**Minutes of the ECF Finance Council Meeting**

Held on 22nd April 2017

Birmingham

(Attendance List and apologies to follow)

1. **Appointment of Chairman.** The elected Chairman of Council, Mike Gunn, chaired the meeting. The meeting opened at 13:05.

2. **In Memory.** The Chairman called for Council to observe a minute’s silence in memory of colleagues who had died since the last meeting.

3. **Notices.** The Chairman noted that details of the Voting Register, proxies and apologies for absence were posted in the meeting room. Amanda Ross was attending the meeting as a guest. Chris Majer, David Gilbert and John Reyes were appointed as Tellers.

4. **Minutes of the Council Meeting held on 15th October 2016.**

On matters of accuracy:

* In 14.2(a), Michael Farthing proposed that “Approval” be amended to “Support in principle”
* In 14.2(b)(ii), David Welch proposed that “Approval for the funding …” be amended to “Approval of the request for funding …”. Further, it was noted that a similar amendment should be made to 14.2(b)(i) and 14.2(c).

**Motion:** **“That subject to the above amendments, the Chairman of the meeting shall sign the Minutes as being an accurate record”**

**Approved on a hand vote. Nem con.**

5. **Matters Arising from the Minutes of the last meeting.** Amanda Ross (Casual Chess / Mind Sports Centre project) recalled that at the 2016 Finance Council it had been agreed that, subject to due diligence by the Board, the ECF would contribute 50% of the cost of further feasibility studies and commit £100k to the project if it went ahead. She noted that the ECF representatives on the project had changed since the first meeting, which she felt had been detrimental to continuity from the understandings established at the first meeting. She wished to see Council reaffirm the position taken at the 2016 Finance Council meeting. The Chairman pointed out that no motion could be put to this meeting as the item was not on the agenda. Julie Denning (Non-Executive Director) noted that her recollection from the 2016 Finance Council meeting, supported by the Minutes of that meeting, was that Council had only agreed, subject to due diligence, to the 50% contribution to on-going feasibility studies.

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Nick Faulks (London Chess League) proposed a Procedural Motion as follows:

**Motion: “That Council defer discussion of the budget (agenda item 7) to a future meeting.”**

His rationale was two-fold. Firstly, he considered there was more on the agenda than could reasonably be covered in one meeting. Secondly, in the absence of accounts for the last financial year, meaningful discussion of the budget could not take place.

David Eustace (Director of Finance) responded that the lack of accounts for the last year was a consequence of the loss of John Philpott last October and that it was likely to take another couple of months to complete them. However, he noted that the ECF operated in a fairly stable financial environment and that with substantial reserves the 2015 / 16 outcome was unlikely to have a significant impact. Consequently, he believed that meaningful discussion of the budget for 2017 / 18 could take place in the absence of finalised accounts for 2015 / 16.

**On a hand vote, 1 in favour, numerous against.**

**Motion rejected.**

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6. **Amendments to Bye Law No. 2, The Game Fee Bye Laws.**

**Motion: “That Bye Law No. 2 is replaced by the new version supplied\*”**

\* See Council document C26.6.1

The motion was proposed by the Director of Membership (David Thomas) with the support of the Board.

David Thomas introduced the item by referring to document C26.6.1 and the accompanying explanatory document, C26.6, and invited questions.

Angus French (Croydon & District League) queried whether the proposals applied to junior-only events. David Thomas clarified that the intent was that junior-only events would be treated the same as adult events.

The proposed amendments to the Bye Law included a charge of £25 for any player who played 4 or more games in any particular league. There was significant discussion on the level of this charge. The argument in favour was that the charge should be significantly greater than the Bronze membership fee to give an incentive to players to become ECF Members. The opposing argument advanced by several Council members was that this would increase ill-will towards the ECF and that limiting the charge to the level of the Bronze membership fee was compatible with congress “pay-to-play” fees, whereby the charge was the difference between a player’s existing and required membership fees. The discussion was summarised in a proposed amendment by Simon Gilmore (Derbyshire County Association), seconded by Angus French, as follows:

**Proposed amendment to the Motion: “That the charge for playing 4 or more games in any one league be the equivalent of the current Bronze membership fee, rather than the £25 charge proposed in document C26.6.1.”**

**On a hand vote, 16 in favour, 11 against.**

**Amendment passed.**

**Motion as amended: “That Bye Law No.2 is replaced by the new version supplied, except that the charge for playing 4 or more games in any one league shall be the current Bronze membership fee.”**

**On a hand vote, 31\* in favour, 1 against.**

**Motion as amended passed.**

\* Includes 2 directed proxies held by the Chairman.

7. **Report of the Finance Director, Budget and Membership Fees for 2017 / 18.** David Eustace introduced the financial matters by setting out actions taken since October 2016, following the death of John Philpott. The decision had been taken to outsource the bookkeeping function and to computerise the accounts. Good progress had been made.

In response to previous comments from Council, the budget had been split into two parts; firstly, that which the membership were being asked to support and, secondly, that for which other funding would be sought from donations, sponsorship or legacy funds.

It was estimated that the Richard Haddrell bequest would be about £400k and should be received within the next couple of months. The money is going to the Chess Trust to support junior chess, in accordance with Richard’s wishes.

Phil Ehr (Immediate past Chief Executive) welcomed the progress on computerising the accounts, but expressed concern over progress made on establishing a clear strategy on which the budget could be based and on development of detailed procedures for how the Chess Trust would operate. Mike Truran (CEO) noted that the strategy paper that had been presented to Council last October had been referred back to the Board and was awaiting progress. David Eustace pointed out that until the Haddrell money was received, the Chess Trust had very little in funds. Once this changed he anticipated the 3 sets of Trustees (Chess Trust, John Robinson Youth Trust and PIF) would coordinate a strategy on how they would work together. Malcolm Pein (International Director) observed that with the recent death of Keith Richardson there was an urgent need for additional Trustees for the Chess Trust and, he believed, this should include expertise in junior chess.

David Gilbert (London Public Services League), queried the budget for the British Championships. David Eustace stated that whereas the Championships were normally budgeted to break even, for 2018 they had been budgeted to lose £5,000, which would be funded from membership income. This was due to extra expenditure agreed to cover online commentary.

Angus French had queries over the budget figures for junior chess. It was noted that a meeting would be arranged involving Angus French, David Eustace and Traci Whitfield (Junior Director).

There was extensive discussion regarding the office move that had recently been agreed by the Board and the rehousing of the library within the new office space, particularly in the light of the vote taken at Council 2 years ago. Julian Clissold (Non-Executive Chairman) explained that the vote in 2015 was driven purely by considerations of the library. Since then it had become clear that current circumstances emphasised the need for improved office facilities for staff. The ability to rehouse the library was a supplementary benefit, but was not the primary focus of the Board’s decision. However, in the light of the 2015 Council vote, a need to consult Council was seen. This could not await the current meeting as the landlord of the Battle office building was in receipt of another offer to take the vacant office space and, had we waited, the opportunity would have been lost. Consequently, the Board sought comments from the membership ahead of this meeting. Only one response was received (from Angus French) and in the light of this the Board decided to proceed with the move. There remained a view expressed by a number of Council members that future accounts should show an apportionment of the office costs between staff accommodation and the space taken up by the library.

Regarding the proposed Membership Fees for 2017 / 18, it was noted that the figures given in the Agenda were correct, whereas there was an error in the financial spreadsheets where the proposed Junior Bronze rate was shown as £11.50, but should be £9.50. Andrew Leadbetter (MCCU, Staffordshire County Association, Cannock & District League, North Staffordshire League, Wolverhampton & District League) was concerned that the sizeable increase proposed for Platinum membership would mean an increased VAT liability and queried whether there might be some alternative means of collecting this income that mitigated tax liabilities. Stephen Woodhouse (Non-Executive Director) suggested that there might be some way of having a reduced membership fee and a suggested donation, but this had not been discussed by the Board and would need detailed evaluation.

**Motion: “That the proposed budget, membership rates and pay-to-play fees for 2017 / 18 be agreed.”**

**On a hand vote, 27 in favour, 4 against.**

**Motion passed.**

The meeting adjourned from 15:00 till 15:17.

8. **Report on Possible Voting Reform.** Robert Stern (Chair of Governance Committee) introduced this item. He explained that any votes at the current meeting would not be legally binding, but would be indicative of whether any proposals put to a future meeting as Special Resolutions might attract the required 75% majority to be passed.

The proposals consisted of 3 options, as set out in Council Paper 26.8.1. These had already been put out to ECF Members for consultation and the results of that consultation were summarised in Council Paper C26.8.2.

Council engaged in extended discussion of the merits of the various proposals. Views expressed indicated little or no support for Options 1 or 2 of Paper C26.8.1, but that there was a need for some change, as best expressed by Option 3.

On the basis of these discussions the Chairman determined that the first vote should be a **hand one on point 8 (d) as set out in the Agenda**; **namely, if Option 3 was to proceed, should the level of Direct Member representation be set at 25% or 50% of total Council voting rights.**

**In favour of 25% representation: 25 votes**

**In favour of 50% representation: 5 votes**

The Chairman then called for card votes on each of **items (a), (b) and (c) as set out under item 8 on the Agenda; namely, voting for or against each of Options 1, 2 and 3.**  (Voting against being indicative of a preference for the status quo rather than the option in question.)

**Option 1: 12 votes in favour, 191 votes against.**

**Option 2: 15 votes in favour, 188 votes against.**

**Option 3: 119 votes in favour, 84 votes against, 1 abstention.**

Thus Option 3 was the only one to have majority support, but at 58.3% of the votes cast it was still well short of the 75% that would be needed to pass the necessary Special Resolution to amend the voting rights set out in the Articles of Association. There followed extended, but inconclusive, discussion on how to proceed. It will be considered further by the Governance Committee on the basis of the voting and discussion at this meeting.

A particular point of discussion focused on how additional votes for direct member representatives would be allocated, if such a change was made. The leading ideas were the so-called metals system, as at present, where an individual representative represented a particular category of members, or a list system. The Chairman called for a show of hands for those who would favour each system. There were 3 votes in favour of a list system and numerous in favour of the metals system.

The discussion included views on voting transparency which, under the current Articles, is at the discretion of the Council Chairman. Mike Gunn indicated that he was minded to exercise this discretion and indicate ahead of the next Council meeting that a detailed analysis of card votes at that meeting would be published, although perhaps not for votes on elections.

9. **Date of the 2017 AGM.** This was set for 14th October 2017, with the meeting being held in London.

10. **Any Other Business.**

Phil Ehr announced that he was standing down as an ECF representative to the SRA.

Malcolm Pein announced that there was a likely sponsor for an English Rapidplay Championship to be held in Liverpool in September.

The meeting closed at 17:15.