

Commentary on revised Articles of Association presented to Members for adoption by Special Resolution at the Annual General Meeting on 23 September 2020

1 Introduction

Most of the membership will be aware that the Corporate Insolvency and Governance Act 2020, passed in response to the Covid-19 crisis, allows companies to hold virtual Annual General Meetings regardless of whether this is permitted within their constitutions. The opportunity to do this expires at the end of September 2020 and the Government has recommended that companies change their constitutions at this year's AGMs to make future virtual AGMs permissible 'just in case' this might be required again.

The proposed amendments to the Articles would allow the Alliance to convene so-called "hybrid" general meetings in future, allowing members to take part electronically if the Board decides this is appropriate.

At the same time, the Board's external evaluation in February 2020 raised some debate on an increase in turnover on the Alliance Board in recent years. Upon reflection it was felt that an increase to four-year terms from the current three may help to bring some stability and help Directors feel more settled with additional time to get to know the organisation and a longer period to contribute before needing to think about any re-election/appointment. Some changes to the Articles of Association are thereby made to reflect this too.

Members are reminded that the Articles of Association were last amended at the Annual General Meeting in September 2018 when the Alliance enshrined the practice set out in the additional Rules document in the Articles themselves and removed the old transition Article which was no longer required.

2 Proposed changes to the Articles of Association

The main recommendations are summarised below and a copy of the current Articles with tracked changes are also provided should you wish to see them.

| | Current Structure | Recommended |
|----------|--|---|
| 1 | Every notice calling a general meeting must state the place, date and time of the meeting. | This has now been amended to include a reference to allow hybrid general meetings and electronic voting. |
| 2 | Directors' terms of office are 3 years which is renewable once [excluding the CEO] | Directors' terms of office are 4 years which is renewable once [excluding the CEO] |
| 3 | <u>11 Directors:</u> 3 Elected [by the Membership] 6 Appointed [by the Board] Chair [by the Board] CEO | <u>12 Directors</u> 4 Elected [by the Membership] 6 Appointed [by the Board] Chair [by the Board] CEO |

However, there are some points of reference that need to be brought to the attention of the Membership in more detail, and these are shown as follows:

3 Specific Background Points to Note

3.1 The Board considered the pros and cons of moving from three-year to four-year terms of office at their Board meeting in July 2020. They felt that moving to a four-year cycle would give Directors more opportunity of getting to know both their colleagues and the organisation before they had to spend time thinking about any re-election or appointment process.

3.2 A four-year term could also tie in with the Alliance's new strategy and funding cycle.

Appointed/Elected Directors

3.3 When considering whether to move to four-year terms, the Board considered the current core numbers of Appointed and Elected Directors – which is nine [ie excluding Chairman and CEO] and how this would fit with a four-year cycle.

3.4 In order to stagger Director renewals to keep Board continuity, there will be at least one Elected and one Appointed Director for election/appointment each year. This would suggest that a core Board group of six Appointed Directors [as current] and four Elected Directors would provide this – allowing for one Elected Director and at least one Appointed Director to fall due for renewal each year.

3.5 If agreed by the membership, the extension to four years will apply to any new appointments and to re-appointments taking effect at this AGM and subsequently.

3.6 There is already the facility to co-opt into any casual vacancy position on the Board and it is recommended that this remains.

3.7 If agreed, the Board will advertise the newly created Elected Director role.

3.8 The suggested new Elected Director number of four would make the overall number on the Board of up to 12 Directors. This increase remains in line with the contents of *A Code for Sports Governance* which states that a Board should not have more than 12 members, and the Alliance remains Code compliant.

If any member would like to discuss, or seek further clarification on, these proposed changes before the Annual General Meeting, they are invited to contact Kate Lawrenson on 020 7976 3905 or klawrenson@sportandrecreation.org.uk This will enable the queries or requests for clarification to be dealt with as fully as possible before the Meeting itself.

Members are, of course able to ask questions or seek further clarification at the Annual General Meeting itself and are similarly invited to give notification of intent to do so to Kate.

LISA WAINWRIGHT
Chief Executive/Director

7 September 2020