THE PRINCIPLES OF GOOD GOVERNANCE FOR SPORT AND RECREATION

SPORT + RECREATION ALLIANCE

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Foreword

Emma Boggis
Chief Executive
Sport and Recreation Alliance

Good governance has been cast into the spotlight since we launched our Voluntary Code of Good Governance in 2011 and again since the revised publication in 2015. We have continued to focus on and push the principles of good governance and during that time, we’ve had great success in helping our members and many other sport and recreation organisations to develop good governance under the guidance of our principles.

The approach to governance in the sport and recreation sector has changed dramatically since 2011, particularly across the Home Nations. The most recent changes - instigated by Sporting Future, the UK Government’s sport strategy - had two important outcomes from a governance perspective: opening the opportunity for a much wider range of organisations to receive public funding; and setting much stricter governance requirements for organisations in receipt of that funding. These new requirements for Sport England and UK Sport funded bodies, as well as the new frameworks in place in the other Home Nations, prompted this review of our principles.

Our aim is to provide guidance that, as well as being compliant with the various Sports Council requirements on funded bodies, can be of practical assistance to a much wider range of organisations, while still setting an extremely high standard of good governance. The majority of our members are not publicly funded, and are therefore not subject to the various Sports Council governance requirements; but this doesn’t mean that good governance isn’t important for them for long-term sustainability.

A high standard of governance is one of the most important factors in preparing an organisation to be fit for the future. Because of this, it’s also a factor in creating a successful and sustainable sport and recreation sector. We want these principles to be used by all our members, either as a standalone framework or as a complement to other governance requirements. Adopting the principles will be a fantastic stepping stone towards compliance with Sports Council governance requirements, for those organisations aspiring to public funding. We also encourage our members to circulate the principles to their partners and members, so the same principles of good governance in sport and recreation can be applied at national, regional and local level.

The Principles of Good Governance for Sport and Recreation has been developed with the input of experts from across sport and recreation, drawing on best practice in governance from the public, private and third sectors. The Principles have been drafted to allow organisations to consider their own size and circumstances, making sure the measures implemented are proportionate and manageable. We want to avoid a “box-ticking” culture, so organisations can focus on implementing practical governance improvements which make a practical difference and positive impact. Organisations are encouraged to take a flexible approach to applying The Principles, taking into account their own size and circumstances to make sure the measures implemented are proportionate.

Moving forward, we will continue our efforts to make our members and us fit for the future, working towards the objectives of our new strategy, The Heart of an Active Nation. Following our own strategic principles, we will be doing everything we can to help our members implement good governance in their organisations, as well as speaking up on behalf of the sector to shape the landscape of sport and recreation governance. We will also be continuously reviewing our own principles to safeguard their relevance to our members and make sure they are at the forefront of positive change in our sector.
Introduction

Sporting landscape

The Voluntary Code of Good Governance was launched in 2011 and was refreshed in 2015 to mark the changing landscape of the sector. As advocates of positive change, the Sport and Recreation Alliance has always understood the growing sector challenges such as safeguarding, anti-doping, vulnerable adults and other sport specific issues, therefore this Code has been refreshed to help support sport organisations pre-empt such governance issues.

Internationally, news about FIFA, IAAF and WADA brought governance issues to the fore, and the sector is taking action through the production and implementation of tougher guidelines and practices.

In the EU, the Expert Group on Good Governance has prepared a document embodying a ‘one size fits all’ approach, recommending good governing principles to guide the sector. The guidance promotes ten governance principles which are designed to be flexible in nature and broadly incorporate much of the same valuable governance requirements as our own, including but not limited to; Accountability and Transparency, Stakeholder Identification, and Inclusivity.

In 2015, the UK Government published Sporting Future and in October 2016 Sport England and UK Sport set out to change future governance in sport by publishing, at the request of Government, a new mandatory standard for governance in organisations they will fund, titled A Code for Sports Governance. This sets out to promote positive change within the sector through enhancing the overall regulatory standards, and where appropriate, imposing financial sanctions for those organisations deemed non-compliant.

This goes a step beyond our Voluntary Code of Good Governance, which avoids setting mandatory requirements, in favour of providing a more flexible approach. It also applies only to the relatively small number of organisations in receipt of funding from UK Sport and Sport England. By contrast, our Code can be applied flexibly to organisations of any size, regardless of their funding status, across the UK. For that reason, we believe our Code is the most relevant and practical means of encouraging consistent governance standards across the entire sport and recreation sector in the UK.

Aligning the Codes

Principles of Good Governance for Sport and Recreation

In 2016, Sport England and UK Sport set out to promote positive change within the sector through aligning the Codes and frameworks produced by the Home Nations Sports Councils. We will shorten this to The Principles.

Part of refreshing our Code includes a new title - The Principles of Good Governance for Sport and Recreation – to create a distinction for users between our principles of good governance and the Codes and frameworks produced by the Home Nations Sports Councils. We will shorten this to The Principles.

The main body of the text has also been altered, with The Principles now adapted to offer a more flexible and navigational approach to language for organisations to utilise, in the provision of its practical actions. These governance actions provide organisations with a measurable tool to implement, some of which have been updated in accordance with the new mandatory regulations.

Looking Forward

As you start working with The Principles you’ll quickly identify opportunities to develop your organisation’s governance. The actions in this document will provide you with examples of how to take this forward. In addition, we’ve now included Guidance notes with each principle, explaining why the actions are important and how you should implement them in a more practical sense.

Later in the document, you’ll also find case studies from organisations across the sport and recreation sector, discussing how The Principles were implemented in practice. As well as picking up on the benefits of doing so, the case studies also discuss some of the challenges and barriers to introducing new approaches to governance.

The Alliance will also continue to offer tailored support, guidance and training in a range of formats, including one-to-one consultancy, workshops and web-based resources. Different organisations will have different needs, but the range of support available to help implement The Principles means any interested organisation can access the support they require.

The Alliance website will stay updated with information about the support available.
The principles of good governance for sport and recreation

Application

How to use The Principles

The seven principles are designed to be flexible and simple. It’s easier to implement change when you have clear actions for doing so, which is why each principle is structured with a list of recommended actions to achieve better governance. You can apply any of the actions in The Principles to your organisation as you see fit; and the more you apply, the stronger your organisation’s governance will be.

Although the format of this new document is different to its predecessor, the Voluntary Code of Good Governance, the concept behind it is the same. There is a huge variation in the size and circumstance of organisations in the sport and recreation sector. We want The Principles to be used as widely as possible; including by NGBs, regional and county associations, sport for development organisations and local sport and recreation groups.

To achieve this, the original seven high level principles for good governance have been maintained, and practical support to implement these is provided through recommended actions and additional guidance on the theory and practice behind each principle. Different organisations have different needs, and it isn’t our role to dictate what is appropriate for each organisation. Instead, we’ve provided the resources for all organisations to make an informed decision about what is right for them.

Using this approach, organisations can evolve their governance over time; using The Principles of Good Governance for Sport and Recreation as a stepping stone to the gold standard of governance expected from respected, high profile organisations.

“Should” v “Must”

Each action within the principles uses the word “Should” or the word “Must”:

• “Must” indicates that implementing the action is considered necessary to achieve a baseline standard of good governance.
• “Should” indicates an action which is recommended for all organisations, and that will contribute to an improved standard of governance.
The principles of good governance for sport and recreation

Principle 1: Integrity

As guardians of sport and recreation activity, the board should uphold the highest standards of integrity within the organisation and in the wider environment by embedding values and good practice and promoting high ethical standards.

What does this mean to your board?

The board should uphold, protect and exemplify the very highest standards of integrity at all times, not only in what it does but in the wider environment. As well as contributing to the effective performance of the organisation, integrity is key to protecting the reputation and legitimacy of the organisation.

The board leads by example, setting out and maintaining clear ethical standards for the organisation and welcoming the opportunity to be transparent in order to demonstrate the organisation’s ethical values. Where an organisation is responsible for organising competitions, the board has overall responsibility for ensuring that competition is fair, robust and compliant with relevant rules and procedures of the activity both domestically and internationally, including specialist action required on areas like betting integrity and anti-doping.

The board is also responsible for protecting the mental and physical wellbeing of participants at all levels. Every organisation should understand its moral and legal obligations around safeguarding and should have policies that are applied rigorously and subjected to regular scrutiny.

Supporting governance actions

- The board must make sure the organisation complies with its articles of association as well as relevant legal, regulatory and governance requirements.
- The board must have and implement a robust conflict of interest policy and directors should avoid any conflicts between their personal or business interests.
- The board must maintain appropriate robust policies on safeguarding, illegal betting, anti-doping, equality and diversity and review their effectiveness on an annual basis.
- Board directors must maintain confidentiality on board matters and respect the decisions made in the boardroom even though they may conflict with personal views.
- Board directors must comply with all laws, rules and regulations applicable to their role as a director.
- The board should make sure there are mechanisms in place to allow the views of members and stakeholders to be considered in the decision making process.
- The board, where appropriate, should support training and education opportunities for directors on issues such as safeguarding, anti-doping and others.
- Board directors should sign a code of conduct which sets terms of objectivity, behaviour and time commitment.

Guidance notes

The constitutional framework of an organisation defines its purpose and duties. This public document helps to make sure the organisation complies with the current legal and regulatory requirements and puts certain restrictions on the company’s powers, including the responsibilities and powers of directors and the powers of members. Charitable organisations are required to state the charitable objects that the company is restricted to and community interest companies (CIC) are required to restrict their company to objects that benefit the community. Reviewing articles on a regular basis helps boards keep up with relevant laws and regulations.

One of the important principles of Company Law is that directors have a duty to promote the success of the company and specifically prohibits directors being involved in activities which favour themselves, members or stakeholders. It is therefore important for organisations to adopt and implement a robust conflict of interest policy. Conflicts of interests can undermine the governance of an organisation and to be effective, the policy should define how potential conflicts will be managed and resolved and all directors should always declare potential interests to the rest of the board and abstain from influencing the decision. One way to make sure conflicts are declared is to include a standard agenda item at each board meeting where directors are given a chance to declare interests before proceeding with the formal agenda.

Governance is a set of relationships between directors, management, members and stakeholders. UK Company Law requires companies to have regard to the interests of stakeholders and members in its decision making and to think about the impact on the community and landscape. Regardless of the legal obligation, boards should always consider taking stakeholders views into account in their decision making. There are many ways boards can seek stakeholder and member views – annual surveys, consultations, advisory groups, committee meetings, general meetings, roadshows or regional meetings.

Policies on topics such as safeguarding, betting, anti-doping, allow organisations to have a framework against specific risks to which the sport is exposed to. Reviewing policies on a regular basis and keeping them relevant will help boards create the right framework in which it needs to operate. It is good practice to consider having a relevant contact from either the management team, board or a subject matter expert in relation to key policies.

As the organisation grows, scrutiny of the organisation increases and it is therefore a key responsibility of the board to promote the highest standards of ethical and professional conduct. At board level, directors should have defined responsibilities for effective functioning. A code of conduct helps directors understand their responsibilities and the organisation’s expectations. For this reason, adopting an appropriate code of conduct for directors and business conduct rules for employees is considered an important aspect of good governance.
Principle 2: Organisation’s Vision and Mission

The board is responsible for identifying and reviewing the values of the organisation and should strive to achieve its vision and mission by creating a strategic plan which is best suited to maintaining the long-term stability of the organisation.

What does this mean to your board?

The organisation’s vision and mission give the board a framework to develop a strategic plan that serves the organisation and delivers those objectives. The organisation’s values identify how the vision and mission should be delivered, and how representatives of the organisation should act.

The strategic plan should promote goals which are realistic yet challenging and include values based upon inclusivity and diversity. It should be created through consultation with stakeholders to ensure that everyone has input to the direction the organisation is taking and to keep the board accountable to its stakeholders. Organisations should also endeavour to consider the external environment when writing the strategic plan, since it provides opportunities for funding and collaboration, as well as potentially impacting on the organisation’s work.

The board must review the strategy and ensure that the executive team have the resources to deliver it. They should also mitigate areas of risk in the plan by implementing a comprehensive risk management process, including a regularly reviewed risk register.

Organisations with a clear and well executed strategy are more likely to achieve success. When an organisation stays focused on listening to stakeholders, they will be able to achieve their proposed goals with minimal risk.

Supporting governance actions

- The board must set a vision and mission for the organisation which establishes a clear direction, purpose and benchmark for success.
- The board must make sure the organisation’s vision, mission and values are inclusive and supportive of diversity to drive the organisation forward.
- The board should set organisational values and standards and lead by example so they are implemented widely across staff and volunteers.
- The board should make sure that the vision and mission statement is reviewed, at minimum, once every four years with engagement from members.
- The board should set a challenging yet realistic strategic plan to achieve the vision through the delivery of the mission of the organisation.
- The board should make sure stakeholder views and participant welfare are at the core of the organisation’s long term vision and mission.
- The board must seek stakeholder views during the development of their strategy.
- The board is encouraged to conduct a SWOT analysis on an annual basis to understand the organisation’s strengths, weakness, opportunities and threats.
- The board should establish and maintain a robust risk register based on the strategy.
- Implementation of the risk policies and procedures should be reviewed regularly.

Values are ethical principles which apply to the entire organisation and a Values statement is a golden thread which runs throughout the organisation. Values define how an organisation operates, how board and employees carry out their activities and how stakeholders and external partners view your organisation. It is therefore important for boards to agree on a set of values and work to make sure that every individual in the organisation adopts them.

A key part of long term planning is risk management. A robust risk register will lead to effective risk handling and mitigation plans. The aim of the risk register is to identify and pre-empt organisational risks rather than evade them altogether. A risk register can only work if important risks are identified and mitigation plans exist. Reviewing risks regularly is crucial and it is therefore essential for board meetings to include risk as a standard agenda item. Risk appetite is an important part of risk management which is often ignored by organisations. Not all risks are bad for the organisation and reviewing the risk appetite will allow boards to review the amount of risk it is willing to take to meet the strategic goals.

As part of risk planning, organisations can carry out a SWOT analysis which determines the organisation’s Strengths, Weaknesses, Opportunities and Threats. It is a simple, yet effective strategic tool which analyses short to medium term issues. When carrying out the analysis, it is important to remember that strengths and weaknesses refer to internal factors while opportunities and threats refer to external factors. The SWOT analysis can be carried out annually or when organisations are amending their strategy.

Guidance notes

The vision and mission statements summarise the organisation’s goals and objectives. The vision is where the organisation aims to be in the future and this statement does not change regardless of the organisational circumstances. For example, if the organisation’s funding is cut. Organisations might review their vision statement from time to time, but once agreed on a vision, the organisation’s objectives and strategic priorities align to the organisation’s vision. A mission statement focuses on the present and sets out what the organisation is going to do, to create its vision.
Principle 3: Leadership and Role of the Board

Every organisation should have effective leaders and a board which has the right balance of skills and expertise needed for the long-term success of the organisation and its growth.

What does this mean to your board?

The role the board plays in the management and decision making structure of an organisation must be clearly outlined and well publicised to promote understanding of how the organisation functions among staff and stakeholders.

Board directors must understand their role and have the information to fulfill the role effectively. As a starting point, this should include knowledge of the organisation’s governing documents, its structure, the roles and responsibilities of the board and their own individual legal responsibilities. Directors are also responsible for scrutinising the organisation’s performance. To do this directors need to ensure they have access to accurate and detailed information from the executive, without receiving so much information that they become engaged in the operational minutiae. The board should also evaluate its own performance to ensure it is fit for purpose and delivering effectively.

The board must have a role in the appointment of new board members and senior staff in accordance with the structures and rules in place, and in doing so must have assessed the needs of the organisation in terms of skills, diversity and experience that will enable it to fulfil its objectives. As well as appointing to the organisation and monitoring performance, the board is responsible for establishing the structure within which the executive team operates, including paid staff and volunteers. The board should ensure provision is made for management and staff development for both paid staff and volunteers.

Supporting governance actions

- The board should appoint a skilled and competent chair. A chair is responsible for the leadership of the board, making sure it is effective and setting its agenda.
- The board should appoint a chief executive to lead the day to day operations of the organisation, manage the staff and volunteers.
- The board must delegate responsibility for operational issues to the executive team to deliver the operational functions of the organisation.
- The board has a responsibility to make sure a structure is in place for the executive team, led by the chief executive. This includes guaranteeing a management structure is in place, and that staff development is provided for both paid and voluntary staff.
- The roles of chief executive and chair must be exercised by different individuals.
- The board must review the position of an independent chair and where appropriate, appoint an independent chair who can bring an objective perspective to the board.
- The board should set the organisation’s strategic objectives and ensure that there are necessary financial and personnel resources in place to meet the objectives.
- To perform their duties effectively, board directors must understand the governing document and understand the legal expectations it sets, as well as any legal duties created by legislation (e.g. director duties as defined by the Companies Act).
- The board should review its constitution on a regular basis with a view to update when appropriate.
- The board must adopt a robust induction process for new directors, reviewed every three to four years, to make sure directors can transition to the role easily.
- The chair must lead the performance evaluation of the board, as well as individual directors, on an annual basis. A vice chair, senior independent director or equivalent must evaluate the performance of the chair on an annual basis.
- Board directors are responsible for making sure they are familiar with the role of the board, its duties and responsibilities.
- The chair should hold meetings with individual directors to create an opportunity for them to voice concerns or opinions outside of the board meetings. A deputy chair should also hold regular individual meetings with the chair.
- The board has primary responsibility for decision making in the organisation. They have a duty of accountability to the membership and a duty to act within the powers conferred on it by the organisation’s governing document.

Guidance notes

One of the key responsibilities of the board is the organisation’s development. It should always be remembered that the board has the ultimate responsibility to fulfill the company’s legal obligations and to comply with this, directors are required to make sure the company complies with its articles and its obligations to its members are understood and met. Only the board is legally accountable to its members and stakeholders and not councils or working groups. It is therefore critical that boards have primacy on all matters concerning the organisation.

In order to perform these duties, it is essential that the board is made up of directors with the right skills and experience. These skills don’t always mean someone with experience in the sector or independent professionals, such as lawyers or accountants; it is more about the balance of skills appropriate for the challenges of the organisation. Having the right set of skills generates good discussions at board meetings and in time, the discussions will be strategic and less operational. One way to keep track of the board skills balance is to perform a skills audit on a regular basis. This is considered a living document, so can be updated as and when there is a need.

The role of the chair is primarily to guide the board in its task of setting and helping to implement the company’s strategic policies. The chair is appointed either from fellow board members or as an independent member. Another aspect of the role of the chair is to work closely with the CEO and act as a point of contact between the board and the executive management team.
Guidance notes (continued)

The CEO is responsible for the day to day running of the organisation and makes sure that the agreed strategic goals are met. Typically, the CEO is a director of the organisation but this is not a legal requirement. As the responsibilities of a chair and CEO are fundamentally different, the roles should be performed by separate individuals. It is good practice to establish clear division of responsibilities in writing and agreed by the board.

The role of the chair is also to develop and nurture relationships with other board directors. One way to make sure the board is performing well, is to have regular meetings with fellow directors outside of board meetings. These meetings can be informal, and depending on the time commitments of other board members, can take place once or twice a year, either as a physical meeting, phone call or via skype. Processes such as these allow board directors to speak to the chair outside of board meetings.

Once appointed, the chair is required to walk a narrow line i.e. s/he must receive sufficient information, engage and intervene when required, but must avoid getting involved in day to day matters of the organisation. Smaller organisations may not have the luxury of a full management team but chairs must still try to refrain from getting involved in operational matters and delegate such matters to sub-committees or working groups where possible.

An independent chair is better able to assess the work of other directors and that of the CEO. A chair who is too close to operational details may lack objectivity in assessing the role of fellow directors.

As a leader of the board, a chair should lead the board evaluation and this can be undertaken in two ways – self assessment or independent and external facilitation. This should be an honest process and directors should be able to voice what is going right and what is not so good with the board. There is no merit in carrying out an evaluation if it doesn’t address the real issues. To keep the process independent, a vice chair or a senior independent director, or equivalent, should evaluate the chair at least annually. Smaller boards should consider carrying out an assessment of the whole board at least every two years.


Supporting governance actions

- The board must make sure its size is limited to a maximum of 12 members to enable effective decision making.
- The board must have a minimum of 25% of independent non-executive directors to include the right balance of independent thought and subject matter expertise.
- The board must make sure a minimum of 30% of each gender is represented to maintain gender diversity and should work towards gender parity.
- The board must maintain fixed term limits of either two four year terms or three three year terms for all directors to allow the board to be refreshed regularly.
- The chair must make sure that all board appointments contribute to creating a board that is balanced, inclusive and skilled.
- The board should maintain clear roles and responsibilities for each board member including the CEO.
- The board should maintain a robust and open recruitment policy and process for new directors to make sure diverse candidates are chosen based on competency, quality, experience and ability.
- The board must have a succession plan in place for board and senior management appointments to maintain an appropriate balance of skills and experience within the organisation.
- The board composition must include the right balance of elected and appointed directors and ensure appointments to the board are made after careful examination against objective criteria.

Guidance notes

Having the right governance structure adds value to the organisation and provides continuity. Board structures should be pragmatic enough to suit the size and individual circumstances of the organisation. However, it is important to have minimum governance standards around board size, diversity levels and independent directors. Where boards can take governance to the next level, there should be a push for gender parity, increased diversity and independence levels. Having a manageable board size of a maximum of 12 members improves the quality of discussions and board meetings will become easier to organise.

Independence is defined clearly to mean that directors have no interest in the organisation which could influence their objective judgement, as the more directors know about the company and its operations, the less objective they become. Having at least 25% as independent directors allows for external expertise, diversity and independence of thought. Smaller boards need to work to get the independence balance right for their organisation and where there are fewer independent members, a regular review of board appointments is recommended.

Board renewal is important to make sure there is always an independent perspective and a flow of new ideas. Having term limits reduces the risk of stagnate thinking in boardrooms. It is also important that smaller boards have continuity and do not lose expertise which is crucial for their survival. This can mean making sure that only one third of directors are up for re-election/re-appointment each year, which will help with continuity.

Boards should comprise of people from different backgrounds, experience and perspective alongside members with sector experience. A written recruitment policy can help organisations achieve this and help to stabilise board recruitment practises. There are many ways to improve diversity on boards, for example, consider appointing young board members, reaching out to women only networks, for example, consider appointing young board members, reaching out to women only networks, BAME communities and advertising outside of the usual platforms to attract a wider pool of candidates when appointing board directors. The Duty of Care in Sport review recommends that NGB boards should have athlete representation to communicate the athlete voice. This can be achieved by appointing athlete representatives to boards, setting up an athlete commission or holding regular focus groups with athletes in the performance system.

Succession planning is about sustainability and building a pipeline of future leaders, board members and executive team members; it is particularly important to smaller and developing organisations.

Principle 4: Board Structure

The board must ensure its composition is balanced, inclusive and skilled and reflects the diversity of the community it serves. Appropriate recruitment policies should be adopted to help ensure the right balance of individuals are elected to achieving their mission.

What does this mean to your board?

There are three elements contributing to effectiveness of the board and workforce:

The board must be the right size; big enough to allow for constructive debate but not so big that decision making becomes difficult. Directors need term limits, enabling the board to refresh and to introduce independent perspectives and prevent stagnation. The board must stick to strategic discussion and set a structure for the management of staff and volunteers to deliver on operational matters.

The board and the workforce must be recruited for the skills their organisation needs. Once people are in place, organisations should commit to their further development. Board roles are jobs, not honours, so people must be recruited for the right reasons.

Finally, diversity is crucial to effective decision making. A good balance of skills, experience, backgrounds, ethnicity and gender creates better circumstances for decision making than in more homogeneous groups. By being more representative of stakeholders and the public at large, diversity also improves the perceived accountability and legitimacy of the organisation.

Supporting governance actions

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- The board must make sure a minimum of 30% of each gender is represented to maintain gender diversity and should work towards gender parity.
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Guidance notes

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Board renewal is important to make sure there is always an independent perspective and a flow of new ideas. Having term limits reduces the risk of stagnate thinking in boardrooms. It is also important that smaller boards have continuity and do not lose expertise which is crucial for their survival. This can mean making sure that only one third of directors are up for re-election/re-appointment each year, which will help with continuity.

Boards should comprise of people from different backgrounds, experience and perspective alongside members with sector experience. A written recruitment policy can help organisations achieve this and help to stabilise board recruitment practises. There are many ways to improve diversity on boards, for example, consider appointing young board members, reaching out to women only networks, BAME communities and advertising outside of the usual platforms to attract a wider pool of candidates when appointing board directors. The Duty of Care in Sport review recommends that NGB boards should have athlete representation to communicate the athlete voice. This can be achieved by appointing athlete representatives to boards, setting up an athlete commission or holding regular focus groups with athletes in the performance system.

Succession planning is about sustainability and building a pipeline of future leaders, board members and executive team members; it is particularly important to smaller and developing organisations.
Guidance notes (continued)

Regardless of potential changes on a board, taking steps to increase readiness for these inevitable occurrences increases the chances of a positive appointment process. Succession planning doesn’t have to be an onerous process, taking simple steps such as identifying key roles and positions, determining the risk of losing these roles and identifying suitable candidates within the organisation, or having good indication of the ideal candidate, will help with future planning and recruitment process.

In the sports sector, boards should have a combination of elected and appointed directors to balance sports expertise and independent thinking. It is important that appointments to the board are made on the basis of competencies, knowledge, skills and experience and that these skills are clearly set out in the role descriptions. Whether appointed or elected, a director’s legal duties remain the same and the board, as a whole, is responsible for fulfilling the legal obligations.
**Principle 5: Controls and Compliance**

**Directors must understand and comply with the legal and regulatory requirements and be aware of their fiduciary duties, financial and risk obligations as part of their role.**

**What does this mean to your board?**

The board needs to be conscious of the standards to which it should be operating, and of its role in exercising appropriate and effective control of the organisation. Legal compliance is wide ranging and requires more than just compliance with any single act. The board should go beyond legal compliance and aim to operate according to the highest standards of good practice. The board must also be aware of regulatory requirements and potential risks, which may be specific to the sport and recreation activity which it governs.

There should be clear policies around finances, delegated authority, decision making and performance management. The level and complexity of these will vary by organisation but it is the board’s responsibility to proactively ensure that they are in place and are well understood by the directors.

**Supporting governance actions**

- The board should hold appropriate and regular board meetings.
- The chair is responsible for setting the meeting agenda and making sure that directors receive timely and accurate supporting papers in advance of the meeting.
- The board must make sure that the management team provides clear and sufficient information to support an informed decision making process.
- Board meetings should include strategic priorities and risk as standard agenda items.
- Board meeting minutes and decisions should be recorded along with assigned tasks and timescales.
- The board must make sure that there are appropriate internal controls and risk management procedures in place and that organisational risks are regularly reviewed.
- The board must review and manage individual conflicts of interest at each board meeting, in accordance with the organisation’s conflict of interest policy.
- If the board has sub-committees or working groups, it must make sure these have terms of reference. The composition of such groups should include an appropriate skillset to perform its duties effectively.
- The board must make sure all directors have access to key policies and relevant documents to allow them to make informed decisions and perform their legal duties.

**Guidance notes**

Importance should be given to the logistics and organisation of board meetings. The role of the chair, the board agenda and the frequency of the meetings, should drive the quality of discussions. Smaller boards typically have around four to six meetings a year but any more than this, board discussions may tend to become more operational. Exact number of meetings are determined by the individual circumstances of organisations, but it is important to meet at least every quarter.
Principle 6: Accountability and Transparency

As guardians of the sport, the board is accountable to its stakeholders. To ensure there is an open and transparent culture, boards should engage with the wider sector as often as possible.

What does this mean to your board?

It is the board’s responsibility to provide accountability and transparency for stakeholders. The board must ensure that relevant information, like audited accounts and board policies, are published and made publicly available to members and other stakeholders, to allow for proper scrutiny of the board’s work. The board should have a structure in place to manage queries or questions related to these disclosures, allowing the organisation to be held to account and should also be prepared to deal with formal complaints and disputes from members.

A commitment to accountability and transparency is key to ultimately promoting organisations in a positive and trustworthy light. Organisations will be encouraged to act with propriety, and stakeholders will feel valued. The reputation and public standing of the organisation will benefit hugely.

Supporting governance actions

- The board must operate in an open and transparent manner to allow stakeholders to understand and scrutinise its actions.
- The board should maintain appropriate complaints and appeals procedures and these should be communicated to members.
- The board should publish an annual governance statement either in their annual report or on their website to ensure stakeholders have visibility on its governance matters.
- The board should actively seek stakeholders’ views through annual surveys, roadshows or other meetings on a regular basis.
- Organisations must publish their audited accounts and ensure stakeholders have access to the information at the end of each financial year.
- The board should maintain a stakeholder engagement policy and review it regularly.
- The board must publicly disclose information on their governance structure, board activities, individual director biographies and either summary or full board meeting minutes.
- The board must promote transparency and inclusivity by ensuring stakeholder views are heard and considered in the decision making process.

Guidance notes

A pivotal feature of an organisation’s relationship with its stakeholders and members is disclosure. Disclosures about the structure, organisation’s activities, governance and its policies improve the public perception and thereby promotes transparency. Transparency encourages high standards of behaviour from all individuals involved in the organisation. Directors and employees are more likely to give greater thought to their conduct if they understand the organisation’s values and behaviours. Smaller organisations will benefit further with social media disclosures as it promotes funder confidence, public perception and shows accountability.

Websites must at least disclose information on the vision, mission, governance details such as director biographies, annual report and policies which are relevant to members.

Certain disclosures are required by regulations and the law i.e. annual accounts to be made public to their members. However, smaller companies can voluntarily choose to disclose further information such as an annual report. An annual report is considered a key communication tool to engage with stakeholders as it allows boards to publish information on the organisation’s performance, its strategy, and any changes to the governance structure in the past 12 months.

Boards can further improve their disclosures by producing an annual governance statement. It is common practice for public sector organisations to produce annual statements on their governance procedures. For sport and recreation organisations, this could be one page of information about their governance framework, current board member details, board effectiveness and information on any relevant governance issues.

It is not common practice for organisations to have a stakeholder engagement policy; however, boards benefit greatly by having such a policy. One way to address this is to adopt a template policy and tailor it to suit their needs. It is especially important to communicate regularly with stakeholders during times of change – for example, articles amendment, board or major strategic changes and smaller boards will benefit having a contact person whom stakeholders can discuss issues with. Depending on individual circumstances, organisations can choose how often they communicate with their stakeholders. An annual survey is recommended as it creates a clear pathway for stakeholders to share their opinions with the board and the annual general meeting is another important way to engage and seek feedback.
Principle 7: Engaging with the Sport and Recreation Landscape

Directors represent their organisation outside of their boardrooms and therefore must engage and maintain strategic relationships with key stakeholders and other governing bodies.

What does this mean to your board?

No organisation operates in a bubble, regardless of how large or successful it is. Indeed, the opposite is true; success depends on an organisation’s ability to position itself for maximum influence and impact and being externally aware has many benefits. Directors should endeavour to understand their organisation’s position in the landscape and the reputation it has amongst stakeholders and the public. External facing boards can innovate and generate new ideas inspired by the work of others, and they understand who and how to influence to get the greatest benefit for the organisation. Perhaps most importantly, they can develop mutually beneficial working and commercial partnerships by taking advantage of other organisations’ shared aims.

Engagement with the external environment leaves organisations better positioned to spot the opportunities that lead to success, and to mitigate the risks which can prevent it. For that reason, the actions below are well worth considering.

Supporting governance actions

- As guardians of the sport, the board should understand the participants’ pivotal role and strive to promote participants’ rights, including potential participants and their development pathway.
- The board should understand the unique role of volunteers and must strive to appreciate and encourage appropriate ways to involve them.
- The board should ensure that the views and opinions of stakeholders are considered and discussed at board meetings where relevant.
- The board should undertake a stakeholder mapping exercise and regularly review this to identify key partnerships and current relationship status to plan future engagement.
- The board should use their annual general meeting or general meetings as a useful means to develop dialogue with members and other stakeholders.
- The board should proactively seek new strategic partnerships, investors and commercial partners.
- Board directors should have a good understanding of the activity and the wider landscape of their organisation, including, where relevant, from grass roots to elite participation.
- Board directors should be aware of wider organisational priorities and seek to positively influence their relationship with all aspects of the sport and recreation landscape to maximise partnership opportunities.
- When reviewing the board skills audit, the board should consider seeking experience in areas such as commerce, communication, public policy and funding to better engage with the wider landscape affecting their activity.
- The board must establish ways to develop and nurture networking opportunities within the sector and outside of the sector.
- The board should identify and nurture commercial partnerships to ensure sustainable development.
- Where possible, directors must aim to attend and promote their events to a wider audience.

Guidance notes

One of the duties of the board is to make sure stakeholders and members are freely able to communicate with the board, especially if there is a need to report unethical or illegal behaviour by staff, officers or volunteers. Without proper communication channels, members and stakeholders’ hands are tied. It is therefore in the best interests of the organisation to adopt the appropriate complaints and appeals process and these are clearly communicated to the members and stakeholders. In addition to this, the Duty of Care in Sport review also recommends that NGB boards should have a named Duty of Care Guardian to engage with participants across talent pathways and community sport.

Company directors are expected to exercise reasonable care, skill and diligence and this means that directors are required to be careful and well informed about the organisation’s affairs. If directors are unaware or unsure of the information presented to them, then they must seek clarification or additional information to make an informed decision. Every board member is expected to have minimum knowledge of their sport or recreation landscape, basic information on participation and grassroots. Appointed directors can make site visits, attend events, attend sub-committee meetings to help gain good understanding of their organisation.

Stakeholder mapping is an effective process which helps identify key stakeholders and enables boards to create a clear communication method which is appropriate to each of the key stakeholders. The process need not be onerous, a simple way of mapping stakeholders is to start by identifying who the main stakeholders are and classifying them into various categories i.e. funders, influencers and so on. Once this is accomplished, boards can prioritise the categories and the final process is to engage with stakeholder groups to win their support and understanding.

Volunteers are the heartbeat of any sport and recreation organisation. Volunteers need to be managed effectively and provided with adequate support for them to deliver their roles. Indeed, many boards are volunteer boards but nonetheless, boards need to be mindful of the level of supervision and support volunteers need particularly in relation to safeguarding, data protection, and health and safety issues. Adopting a volunteer policy is a good way to demonstrate commitment towards volunteers and it helps layout foundations of the policies around volunteer management. Similar to stakeholder and member communications, volunteer complaints procedures will help boards create a pathway for volunteers to raise issues with the board.
GOOD GOVERNANCE IS A KEY FOUNDATION FOR THE SUCCESS OF ANY ORGANISATION IN ANY SECTOR, WHETHER COMMERCIAL, NOT-FOR-PROFIT OR SPORT.

When implementing good governance, the actions you take are extremely important. The way boards behave when implementing those actions and carrying out their duties is of equal importance. In simple terms, effective board behaviours create the optimum environment for good governance to be implemented.

This section gives a brief introductory overview of effective board behaviours that you can begin implementing in your organisation, summarised under four headings.

**Protect integrity**
As a board member, you have a duty to act objectively, in the best interests of the organisation. You should always exercise independent thought and judgement, and this contributes to better decision making as part of a skilled and carefully recruited board. The directors, collectively and as individuals, must follow the conflict of interest policy, and protect the board and themselves from any potential claims. Integrity is also about communicating openly, honestly and respectfully with others in board meetings and beyond.

**Encourage understanding**
As a board member, you should understand the roles and responsibilities you and your board colleagues have, as well as understanding how your organisation works. Take the time to keep yourself up to date on the structure and activity of the organisation, as well as any policies and procedures you are expected to follow. The board is most effective when it is united behind the organisation’s shared vision and values. Make sure that you understand and implement the vision, strategy and values, and that you demonstrate them. Lead by example.

**Create an effective environment**
Communication is key to understanding. Make sure the board communicates well during and between board meetings; that lines of communication between board and executive are clear and effective; and that the board receives adequate information to allow them to make informed decisions. You should be prepared to challenge, and be challenged, in a positive and constructive way during board discussions. This creates a culture of rigorous debate, contributing to better decision making. To support this, it’s important to create a supportive environment, where everyone can feel comfortable contributing, all contributions are respected, and no individuals dominate discussion or decision making.

**Respect the process**
Proper preparation contributes to more effective meetings. Make sure to read the board papers and carry out any required actions in advance of meetings. Follow the board agenda. Don’t return to items that have already been concluded, and don’t lead discussion away from the matter at hand. Resist the temptation to get into the detail of operational issues during board meetings. Respect board decisions. Even if you personally disagree with a decision, you must take collective responsibility for it. Reflect on your own performance, individually and as a board. Ask yourself what you could do better, to improve your contribution to the board, and to improve the performance of the board as a whole and the organisation. Make sure there is a culture of constructive feedback and continuous improvement.
Case Study

Board evaluation and board skills matrix

Swim England

Background

Swim England (formerly Amateur Swimming Association), is currently an unincorporated association going through a period of change towards incorporation. Our Vision ‘A nation swimming’ is supported by our Mission ‘To create a happier, healthier and more successful nation through swimming.’

The current governance structure is made up of two boards of equal status, one with responsibility for swimming as an activity (Group Board) and the other with responsibility for swimming as a sport (Sport Governing Board). If the decision to incorporate is taken, there will be one single board with supporting committees.

Having two equal boards required us to think carefully about the composition and the skills required for the boards. It therefore felt important to have a proportionate and appropriate evaluation process for the boards, with learnings we could then take into our new governance structure.

Implementation process

The Sport Governing Board is mainly made up of members elected by their region with a chair (independent of the regions) and two sport specialist members recruited through open recruitment.

The skills matrix, designed in house, was used to encourage regions to elect members with the required skills, and the sport specialist members were then recruited to fill in gaps in the skills matrix.

We used a variety of processes to maximise the effectiveness of the system, with board evaluation used to check and challenge board skills, board behaviours and interaction between board members and executive staff.

The main evaluation process requires each board member to complete a self-assessment questionnaire which is then discussed on a one-to-one basis between the board member and the chair. The chair also completes a self-assessment questionnaire which is discussed by the senior independent member, one other board member and the chair.

Governance changes and benefits to the organisation

This process enabled individual plans to be drawn up but is less useful for drawing up an action plan for the board as a whole. We have therefore held external facilitated sessions to draw out thoughts on board behaviours and overall effectiveness. A board action plan was produced following these sessions.

An external company carried out a full 360-degree appraisal on each board member and executive staff attending board meetings. This process provided valuable insight into the interaction between members and the executive. Two meetings were then held to fully understand the results and work up an action plan for the board as a whole. This process works best with a mature board rather than a newly formed board.

The implementation of a skills matrix and board evaluation is based on good governance and has been reviewed and enhanced over time. The adoption of a skills matrix for elected members is the most challenging to implement.

Evaluation and advice

Individual board members benefited from the one to one appraisals and this enabled training plans to be put in place where appropriate. It also enabled members to consider their contribution to the board in a confidential way. The facilitated session on board behaviours has proved to be very helpful in providing board members with a clear picture of how their behaviours, skills and actions affect other members of the board and how this can be fine-tuned to increase the effectiveness of the board as a whole.
The principles of good governance for sport and recreation

England Touch Association

Background
The England Touch Association Ltd (‘England Touch’) is the national governing body for Touch (Rugby) in England and is responsible for the governance and development of the sport. Our role as custodians of the game is to promote Touch and encourage opportunities for everyone to participate in the sport whilst developing talent through our performance pathways. The organisation has grown rapidly in the last few years, with Touch becoming more popular at grassroots level and increasing talent at the elite level.

Implementation process
Following agreement by the committee on the rationale for change, the England Touch CEO liaised with the Alliance for initial advice. England Touch then created a working group, led by the head of governance, head of membership, and a newly recruited non-executive director to take forward the work to develop new articles of association. Using the Alliance’s articles of association template as a starting point we were able to map over the previous constitution to analyse best fit and make recommendations to the board. Using a strategy weekend for all staff we discussed potential new governance structures that would be appropriate for our size of association while also being flexible enough to be fit for purpose for the future. The Alliance’s previous Voluntary Code of Good Governance helped us to navigate how we wanted England Touch to function and highlighted areas that we may not have previously considered. While we are not funded by Sport England, we consulted A Code for Sports Governance, and explored which areas of Tier 3 requirements we could implement in order to follow best practice.

We continued to revise the articles of association over the following month before working with external lawyers to ensure the new governance structures and governing document were legally compliant. The new articles were sent out to members ahead of the AGM along with a ‘crib sheet’, which summarised the main changes, to ensure members found it easy to understand the technical detail. Following a discussion at the AGM, our members overwhelmingly voted in favour of the new articles, which introduced new governance structures to the organisation.

Governance changes and benefits to the organisation
The board started to see the benefits of adopting the new articles straightaway. The new structure provides more clarity around the role of the board and the functions it fulfils. There is now a robust process in place for the organisation to be able to recruit and appoint board members while maintaining the balance between elected and independent directors. Our members have more confidence that England Touch is being governed in a robust and effective way, and we are also able to demonstrate this to potential sponsors, partners and the wider sector. We are developing a new strategic plan, using The Principles to help us think about our approach, making sure it is developed in partnership with participants, staff and members so that everyone buys into the direction the association is taking.

Evaluation and advice
This approach worked well for an organisation the size of England Touch. We recommend other organisations looking to engage in a similar process to allow plenty of time for policy discussions in order to agree what the governing document should look like, before getting into drafting the technical detail. We have a more diverse board, including a number of independent non-executive directors, resulting in more effective decision making based on a diversity of views.

As an organisation, we now feel we have the governance structures and foundations in place to continue to grow and develop for the benefit of all our existing and potential stakeholders.

Case Study
New governing document and board restructuring

England Touch Association

Background
England Touch was previously governed by a constitution, whereby a committee, voted in by members, led the association. The previous committee agreed the governance structures were no longer fit for purpose given the rapid growth of the sport. England Touch felt there needed to be a new board structure with clearer decision making functions and lines of accountability and a reformed recruitment process at board level to make sure the right skills and experience were being recruited to the board.

Implementation process
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As an organisation, we now feel we have the governance structures and foundations in place to continue to grow and develop for the benefit of all our existing and potential stakeholders.
Case Study

Board restructuring and recruitment

British Wrestling Association

Background
As a company limited by guarantee, our Mission, Objectives and Values help support and advance the organisation.

Mission
To promote and develop the sport of wrestling so that everyone within it achieves their full potential on and off the mat.

Objectives
1. To develop a sustainable structure
2. To increase awareness, participation and standards
3. To promote a safe and inclusive wrestling community

Values
Respect
Fairness
Community
Transparency
Realism
Discipline
Celebrate Success
Recognition
Honesty
Communication
Valuing

Implementation process
With the chair of the board having resigned prematurely, along with the emergence of several other resignations and the employment of interim members, British Wrestling needed to address the structure of the board.

The board needed to be strengthened, particularly through director recruitment. Following this recruitment, we concluded that our primary focus should be to integrate independent non-executive directors (INEDs) onto the board. This would help to plug gaps in expertise, creating a dynamic, inclusive board with an independent way of thinking and a structured decision making process.

The appointment of an independent chair was implemented by using a transparent procedure, and facilitated by a recruitment agency, with the help of Sport England. The new chair, in consultation with the other directors, put into motion a process to recruit three INEDs. The skills and expertise required from these new board members were based on the Association’s perceived requirements.

Several individuals and organisations including the Alliance, Women in Sport, Women on Boards and a recruitment agency (who offered their services on a pro bono basis), provided support with writing and promoting the adverts for these new positions.

Governance changes and benefits to the organisation
The external advice we received helped British Wrestling to appoint three INEDs onto the board. Throughout the process, we were conscious of the key criteria as stipulated in the role description and were successful in recruiting three female directors. This has enabled us to incorporate the diversity, experiential knowledge and views which we had lacked previously.

As a result of this work we also conducted a complete review and re-write (externally facilitated) of British Wrestling’s Strategic Intent.

Evaluation and advice
Board discussions have progressed to being more rounded and not only limited to those individuals ‘steeped’ in wrestling. The board is better placed to look after the everyday business of the organisation, complemented by the more varied backgrounds of the directors.
The principles of good governance for sport and recreation

British Orienteering

Background
Orienteering is an international sport with over 50 countries competing at the annual World Championships and was a recreational activity in over 80 countries in 2016. British Orienteering is a small governing body with 11,000 members who affiliate directly to the governing body. It has been a company limited by guarantee since 1965 and has a board of 10 directors, six elected at the AGM, three appointed independents and the CEO. All directors except the CEO have terms of three years and a maximum of three terms.

Our Vision, Orienteering is the ‘go to’ outdoor sport for people wanting to test themselves physically and mentally’ is supported by our Mission ‘To lead, govern, promote and develop orienteering in the UK’. Our strap line is ‘more people, more places, more podiums’.

Implementation process
Independent directors were introduced to the board in 2014 and have been a remarkable success, proving a significant positive impact on the overall effectiveness of the board. The appointment process was initially complicated by the need for independent directors to be brought onto the board in a sequence of a minimum of two elected and one appointed, to make sure the annual turnover of directors was evenly spread. Changes to the articles were considerable as it had to include the appointment of independent directors, the appointment process as well as the transition period to recruit new directors. The changes were promoted to the members over a period of approximately 15 months and passed at the first attempt, proving a considerable success.

Governance changes and benefits to the organisation
Since 2014, considerable work was carried out in improving the appointment process to make sure it stands out as an example of good practice to our members. The appointment process for independent directors now takes place every year through an open recruitment process of short listing, with any existing directors who have reached the end of their term and wishing to continue being added to a long list.

The appointment panel consists of the board chair, a chair from one of our regional associations, and an experienced independent person. The Alliance has also acted as an independent panel member throughout the process, helping to provide governance support.

The appointment and induction process is well documented, being reviewed every year, allowing improvements to the process to take place. In 2016, further improvements were made to the ‘contracts’ that directors sign as they take up their position.

Evaluation and advice
The new process has produced independent directors who have been of immense value to British Orienteering, and brought new skills to board meetings, while also demonstrating the same level of commitment to the organisation as elected directors.

The board continues to be receptive to the positive impact of independent directors, and are fully supportive of the changes that have evolved since the introduction of the appointments process for them.
England Athletics

Background

England Athletics is the membership and development body for grassroots athletics and running clubs in England. Our Vision ‘Athletics and running will be the most inclusive and popular sport in England, led by a network of progressive clubs and organisations and supported by a sustainable, respected and trusted governing body,’ is supported by our Mission “To grow opportunities for everyone to experience athletics and running, to enable them to reach their full potential.”

Prior to 2012, the board of England Athletics constituted solely of individuals with a background in athletics and as a result lacked in diversity, wider knowledge and skills. This contributed to a lack of:

- Broader challenge and help in developing proposals on organisational strategy;
- Broader challenge of management’s performance in meeting agreed goals and objectives, and the monitoring of performance reports;
- Wider challenge of financial information, with controls and risk management systems deemed robust and sustainable.

Implementation process

The structure was reviewed both internally, with support from our senior executives, and externally through its council structure and member clubs, through engaging with the Alliance, and applying The Voluntary Code of Good Governance to our implementation processes. We also received external advice from Sport England and consultants, covering the areas of, legal advice, board training and board effectiveness.

The implementation of recruitment plans resulted in:

- The formation of a more balanced and inclusive process for board appointments;
- Directors chosen on defining factors including; competence, knowledge, ability, quality, leadership, integrity and experience;
- Openly advertised recruitment processes for independent non executive directors;
- Advertising through appropriate channels including; Women on Boards and Sporting Equals.

Governance changes and benefits to the organisation

The implementation of these processes, and through ongoing consultation with the membership, from early 2012 onwards, has resulted in:

- The appointment of an independent chair;
- Introduction of five independent non-executive directors (INEDs) to the board;
- Gender diversity on the board (36% female members) and Council (30% female representatives).

Overall the process has resulted in a progressively more constructive and robust method of decision making, with greater balance and diversity on the board which includes knowledge and experience from within and outside of athletics. The overall confidence of the board has also improved, and we are now focused on acting as the voice of our members and our key partners, whilst still promoting a healthy and challenging environment within the executive team.

Evaluation and advice

Organisations should look to The Voluntary Code of Good Governance as a strategic tool to help review their governance, and dedicate sufficient focus to drive through the required improvement.

The Alliance supported us with any questions we faced with regards to UK Sport and Sport England’s mandated A Code for Sports Governance. The Alliance also offered advice and guidance in any negotiations with Sport England.
Case Study
Board leadership and decision making

Skateboard England
Q&A with James Hope-Gill, CEO
Skateboard England

Q: Could you provide a brief overview of the journey Skateboard England has been on since its recent establishment as an NGB?
A: Skateboard England did not exist as an NGB eighteen months ago, and now it is considered an Olympic sport. It’s an exciting time for us as we are currently in the process of applying for the UK Sport funding cycle for Tokyo 2020.

Q: Cementing a place to compete in the Tokyo 2020 Olympics is an ambitious journey. Has everyone on the board been receptive to this?
A: There have been individuals on the board for and against us competing in Tokyo 2020; however, this debate is healthy within a board environment as it means individuals are passionate about their role.

Q: With skateboarding classed as a subculture within sport, were you met with any barriers in attempting to establish Skateboard England?
A: Skateboarding has been promoted for the past 40 years as a developed sport. However, as an uncoordinated activity through a lack of regulation, it has met with some resistance from local authorities, and the skate community. As a unique sport, it did not want the regulation which recognised organisations are expected to comply with, nor did it understand the sporting landscape, resulting in four or five unsuccessful attempts at setting itself up as an NGB over the past decade.

Q: What was involved in the process of setting up the NGB?
A: It helped to look to other sports and their structures for guidance, along with the principles in the Voluntary Code of Good Governance. I established the board by approaching seven individuals to act as board members, all with a good mix of influence, expertise and diversity.

Q: What internal challenges did Skateboard England face once it had been established?
A: Due to a lack of staff and capacity, we faced numerous issues regarding the balance between operational and strategic delivery. This included a need to strategise long term goals for financial sustainability, and review any skills gaps on the board we faced.

Q: How were these challenges met and resolved?
A: To resolve this crossover and any internal issues, we decided to approach Sport England for an external review to discuss creating a three year action plan, with the aid of a start up grant. The plan is currently allowing us to work towards our two main goals; sustainability, and commercialisation. For example, we have recently been engaging with numerous skate parks as part of our ‘membership scheme’ set up in September and it has been positive to find that they have all been receptive to the idea of paying for a membership.

As well as our main goals of sustainability and commercialisation, the benefits of creating an action plan have also included the protection of integrity and credibility within skateboarding. Both have helped to make sure that the sports uniqueness remains, and enabled us to communicate and shape this in the correct way to the rest of the skateboarding community.

Q: You mentioned a skills gap on the board. Were you able to resolve this internally?
A: Yes, from our skills gap evaluation we determined that we needed to recruit two independent non-executive directors. In December 2016, we circulated an advertisement and have now successfully recruited two board members from a financial and commercial background.

Q: What advice would you give to other organisations thinking about or starting their governance journey?
A: Organisations who are starting from a blank page should look to suitable organisations for advice with an open mind. They must ask what is best for their sport or activity, and what their short and longer term goals are. It is also important that organisations should work towards an understanding of valuable documents in the sector such as The Principles before embarking on their recognition process. As I have emphasised, this process should not take anything away from the uniqueness of their sport or activity.

Q: What advice would you give to other organisations thinking about or starting their governance journey?
A: Definitely, like most organisations in this stage, we have faced some resistance. However, this can be positively influenced from speaking to the right people, and making a conscious effort to familiarise yourself with the process.
Apppendix A - Glossary

Governing Document
A governing document is the document which sets the foundational rules of your organisation, including criteria for membership and the rules for appointing a board. Depending on how your organisation is constituted it may be known as the constitution, the articles of association or the trust deed.

Board
Throughout The Principles, we make repeated reference to "the board" as the main body with responsibility for implementing good governance. In the context of the principles, "the board" refers to the strategic decision making body at the head of the organisation. In a registered company this body is usually known as the board of directors, but other names for this group include the board of trustees, executive committee, management committee or non-executives. Your governing document will dictate the name given to your board, and the principles set out here will apply whichever name is adopted.

Chair
The chair is the person who leads the board. Depending on your organisation they may be known as the chair, chairman, president or another equivalent title. In addition to having all the duties of a director, the chair is responsible for managing the board and, as the name suggests, chairing board meetings.

Chief Executive
We've used the phrase chief executive throughout The Principles to refer to the senior executive officer or staff member. In your organisation, they may be known as chief executive, CEO, general manager or executive director. The chief executive is the person to whom the operational tasks are delegated by the board.

If your organisation has no executive staff, then you won’t have a direct equivalent to this position.

Director
Directors are the people appointed to oversee the running of a company. Collectively, the directors make up the board. In The Principles, we have used the term director throughout to refer to board members. However, if your organisation is not a company you might refer to these people as trustees or committee members. Regardless of the term used, The Principles apply in the same way.

Executive/Non-Executive
The terms executive and non-executive define the type of role a person holds in the organisation.
- Non-executives have a purely strategic role, and do not get involved in operational work. Non-executives are almost always directors.
- Executives hold operational roles. They are usually staff or volunteers who report to the board, but some organisations have executive directors who also sit on the board.

In smaller organisations, which have no staff, the board and individual directors will usually carry out both executive and non-executive roles. In this situation, it is important to understand the difference between the two roles and when each should be exercised.

General Meeting/AGM
General Meetings are meetings of all the members of an organisation. Most governing documents specify a requirement to hold at least one General Meeting [The Annual General Meeting] each year. In the clear majority of organisations, the AGM is the forum for members to elect directors and approve or reject proposed changes to the governing document.

Independent/Independence
Independent directors can help contribute to the objectivity of a board, as well as bringing in new skills. We use the same definition of independence published in A Code for Sports Governance:
A person is independent if they are free from any close connection to the organisation and if, from the perspective of an objective outsider, they would be viewed as independent. A person may still be deemed to be ‘independent’ even if they are a member of the organisation and/or play the sport. Examples of a ‘close connection’ include:
(A) they are or have within the last four years been actively involved in the organisation’s affairs, e.g. as a representative of a specific interest group within the organisation such as a sporting discipline, a region or a home country;
(B) they are or have within the last four years been an employee of the organisation;
(C) they have close family ties with any of the organisation’s directors or senior employees.

Members/Participants/Stakeholders
We have used several terms to refer to the people an organisation works with throughout The Principles. Each has a specific meaning.
- Members are the people who are members of your organisation, as defined by your governing document. These may be individual people or other organisations [e.g. regions or clubs].
- Participants are the people who partake in your activity. They may or may not be members of the organisation, depending on how you define membership in your governing document.
- Stakeholders is an all encompassing term to cover people who have an interest in your organisation and to whom the board has a duty of accountability. This includes members and participants, but also includes a wider range of people including your staff, volunteers, officials, partners, funders and sponsors.

Should vs Must
Each action within the principles uses the word “Should” or the word “Must”.
- “Must” indicates that implementing the action is considered necessary to achieve a baseline standard of good governance
- “Should” indicates an action which is recommended for all organisations, and that will contribute to an improved standard of governance.

Annual Governance Statement
An annual governance statement is part of the board’s annual report to stakeholders. It should outline what steps the organisation has taken to implement good governance.

Audited Accounts
For large organisations, accounts should be audited annually. In smaller organisations with lower turnover, where annual audit would be disproportionately or prohibitively expensive, the annual audit could be substituted for independent examination of accounts. Guidance is available on our website.

Delegated Authority
In the clear majority of cases, the governing document will give the board various powers to act on behalf of the organisation and give the board the ability to delegate that power to others [e.g. sub-committees]. It is important that the organisation has clear policies about how delegated authorities are granted and used.

Fiduciary Duties
A fiduciary is someone who holds responsibility on behalf of another. Because of this, they take on specific duties to the person or person on whose behalf they are working. A director is a fiduciary, because they have been given responsibility for managing the organisation in the best interests of the members. More information about the duties of directors can be found in Appendix D.

Term Limits
We recommend that all directors should have term limits. This means directors must only be elected or appointed for a defined term [usually a maximum of four years] and that directors should only be eligible to be re-elected or reappointed for a defined number of terms. We recommend that directors are limited to three 3-year terms or two 4-year terms, keeping their total time as a director under 10 years.
Directors take on fiduciary duties when they join the board, since they are taking responsibility for managing the organisation on behalf of the members. The specific legal duties which apply differ depending on how your organisation is constituted. We’ve provided a short summary of the main duties which apply below.

**Companies (Registered with Companies House)**

This includes Companies Limited by Guarantee, Companies Limited by Shares, and Community Interest Companies (CICs). The most common and most practical structure for a not-for-profit sporting organisation is Company Limited by Guarantee. The Companies Act outlines seven duties of directors, which are legally binding on any directors of registered companies. In the event of a breach of the duty, the director in question could be financially liable for their actions.

The duties are contained in ss. 170 – 177 of the Companies Act 2006. They are:

- s.171 – Duty to act within powers
- s.172 – Duty to promote the success of the company
- s.173 – Duty to exercise independent judgment
- s.174 – Duty to exercise reasonable care, skill and diligence
- s.175 – Duty to avoid conflicts of interest
- s.176 – Duty not to accept benefits from third parties
- s.177 – Duty to declare interest in proposed transaction or arrangement

More guidance on these duties can be found online.

**Charities (Registered with the Charity Commission)**

This includes any organisation with Charitable Status. This may include Companies (which are also covered by the duties above), unincorporated associations or Charitable Incorporated Associations (CIOS) registered with the Charity Commission. In a Charity, the directors are referred to as trustees.

The Charity Commission provides comprehensive guidance on the duties of trustees in The Essential Trustee: What you need to know, what you need to do (CC3), known colloquially as “CC3”. The main legal duties of trustees summarised in the introduction to that document are:

- Before you start - make sure you are eligible to be a charity trustee
- Ensure your charity is carrying out its purposes for the public benefit
- Comply with your charity’s governing document and the law
- Act in your charity’s best interests
- Manage your charity’s resources responsibly
- Act with reasonable care and skill
- Ensure your charity is accountable

**Unincorporated Associations and other organisations**

If your organisation is not a registered company or a registered charity, then the legal duties specified above may not apply to you. There are no specific legal requirements set upon committee members of unincorporated associations, but it would be good practice to comply with the duties outlined above.

If your organisation has a different structure (e.g. Industrial and Provident or Cooperative Society) then you may have different requirements. You should ensure that you understand the structure of your organisation, and the duties this places on you.

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**Appendix B - Board Member Duties**

**Acknowledgements**

The Sport and Recreation Alliance worked with a consultant group to help shape the third edition of The Voluntary Code of Good Governance, now The Principles of Good Governance for Sport and Recreation. Our special thanks to the consultant group, whose expertise, industry knowledge and best practice guidance contributed immensely in shaping the structure of this document.

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Appendix C - Useful Links

**Principle 1: Integrity**
NSPCC: Child Protection in Sport Unit
www.thecpsu.org.uk
Ann Craft Trust
www.anncrafttrust.org
Sports Resolution
www.sportsresolutions.co.uk
Sporting Equals
www.sportingequals.org.uk
Sports Betting Group
www.sportsbettinggroup.org

**Principle 2: Organisation’s Vision and Mission**
Seven Steps to Effective Board and Director Evaluations
www.effectivestandards.org.uk/boards/2017/07/12/seven-steps-to-effective-board-and-director-evaluations-
www.seleaderboard.com/
SWOT Analysis
www.mindtools.com/pages/article/newTMC_05.htm

**Principle 3: Leadership and Role of the Board**
NOLAN Principles
www.gov.uk/government/publications/the-7-principles-of-public-life
Role of Trustees
www.gov.uk/guidance/charity-trustee-whats-involved
Good Governance Guide (Decision Making)
Roles and Responsibilities of Directors and Boards
www.breitgroup.co.uk/directors/directors_roles_and_responsibilities.html

**Principle 4: Board structure**
BWB: Duty of Charity Trustees
The Board Role in Strategic Planning and Thinking (NFP)
www.createthefuture.com/strategic_thinking.htm
Guidance on Board Effectiveness
Gender Balance in Global Sport Report

**Principle 5: Standards, systems and controls**
Institute of Business Ethics, Briefing on Business Ethics and Sport Governance, (2016)
www.ibe.org.uk/userassets/b Briefings/b_53_sport-governance.pdf

**Principle 6: Accountability and transparency**
Civil Society: Governance & Leadership
www.sportsbettinggroup.org
Sports Betting Group
www.sportingequals.org.uk
Sporting Equals
www.sportresolutions.co.uk
Ann Craft Trust
www.anncrafttrust.org
NSPCC: Child Protection in Sport Unit

**Principle 7: Engaging with the Landscape**
Sporting Future: A New Strategy for an Active Nation (8.4 governance)
A Code for Sports Governance
www.sportengland.org/media/11193/a_code_for_sports_governance.pdf
NCVO
www.ncvo.org.uk/
FRC, The UK Corporate Governance Code (2016)
Charity Governance Code: Consultation Document
Charity Governance Code: Consultation Document
Sport England - Towards an Active Nation Strategy
www.sportengland.org/media/10629/sport-england-towards-an-active-nation.pdf
Goverance and Leadership Framework for Wales
www.sportandrecreation.org.uk/governance/goverance-and-leadership-framework-for-wales

The principles of good governance for sport and recreation.