

A CODE FOR SPORTS GOVERNANCE – REVISED

List of mandatory Code Requirements

TIER 1

Principle 1: Structure

Requirement 1:

The organisation is properly constituted, has a clear purpose and, if membership based, is inclusive and accessible.

Requirement 2:

The governing committee meets regularly, and decision making is recorded.

Principle 2: People

Requirement 3:

The organisation seeks to ensure diverse viewpoints are considered and that its decision-making groups have the skills and diversity needed to operate effectively.

Requirement 4:

Committee members are subject to regular election and ideally should serve no more than nine years.

Principle 3: Communication

Requirement 5:

The organisation shares information on its governance, structure, activities and financial position to enable stakeholders to have a good understanding of them.

Principle 4: Standards & Conduct

Requirement 6:

Conflicts of interest are recognised, managed by the Chair and recorded. At least three of the people on the governing committee are neither related to nor cohabiting with other committee members.

Principle 5: Policies & Processes

Requirement 7:

The organisation ensures appropriate financial procedures and practices are in place and as a minimum can evidence: a) appropriate oversight of financial planning; b) financial decision making and processing is not managed by one person alone; and c) accounts which are independently scrutinised.

Requirement 8:

The organisation shall assess and manage organisational risk and liabilities appropriately.

TIER 3

Principle 1: Structure

Boards

1.1 The Board of the organisation shall:

- a) be the ultimate decision-making body and accordingly exercise all of the powers of the organisation;
- b) be responsible for setting the strategy of the organisation; and
- c) maintain and demonstrate a clear division between the Board's management and oversight role and the executive's operational role.

Board Size & Composition

- 1.2 The Board shall be of an appropriate size, not exceeding twelve unless agreed with UK Sport and/or Sport England, in order to:
- meet the requirements of the organisation;
 - have the appropriate balance of skills, experience, diversity, independence and knowledge;
 - manage changes to its composition (including that of its committees) without undue disruption; and
 - promote an open and inclusive dialogue amongst the directors.
- 1.3 Each organisation must maintain an up-to-date matrix detailing the skills, experience, diversity, independence, and knowledge required of its Board.
- 1.4 No one individual on the Board may have the unfettered ability to take a decision.
- 1.5 If a member of the executive management of the organisation (e.g. the Chief Executive Officer or senior finance officer) is appointed to the Board, then they may only be appointed in an Ex Officio capacity.

Term Limits

- 1.6 Subject to the exceptions set out in Requirement 1.7 below, a director may serve on the Board for a number of consecutive terms, each term being no more than four years in length, up to a maximum of nine years continuous service.
- 1.7 The exceptions referred to in Requirement 1.6 are as follows.
- In the event a director is:
 - subsequently appointed as the Chair following a period of service as a director on the Board; or
 - appointed to a senior position within an international federation whilst serving as a director that director may continue to serve on the Board for the period of such appointment, subject to a maximum term of twelve years on the Board inclusive of their term prior to such appointment.
 - A director appointed in an Ex Officio capacity may serve on the Board for the duration of their holding the relevant office.
 - In exceptional circumstances (for example to assist succession planning), a Chair or director may hold office for a further year.
- 1.8 When a director has completed their maximum term, at least four years must elapse before they can be eligible to stand as a director for that organisation again.

Chair

- 1.9 Each Board must have a duly appointed Chair who shall be responsible for the leadership of the Board.
- 1.10 The roles of Chair and Chief Executive Officer shall not be exercised by the same individual and the division of roles shall be established in writing and agreed by the Board.
- 1.11 UK Sport and Sport England reserve the right to require that an organisation in which they invest appoint an independent Chair. This right will only be exercised after appropriate consultation and if UK Sport / Sport England reasonably believes that it is necessary to safeguard public funding or further the purposes for which that funding was granted.

Independent Non-Executive Directors

- 1.12 At least 25% of the Board shall be independent non-executive directors.
- 1.13 Each Board shall appoint one of its independent non-executive directors to be the Senior Independent Director.

Meetings

- 1.14 The Board and its Committees (if any) shall:
- meet sufficiently regularly to discharge their duties effectively; and
 - maintain a proper record of their meetings and decisions.

Board Committees

- 1.15 The Board shall:
- maintain an Audit Committee and Nominations Committee
 - ensure the Nomination Committee shall be majority INEDs and if dealing with the appointment of a successor to the Chair, shall be chaired by an independent non-executive director;
 - ensure all Committees shall report to Board and have clear Terms of Reference; and
 - establish any other further Committees and/or task and finish groups as it sees fit.

Councils

- 1.16 A Council shall not be able to override the Board but may have reasonable rights to consultation and constructive challenge.
- 1.17 Council members may hold office for a maximum of either two, four-year terms or three, three-year terms.
- 1.18 Where Councils are permitted to appoint directors, such appointments shall reflect not more than one third of the directors.

Principle 2: People

Diversity

- 2.1 Each organisation shall publish clear ambitions to ensure its leadership represents and reflects the diversity of the local and/or national community (as appropriate). These ambitions shall be centred on each organisation committing to achieving greater diversity in all its forms on its Board and senior leadership team, as well as where possible cascading this ambition in line with Requirement 4.1.
- 2.2 Each organisation shall create a Diversity and Inclusion Action Plan (DIAP) which, among other things, shall:
- identify actions needed to achieve, support and then maintain the ambitions laid out in 2.1, including how these will be reviewed;
 - demonstrate a strong and public commitment to promoting, embedding and advancing diversity and inclusion on the Board, senior leadership team and beyond;
 - be published on the organisation's website, with an annual update; and
 - be agreed with UK Sport and/or Sport England.
- 2.3 The Board shall maintain and regularly review the Diversity & Inclusion Action Plan (DIAP), on at least an annual basis.

Board Recruitment

- 2.4 Each organisation shall have a documented, formal, inclusive, rigorous and transparent procedure for the appointment of all type of directorships to the Board, and all appointments shall be made on merit, in line with the skills and diversity required of the Board.
- 2.5 In exceptional circumstances a director may be Co-opted onto the Board if this is necessary to ensure that the Board has the skills and/or experience necessary to fulfil its role.
- 2.6 The appointment of the Chair and independent non-executive directors must be via an open, publicly advertised recruitment process.
- 2.7 The Board shall have in place continuity plans for the organisation and succession plans for orderly appointments to the Board and to key posts within the organisation.
- 2.8 The Nomination Committee shall lead the process for Board appointments on behalf of the Board.
- 2.9 The Board or Nomination Committee must inform UK Sport / Sport England of any appointment process being carried out by the organisation in relation to:
- any directors; and
 - the Chief Executive Officer;

and shall permit UK Sport / Sport England to observe any such process.

- 2.10 No individual shall be appointed as a director until they have provided to the organisation a declaration of good character and a commitment to integrity.

Induction of New Directors

- 2.11 On appointment, each director shall be given a written statement of their responsibilities.
- 2.12 Each organisation shall ensure that new directors receive a full, formal and tailored induction on joining the Board.

Remuneration

- 2.13 Remuneration of directors and employees, if any, shall be determined in accordance with a formal, approved procedure.

Principle 3: Communication

- 3.1 Each organisation shall publicly disclose information on its governance, structure, strategy, activities, and financial position, including an annual update on governance, to enable stakeholders to have a good understanding of them.
- 3.2 Each organisation shall publish:
- a) the remuneration (if any) paid to each of its directors (except for members of the senior management team who are Ex Officio directors); and
 - b) in the case of organisations which employ more than 50 staff, the total remuneration paid to its senior management team.
- 3.3 Each organisation shall develop and deliver a strategy for engaging with, and listening to, its stakeholders (including elite athletes where appropriate). The Board shall annually review and monitor its delivery.
- 3.4 Each organisation shall review and discuss its People Plan on at least an annual basis and share the findings of that discussion openly with its members and people (e.g. employees, volunteers).

Principle 4: Standards & Conduct

Cascading Good Governance

- 4.1 The Board shall set out, promote, and support the implementation of minimum good governance standards, including with respect to diversity and inclusion:
- a) throughout its organisation; and
 - b) within its membership and/or associated organisations.

Development of the Board

- 4.2 The Board, led by the Chair shall:
- a) undertake and maintain in writing a record of an annual evaluation of its own skills, performance, and effectiveness;
 - b) undertake and maintain in writing a record of annual appraisal of each individual Director, and CEO;
 - c) undertake and maintain in writing a record of evaluations of its Committees (Committees evaluation need not be undertaken annually); and
 - d) agree and implement a plan to take forward any actions resulting from the evaluations.
- 4.3 The Board shall:
- a) undertake an externally facilitated evaluation of the Board at least every four years, or at the request of UK Sport/Sport England; and
 - b) agree and implement a plan to take forward any actions resulting from the evaluations.

Integrity

- 4.4 Each organisation shall adopt a mandatory code for all types of directorships and Council positions that, amongst other things, requires all parties to act at all times in the best interests of the organisation, as well as acting with inclusivity, integrity, in an ethical manner and in accordance with their organisation's conflicts policy.
- 4.5 The directors' code, terms of reference and other policies relating to the Board and its committees shall be regularly reviewed and maintained.

Conflicts of Interest

- 4.6 The Board shall maintain a Conflict-of-Interest (COI) policy which:
- identifies protocols for director voting, ensuring fair participation of voting amongst the directors. If a COI is identified or declared, the conflicted director may not be counted in the quorum, participate in any discussions, or vote, on the conflicted matter;
 - outlines the Chair's responsibility in managing COI;
 - requires the maintenance of a COI register and illustrates the process for this; and
 - outlines the responsibility on individual directors to maintain an up-to-date record of their COI.

Welfare and Safety

- 4.7 The Board shall ensure its responsibilities towards the welfare and safety of its members and people (including but not limited to employees, participants and volunteers) are factored into the decisions it makes and shall appoint one of its directors to take a lead in this area.

Principle 5: Policies & Processes

Legal Compliance and Control

- 5.1 The Board shall demonstrate that both individually and collectively it understands the key legal and regulatory obligations (including those which are specific to sport National Governing Bodies) which affect the Board and the organisation.

Environmental Social Governance

- 5.2 The Board shall ensure it factors impact on stakeholders, wider society and the environment into the decisions it makes and the actions implemented by the organisation.

Policies and Financial Control

- 5.3 The Board shall be responsible for ensuring that it and the organisation's staff have the relevant competence and qualifications in financial matters.
- 5.4 The Board shall:
- adopt appropriate and proportionate policies and procedures for their organisation including those which address regulatory obligations and those that ensure sufficient financial control;
 - take all reasonable steps to ensure that these policies and procedures, where appropriate, are communicated to, and understood and followed by, its directors, staff and volunteers (where relevant), and;
 - ensure that these policies and procedures are reviewed and updated in accordance with the organisation's review schedule.

Annual Accounts

- 5.5 Each organisation must prepare annual accounts which;
- comply with legal requirements and recognised accounting standards;
 - give specific disclosure of income received from public investors and clearly account for the expenditure of such funding;
 - are audited (unless otherwise agreed by Sport England and/or UK Sport); and
 - are published on the organisation's website.

Financial Strategy

- 5.6 The Board must actively plan and regularly monitor the financial position and performance of the organisation. Key elements to this would be:
- a) Setting an annual budget and regular review of management accounts;
 - b) Regular review of updated cash flow forecasts; and
 - c) Regular review of financial risks and mitigations.

Risk Management and Internal Control

- 5.7 The organisation shall maintain risk management and internal control systems, which are regularly reviewed and monitored to ensure they are effective and provide reasonable assurance.