

Members' Executive Summary of the Stuart Murphy Review to the Board of Chester FC,
January 2021

1 Review

- 1.1 I was approached in November 2020 by Nick Phillipson, then Non-Executive Director, on behalf of the CFU Board, to undertake a review into the relationship the Board had with Stuart Murphy over the previous two years.
- 1.2 Chester FC was in financial difficulty in 2018 when Stuart Murphy approached the Club with an offer of a donation of up to £1m for infrastructure projects. The need for significant funds at that time from any source would have been almost impossible to resist. The fact the offer was from a known previous sponsor would have made the proposition doubly attractive. Mr Murphy's other business and commercial interests may not have been uppermost in Board Members' minds at the time but the Board, individually and collectively, should have been aware of the potential challenges posed by relying on a single large donor.
- 1.3 Mr Murphy's approach to specific individuals, including paid staff as well as Board members, with verbal offers, incentives and bail-outs at particular times put the Board at a significant disadvantage in collectively dealing with him when circumstances began to become more challenging. His reluctance to commit the outcome of conversations and meetings in writing should have alerted the Board to potential problems in drawing down funds from his generous offer.
- 1.4 There were three specific milestones (agreements) since Mr Murphy first offered £1m to the Club in 2018. These were i) the initial offer and the creation of the Donation Agreement as a means of regularising the arrangement with Mr Murphy, ii) the Side Letter to the original Donation Agreement as an attempt to secure funding for projects and people / players that had been agreed with Mr Murphy but not received and iii) the Process Document drawn up in December 2019, never signed but acted upon in good faith, to complete the further draw down of funds for revenue items into 2020/21. These milestones came about due to the diligence of Board Members and others in attempting to regularise the funding arrangements with Mr Murphy.

2 Conclusion

- 2.1 The review of the Board's individual and collective dealings with Stuart Murphy over the last two years has highlighted the commitment of Board Members to the Club. The challenges faced have been immense but I consider that ultimately the Board acted appropriately in dealing with Stuart Murphy. The Board Members specifically involved in the later stages of the relationship with Stuart Murphy and who delivered the resolution of the financial arrangements last year are to be particularly commended.

3 Recommendations

- 3.1 All Board Members, individually and collectively, should ensure that any future dealings with a potential sponsor or donor are shared with the entire Board.
- 3.2 All dealings with potential sponsors or donors are formally recorded.
- 3.3 No financial commitments are made without the resources being wholly available and within the Club's control.

Richard Birchett

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