Major Event Governance Guidance

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Contents

Introduction

Over the past 15 years the UK has established itself as a world-class host of major sporting events.

Through a combination of collaborative relationships, commitment, clarity of objectives and strong leadership, the UK has successfully staged some of the world's biggest single and multi-sport events. Alongside London 2012, Glasgow 2014 and Rugby World Cup 2015, the UK has hosted over 40 World Championships since 2007.

This major event staging experience has earnt the UK a strong reputation amongst sport's international federations (IF) and major event asset owners. The UK has been, and continues to be, entrusted with sport's most-prized assets, and repeatedly stages impactful world-class events that exceed international federation expectations.

Effective leadership, robust governance and strong decision making have become pillars of the UK's major event hosting proposition. The approach towards transparent governance, and the variety and breadth of skills available in the domestic major event industry provides an enticing offer for International Federations.

At the same time the international major event industry and the wider sport landscape has fundamentally changed. Sport leaders and those who govern major event delivery are under the spotlight more than ever before. The influence of key rights holders, pressure from government and multinational organisations, and the exposure of vulnerabilities within international major event bidding processes is creating a shift towards increased structure, integrity and transparency.

Combined with the increasingly competitive nature of the international event bidding environment, this shift toward greater rigour provides an opportunity for the UK to strengthen its entrusted reputation. Implementing structured and transparent practices, which take the best elements from corporate governance best practice, will help to enhance the UK's major event staging credentials and lead to even higher quality events.

Support for event delivery partners

UK Sport has developed this guidance pack to assist national governing bodies, cities and local authorities in establishing events with effective business structures and implementing appropriate governance best practice. Whilst the guidance primarily applies to publicly-funded events, it is hoped that it can also have an impact across the wider sport events sector, helping to uplift the industry in the UK, and produce events with better engaged stakeholders, informed and skilled individuals at the helm, delivering time efficient, commercially successful major events, with the highest standards of integrity and transparency.

The principal intent of this guidance is to stimulate discussion amongst event stakeholders when designing an appropriate decision-making structure for major events. It is recognised that the time sensitivities involved in running an event mean that a flexible and appropriate method of implementing corporate governance best practice is required. Where events are run through standalone organisations (Special Purpose Vehicle - SPVs), those organisations will need to become compliant with the Code for Sport Governance if they wish to receive public funding. **The guidance in this document is intended to broadly complement the Code, however if there are discrepancies then the Code itself takes primacy.**

Therefore, in addition to prompting ideas about what good governance in major events might look like, we are also seeking to provide practical support in the form of templates and resources to enable quicker and easier implementation of this best practice. The document also details the implications in relation to accessing public funding - it is intended to be referenced at any stage in an event's lifecycle and should provide support when applying for UK Sport funding and once an event bid is won.

The guidance covers;

- **SECTION ONE** - SELECTING AN EVENT BUSINESS STRUCTURE
- **SECTION TWO** - WHAT DOES THIS MEAN FOR YOUR EVENT?
- **SECTION THREE** - EVENT GOVERNANCE GUIDANCE
- **SECTION FOUR** - IMPLEMENTATION SUPPORT

Section One
Selecting An Event Business Structure

Running a major event is very different to running a more conventional ongoing business.   Delivering an event results in the organisation being project-based, time-bound, and often high profile; entailing dynamic decisions and high levels of changing risks. Add into the mix the multiple public and private stakeholders that are often involved, and it becomes clear to see why conventional, corporate structures and governance don't always feel like the best fit for an event.

An event business structure refers to the overarching model through which decision-making for your event is managed. Ensuring your major event is established using the best structure to suit its needs can be a critical component to securing its future success. For example having a decision-making structure in place to allow for outcomes to be responsive and reactive to the time sensitivities of event delivery can be key for event boards.

The options available to event stakeholders and organisers are multi-faceted and it is important to understand the challenges and opportunities each business structure presents. Organisers are encouraged to explore each of the options with their stakeholders, giving consideration given to the financial, legal, governance and mobilisation implications of each, in order to find a structure that all involved agree will prove the most effective for event delivery. There will be complex trade-offs to discuss: the high-profile nature and risk profile of some events may lead some to conclude that there should be enhanced governance arrangements, however the time-bound nature of some events may lead others to conclude that governance arrangements need to be loosened.

We believe that there are two main options through which an event in receipt of public funding can be delivered;

> Delivering an event through an internal department of an existing body

> Creating a specific company through which the event can be delivered

Many NGBs and local authorities have existing event delivery teams - or individuals responsible for events - and are therefore set up to deliver events, although these are often for events that are owned and managed in-house. In general, major sporting events receiving UK Sport funding are delivered by these internal teams. However, for some events, circumstances can result in a requirement to establish a separate company (known as an SPV – special purpose vehicle).

Internally delivered events

Where an organisation has its own event delivery team or individual responsible for events, the events delivered are essentially a 'project' within a department.

When an event is delivered in this way, from within an existing organisation, it is often quite simple to mobilise. It can benefit from the existence of systems and resources within the organisation as well as the expertise of the team responsible. In addition to having quick access to cash flow, the business support operations of the event tend to be assumed by the relevant departments within the organisation. Accounting can often be, for instance, dealt with by the finance team, payroll and employee administration by the HR team etc. This can enable event planning and operations to begin with limited administrative barriers.

Under this structure, UK Sport typically awards its event funding to an NGB or LA. Organisations that receive public funding from UK Sport must comply with the Code for Sport Governance, and it is likely that these organisations will already be compliant with the Code. Therefore, the event will likely already be benefiting from the good practice governance imbedded within the wider host organisation, and should be able to cascade some of these practices through to ensure the event is also governed appropriately.

There can be risks to structuring the event in this way. The speed and familiarity with which an event can be established within a host organisation may mean that time is not taken to ensure that major stakeholders are comfortable with decision-making processes, especially where there is an expectation that these reflect the needs of significant external funding partners. It is therefore recommended that partners electing to deliver events within a host organisation ensure that the 'project' reflects the principles of best practice governance as outlined in this guidance. The event would ideally have an appropriate decision-making structure in place, and reporting mechanisms established to provide appropriate oversight of event planning and progress.

When an event is delivered within a host organisation, that organisation's board or senior decision-making group will typically be ultimately responsible for the delivery of the event. However, in almost all cases, it is expected that a significant degree of decision-making authority will be delegated to a sub-group (or event board) within the organisation. This is because the organisational board is unlikely to have the time or skills to oversee a major international sporting event, and the major financial partners to the event are likely to want to see a clear and bespoke decision-making structure for decisions relating to the event. This means that:

• When selecting this business model, the board or senior decision-making group within the host organisation should understand the responsibilities and liabilities of the organisation in delivering the event. They should also be clear about the delegated authority being provided to an event board to deliver the event.

• In turn, the event board should have complete clarity about the parameters in which it can act before needing to revert 'up the chain' within the host organisation, in addition to any reporting requirements. It will need to align these with any approvals or reporting requirements of major stakeholders.

• It would be expected that the levels of delegated authority would be proportionate to the scale of the event within the organisation's normal operations. Issues such as the quantum of financial risk relative to turnover and reserves, and the reputational risk would be factors to consider when setting out a delegated authority policy.

Finally, host organisations are encouraged to thoroughly consider the risk and resource implications of adding a significant event project to their business-as-usual activity. If the organisation is underwriting the event, then adequate reserves would need to be in place in case of a deficit. Where an event is underwritten by a different partner, the delivery organisation may want to consider ensuring that it has clarity of decision-making, and fully understands the objectives, responsibilities and powers attributed to all partners and has reviewed all partner contracts to ensure these elements are appropriately dealt with.

Internally delivered events

Potential strengths
Time - enables quick mobilisation of event planning
Cash flow likely to be available
Likely ease of access to business operating services
Where multiple events are planned, expertise and know-how can often be retained and accessed more easily, enabling continuity of resources and transfer of knowledge
Resourcing costs can generally be minimised – use of internal staff and systems can be more cost-effective than outsourcing
The organisation delivering the event will have an enhanced reputation from a successfully delivered event
The organisation delivering the event can be more secure in the events direction by ensuring their own board's involvement through reporting processes and delegated authority agreements
The business structure should not confer any legal or financial obligations or liability on members

Potential challenges
Unless mitigated through third parties, the organisation delivering the event will ultimately remain responsible for the event's financial and legal risk
The event board will have to carefully consider any gaps in experience, knowledge, appropriate skills and diversity and plan for how to fill them
A clear policy may need to be created to define and differentiate the event board's responsibilities from the organisation's board's responsibilities. Requirement to have ultimate approval from the organisation's board on aspects of event planning may cause delays or contradict views of event board
Internal project teams used to delivering their own events may need to change their approach to accommodate a different decision-making structure
Event stakeholders must all ensure contracts, roles and responsibilities are clear so that they are involved in the decision-making processes and have appropriate visibility of event planning and financial matters
Dependent on the structure of the parent body/organisation, there may be tax treatment and VAT implications that require consideration.

Subsequent sections of this report describe some of the practical steps to consider when establishing an event board within an existing organisation.

When to use an alternative delivery model

Whilst delivering an event internally has many benefits, and is often the preferred business structure, there are some circumstances which may mean this is not an option for an event. Event organisers should be aware of and discuss these scenarios with stakeholders to ensure the most appropriate business structure is established.

Legal and contractual obligations

The contractual arrangements prescribed by the event awarding body (usually the IF) may stipulate a legal requirement for an event to be delivered in a certain way. This is most often the case for the largest mega events and in many cases a limited company is established. The IF will also stipulate which organisation the event is being awarded to, and therefore who is responsible, which may also have an impact on the business structure chosen.

Scale of event

Events of a certain scale with significant requirements in relation to budget and resource, as well as public profile and impact, may wish to consider whether a standalone company would be beneficial in providing the focus and clarity required to deliver the event. This is particularly the case when the size of the event (financial and human resources) is likely to grow beyond the natural size of the potential host organisations.

Event funding partners - underwrite and liability

The organisation underwriting the event may have specific requirements of the event business structure, however it is not necessarily the case that the organisation underwriting the event should be the organisation to host it. What is more important is that the conditions of the underwrite are clear, and that the event board (whether within a host organisation or an SPV) understand the decision-making parameters that the underwriter has specified.

Lifecycle and requirement for quick mobilisation

Event planning timeframes may be short or require fast mobilisation. If this is the case, establishment of a standalone company may not necessarily be the best route, as it is likely to require a number of months to create the company and put in place an appropriately skilled board and executive. A new organisation receiving public funds will also need to become compliant with the Code for Sports Governance.

Tax implications

Notwithstanding the ability of an existing organisation to deliver an event, the implications regarding tax and VAT treatment should be considered. It is vital, from the outset, that tax treatment and exemptions are properly understood and budgeted for.

Creating a new company to deliver an event

An SPV (Special Purpose Vehicle) is a company created for a specific or limited purpose or to undertake significant business activities and projects. An SPV may be created for the purposes of delivering a single or series of events. An SPV can be created as a subsidiary of an existing organisation (usually one of the funding partners) or as a stand-alone entity. Care needs to be taken when deciding where to 'house' the SPV, as the parent body may have certain rights over the new organisation.

An SPV requires the establishment of a board of directors for the company. This often consists of both nominated directors from the event stakeholders and independent directors. It is important to understand that directors nominated by stakeholders have an obligation to represent the interests of the SPV around that board table, rather than the stakeholder that has nominated them.

One of the benefits of an SPV is that it may enable stakeholders (or in legal terms members/shareholders) to limit their legal and financial risk in respect of liabilities and losses of the business, and this type of arrangement may be attractive where no single partner is able to take on the underwriting responsibility. An SPV is typically free from any pre-existing financial and legal obligations and debts, and it can also be possible for accountancy, tax and insolvency purposes, to provide a degree of separation from the parties that establish it, therefore limiting the liability, although care needs to be taken to maintain this separation.

However, as the SPV may not necessarily be as creditworthy as an established organisation, it is possible that members/shareholders may be required to support it through the provision of guarantees or other assurances to third parties. In such cases, the members/ shareholders may remain liable for any remaining liabilities if the SPV was deemed insolvent.

Where an SPV is established and the event is in receipt of a significant amount of public funding, the SPV may be classified as a 'public organisation' entailing additional operational requirements. This classification may vary from year-to-year depending on the levels of public funding received each year.

As a new stand-alone entity, the establishment of the business operations required to legally and effectively run a company can be time-consuming. The administrative time required to register a company, establish a bank account, recruit and appoint directors, and ensure all the relevant paperwork and processes are in place to support the company structure can be significant. A financial system with a cash flow and appropriate reporting will need to be established, along with other operational support systems such as IT and HR.

In the fast-moving, time-sensitive environment of events, establishing an SPV requires up-front time from key senior event staff to ensure it correctly set up, which can then delay the planning and operations of the actual event. On an on-going basis an SPV will also need to demonstrate its compliance with the Code for Sports Governance as a body in receipt of public funds and therefore will have more governance stipulations than in internally delivered event.

A thorough understanding of these demands on time is vital before entering into the establishment of an SPV, and adequate resource, time and budget must be allocated to this process.

Creating a new company to deliver an event

Potential strengths
Enables the establishment of a legally constituted company with clarity of objectives and purpose for all partners from the outset
Takes a very significant project and separates it from the main business of an existing organisation
Regulations governing company set-up typically result in high standards of professionalism and therefore the event boards of SPVs can be highly effective and aligned to decision-making and the direction they provide to the event executive
Involves the appointment of independent directors enabling impartial and objective decision-making
Financial risk and liability can be shared
The structural and process measures in place facilitate appropriate visibility and input on decisions from all partners
If a subsidiary, the parent organisation can establish sole member status of the company, conferring the right to determine specific reserved matters (e.g. specific rights to approval of budget etc.), allowing them an additional level of security
Tax may be treated in a more favourable way than when running events via an existing body

Potential challenges
Can be very time and resource intensive and, potentially, costly to set-up
Likely to require the establishment of basic business functions including bank account, financial and payroll systems, and HR functions. Where an SPV is established as a subsidiary, the parent organisation can provide these functions however resource will still be required
Establishment lead-times can hinder event cash flow
Board recruitment and appointments can be time consuming
Significant stakeholder guarantees and assurances are required for liability purposes
SPV shut-down can be time consuming and complicated and can confer end of year financial obligations and associated costs

SPV company set up

If the event stakeholders choose to structure the event as an SPV, UK Sport has produced the Major Event SPV Guidance* to help support you through each step of the process. Please refer to section four for details on how to access this resource. We have also created a number of templates to aid with the administrative set up of the company which can be adapted based on your company's specific requirements and details. Alongside this, UK Sport's Major Event Business Manager is available to provide support and guidance through the process, with the goal of ensuring setting up event companies can become a smoother and quicker process.

Section Two
What Does This Mean for Your Event?

Whilst the primary purpose of this guidance is to provide event organisers and stakeholders with insight into how best to structure and govern their events, it should also serve as support to event organisers looking to apply for UK Sport funding.

The UK Sport Major Event Funding Application* will request details are provided on the business structure and governance arrangements proposed should the event be won, and it is important that organisers can demonstrate that the event stakeholders have a thorough understanding of, and have given due consideration to, the proposed structure. In considering the recommendations outlined in this guidance, applicants should have the tools and knowledge to discuss the business structure and governance plans with their stakeholders and therefore be able to effectively complete the governance section of the application.

To ensure that the governance arrangements proposed will be effective and give the event decision-making processes the best chance of success, UK Sport may specify certain conditions of award in relation to this area.

With the Code for Sport Governance* now operational, all bodies in receipt of public funding must be compliant with the requirements set out in the Code, with these requirements being applied proportionally based on the levels of funding an organisation receives. For events being delivered through an SPV it is likely, but not certain, that they will be assessed towards the upper end of Tier 2 of the Code, meaning that they will have to comply with many of the specific requirements of the Code, but that there will typically be some flexibility to recognise the differing nature of an event – for example requirements around term limits for directors may not be applicable if the event is of a time-bound nature. The level and assessment of this compliance will be agreed with UK Sport's Governance Team, however this guidance should act as a steer to areas of importance that organisers may wish to consider from the outset to help enable them to structure their companies in line with the Code's requirements.

UK Sport's role

Where UK Sport funds an event being operated through a host organisation, it will reserve the right to nominate somebody to the event board as well as having observer position on the event board.

Where UK Sport funds an event being operated through an SPV, it will reserve the right to nominate a director to the board of the organisation as well as having an observer position on that board.

*Where * is listed there are templates and resources available for you to use.

Section Three
Event Governance Guidance

Once the business structure has been chosen, irrespective of the direction taken, it is widely accepted that the most successful events are those which have an effective decision-making body with clear terms of reference. This provides the executive with clear direction, timely decision making and positive relationships to work with, which contributes significantly to successful event delivery.

The following section recommends the areas to focus on to ensure best practice governance for your event and provides explanations and templates for how to implement these recommendations. The summary checklists and accompanying templates are intended to help simplify the administration of these governance areas, therefore reducing the time commitments required of event organisers, whilst ensuring the events are best prepared for success.

Across all the guidance areas in this section, organisers are encouraged to consider them within the context of their own event. The recommendations are designed to be applied in proportion to the size and scale of the event. The public profile of the event, the financial commitment from stakeholders and the level of reputational risk will all be drivers in how governance of the event is approached, and organisers may find that stakeholders will look to safeguard their investment by requesting governance measures proportional and appropriate to these factors.

For events run through SPVs (which therefore need to achieve compliance with the Code for Sports Governance), this section should act as a steer as to those areas that are considered to be of the greatest importance for the governance of events, and which may therefore fall within the remit of the Code.

Stakeholder contracts

Bidding
It is recommended that, dependant on the scale of the event and the level of financial and reputational risk, consideration is given to establishing a Memorandum of Understanding or Heads of Terms* between the principal partners prior to bidding for an event. This could outline how responsibilities will be discharged, the funding arrangements between the parties, and establish how bid costs might be covered. Bidding for the very biggest events can span several years and be a complex operation in its own right, and this may therefore offer a layer of security and clarity across the partners.

Post-award
Following the award of the event, formal and legally-binding agreements should be established between the main event stakeholders. These should include;

- Host contract between IF and the organisation(s) being awarded the event

- Partner contracts between organisation(s) hosting the event and other financial and delivery partners – which may include, where appropriate, conferring delivery responsibility to another partner via a delivery agreement. Partners may look to include conditions of award in their funding agreements, so all parties are encouraged to discuss, understand and where possible align any requirements being made of the event.

- Articles of Association* – in the case of an SPV these will need to be created to legally define the membership, the composition of the board, and the responsibilities conferred to them

Event board

As previously highlighted, the most successful events are often those which have an effective senior decision-making body. Event stakeholders should aim to establish such a body and convene its first meeting within three months of being awarded the event.

Where an event is being delivered via an existing organisation it is recommended that an event board be established. Stakeholders may use this guidance to aid discussions around how the event board will be constituted and the responsibilities it will assume.

Where the event is being delivered via an SPV, an event board will need to be legally constituted with Articles of Association in place and structured to be compliant with the Code for Sports Governance. Further detail on how to set up and constitute a new company can be found in the Major Event SPV Guidance.

Event board responsibilities

Decision making for internally delivered events

The event board for an internally delivered event should be the principal decision-making body for the event and have appropriate powers delegated to it to allow this to happen. As described above, it is important to note that the ultimate responsibility for the event will typically sit with the main board of the host organisation. To ensure the event board does have appropriate powers vested in it to make decisions, the event should have;

- A delegated authority policy* to outline the parameters in which the event board may operate and make decisions, and the areas which would trigger authorisation from the organisation's main board.
- A joint governance statement* agreed by all stakeholders to describe and outline the main governance arrangements including the event board's composition, responsibilities, remit, etc, and those of any sub-groups.
- Clear conditions of award that are mandated by funding or delivery partners, and which may require decisions to be taken in a certain way in order for the funding to flow and for the hosting rights to be maintained.

Decision making for SPVs

For an SPV, the board of the organisation will be the ultimate decision-making body and accordingly exercise all of the powers of the event and the company. These powers are laid out in the Articles of Association* of the company, so it is important that all stakeholders and directors of the company understand what their legal and fiduciary duties are in accordance with the Articles.

Function

Event boards (either through an SPV or a host organisations) are generally responsible for;

- Setting the strategy for the event, and monitoring the objectives set against it,
- Approving and monitoring of the event budget and financial planning processes,
- Assessing and monitoring risk to the event,
- Consideration and management of event stakeholder proposals and concerns,
- Ensuring board effectiveness, including division between the event board's management and oversight role, and the executive delivery operations

To help the event board with these responsibilities a number of policies and processes should be considered. Whilst these are highly relevant to SPVs, increasingly some of these may be considered as important for event boards operating within host organisations – especially when those events are significant in size and scale.

- Terms of Reference* - to define the roles and responsibilities of the event board (see below for more detail)
- A directors/members code* - to guide event board members in acting at all times with integrity, in a forthright and ethical manner.
- Conflict of Interest register* - to ensure that board members do not participate in the discussion of, or vote in respect of, a matter in which they have a current, material conflict of interest.
- Roles and responsibilities* - to help differentiate the roles of chair, board members, independents, the secretariat and the executive.
- Skills matrix* - maintaining an up-to-date matrix detailing the skills, experience, independence and knowledge required of its board can help assure its effectiveness.
- Meetings – event boards should consider meeting a minimum of 6 times a year, with an expectation that the frequency may increase with proximity to the event. A proper agenda and record of the meetings and decisions made should be kept.
- Effectiveness review – event boards are encouraged to carry out an internal review in relation to how it governs the event. This could comprise of an evaluation of its own skills and performance, and those of the individual members and any subcommittees. The frequency of board effectiveness reviews for SPVs will be determined by the Code, whereas an event board operating within a host organisation should consider and agree its own timetable for reviewing itself, alongside any subsequent action plan. In conjunction with the effectiveness review, and for events with long planning cycles, the board's policies may also benefit from periodic review to ensure they are still effective and in line with current best practice.

Terms of Reference*

Event boards should have a Terms of Reference in place to define the roles and responsibilities of the board and ensure there is understanding and agreement between the stakeholders. Terms of Reference documents may include details on:

- Scope and objectives
- Frequency of meetings
- Quorum requirements
- Decision-making guidelines, including voting rights
- Requirement for declaration of conflicts of interest
- Notice and paper release/submission guidelines (including minute taking
- Meeting format
- Written decisions and telephone meetings

Terms of Reference may be established for the following:

- Event board
- Local organising committee
- Marcomms sub-committee
- Finance and audit sub-committee
- Remuneration sub-committee and
- Any other sub-committees or governance groups

Composition

Board composition will vary proportionally to the event scale, however organisers may want to consider the following board member appointments. Where events are being hosted through an SPV, the specific requirements of the Governance Code will be applied here;

- The chair is responsible for the leadership of the event board, which includes establishing an environment that enables the board to achieve its potential and drive the success of the event. It can be beneficial for the chair to be independent, rather than nominated by a stakeholder organisation, to provide objective scrutiny and offer perspective. There is a temptation to think that the chair must be from the most important stakeholder to provide them with control over the event, however we would encourage organisers to think more progressively than this. We believe it is preferable for stakeholders to define any conditions and controls that accompany their support of the event within formal contracts with the event, rather than seeking to populate the event board with their own people. If an independent chair is not appointed, then the appointment should be agreed via appropriate consultation with the main event stakeholders.

- One nominee from each of the main partners, to provide a conduit between the board and those partners, and to ensure that the main partners have the ability to ensure high calibre people on the event board that understand their perspective, whilst noting that these people must represent the interests of the event.

- As per the comments regarding the chair, events may benefit from having an element of independent challenge in the decision-making process. In the case of events being run through a host organisation, we believe that there is significant scope for the sector to begin appointing more independents to event boards as a means of accessing the experience of highly-skilled individuals. We believe that event boards need to be seen less as the aggregation of stakeholder interests and increasingly as a body of highly-skilled individuals who can take decisions that are genuinely in the best interests of the event.

The quality of the event board is critical. Even the best planned events experience major issues and changes, which necessitate critical decisions to be taken through a process that everyone can be confident in.

It is suggested that the CEO or Event Director should be present at event board meetings to provide a link between the board and the executive. Again, consideration may want to be given to the rights conferred to the CEO in relation to their voting capacity within the ToR.

It is also best practice that the role of the Chair and CEO/Event Director is not be exercised by the same individual, to maintain the ability for objective oversight by the chair and to effective day-to-day management of the event by the Event Director. Establishing job descriptions* for each of the roles can help guide both individuals to maintain the division of responsibility.

Size

The board size should appropriately meet the requirements of the event, but not typically exceed 12 members. The event board's terms of reference would in turn capture a provision that ensures a certain number of people (a quorum) is required in order for a decision to be made. To determine this number, it is helpful to consider what would work from a practical viewpoint given the size of the board. However, to avoid a situation where one individual is able to unduly influence or make a decision, a quorum must be greater than one.

Diversity

The principle of having a diverse event board aims to achieve a range of independence, skills, experience and knowledge, which fosters an environment where constructive, open debate can be had and effective decisions taken to further the event objectives. Events are encouraged to establish their board with consideration of best practice diversity targets. Again, SPVs will need to comply with the requirements in the Governance Code.

Areas to consider would be;

- adopting a target of, and taking all appropriate actions to encourage, a minimum of 30% of each gender on the event board;
- demonstrating a commitment to progressing towards achieving gender parity and greater diversity generally on the event board, including, but not limited to, Black, Asian, minority ethnic (BAME) diversity, and disability.

In practice this means as the opportunity arises to appoint board members, due consideration and commitment to appointing individuals in line with such targets should be given and demonstrated where appropriate.

Board recruitment

The starting point for appointments to the event board must be an analysis of the skills* required by that board. This should guide the appointments process for both nominated and independent members.

Where recruitment for positions is carried out, it is important to implement an open and transparent procedure, with appointments made on merit and in-line with the skills required. This will ensure that the widest group of people apply for the roles. References and a declaration of good character should always be sought.
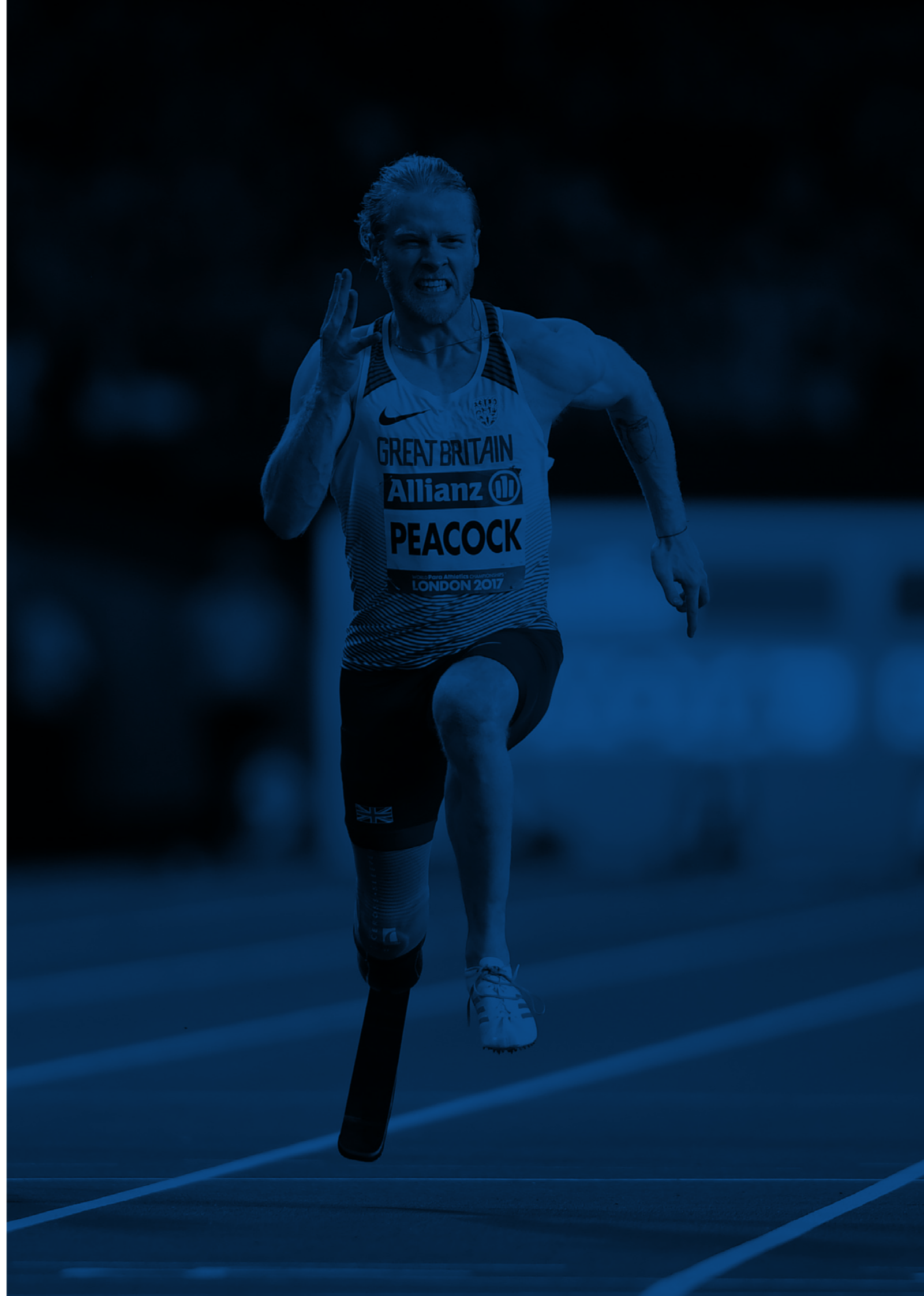
All board members should be given an induction pack which could include the role and responsibilities of the board, the processes and policies a member must be aware of and any other relevant information pertaining to the event. Where new members join at a later date, board members may wish to consider a tailored induction to ensure members have a full understanding of their role and responsibilities.

Remuneration of directors and employees, if any, should be determined in accordance with a formal, approved procedure as established by the event board.

Committees

The event board may decide to delegate certain responsibilities to other committees or groups. Generally, delegation to committees does not detract from the board's collective responsibility for delegated issues, but can help significantly with the board's management of them.

Whilst most event boards constitute an operational sub-group responsible for overseeing the day-to-day operational delivery and management of the event, the event board might consider establishing other sub-committee(s) to audit and monitor risk, finances, remuneration, etc. Each committee established should report to the board and have clear terms of reference which identify its responsibilities and any powers delegated to it.

Policies, procedures and systems

As part of their role, the event board, individually and collectively, should understand the key legal, regulatory and financial obligations which affect the event and its stakeholders. Having clearly defined policies and systems in place to aid the board in their understanding and decision-making should, in turn, filter into effective operations via a joined-up approach from board to the event executive. Where an event is being run within a host organisation, this is an area where the event board may have to align with some of the wider organisation's policies.

The main policy and system areas that an event board might focus on are;

- undertaking responsible strategic financial planning
- having appropriate control policies and risk management procedures,
- ensuring compliance with all applicable laws and regulations

The event board might choose to identify specific board members to be responsible for each of these areas to ensure that the event stays abreast of legislation changes, and that each area is appropriately monitored and policies implemented. Furthermore, where the event lifecycle (from point of award to event delivery) exceeds three years, at the mid-point of the event lifecycle, the board might consider conducting a review in to the effectiveness of the event's policies, procedures and systems to ensure that they provide reasonable assurance.

Financial systems

One of the primary functions of the event board is to monitor the financial position and performance of the event against the approved budget and forecast at each meeting of the board. The quality of financial forecasting in particular is seen as a critical success factor in aiding the senior decision-makers of major events.

It is suggested that the event board has an early discussion to agree the financial systems and policies to be implemented for the event. To ensure this financial reporting is accurately achieved, the event board might consider how to monitor the implementation of finance policies and procedures, and also look at how these can be made proportionate and where appropriate, be communicated to, understood and followed by, its directors, staff and volunteers (where relevant).

Whilst financial policies will be appropriate to each event, it would be reasonably expected that there are policies covering;

- Budgetary control - Scheme of delegated financial authority* - Who can spend how much and on what, and what expenditure needs special permission, and with whose authority. Clear financial controls and authorisation limits would ideally be established. This should enable effective control, monitoring and review of financial matters by the event board and enable spending at the appropriate level within the event executive. Dependant on the size of the event, the board, event director and other event executives would have specified amounts of money that they approve both for spend and variations on budget lines.

- Banking – how income is banked, who can authorise direct debits and how bank accounts are reconciled. This could include where possible an event specific bank account to manage income and expenditure and all event-related transactions. Alternatively, an appropriate chart of accounts could be required and for both scenarios, budget lines would ideally be linked to cost codes for further clarity. Other banking matters may include exposure to foreign exchange risks and how these can be risks might be mitigated.

- Procurement – how an organisation ensures that effective competitive procurement processes are in place where appropriate and align to any funding requirements;

- Cashflow – a profile of income and expenditure, in addition to target reserve levels and how these will be monitored.

It is best practice to ensure that the event has prepared accounts and possess the ability, at the discretion of the event board, to provide up-to-date reconciled accounts which comply with legal requirements and recognised accounting standards. Accounting systems would ideally provide specific information to event stakeholders on income received from public and private sources and clearly account for the expenditure of such funding.

Risk management systems

The event board should look to establish robust risk management and internal control systems. Risk is a critical and dynamic area for major events and so event boards should schedule regular review of risks. These systems and controls could include;

- Event Milestone Tracker* (Event Project Plan) – to assess whether the delivery of the event is on track based on original plans and scrutinise any areas where slippage is occurring to ensure the root issues are established.

- Event Risk Register* – to assess Reputational, Budgetary, People and Operational risks

Giving these systems a detailed focus at board meetings may encourage and enable the board to objectively challenge and highlight risks and opportunities which may not have previously been considered.

Alongside the Risk Management systems, events should consider;

- Establishing an insurance policy which provides as a minimum, Public, Employer and Professional Indemnity cover, which includes appropriate financial and cyber theft.

- Having clear policies on Health and Safety, Data Protection, Bribery and Anti-corruption, Whistle-blowing legislation, Safeguarding, and Duty of Care*. (this is not an exhaustive list)

Communication and transparency

There are a number of practices which are common to publicly-funded bodies, with regards to the way they engage and communicate with their key stakeholders, which could be encouraged in relation to events as well, so an event is viewed as transparent, accountable and well governed.

Where possible, events should consider making the following available on their websites;

- Constitutional documents (Articles of Association)
- Terms of Reference
- Details of the event board directors
- Agenda and decisions of the board meetings*

Furthermore, the following areas may also be addressed on an annual basis in conjunction with an effectiveness review at a board meeting and published as detail in meeting minutes;

- Governance statement (to include diversity and board effectiveness update)
- The remuneration (if any) paid to each of its board members by the event (except for members of the senior operational delivery team who are Ex Officio).

Event close-down process

Whilst it may seem unnecessary to consider close-down at the initial stages of setting up, it is important to understand what processes may be required and to plan accordingly. You may need to prepare for and consider the following;
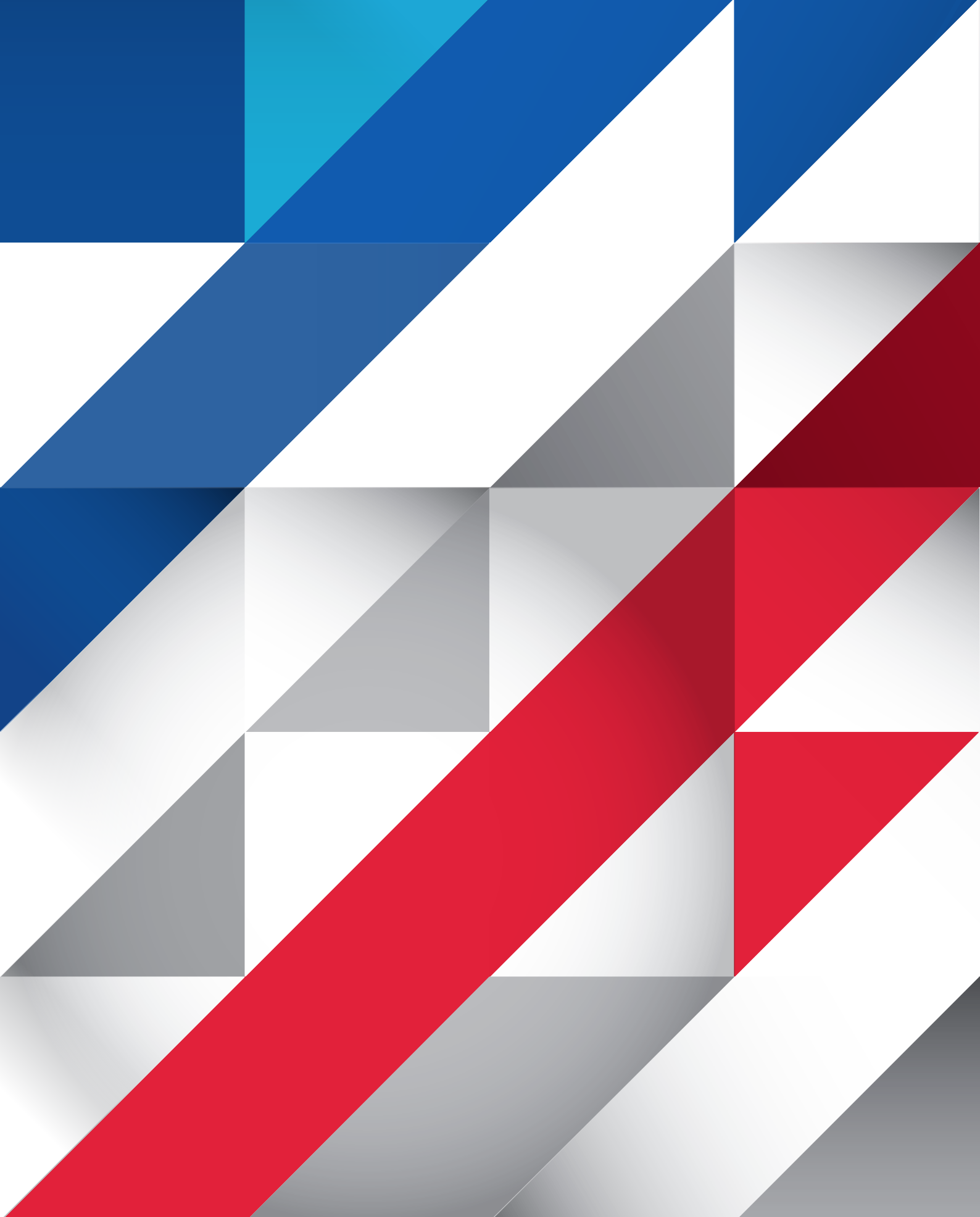- Preparation for auditing must be made – this will require varying levels of detail and complexity depending on your business structure
- Final reconciled budgets must be submitted and approved by all stakeholders
- Disbursement of savings/surplus/profits to stakeholders as per partner agreements
- Post event reports to be completed and Knowledge Transfer items shared
- Asset transfer
- Company close-down procedures with Companies House (for SPVs)

Section Four
Implementation Support

How to implement best practice

It is recommended you review this guidance alongside the checklists provided to ensure your event has effectively implemented the best practice recommendations.

An electronic copy of this guidance can be found on the UK Sport website within the Major Events pages. The resources and templates noted within this guidance are available to UK Sport industry partners and colleagues and can be requested via Knowledge.transfer@uksport.gov.uk.

The UK Sport Major Event team are able to provide support and answer any questions you may have regarding the processes and content within this guidance. Please contact the Major Events Business Manager, on major.events@uksport.gov.uk with any queries.

Checklist

We recommend you refer to these lists to help check you have considered each aspect of best practice governance when discussing your structure choices with stakeholders.

Area	Check	Template and resource
SELECTING AN EVENT BUSINESS STRUCTURE		
Internally delivered events – understanding of;		
Details inc remit for delegated decisions	❏	
Strengths	❏	
Challenges	❏	
When to use an alternative model – review and discuss;		
Legal and contractual obligations	❏	
Scale of Event	❏	
Event Funding Partners – Underwrite and Liability	❏	
Lifecycle and requirement for quick mobilisation	❏	
Tax Implications	❏	
Creating a new company– understanding of;		
Details inc Code requirements	❏	
Strengths	❏	
Challenges	❏	
SPV Company Set Up - Review guidance if applicable	❏	A guide to setting up an SPV
WHAT DOES THIS MEAN FOR YOUR EVENT?		
What this means for you – Major Event Funding Application process	❏	Application documents
EVENT GOVERNANCE GUIDANCE		
STAKEHOLDER CONTRACTS - review and discuss need for;		
Bidding: Memorandum of Understanding	❏	MOU Template
Post Award	❏	
Host Contract	❏	
Partner Contracts	❏	
Articles of Association	❏	Articles of Association Guidance
EVENT BOARD - understand and discuss your approach to;		
Event Board Responsibilities - how will your board operate?	❏	
Decision Making - including consideration of;		
Delegated Authority Policy	❏	
Joint Governance Statement	❏	
Function - what processes will you consider adopting?		
Role	❏	
Terms of Reference	❏	ToR Templates
Members Code	❏	Members Code Template
Conflict of Interest Register	❏	Conflict of Interest Register
Roles and Responsibilities	❏	Job Descriptions Templates
Skills Matrix	❏	Skills Matrix Template
Meetings	❏	
Effectiveness Review	❏	
Terms of reference - what will be included in yours?	❏	ToR Templates
Composition - who will be appointed to the board?	❏	
Size - how many board members?	❏	
Diversity - has this been given consideration?	❏	
Board Recruitment - what will your approach be?	❏	Skills Matrix Template
Committees - will your board delegate responsibilities to committees?	❏	
POLICIES, PROCEDURES AND SYSTEMS - which systems are you going to put in place?		
Financial Systems - How will you manage your finances? Consideration of;		
Budgetary control - Scheme of delegated financial authority	❏	Delegated Authority Policy Template
Banking	❏	
Procurement	❏	
Cashflow	❏	
Risk Management Systems - How will you manage your risk? Consideration of;		
Event Milestone Tracker	❏	Event Milestone Template
Event Risk Register	❏	Event Risk Register Template
Insurance Policy	❏	
Other policies	❏	Policy templates
Communication and Transparency - what will you share publicly?	❏	
Event close-down process - have you given this consideration?	❏	
IMPLEMENTATION SUPPORT		
How to implement governance best practice - know your support systems	❏	Templates and Checklist

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