

QUESTIONS BROUGHT TO CUSG MEETING ON MON 4th NOVEMBER 2019 BY THE USERS OF THECUMBRIANS.NET FORUM

- No Group is made/forced to answer any question and does so at their own behest.
- Some Groups have answered both their own specific questions and the ones that were marked 'All in attendance', others have answered just their own specific questions.
- If a Group hasn't answered their questions, a simple 'No answer received' has been written. This is in the interests of clarity within the CUSG Group.
- TheCumbrians.net would like to thank all those who replied on behalf of those who submitted questions.

QUESTIONS FOR CUFC: NOTE – ANSWERS PROVIDED BY NIGEL CLIBBENS UNLESS INDICATED

EWM:

Q1: At the forum, John Nixon spoke that he hoped EWM would take a shareholding in the club. For an organisation, that despite having a director on the Holding's board, has had no communication with the fans, and answers "no comment" to News and Star requests, please explain why this would provide the best future for CUFC?

It is important to separate now (no shares) with the future (a shareholding).

The position now and any future with a shareholding are not the same – they are not comparable in many very important ways.

1. Firstly, from a responsibility point of view – in terms of financing and decision making, it's very different. EWM has no "control" under the EFL rules:

- Has no shares in the club and so no ownership role or responsibilities - that rests with the directors and shareholders.
- It is not subject to the EFL rules and FA rules that shareholders are subject to as Participants in the game.
- Has provided the club with funding. This is a commercial arrangement – the funding is fully secured debt on a commercial basis with interest charged underpinned by guarantees.
- That funding comes at a financial cost to the club – interest (shares don't).
- Secured debt is less risky than owning shares, and gives less control than shares. (As I have said before, the sales of players and cup runs this season has meant the club has not called upon that facility in 19/20, and so its debt to EWM has not risen, and EWM has not needed to provide the funds).
- It has one director out of 6 on the holdings board. The single vote does not give it any majority control over decisions, but gives it a voice around the Holdings board table.
- It has no representation on the operational 1921 board.

2. Next, the football regulatory requirements and obligations are completely different.

3. The practical day to day realities of a shareholder position in an EFL club is different. A majority ownership extends that distinction to a new level.

4. Often overlooked, even with just a minority shareholding, being a shareholder in an EFL football club is also incomparable with being a shareholder in a normal commercial private limited company.

Points 3 and 4 are fundamental for all investors to understand and reflect in their behaviour. Often a failure to do this has been at the heart of problems faced by shareholders coming into the football environment.

In changing from one position role to another, it brings succession in some form. It changes the amount of control over the club, changes decision making responsibilities, changes financial responsibilities, changes legal and football duties and responsibilities, and day to day practical operations of the club. All of which are seen as opportunities to make the club better compared to now.

Q2: Regarding EWM and succession, Mr Nixon talked about the EFL making things more difficult to move forward if you don't provide evidence of "source and sufficiency" of funds, but went on to say that EWM clearly do have that source and sufficiency. If that's the case then what exactly is the problem? In particular what are the "damned awkward mechanics" he is referring to?

The EFL has been through a Governance Review of its structure and decision-making responsibilities, and a review of the failure of Bury. Like all businesses, Bury failed because it ran out of cash. Its shareholder personally, and then his business, were unable to provide the funding needed, arising from decisions made as a club over many years. The EFL rules didn't not stop that happening. (This links to Q1 about responsibility for decisions and the financial responsibility to fund those decisions as a shareholder, and realities of being a shareholder compared to no ownership and a shareholder in a club compared to a normal business).

The new owner was faced with similar cash needs (a change of owner and control didn't change the losses and cash needed in the short-term, and the issues for the long-term). He failed to provide the assurance required by the EFL that ...

- ... the money needed to fund the past and future was available (commonly called source and sufficiency) when the club needed it.
- ... it would be put in when it was required.

Again the EFL rules didn't prevent the sale.

For a new shareholder coming in and taking "control", there are four things to consider:

1. How much funding is needed for your plans?
2. Is the money that is needed + contingency available? Where is it coming from – personal wealth in cash in a bank, asset sales, business profits, club asset sales, borrowing?
3. Will it actually be put in when required?
4. Based on the evidence provided to it, how certain is the EFL about the answer to 1,2,3?

Remember in football we have often seen that wealth of an owner is not necessarily a good measure of them being fit and proper to own a club. Or having the wealth means the required cash will be put in when it's needed. So, source and sufficiency isn't the whole story.

Fans and stakeholders have called on the EFL to act differently and that is what the EFL is now doing. That means the arrangements behind the funding of clubs when there is a change of control are being put under the microscope to avoid a repeat of Bury.

If there is no change of control, those checks are put back until there is a change of control – but they still will happen if the “control” line is crossed.

The lessons learned from those reviews mean there is increased scrutiny over 1-4 by EFL, more questions, stronger evidence, before it will approve a “change of control”.

In the end it’s aimed at protecting clubs. There is also no doubt IMO, the EFL rules will be significantly tightened going forward as well, with tough new conditions to bring more certainty that money will be provided to clubs when it’s needed.

OWNERS/RUNNING OF THE CLUB:

Q3: At the fans forum you said that you didn’t like being called a failure. I don’t think you’re a failure either, but there has been serious failings at the club since the current BOD took over. We’ve gone from attendances of 8k and knocking on the door of the Championship to attendances of 4k and struggling to stay in League Two. Do any of the directors take responsibility for those failings?

I have answered in length about cause and effect and what factors determine attendances. At the heart of the question is responsibility for what happens at the club.

Directors overall have joint collective responsibility for all that happens at the club, as a group, under their stewardship. Full stop. So yes, responsibility is taken for everything that happens at the club.

If you are part of a board and the group make a collective decision you all hold collective responsibility for it - even if you disagreed – as with the support shown for the Checktrade. Unity requires that members stand together behind a decision. If you didn’t agree with it, or leave it is a matter of conscience.

Q4: At the last meeting you were asked to give a 1-10 score on certain aspects of how the club is being run. You refused to give scores, claiming there were better ways to benchmark and monitor. Could you explain more about these other ways you use to benchmark and monitor and what your findings are from them?

Examples:

The main sources are the independent assessment visits as part of the EFL Family Excellence Award. Twice a season we get unannounced anonymous visits to measure us against specific objective criteria. We get scored compared with other clubs in L2, the rest of the EFL, and on our performance the prior year. It covers, for example:

- Finding information and first impressions
- Social media
- Matchday Experience at the club
- Shop and retail
- Refreshments
- Inside the stadium
- Engagement by the club

It covers the whole match day from before the first call to get information, then buying a ticket, through attending the game, then leaving to go home. All aspects of customer service, match experience, catering and food, value for money and communication are covered.

Under each area we get scored and key strengths, weaknesses and opportunities are identified against the best practice and targets. The benchmarking is objective and independent and comparable across time and with other clubs – rather than suffering all the problems I referred to in my answer to Q5 in February. The last report was received in January 2020.

Q5: At the fans forum it was revealed that typically an owner has to put in £500k to keep the club afloat in tier 4 and roughly £1 million in tier 3. With Nixon also “finally” admitting the club ran out of money - therefore what incentive is there for the club to get promotion to tier 3, if as suggested as extra £500k has to be found?

Football clubs exist to compete, win and go up the pyramid, within the financial constraints they have. Nobody I have ever met in football has been content to simply survive and “keep afloat”. That ownership model is totally unsustainable IMO as variance, unpredictability, volatility and uncertainty, which are all inherent in football, means eventually a bad season comes, and that can easily result in going down. Professional football is about winning and success, not existing. Promotion is therefore not about a financial incentive, it goes far beyond that – winning and promotion up the pyramid is what football is about!

If you look at the accounts for L2 in the season 17/18 (year ends around June 2018):

- 13 of the 24 clubs L2 made losses totalling £15.6m in L2 (including CUFC).
- 5 broadly broke even.

Crucially, this is even after players sales and cup income. For instance, Newport had a profit of £82k after playing Leeds twice and Spurs twice in cups, and getting TV coverage and to FA Cup round 4.

Of the 6 L2 clubs that make profits 17/18, most did so only due to cup runs, player sales or other one-off events.

For instance, Accrington got promoted and made a profit of £400k. Remarkably this was despite the lowest player spend in L2 and selling ...

- Omar Beckles <https://www.lancashiretelegraph.co.uk/sport/15488737.stanley-sell-defender-omar-beckles-shrewsbury-town-undisclosed-fee/>
- Shay McCarten to Bradford <https://www.skysports.com/football/news/11745/10931527/shay-mccartan-joins-bradford-city-from-accrington-stanley>
- Matty Pearson to Barnsley <https://www.bbc.co.uk/sport/football/40832305>

Outstanding by them.

The importance of the player transfer fees in driving their profit, even with a low player cost and success, is clear. It is also worth noting:

- All three deals were undisclosed – the same as CUFC, which we are heavily criticised for.
- It highlights why player budgets are important, but only to a point, and not a barrier to success.

So, nearly all L2 clubs “should” give up ideas of promotion if not losing money was the only consideration, as everyone faced the same issues. Yes, on that purely financial basis it could be argued it’s more financially beneficial to be even below L2, and taking it to the extreme, better not to own a club at all.

Whether you believe it is right or not, the current nature of the EFL pyramid is that most clubs do not have the ability to fund their costs out of their own income, and still have a playing budget that allows them to get the players they believe are needed to gain success – without football fortune or extra cash being injected into a club. Even with this extra it may not be enough for some supporters. Hence some calls for owners with deeper pockets.

As you rise up the pyramid, the increases in income are far less than the increases in costs of players, and therefore the losses widen. As you move from L2 to L1, and then L1 to Championship, the rate of losses accelerates markedly, and this acceleration increase the higher in the Championship you go.

In the last couple of weeks a number of clubs have reported financial results for 18/19 (around 30 June 2019 year ends):

Prem

- Arsenal loss £35m.
- Leicester loss £75m – before player sales.

Champ

- QPR operating loss £12 million – before player sales.
- Forest operating loss £35 million – before player sales.
- Villa operating loss £84 million – before player sales and stadium sale.
- Barnsley operating loss £4.8million – before player sales.

L1

- Wycombe overall loss £900k.
- Luton overall loss £2.1m.
- Coventry Operating loss £2.2 million - before player sales (break even after player sales).

L2

- Cheltenham (16th) breakeven profit £69k – after selling Mo Eisa for a “reported” £1m <https://www.gloucestershirelive.co.uk/sport/football/football-news/former-cheltenham-town-striker-mo-2931382>
- Stevenage loss £144k (finished 10th).
- Swindon lost £1.7m (finished 13th).

Scotland

- Dundee loss £1.8m.
- Ross County loss £1.4M.

The aim for all club is to get promotion move up and win, in a way that is sustainable (doesn't result in the club being put at risk) and then push on again in a way that is sustainable.

Q6: At the fans forum John Nixon didn't answer the question in regards to whether he thinks he has failed in his time at Carlisle United and for the club. I understand he is doing well in his FA roles and representing tier 4 sides, but I want to know what he has done/achieved specifically for Carlisle United in recent years?

Since I joined the club, and JN stepped back, his role has not been in the day to day running of the club at 1921 level. His role has been confined to provide advice and support for 1921, as well as company secretary admin duties. That probably amounts to circa three hours a week on club matters. That includes giving his input to the club about FA, EFL and Trust matters. Which he has done throughout.

At Holdings level he is one of 6 directors and 3 shareholder who together determine the overall direction of the club and make key decisions as a group.

So individually he has no decision-making responsibilities.

Q7: As part of his EFL representative role, has John Nixon had, or will he have, any input over Macclesfield's appeal against their 6 point deduction? Considering our position in the league, a ruling against Macclesfield could benefit us and I think that would present a conflict of interest.

There is a clear conflict of interest with CUFC. Therefore on discussions and deliberations of MTFC, penalties etc, JN does not participate, except to simply collect L2 views and pass them to the EFL.

This conflict point is in part why the recent EFL Governance review considered more independent directors on the EFL board (although the proposal wasn't accepted after the clubs voted against it – I voted to support the change).

Q8: At the fans forum Mr Pattison made a very unfair comment about the local media which was later torn to shreds in this series of tweets by Jon Colman: <https://twitter.com/joncolman/status/1227201042783330307?s=20> Will Mr Pattison be apologising to the media for his comment?

The point SP was trying to make, was to firstly to emphasis the good work being done, which secondly he saw as worth more reporting, and deserving of more PR recognition in the whole media. The more the better in my opinion too.

I didn't see it as a criticism, but more of a plea to get more recognition than there was. The tweet showed very well the work that is done and what is reported on twitter by N&S, which I am grateful for. SP would argue there is even more to report (there is always more) by all media, and not just on twitter. No plans to apologise.

By tweeting all the past posts it certainly got extra PR (so SP would be happy) which re-highlighted some great projects! And JC showed his long-term support, which we appreciate.

DAVID HOLDSWORTH:

Q9: Regarding my question last meeting about Mr Holdsworth, fair enough if that was just how his schedule was. The problem is that if we only ever hear from him after good results, people may come to the conclusion that he's avoiding the media during the bad results. Could you liaise with Radio Cumbria with a view to scheduling regular radio chats with Mr Holdsworth (perhaps monthly?) so that he is seen to keep in regular contact with fans regardless of how things are going on the pitch?

David did a radio interview recently and in it I think JP complimented David for keeping BBC up to date throughout the window. So, I think that shows how much of regular contact DH has in providing information to them for them to put out to fans. Even if he isn't on answering the questions, the information is there.

David is very mindful of the fans and goes on regularly, and I'm sure will continue to do so, regardless of what happens on the pitch. Towards the end of the SP tenure as manager, David gave a hard-hitting interview about how he saw things on the pitch on the club website – so he has demonstrated regular contact across club and radio, and has given regular N&S interviews.

ATTENDANCES:

Q10: We disagree on whether the BOD are a significant reason for the lower attendances. Could we arrange for a survey asking fans why they are not attending, with unhappiness at the BOD listed as one of the available options?

I have acknowledged that there are fans who don't attend for that reason. The three shareholders have made it clear they want succession and I am trying to create the conditions for that to happen. We are progressing that, which improves the chance of that succession taking place. Achieving that should take away non-attended for that reason.

A survey will not change that objective, speed it up or make a difference to how we are going about it. We want it to happen. So, no plans for a survey of that nature.

This would help us establish whether or not that is a significant factor, and would allow the club to see what aspects fans are unhappy about and what they need to focus on to win people back.

Gaining better information on what fans want is invaluable. Which is why the CUSG (and these questions) play an important part. We see these are the key channel - direct to fans and fans who know others, that gives real insight compared with surveys. CUOSC have recently undertaken a survey, the independent review of fan engagement and other external fan surveys are all considered, and lessons taken on board where they can be.

Q11: Does the club currently do any research to find out the reasons why people aren't attending? For example when a fan doesn't renew a season ticket, do you contact them and ask why/is there anything you could do differently that would make them buy another one?

We call lapsed season ticket holders (on a sample basis) to do that. Our season ticket base is relatively stable – change mainly occurs to non-club factors (family issues, job issues, personal circumstances) although some lapse due to club/football reasons.

GROUND:

Q12: In the director's forum, Nigel mentioned a government initiative with huge funding available for community football initiatives. This money could possibly be seen/ used as a way of helping with stadium development and providing a sporting hub in the city that would see a new pitches, sports facilities etc with a new stadium at the centre. He said it could be possible if all parties worked together - the club, the council, the fans and the wider community.

Yes I did.

As a fan, I'd like to ask him sincerely, what do we need to do to play our part in this? If it means writing letters, filling in application forms, trying to raise funds etc I'd be willing to do what I can to help. Im sure this could be a great incentive to unite the trust and supporters groups too to have a strong aim and goal for the benefit of the club. It sounds like something that could form a vision and plan going forward - something that has been lacking. The club just seem to be waiting on EWM and plugging holes to get by. We need something to drive us on and get us all working together. This could be that incentive. Apologies for the long winded way of getting to the point but Nigel, as fans, what do we need to do to get the ball rolling?

The Local Facilities Football Plan (LPPF) is about grassroots football in the community, not the pro game. So, it impacts on junior football, futsal, girl's football and the men's game. It is a community wide matter, small sided games, indoor and grass and 3G. However, because CUFC is the top of

the football pyramid in the City, and its reach and impact in the community is powerful, we believe the club has a key part to play and could help make a difference. You can see that in the work of the Trust and initiatives like play in the pitch and community ticket scheme, and the users of the Neil Centre. The scope to do far more is obvious, with better facilities.

The LFFP consultation process is focussed on consulting with the key stakeholders - Carlisle City Council, Cumberland FA, Football Foundation and CUFC Community Trust. They feed into junior football clubs and GLL in Carlisle, who participate too.

The routes into the process are through those organisations. As a pro club we are on the edge. As a fans of a pro club your routes to have a voice heard are through those stakeholders. There is no direct fan role.

Meetings have been held by the key stakeholders and their core vision of the plan has already been established by those stakeholders. Lots of work has been done to identify issues, gaps, locations to invest, opportunities, and to listen to grassroots clubs about what they want. Those competing needs and wants have to be prioritised and balanced by that group.

We proposed to the stakeholders a LFFP that is radical and inspiring, and which changes the football map in Carlisle, and in turn makes a positive difference to the whole community and the issues it faces.

I have strong belief that the LFFP, and the investment opportunity it brings, has the potential to be ground-breaking and make a generational change to football in Carlisle and our community area. I wanted to see investment in a landmark community football hub for grassroots football.

A major development centred on a new purpose site with multiple drained and floodlit outdoor pitches, 3G pitches, indoor football facilities, multisport capability, public gym and fitness areas, all available for use seven days a week from dawn until late, centred around the focal point of a Carlisle Community football stadium. This could be supplemented by smaller scale targeted investment in areas of specific need.

Working together and with the support of the FA through the LFFP and other partners, that vision appeared to me to be a fantastic opportunity to deliver the objectives of the FA and bring huge benefits to grass roots football, widen and grow participation as well as make a huge difference in the wider community for health and wellbeing.

As this is a 10-year plan, the scope to introduce this option later is likely to be very difficult, if not impossible.

Having met with the key stakeholders this week for the first time, it is clear the process is already well advanced with lots of work by Cumberland FA and City Council, and a different approach to the "hub" idea is favoured for the LFFP and the grassroots in our area, which I understand.

Q13: We have been told that we cannot get anymore football grants until the east stand is finished. It is over 20 years now since it was built. Is there a time limit involved here or not?

The exiting funds are used.

The LFFP will be key to directing future FA and Local Football Foundation plans and funding.

EFL TROPHY:

Q14: In the past I believe the club have said it was the right financial decision to vote in favour of B Teams despite 98% of fans being against it. There's something I'm unclear about here. If I'm wrong about this please correct me but as far as I know if we voted against the B Teams

We accepted the proposal to allow Category 1 Academy U23 teams into the EFL Trophy. We did not vote "against B teams".

but then participated anyway, the financial situation would be exactly the same as it was if we voted in favour and then participated. I'm not aware of any teams who voted against it being any financially worse off for doing so.

That is correct – it makes no difference to how an individual club is treated if they voted for/against. It's the overall total votes that determine what happens to everyone.

So how can voting in one particular way be the right financial decision when both options would produce an identical financial outcome?

The financial difference would have come for all clubs together if the proposal had not been accepted by enough of them. The majority vote made the difference and all clubs are then bound by the decision, regardless of how they voted themselves.

OTHER BUSINESS:

Q15: The club/trust are putting a member through diversity training,

The club and trust are different entities. The club is not "putting a member through diversity training".

Id like to know if the club have offered training to any other groups such as disability awareness training for CUSAT/disabled group. Customer service training, social media training or any other training.

The club has not offered training to any individual or fan group, they are independent of the club.

Q16: Is it correct that the club has stopped using the training facilities that they previously used at Creighton Rugby Club?

Academy use hasn't changed. Ladies use hasn't changed. The first team still uses the facilities, although less than previously. The level of usage is entirely determined by manager/head coach preferences and the condition of the pitches (weather).

Different coaches have different preferences, so usage level changes. Keith preferred a training facility away from the stadium. Since then, the preference has been to train at BP. Our arrangement is flexible, to allow us to use Creighton as required, as our needs/preferences change. Very simple and flexible arrangement.

And if so, is it correct that a financial dispute is behind the change ?

The financial arrangements do not determine the use. Reasons for the level and change are explained above.

Q17: We have the Hughie McIlmoyle statue out side the club shop. Does the club have any plans to honour Ivor Broadis in this way?

No plans at present.

Q18: Can we put the path to the rugby club back as it was please?

Don't understand the question?

QUESTIONS FOR ALL GROUPS: ANSWERED BY CUSG CHAIRMAN SIMON CLARKSON

Q19: As you are no doubt aware on The Cumbrians messageboard recently there has been a lot of speculation over the identity of a certain poster who goes by the name of KESSLER and who claims to work at the club in the executive areas.

I would be very interested to have your comments on whether you believe this person is actually an employee of the club and if so do you think the criticism of certain members of the Board of Directors is acceptable from someone who claims they are a club employee.

And do you think if so they are correct in their assumption that they need to remain anonymous in order to continue their employment or is it safe for them to reveal their identity without the fear of retribution from their employers?

Irrespective of whether the MB user is a club employee, any concerns or issues raised should come to the attention of the club, who do regularly check the forum. There is also this CUSG structure of putting questions for the attention of the club. We appreciate the pros and cons of reporting anonymously and would always prefer fans to raise queries overtly. However concerns are raised, they will be followed up on. If they are an employee, which it certainly feels like they are, it's a shame they can't raise concerns in the work place, but completely understandable as we know the issues that can arise if they choose to do it that way.

Q20: What is your 2nd favourite jam?

Simon (CUSG) - It's a close call but blackcurrant is the best, so it would have to be strawberry.

Dan (TCN) – Toss up between Strawberry or Marmalade for me.

Matt (TCN) – Does Marmalade count?

Andy (CUFC) – The Bruce Foxtan version. The Paul Weller version will never be surpassed.

MESSAGE FOR CUOSC:

Not actually a question but just want to say thanks for taking up Mullens offer of revamping the website. I've seen the new site and think its an improvement. The old website always seemed to be out of date and that didn't give people a good impression, although Mullen did explain there was difficulties in updating it. With the new site, the recent news shows articles from a few days ago. A big improvement, well done.

No response received.