



Notes of the CFU meeting held on 25th January, 2018 at 7.30pm

In the Blues Bar – Swansway Chester Stadium

[These notes are not intended as a verbatim account of the meeting but an honest representation of the discussion that took place]

The meeting was attended by 179 CFU members and 92 on the streaming service.

1. **Welcome and apologies** – apologies were received from 3 CFU members.
2. **Notes of the last formal meeting held on 14th September, 2017** – MN said these had been published on the CFU website and they were accepted as a correct record, with any matters arising being picked up during the meeting.
3. **Chief Executive** – Andrew Morris explained that the role of CEO held by Mark Maguire had been made redundant, a hand over process was underway and that he was entitled to a period of 12 weeks notice. AM said it was important to sustain the strong commercial partnerships that had been put in place and that the aim would be to use more volunteers to undertake some of the areas of work. MM will still be around in the short term and will be paid until mid April.
4. **Finance update** – the following is the statement that Laurence Kirby read:

'When I last spoke to you at the AGM on 5th October to present the 2016-2017 year end accounts to 31 May we reported a sound financial position with our reserve of £100k intact.

The budget for 2017-2018 was set with income and expenditure matching at £1.2M. I said that gate projections were £205k for season tickets and £238k for pay-at-the-gate. At that stage we had played 7 home games and as a result of a poor start to the season had already changed manager with Marcus Bignot replacing Jon McCarthy in September.

Actual season ticket sales were £185k and 4 of the 7 gates had averaged only £7k pay at the gate. It was evident then that the budget was under threat but we had a new manager who accepted the reality of a committed playing budget and was confident that he could work with the existing players and keep us in the division. Marcus was subsequently allowed to refresh the squad with the signing of Gough and Archer and the loan of Hall-Johnson on the understanding that matching savings would be made from the original squad. To date savings are currently well short of the increased spend.

In parallel with this the gates have not recovered with the exception of the Wrexham game. We have now played 15 home games and the average pay at the gate income has not changed.

In consequence the financial position of the society has deteriorated substantially since the beginning of the year. Depending of how successful we can be in generating income over the next 4 months our loss could be of the order of £100k and possibly more. But more urgently we have now reached the point where cashflow is under severe pressure. At the beginning of January we had cash in the bank of £98k but January payroll costs of £60k and normal creditors of c. £20k will see the balance drop to less than £20k which is an unmanageable level. Our

income is heavily dependent on matchdays and the 2 January games have delivered poor gates and a further slip against budget.

Our monthly cash outflow is between £85 and £90k. February and onwards sees this level of cash outflows but inflows are unpredictable. We do not have a home game now until 17th Feb. We have budgeted to receive money from Tranmere for James Alabi but the tribunal has not yet met. Our latest information is that the tribunal will meet on 15th February.

In addition we are owed £55k from Leicester but this is timed for June. However we are in negotiation with Leicester to bring this forward.

Commercial revenues have also been disappointing. We had anticipated £35k for the launch of the 100 Club but this is uncertain both in terms of timing and realisation.

Based on current estimates we will run out of cash in March but this could worsen to February if pay-at-the-gate falls below £7k. We need a substantial cash input now.

In my view we have two options but the meeting will have its own views.

The first is to redefine the business model and establish a working budget for 2018-2019 based on lower income projections and minimum expenditures with a playing budget that is determined by the difference between the two. The incomes will be greatly influenced by the extent to which we are successful in engaging with fans and commercial partners. But it is clear that the budgets for players and general staff will be severely reduced. This option is in line with the views exchanged in meetings over the past 3 weeks but is only feasible if we believe in the long term survival of the football club.

If we believe that there is a viable future for next season irrespective of league then we must move the model from where we currently are with immediate effect. This means payroll reductions and the elimination of all items of discretionary spend. This needs to be done without damage to the vision of a viable fan-owned club with community focus as its ethos. The longer we delay the bigger the loss will get and the less likely we will be able to recover.

The other option is the draconian step to dissolve the society and manage an orderly run down of business. This is a legal process and we will need assistance. If we do not believe that the situation can be salvaged in the longer term then this is the option we must seriously consider

There were many questions following this presentation and members expressed their concern and anger that this information relating to the financial position had not been given to them sooner. Questions covered the following:

Question	Answer
How much of next season's budget will be taken up by players on two year deals	If they stay a substantial amount will be taken up by 5 players and the budget will be closer to £250k rather than the current £450k.
Who sanctioned two year deals	Jon McCarthy was the manager at the time, but looking back the signings made were welcomed by the fan base and showed the ambition of the club to go forward in signing high calibre players.

Question	Answer
How are we planning to get rid of players, are they in the shop window	Will have to enter into negotiation with players and agents. Next season we are likely to be playing with young inexperienced players next season. Marcus Bignot is aware of the issues and there will be a discussion to go through options with him
Commercial revenue has been disappointing, what plans are there for the future to secure commercial revenue	This will be part of the handover process and further information will be made available in due course
The board must have seen this coming six months ago	The need for a CEO was identified to run the commercial side and MM has not delivered

There were also a number of comments rather than questions, these are both from members and the response from directors:

- The board were trusted to keep an eye on things and have not warned members of the critical situation regarding the financial position.
- There are no posts from the board on the CFU website and there should be regular updates.
- This should not be a witch hunt, there is a need to understand what has happened and move forward. Those people who have made a mess need to go and be replaced by others.
- This is a massive sense of déjà vu – there is no coherent strategy.
- Need to scout young players from lower leagues or get players discarded from higher leagues.
- There needs to be learning from the way the Senior Blues work and engage with supporters.
- Directors need to be more visible on match days.
- We don't know who board members are or what they do at which point they were introduced and gave a brief outline of their role on the board.
- As a fan owned club more people have got to stand up and help, most directors work full time and more volunteers are needed.
- Only 250 people bothered to vote at the AGM, there has been apathy amongst the membership with just over 1000 now as opposed to over 3000 when the club was first established.
- Sheppard trained with the team for two days and on the Friday before the game there was only a pool of 15 players and he agreed, as a favour to MB to play at no cost, he was signed on a non contract basis and has now left the club.
- Players out on loan – Jordan Chappell is hoping to secure a permanent deal with Stalybridge, Liam Davies and Wade Joyce are out on loan to get match experience.
- Stagecoach – both councils are supportive of the proposal and the next stage is to move to the legal people to draw up a lease, whilst the details of the arrangement will be regarded as commercially sensitive it was hoped that the club would receive £40k per year and this will include restoration of car parking spaces and clearance of the grassed area to ensure that the current number of parking spaces are retained.
- Between £85k/£90k income is needed on a monthly basis.

- Loan notes are an option to secure income in the short term.
- Give Tranmere more tickets than normal, a good idea – subject to SAG agreement.
- A date has been set for the JA tribunal and payment should be within 28 days.
- The board has not received regular monthly cash flow statements until recently and it was only in December that it became clear that the money may run out although there has been cash flow pressure since September/October.
- The CEO is not a key spender his responsibility is to generate income. MB was given the OK to increase the number of players on condition others went, but this has not happened.

5. **What are we doing about it?** JH gave a presentation as follows:

- a. **2nd January** – board met and agreed working groups
- b. **8th January** – met with some former board members, stakeholders and key volunteers
- c. **18th January** – board meeting
- d. **22nd January** – first meeting of working groups

The board has agreed to meet fortnightly until the end of April with the working group meetings taking place in between. The terms of reference of the working groups are as follows:

Strategy

Create a strategy for CFU and CFC, aligning a mission, set of goals and strategic plans for the development of the club in the short, medium and long-term. Consider the organisational structure, governance and constitution requirements to deliver the strategy.

Lead – Simon Olorenshaw who said that the strategy is set out in the constitution with a need to look at short, medium and long term issues. Views from all areas will be sought and a quick survey to find out what people want,

Football

Develop plans to create a sustainable footballing ethos for CFC including the first team, youth academy and scholarship programmes. This should recognise our role in the community and our vision to play at the highest sustainable level of the football pyramid.

Lead – Calvin Hughes who said this group knows what needs to be done to move forward so the club doesn't find itself in the same position again and have a few players taking up a large proportion of the budget. There will be a plan for how we recruit and scouting procedures in place. Bernard Concannon will be a key member of this group – he spotted Sam Hughes.

Membership including fan engagement and community

Develop plans to increase the involvement and engagement of CFU members, our wider fan-base and our communities across the club including improving communication, attracting volunteers and increasing revenues from areas such as membership, seals lottery etc.

Lead Neil Bellis this group will be looking at the amount paid for CFU membership and an option for life time membership, season tickets and the possibility of early sales. Also the establishment of a student society at the University of Chester to encourage students to both attend and get involved with the club. These were early issues and there will be many others

Commercial including fundraising

Develop a short/medium and long-term strategy to improve the commercial aspects of the club. This should include, but not limited to, fundraising, sponsorships, hospitality, strategic partnerships, match-day experience and the use of club assets for commercial profit.

Lead for fundraising Jonathan Kerr and Jonny Hughes for commercial – fundraising group will stand alone and make its own decisions and is looking to recruit representatives from Deva Chat and social media. They need some quick decisions as a way of increasing income and hope to raise £50k in the next few months with a range of different events. An event to be launched shortly will be the sponsored walk on 17th March to coincide with the Aldershot game, this is also MBNA day.

On the commercial side JH said there would be a handover from MM relating to match sponsorships, this would show gaps that needed to be filled. A city of Chester football tournament is to be arranged and money can be raised through website advertising. There is an intention to invent a campaign to back the blues. Any ideas for match sponsorship would be welcome.

Following this there was further discussion which included:

- If the SH money from Leicester can be brought forward this will assist and if 500 people pledged £20 per month this would be a significant help. Pledges can be made to LK, loan notes can be arranged and one off donations will be welcomed. LK can be contacted at laurence.kirby@chesterFC.com
- We need to be creative about how funds can be raised and learn from others including Wrexham.
- Andy Cummins proposed that those attending the Youth cup match on Wednesday 31st v Gateshead, should make a donation equivalent to what they would pay for attending a first team game. These donations will not attract VAT and it would be a tremendous boost for the Youth team to play in front of a big crowd.
- Calum McIntyre made a passionate appeal for the continuation of the club to enable the youth section to continue to grow and flourish.
- From a show of hands in the room, there was a majority view that price of CFU membership should be increased; also that a lifetime membership should be introduced. The price of membership will need to be consulted on, but the view was that the lifetime membership could just be introduced with immediate effect.
- Dave Powell (Chester Chronicle) said it was important for the Directors to talk to the Chronicle and other media so there is transparency and not waffle about what's going on.
- What about having non-executive directors as a way of being more professional.
- Posters to be made for every match – AC will co-ordinate arrangements and David Williams will produce.
- MM will not be leading any negotiations during his notice period.

- The contract of MB is to the end of May, and future contracts are not yet in place for James Jones and Tom Crawford.

In conclusion

In conclusion and in response to a question JH said he would not be resigning and he felt that he was the person to lead the club forward with help and he thanked everyone for their passion.

During the meeting a bucket was passed round and an amount of £1,220 was collected as the start of the fighting fund.