

**ANNUAL GENERAL MEETING 13 OCTOBER 2012**

**CHIEF EXECUTIVE'S REPORT**

There is a detailed report on the ECF's activities in the year to April 2012 in the *Achievement Report against Business Plan*, as well as in the individual directors' reports. This report will concentrate on developments since April and broader organisational matters.

When I came to this role two years ago, I identified in my election address a number of areas in which I hoped to be able to make a positive contribution. It is for others to judge whether this was the case, but I should like to revisit these themes in this, my final report as Chief Executive.

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**Vision & Strategy**

Over the last few years, the ECF has documented its long term vision and strategy in what I hope is an ambitious but realistic and professional way. Its annual business planning is more robust, if not immune to the twists and turns of actual events or incapable of improvement. I am delighted that Stephen Jones has volunteered his services as Strategic Planning Officer, and he can look to bring his expertise and fresh perspective to the task of helping the Board and Council decide the ECF's future direction. The Achievement Report and Long-Term Strategic Plan included among the AGM papers reflect Stephen's hard work, and I thank him for his efforts.

The last year has not been the easiest of times to focus on the medium to long term, and I regret that more progress has not been made in some areas. This notwithstanding, I urge Council and the Board to give serious thought to its ambitions for the future direction of the ECF. It is all too easy to become caught up in the job of delivering business as usual or – worse – to focus more on events of the recent past than the constructive task of building the future. My greatest regret over the last twelve months is that I was myself unable to focus on these aspects of future development to anything like a sufficient extent.

**Trust & Transparency**

Two years ago, it was clear that there was something of a 'trust and transparency deficit' with regard to the ECF. In my previous report, I suggested that there were encouraging signs of progress in this area.

It is disappointing to have to acknowledge that there have been some backward steps in the last year, at least insofar as the perception of the ECF is concerned. Several controversies – most notably, the 2011 British Championships prize-giving, the CAS legal action against FIDE, the deficiencies in the original accounting for the British Championships sponsorship monies – have damaged trust in the ECF in a way which may take some time to repair.

In dealing with these and other matters, I have sought to be open and honest. Sometimes, a judgement had to be made that the correct course was to say little – for example, while investigating and finally commenting upon what proved to be unfounded allegations about members of the English delegation at the EU Youth Chess Championships in Austria – despite considerable (and understandable) curiosity from third parties.

Finding the correct balance in communication is not easy, and with hindsight I believe that my judgements have not always been right in this. In attempting to respond to questions or to address misunderstandings or misstatements, I suspect that I have contributed to prolonging public debate of controversies when this was not in the best interests of English chess.

The volume of correspondence and internet forum comments in itself becomes an important factor in the effectiveness of the ECF as an organisation. For example, to receive and deal with something in the order of 200 e-mails from one individual alone in respect of one of the year's controversies – the total number of e-mails received on the same subject comfortably exceeded one thousand – required a substantial amount of time which clearly could have been better applied elsewhere. Moreover, the nature and tone of many of these e-mails (and related forum posts) had an undeniable effect on my ability to motivate myself to focus on more productive work, and this effect evidently extended at times to other members of the Board.

Among the important issues raised by the events of the past year are two points which Council may wish to consider:

- **Code of Conduct** – The consultation paper presented to Finance Council in April 2012 attracted almost no response. In my judgement, the absence of a formal means of settling complaints contributed to the prolongation of the controversies. One should be under no illusion that all parties would accept the result of such a process without continuing to protest, but its existence would make it easier for most people to accept that it was reasonable to move on.
- **Public statements** – About half of the Board, as well as other ECF officials, choose to comment on the English Chess Forum. On a practical level, this can be very time-consuming if one official finds himself having to deal with a sequence of comments by several individuals. Perhaps more importantly, it raises the question as to whether such comments by officials prolong discussion of controversies to the detriment of English chess and whether it would be better for the ECF to state its position officially and then stay quiet.

I took the personal decision in August not to continue posting on the English Chess Forum. Whilst this was due partly to an unwillingness any longer to accept attacks upon my integrity and partly to a wish to free up more time for more constructive tasks, the timing was motivated by the wish to give Council the opportunity to judge the impact on the forum discussions of my non-participation. This could lead to a more informed debate – if desired – on the merits or otherwise of posting on the forum.

My own feelings are distinctly mixed. My instinct is that it is a plus to communicate more and to answer questions where possible; experience, however, leads me to question whether this particular medium is the right one.

As the outgoing Chief Executive, I do not consider it appropriate for me to seek to impose constraints on the new Board and other ECF officials. This is, however, a subject that Council may wish to consider, now or at a future meeting. Ultimately, it is a matter for Council how they want ECF officials to communicate in public.

## **Customer Service**

Improving customer service is undeniably a work in progress. The office staff work hard to respond in a prompt and efficient way to membership queries, and on the whole this is achieved, the challenges of the bedding-down period for the new membership scheme notwithstanding. The office is currently having to cope with its busiest period (the influx of new memberships) while missing one

member of staff on long-term sick leave, and some temporary help has proved necessary, to be funded from the contingency budget.

Whilst there will inevitably be exceptions, responsiveness to queries has, I believed, improved across the organisation. The ECF still lacks a formal complaints process, but in practice the procedure presented to Finance Council in April has been applied when complaints are received.

## **Finances**

2011/12 was the first year which the ECF had to face without the benefit of funding from the Department for Culture, Media and Sport. Since this represented approximately a third of the ECF's income – and this in the context of an organisation which had endured two years of annual deficits – overcoming this challenge was an important priority.

Last year, I reported on the outcome of the cost review, which enabled the ECF to reduce its expenditure by something in the order of £45,000 a year. In 2011/12, further significant cost savings have proved difficult to find, in the face of the inflationary pressures familiar to us all. The introduction of an online membership system has added the cost of an annual licence fee and card processing fees (for memberships purchased directly online), but the time savings brought about by the change should enable a saving in staff costs which will more than offset these new costs.

The new membership scheme and changed game fee framework should place the ECF on a sound and self-sufficient financial footing for the future. The structure of the scheme means that there is relatively little dependency on the take-up of membership *per se*. Indeed, a higher-than-expected proportion of non-members paying game fee would increase the ECF's income compared with its central budget projection.

In accordance with the wishes of Council (which supported the introduction of a universal membership scheme), the relative pricing of membership and game fee actively incentivises the former. While the new arrangements do not achieve Council's ambition for a membership-only scheme immediately, it is a reasonable expectation that this will be achievable in the not too distant future, if membership take-up reaches a sufficiently high percentage.

Such a major change as the new membership scheme cannot be achieved without risk. If the changes were to lead to a significant reduction in the amount of graded chess being played or the number of graded players – if segments of English chess were to withdraw from the ECF, for instance – this would adversely affect the financial position. I am pleased to report that, at the time of writing, there were no signs of this. In its first two months of operation, the PaySubsOnline system saw some 1250 new members joining the ECF directly online, with a healthy flow of new members also joining by the more traditional methods through the office. Early signs are that the proportion of members purchasing the higher value memberships (Gold and Platinum) is better than forecast, which will boost income compared with budget if sustained. The indications are that many leagues and county associations will opt to become Membership Organisations (13 agreements had been signed at the time of writing), and I fully expect to see a significant influx of bulk membership submissions during September and October.

At the risk of being made to look foolish by events, I should not be surprised if the AGM in 2013 will be receiving a report to the effect that the ECF membership has reached a figure in excess of 12,000. This will be good news for the stability of the ECF, but more importantly, it will represent the establishment of a large community of members united by their enthusiasm for chess and their wish to see it develop and thrive in this country. Making the most of the opportunities presented by this community will be a critical success factor for the ECF, which means, I genuinely believe, that it will be of great importance to the future of chess in England.

If Council decides in due course to pursue an application for charitable status, this should bring further financial benefits – for example, the card processing fees available from PayPal are halved for registered charities – and open the door for a more successful campaign to attract donations and sponsorship.

The baseline for judging the success of the membership scheme will be the financial stability of the Federation. Our ambitions for the ECF and English chess should naturally extend far beyond this, and I hope that this will prove merely to be the platform for a programme of investment in ventures to develop and grow the game.

## **Organisational matters**

The transition to a more universal membership scheme has been the most significant change over the last year. Implementation of the scheme has not been exactly as I would have wished, with communication to member organisations taking place at a later stage than originally envisaged and delays in the introduction of the online membership system. At the time of writing, work was still ongoing to ensure that fully satisfactory invoicing systems were in place, although this should have been completed by the time of the AGM.

I apologise to Council for these shortcomings. My own personal capacity to allocate time to the project was often a critical factor, and the impact of some of the other matters touched on in this report meant that I sometimes fell short of my original intentions. Whilst the transition to the new membership scheme was always likely to be something of a bumpy ride, I am sorry that my own efforts were not always sufficient to make the journey smoother. At times, this has tried the patience of member organisations, and I apologise for this.

Further organisational changes are, in my judgement, desirable. The consultation papers presented to Finance Council in April 2012 on Governance, Financial Capital, a Code of Conduct and Charitable Status were intended to form the basis for firm proposals at this AGM. Responses to the papers were sparse – the total number of responses received was lower than the number of consultation papers – and it therefore seems inappropriate to attempt to move these matters forward at this time. This is regrettable, but further consultation and reflection are clearly needed.

The question of Charitable Status is dealt with elsewhere on the AGM agenda, so I shall not comment on it here. It is my recommendation that Council should as a minimum seek to address the question of Financial Capital at the same time as Charitable Status (which I suggest should be dealt with at an EGM, before the expiry of the PIF trust deeds in February 2013). Since a decision to proceed with an application for registered charity status will necessitate a reorganisation of the current ECF into two separate entities, it is strongly recommended that the opportunity be seized at that time to take some steps along the path to changes in governance.

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It has been my privilege to serve English chess, albeit relatively briefly. 2011/12 was a difficult year, and I am grateful for the support of my colleagues in tackling its challenges. The office team – Tina Turner, Christine Carcas and Andrew Walker – has provided essential support for me and the rest of the federation, and I wish to record my sincere appreciation of their hard work. I should also like to record particular thanks to David Anderton and John Philpott, both of whom have been extraordinarily generous with their time. Their expertise has proved invaluable during my term in office.

As an organisation, the ECF is critically dependent upon its volunteers. Throughout my time with the ECF, there have been vacancies unfilled for lengthy periods of time. One of the most regrettable effects of the negative atmosphere created by the past year's controversies has been to make the challenge of finding volunteers more difficult, and I am sure that it has played some part in the decisions of some Board members, myself included, not to stand for re-election.

Where volunteers have been forthcoming, the benefits are clear to see. Phil Ehr has successfully established a large team of volunteers in supporting roles, which has enabled positive progress on a number of fronts in the area of Junior Chess. I am sure that this progress could be replicated elsewhere in the organisation, but this would only be possible with sufficient volunteers.

It is inevitable that the efforts of some volunteers should enjoy a higher profile or public appreciation than others. Some, such as my fellow Board member, Tim Woolgar, have had to endure public criticism in some quarters from the very outset. The Director of Marketing is in many ways a thankless role – raising the profile of chess in this country is a daunting challenge, all the more so when allocated a budget as close to nil as makes no difference – so it is only fair that I should record my gratitude to Tim for his efforts. His wise counsel and hard work over long hours helped enormously with the recent media storm over the EU Youth Chess Championship incident and ensured that the ECF dealt with the matter in a professional and effective way. Prior to this, his contribution to the online membership system project and his analysis of ways to improve the ECF's website were noteworthy.

All of my fellow Board members have worked hard in the service of the ECF, and I am grateful for their support. I wish the new Board every success as they face the challenges of the next few years.

**Andrew Farthing**

16 September 2012