or more individuals. Other concerns revolve around the possible under-representation of Direct Members, the complexity of the current voting arrangements and the distribution of votes between Member Organisations. We deal with each of these issues in turn.

### 5.1 Concentration of voting power

There are two ways in which block voting can occur - through representative membership and through proxy-gathering.

Some Representative Members represent more than one Member Organisation. This can give rise to various problems: for example a Representative Member has only one vote on a show of hands even if the Member Organisations he represents have given conflicting voting instructions. In addition, following changes to company law in 2009, members holding more than 5% of the voting power of a company may requisition a general meeting of the company at any time. Members of the ECF have in total approximately 320 votes, so only 16 votes are needed to force a general meeting. Under current rules a single person could be the Representative Member for any number of Member Organisations, so that he or she has sufficient votes to call a general meeting without the need to refer back to the Member Organisations which he or she represents. Such a situation could lead to abuse and to additional expense to the ECF in arranging generally unwanted extraordinary general meetings.

With these concerns in mind, **we recommend that in using the voting power of the Member Organisation for any purpose other than voting at a General Meeting, a Representative Member must have specific authority from the Member Organisation for the proposed action.**

We do not think that this recommendation weakens protection of members because it would still only need a small number to act together to account for 5% of voting rights.

With regard to proxies, Article 36 states that:

*(1) Any member of the Company entitled to attend and vote at a General Meeting shall be entitled to appoint a proxy to attend and vote instead of him and any proxy*

*so appointed shall have the same right as the member to speak at that General Meeting.*

*(2) On a poll votes may be given either personally or by proxy.*

*(3) The instrument appointing a proxy shall be in writing....*

and goes on to specify the form the proxy should take.

A proxy, therefore, is only valid for the General Meeting to which it relates. It is only needed if a Representative Member will not be attending that meeting.

Council usually meets only twice a year. In each of these meetings important business is conducted relating to issues of relevance to Direct Members. If Council in its current form is to truly represent Direct Members, the Member Organisations in which they play (Counties, Leagues, Congresses etc) must ensure that they consult their members appropriately and Representative Members must properly consult their Member Organisations. With this in mind, **we recommend that, in appointing a Representative Member, each Member Organisation should choose an individual who expects to attend all Finance Meetings and Annual General Meetings, who will seek guidance from the Member Organisation on how he or she should vote on most issues and who will report the outcome of the meeting back to the Member Organisation. If the Representative Member is, exceptionally, unable to attend a General Meeting the proxy he or she gives should, as far as possible, specify the way in which his or her votes should be cast by the proxy, in order to ensure that the views of the Member Organisation are properly represented.**

We have considered whether to recommend any further action, by the Governance Committee or otherwise, to police or enforce appropriate use of proxies. We have decided against making any such recommendation, because we have seen no sign of widespread abuse of proxies and because of the difficulty and cost of any such policing. **We have no doubt that the majority of Representative Members already follow the recommendations we make above. We emphasize this obligation on all Representative Members and the Member Organisations they represent, in order to preserve the integrity of Council.**

## **5.2 Representation of direct members**

Two respondents have suggested replacing Council wholly or mainly by a system of one vote for each Direct Member (OMOV). Two reasons have been advanced in support. The first is designed against block voting. In our view this problem can be dealt with at little or no cost through the recommendations we make above. The second is to reflect the introduction in 2010 of the Direct Membership scheme and to

give Direct Members a voice which it is argued they do not currently have. While we understand the concern, we see little current sign of Direct Members who wish to be involved in chess administration being disenfranchised. At present most Direct Members' chess activities revolve around their local clubs, which are affiliated to counties or to independent leagues, all of which are Member Organisations with votes on Council. Direct Members can raise concerns through the clubs or leagues to which they belong and they can also raise them with the relevant Direct Members' Representative.

To take a recent example, before the Finance Council Meeting in April 2015, Direct Members' Representatives sought the views of Direct Members with regard to the proposed increase in membership fees. They presented a summary of these views at the meeting. Taking all the views into account, there was a small majority in favour of the increases proposed by the Board. This was reflected in the balance of views expressed by Member Organisations and in the slender majority by which the Board's proposal was passed.

The current tiered structure enables would-be administrators to gain experience at local, county, congress and possibly Union level before taking national roles within the ECF, and we note that many current and past ECF Directors and Officers have done so. We think that any change to OMOV would involve the ECF in considerable expense with little benefit and possibly considerable detriment, since it would break the linkage between the ECF and the local clubs, Chess Leagues and Chess Congresses which are the lifeblood of chess in this country. Accordingly, **we recommend that the ECF should not replace Council by OMOV in any form.**

For Member Representatives to properly reflect the views of their constituencies, not only do they need to consult appropriately with their Member Organisations (an issue we have addressed above), but those Organisations also need to consult with their own members. **We have no doubt that the majority of Representative Members, and Member Organisations already operate in this way. They all should do so, in order to preserve the integrity of Council.**

Any direct member who feels that their views are not otherwise represented may submit their views to their respective Direct Members' Representative. The fact that very few complaints of this nature have been received by these representatives supports the view that under-representation of Direct Members is not currently a major issue. **If in the future any Direct Members' Representative receives a substantial number of complaints in respect of any Member Organisation, they should report this to the Governance Committee.**



### 5.3 Distribution of rights between Member Organisations

In our view a good case can be made for reform of the way in which voting rights are distributed between Council members. The present distribution reflects the history of the old British Chess Federation, which was originally dominated by counties and regional unions. Over time a number of Chess Leagues were admitted as Member Organisations and, following the growth in chess tournaments starting in the 1950s and accelerating rapidly after 1972, many Chess Congresses have also been admitted.

The admission of all these bodies and the votes to which they are entitled in a poll (as laid out in Articles 30 to 32) have been based on their relative contribution to ECF finances through game fees, which were one of the ECF's main sources of revenue until 2011. Since the introduction of the Direct Membership scheme, however, the revenue generated by game fees has been substantially reduced, although votes are still allocated by reference to an annual count of the number of games to which the old system of game fees would have applied.

In addition to Member Organisations, eighteen individuals have a vote each by virtue of their current or past office, and Direct Members' Representatives have a total of 8 votes. A full break down of the current total of 317 votes can be found in paper C22.2.4 (<http://www.englishchess.org.uk/wp-content/uploads/2015/03/C22.2.4-voting-register-final.pdf>) prepared for the Finance Council Meeting in April 2015.

Many respondents favour a reform of the distribution of voting rights, although there is no consensus on what that reform should be. Any change would result in some Member Organisations losing voting power, so any specific motion to Council would need a compelling argument for it to be passed.

While we believe a good theoretical case can be made for some sort of reform of Council, we have grave concerns that debate among ECF Officials and Council Members about it, in the absence of any consensus, will distract the ECF from the pressing need for the reforms which we have identified above. In our view the resources of the Board and Council should be applied first in improving the day-to-day workings of the Board, its relationship with Council and the conduct of Council meetings. Accordingly, **we make no recommendations in this report relating to the voting rights of Member Organisations.**

## 6. Integrity, Rules and Conduct

Company law no longer requires a Memorandum to contain an objects clause which sets out a company's primary purpose. Nevertheless the objects for which the ECF exists will continue to be important. We note three areas in respect of which the ECF's object clause is silent: its role in representing chess to the UK government, its relationship with FIDE and the European Chess Union (ECU), and its role as the authority on rules and standards within the English game.

The first of these areas is identified in the strategy statement presented to the Finance Council in April. The ECF's framework for future relations with FIDE and the ECU is covered by paper C 21.6.2 presented to the Annual General Meeting in October 2014.

The only mention we can find within the Articles, Bye-Laws and Regulations about rules and standards is in the job description of the Director of International Chess in Regulation No.2. This states that he “*works with the Manager of Congress Chess, the Chief Arbiter and the FIDE Delegate to advise the Federation on all questions arising in relation to FIDE and the ECU, including the FIDE Laws of Chess and other aspects of the FIDE Handbook*”. The Home Director's job description makes no mention of any role relating to rules and standards.

The paucity of ECF material in this area is surprising. We note that the first principle in the SRA Code is “*Integrity: The board must uphold the highest standards of integrity not only in what it does but in the wider environment of its sport, recreation, activity or area.*” If the ECF wishes to be recognised as leading the organisation and running of chess in England (as its latest strategy document states), it needs to do considerably more in this area.

With regard to rules, several ECF Directors and Officers are also officers or members of the Chess Arbiters Association, which maintains a database of FIDE laws and interpretations which is publicly accessible. **We recommend that the Board should seek to co-ordinate with the CAA, so that such information is readily available to all Direct Members and Member Organisations.** Having regard to the wider issues covered by the first principle of the SRA Code, **we recommend that the Board specifically incorporates the maintenance of integrity as a major theme in its strategy statement, with the practical considerations listed by the SRA Code being incorporated into the Board's initiatives.**

## 7. Representation of Elite Players

In furtherance of its strategic intent to improve the status of chess in England, The Board's initiatives include the ECF Elite Development Plan and establishment of the ECF FIDE Academy *“to identify talented junior players capable and motivated to play at international levels in major youth world and continental events, and progress to achieve FIDE titles.”* In pursuing these initiatives more needs to be done to tap the experience of current elite players and to give them a voice within the ECF. Only one titled player is currently a Director or Officer of the ECF.

**We therefore recommend that two new posts of Men's and Women's Elite Players' Representative are created, to be appointed by the Board and reporting to, and advising, the Chief Executive. Each position should be filled by a Direct Member with any of the FIDE GM, WGM, IM and WIM titles, preferably with significant coaching experience so they can help to develop the ECF Chess Academy. These roles should have responsibility for ensuring that the voice of elite English players is better represented, in furtherance of the Elite Development Plan, in development of the ECF Chess Academy, in board decisions relating to FIDE and in board instructions to the FIDE Delegate.**

As we envisage them, these roles will have involvement with elements of the roles of the Directors of International Chess and Junior Chess and Education particularly, but also with other Directors. **Description of these new roles and responsibilities should be incorporated into the full revision of Regulation No.2 recommended above.**

## 8. Other Matters

If our recommendations are adopted, the Articles will need to be amended. In addition the Memorandum and Articles should be updated to reflected changes in Company Law since 2004. The SRA has agreed in principle to grant the ECF £5,000 towards the legal costs of such changes and is in the process of identifying a law firm from the SRA's approved panel to help.

Our review also identified a number of changes which need to be made to the ECF Documents listed on the ECF website under the tab “About”. Many of these documents are out of date. Taking them in the order in which they are listed:

- **The latest ECF Rules Handbook is the 2013 version and should be replaced.**

- **The Supplement to the Business Plan is dated April 2011 and should be replaced by the strategy statement approved by Finance Council in April 2015**
- **The Game Fee Supplementary appears to relate to a proposal to Finance Council in 2011. It should be deleted.**
- **The Memorandum and Articles of Association need updating to remove outdated references, such as the level of game fees in 2005.**
- **The Explanatory Note about Constitution of the ECF is dated 2005 and appears not to have been updated for changes since then, particularly the introduction of the Direct Membership scheme. It needs to be brought up to date.**
- **Bye-law No. 1 appears to have been drafted during the transition to the Direct Membership scheme and contains many references to the old membership scheme. All such references are now redundant and should be deleted.**
- **Regulations No.2 and No.3 refer to three arbiter roles – Manager of Arbiters (International), Manager of Arbiters (Home) and Chief Arbiter. Only the first of these has a role description. The Board should review whether all three posts are still needed. If so, the Regulations need to be changed so as to properly define these roles, their relationship with each other and their responsibilities and reporting requirements.**
- **Regulation No. 3 contains a misprint – clause 1(f) should be 1(e) and vice versa.**
- **The latest audited statutory accounts appearing under the tab “ECF Documents” are those for the year to 30 April 2011. Subsequent periods' statutory accounts are included in the supporting papers for the relevant Finance Council meeting under the tab “Council Papers”, but should also appear as ECF Documents.**
- **The various old business plans, achievement report and Long Term Strategic Plan 2007/2008 under the heading “Other” are now redundant and should be deleted.**

## 9. Implementation of Recommendations

Most of our recommendations relating to the structure of the Board (establishment of non-executive chairman and the role, responsibilities, term of office, election and reporting of Directors) require approval by Council. We see no reason why all such recommendations should not be put to the Annual General Meeting of Council in October 2015. Implementation of the recommendations, if approved, would require changes to the Articles, Bye-Laws and Regulations of the ECF, which could be presented for formal approval by the Finance Council in April 2016.

Many of our recommendations relating to the operation of the Board can and, we think, should be implemented immediately by the Board, without any need for approval by Council. **In particular, our findings on recording and implementation of Board decisions need to be addressed urgently.**

Our recommendation regarding a change in the Articles relating to voting rights should be voted on by Council at the AGM in October 2015. Our recommendations relating to the appointment of Member Representatives, the use of proxies and consultation with Direct Members do not require specific approval. It would be helpful, however, for Council to endorse our recommendations and for all Representative Members and Member Organisations to follow them.

Our recommendations regarding integrity, rules and conduct, representation of players and other matters are largely ones for the Board to address. **The Board should review them all and, to the extent the recommendations are approved, should set a timetable for implementation by the 2016 AGM. The Governance Committee should monitor progress in implementing reforms and should include this in its formal report to the 2016 AGM.**

**Terms of Reference**  
**Independent Constitutional and Governance Review Commission**  
**English Chess Federation**

The ECF Board asked Gareth Pearce to chair an independent working party to review the ECF's Articles of Association and other aspects of ECF governance. Observations that gave rise to the review are: Council's resolution in October 2013, "The Board should investigate the appropriate balance of voting and decision making powers between direct members and affiliated organisations and report back accordingly to Council with[in] 24 months"; recognition that the Articles of Association were adapted from devolution of the British Chess Federation ten years ago and therefore warrant a review in the interest of good governance; concerns over workings of the Board, the Directorates and Committees; absence of important policies such as a code of conduct and complaints procedure; and greater awareness of the expectations for a national governing body in England and a member federation of FIDE. The name of the working party shall be the Independent Constitutional and Governance Review Commission, with the diminutive, Constitutional Review Commission. The Constitutional Review Commission's role is to advise Council, the Board and the Governance Committee, which retain their respective roles. The Constitutional Review Commission will begin work under the Board's authority, subject to the Council's ratification in October 2014. The Constitutional Review Commission's chair will maintain close working relationships with the Chief Executive, the Governance Committee Chairman and the Legal Advisor. The Constitutional Review Commission will remain extant until the Annual General Meeting in October 2016. The desired outcome is a series of findings, recommendations and proposals to improve constitutional arrangements and governance.

Independence, consultation and transparency are critical to the Constitutional Review Commission's success. The Board therefore undertakes to:

- Appoint other members of the Constitutional Review Commission whom Gareth Pearce nominates, in addition to Roger Emerson whom the Board appointed to assist
- Open the record of confidential Board proceedings, supporting papers and internal emails, subject to Constitutional Review Commission members signing a non-disclosure agreement
- Co-operate with Constitutional Review Commission inquiries into incidents, issues, policies, procedures and practices they determine to be necessary and appropriate

- Comment on the Constitutional Review Commission's preliminary findings, recommendations and proposals for the Council
- Place the Constitutional Review Commission's formal findings, recommendations and proposals on the Council's agenda as they may independently determine to be necessary and appropriate
- Seek comment from the Constitutional Review Commission prior to submitting constitutional or governance-related proposals to the Council
- Act promptly on the Constitutional Review Commission's findings, recommendations and proposals for the Board's action
- Publish statements the Constitutional Review Commission may issue within its remit
- Provide the Constitutional Review Commission with financial support within constraints of the administrative budget
- Confirm its commitment to improving governance in the ECF by examining the principles in the *Voluntary Code of Good Governance for the Sport and Recreation Sector* and working to implement them in a way that fits the ECF
- 
- The Constitutional Review Commission undertakes to:
  - Seek input from the Presidents and Council Representatives of the ECF's constituent units (also known as the regional chess unions), the Board, the Governance Committee, the Finance Committee and the Legal Advisor
  - Interview those current and former ECF directors, other officers, trustees, committee members, players, arbiters, independent tournament organisers and any others whom the Constitutional Review Commission determines are necessary and appropriate
  - Respect the confidentiality of individuals, constituent units and the Board when requested
  - Examine any incident, issue, policy, procedure or practice they determine to be necessary and appropriate
  - Keep the Board and the Governance Committee informed of its timetable and areas of interest, co-ordinating administrative support with the Chief Executive
  - Encourage a Constitutional Review Commission member to attend appropriate Board and Council meetings
  - Seek comment from the Board and the Governance Committee on preliminary findings, recommendations and proposals intended for the Council
  - Submit formal findings, recommendations and proposals to the Council and the Board as they may independently determine to be necessary and appropriate.

## **Voluntary Code of Good Governance for the Sport and Recreation Sector**

**(published by the Sport and Recreation Alliance)**

### **Summary of Principles**

- **Integrity: Acting as guardians of the sport, recreation, activity or area**  
The board must uphold the highest standards of integrity, not only in what it does but in the wider environment of its sport, recreation, activity or area.
- **Defining and evaluating the role of your board**  
The board needs to understand and evaluate the role it plays and the way it contributes to the organisation.
- **Setting vision, mission and purpose**  
The board should set the strategy and vision of the organisation and ensure that it is followed without becoming involved in the operational delivery.
- **Objectivity: Balanced, inclusive and skilled board**  
The board should be made up of individuals with the right balance of skills, knowledge and experience to meet the needs of the organisation. This includes independent expertise and representation of the diversity of the sport and community it serves.
- **Standards, systems and controls**  
The board needs to be conscious of the standards it should operate to, and of its role in exercising appropriate and effective control of the organisation.
- **Accountability and transparency**  
The board needs to be open and accountable to its athletes, participants and members and its actions should stand up to scrutiny.
- **Understanding and engaging the sporting landscape**  
The board needs to be aware of the international and domestic sporting environment and position its organisation accordingly