

# A Code for Sports Governance



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# Foreword

In 2016, Sport England and UK Sport launched 'A Code for Sports Governance' to drive improvement across all areas of governance. To date, the Code has been applied to over 4,000 partners in receipt of Government and/or National Lottery funding from our organisations and has had a significant impact in helping to improve the standard of governance across both sports and non-sports organisations. The Code has supported improvements in decision-making structures, Board diversity (particularly in the area of women on Boards), transparency, accountability and financial integrity across the sector and organisations have done commendable work to reach this level. The Code itself has provided a template for improving sports governance, with several nations across the world drawing on its principles and framework.

In 2020, we announced a review of the Code. The review looked across the full set of Requirements in the Code through a diversity and inclusion lens. It allowed us to reflect on the lessons learned from its first application; provide more support and guidance within the commentary against specific Requirements; and ensure the Code was up to date with good governance developments and practices which may have changed since it was introduced.

The review was jointly managed between Sport England and UK Sport, and involved input from an open consultation and focus groups, as well as expert views from legal, governance, and diversity and inclusion specialists.

We are proud of what our sector has achieved in terms of governance in recent years, but we cannot be complacent. As the sector begins to recover from the impact of the pandemic, we must continue to challenge ourselves to be stronger, better and more diverse as organisations. It is with this in mind that the revised Code seeks to set a progressive landscape for sport governance development and improvement over the next few years.

One of the key pieces of feedback we received when consulting on the review of the Code was to ensure the Requirements are easy to grasp and that we help organisations understand the evidence they need to show us against each of the Requirements. As part of the revised Code, we are proud to launch 'A Code for Sports Governance – Tier 1' as a separate document in what we hope is a clearer and more accessible way. We have also provided more detailed guidance in the commentary for organisations being funded at Tier 3

level, further explaining the importance of each Requirement and how they can be evidenced. While there have been limited changes to the Code's Principles and Requirements, we have introduced new requirements for Tier 3-funded organisations on welfare and safety; environmental social governance; the promotion and implementation of good governance standards throughout operations; and the importance of people planning. Another major new requirement is the need for all funded partners to have ambitious and actionable Diversity and Inclusion Action Plans that deliver enhanced diversity in all its forms not only on the Board, but also on the Senior Leadership team and wider structures. We believe this is essential to ensure that sport and physical activity are fully inclusive and reflective

of our society, and that our sector thrives, is sustainable and fit for the future. We must all be more ambitious, transparent and accountable for progress in this area.

As part of our respective strategies, UK Sport and Sport England are fully committed to supporting and working in partnership with organisations to implement the Code, with governance being one of the major catalysts in Sport England's Uniting the Movement strategy; and at the heart of building long-term organisational health across sports in UK Sport's 2021-31 Strategic Plan. We therefore hope you will find this Code a valuable tool and are excited to work with you in your governance journey, helping set your organisation up for continued success.



Tim Hollingsworth  
Chief Executive, Sport England



Sally Munday  
Chief Executive, UK Sport

# Introduction



# Introduction

## Development and review of the Code

The Code for Sports Governance sets out the levels of transparency, diversity and inclusion, accountability and integrity that are required from those organisations who seek – and are in receipt of – UK Government and National Lottery funding from Sport England and/or UK Sport.

Launched in 2016, the Code has been applied to over 4,000 organisations across its three Tiers of funding and has provided a standard framework of governance for a wide and diverse range of national, regional and local bodies, community groups and charities providing sport and physical activity opportunities. Many of the principles set out in the Code are widely accepted as being elements of good practice in corporate governance, and can be found in most models of governance both within and outwith the sporting sector, e.g. the UK Corporate Governance Code, the governance frameworks of all five domestic Sports Councils, and the Sport and Recreation Alliance’s Voluntary Code of Good Governance.

In July 2020, against the backdrop of Black Lives Matter and over three years of implementing, assessing and supporting the governance of organisations in line with its provisions, UK Sport and Sport England announced a review of the Code. This was aimed at identifying areas where the Code would benefit from further development, with a substantive focus on those elements that support diversity and inclusion. The review also provided the opportunity to compare the requirements in the Code against best practice in governance, recognising that thinking may have moved on and further improvements may be found in sport and other sectors.



The review took a comprehensive look at every aspect of the Code – not only each individual Principle, Requirement and related commentary but also how the Code is presented, used and applied. For this, it has drawn heavily on expertise and insight from teams across UK Sport and Sport England, independent experts and a wide range of partners and stakeholders. We want to offer our sincerest thanks to all those who have shared their views with us and contributed so meaningfully to this review.

The review was clear from the outset that any changes to the Code should be evidence-based. Two important pieces of work have supported this: the first was an externally-sourced audit of Board diversity of more than 130 funded partners; the second was an independently-led consultation conducted through an online survey and focus groups, receiving more than 200 responses.

This consultation revealed that:

- 87% of organisations funded by UK Sport and/or Sport England found the Code helpful
- While some organisations faced significant challenges in implementing some of the requirements through their membership, 88% said that the Code has tightened their organisation’s governance
- Key impact areas were found to be Board diversity (particularly with regard to increasing women on Boards) and term lengths
- The compliance process was felt to be rigorous and supportive.

We also know that since its introduction the Code has attracted significant interest internationally and several countries have now emulated it. National Governing Bodies of sport also routinely engage with their international federations, with the Code providing a valuable framework for sharing knowledge and informing governance reform at an international level.

We have been heartened by the positive impact the Code has achieved, thanks to the huge work that funded partners have carried out in recent years to implement it and further enhance good governance in the sector. However, the review also highlighted several areas for improvement, including making the Code more accessible and easier to understand; providing more guidance in terms of explanations, templates and case studies; and encouraging greater flexibility and proportionality based on size and capacity.

Critically, while progress has taken place, the review revealed the need and demand for (as well as desire from) organisations working in sport and physical activity to do far more in ensuring they – and the sector as a whole – reflect and are representative of the diversity of the society we serve. The inclusion of topics such as environmental sustainability, welfare and safety, and the expansion of the Code from Boards to other parts of organisations, also emerged as areas for development.

As a result, while limited changes have been made to the original Code Principles and Requirements, Tier 1 has been revised and made, we hope, more accessible through a separate dedicated resource. Also, the following new Requirements have been introduced in respect of Tier 3:

- Organisations in receipt of significant funding from Sport England and/or UK Sport must have a detailed and ambitious plan to increase the level of diversity and inclusion not only on their Boards, but also on their Senior Leadership Teams and across their organisation and structures (Req. 2.1). The plan and progress they are making against it will need to be agreed with Sport England and/or UK Sport, reviewed and updated at least annually, and made public (Req. 2.2-2.3). In addition to these specific requirements, diversity and inclusion have been reinforced as a major thread throughout the Code
- Boards will be required to appoint a Welfare and Safety lead Director on their Boards in response to heightened concerns around welfare and safety in sport and physical activity, (Req. 4.7); cascade, implement and promote good governance standards – including with respect to diversity and inclusion – throughout the organisation’s wider operations, for instance their internal structures and at regional and county level (Req. 4.1); and factor the impact on stakeholders, the environment and wider society into their decisions and the actions implemented by their organisation (Req. 5.2)
- The Code will also now expect organisations to consider their strategic plans for their people on at least an annual basis (Req. 3.4).

While no new requirement has been introduced in the area of Board culture, this has also emerged as an area of major importance in the consultation and one we will be keen to explore further with stakeholders as the revised Code is implemented. In the meantime, existing requirements and commentary have been strengthened to reinforce the need for effective and inclusive culture at Board level, so that the standards and behaviours set out in the Code become more embedded within all the organisations we fund.

Based on consultation feedback and practical experience of implementing the Code, the commentary for all requirements has been updated, with the hope this will help organisations more easily understand and implement the provisions of the Code. UK Sport and Sport England will work in close partnership with organisations seeking or receiving their funding by providing bespoke advice and support so that governance standards – including those for diversity and inclusion – continue to be enhanced and owned by the sector. We will also want to better harness the invaluable expertise and feedback from funded organisations and wider stakeholders to ensure that sports governance in the sector continues to evolve.

It is through this process of ongoing implementation of the Code, as well as support, learning and development, that we hope funded organisations will be better equipped and representative to take effective decisions in the best interests of their organisations, as well as the individuals and communities taking part in sport and physical activity – thus helping the sector as a whole to grow and thrive in the future.



## Flexibility

Unlike most other governance codes, this Code is a mandatory set of requirements for those organisations seeking public funding from Sport England and/or UK Sport, and was born of the Government's 2015 strategy Sporting Future. We do however fully recognise that the Code must be flexible. The range of investments made by Sport England and UK Sport – both in terms of amount and the type of organisations into which we invest – is huge. We want to ensure that organisations are encouraged to apply for funding and therefore have sought to ensure this Code is applicable across a wide and diverse range of organisations without wishing to burden these with unnecessary bureaucracy.

This Code achieves flexibility by adopting a tiered approach to requirements. Sport England and UK Sport will work closely with all partners seeking or receiving funding to ensure compliance with the Code and supporting their ongoing governance improvements.

A separate booklet, containing guidance and support tools specific to Tier 1 has been created. For Tier 3, all commentary can be found in this document. Sport England and UK Sport continue to work collaboratively to provide support tools, guidance and resources to partners implementing good governance and will be enhancing these in light of the revised Code.



## Proportionate application of the Code – Tiers

As the type and size of investments differ, Sport England and UK Sport adopt a proportionate approach to the application of the Code using three Tiers. Each Tier has a different level of mandatory governance requirements.

UK Sport and Sport England (at their sole discretion) place an organisation into the Tier they consider most appropriate, taking account of the circumstances of the investment and the organisation, and the following broad definitions of the Tiers.

### Tier 3

Tier 3 represents the top level of mandatory governance requirements in the Code. The requirements in this Tier seek to ensure high governance standards because of the significant public investment being made. Sport England and UK Sport will look for a formal commitment from organisations to meet requirements within set timescales.

UK Sport and Sport England will generally categorise an investment as Tier 3 if:

- the funding is intended to be granted over a period of years
- the funding is granted for a continuing activity rather than a one-off project; and
- the total amount of funding is greater than £1m.<sup>1</sup>

Consideration will also be given to the size of the organisation.

Organisations receiving funding for significant, medium to long term activity should generally expect to be in Tier 3.

### Tier 1

Tier 1 represents the minimum level of mandatory governance requirements in the Code. The requirements in this Tier seek to ensure the protection of public funding through good governance processes while not creating a disproportionate administrative burden.

Sport England and UK Sport will generally categorise an investment as Tier 1 if:

- it is granted on a one-off basis (for example, for a specific project which has a finite life); and
- the total amount of funding is typically between £10,000 and £250,000.

## Tier 2

This Code covers a vast range of investments and, as such, the difference between the mandatory governance requirements at Tiers 1 and 3 is significant. Investments are placed into Tier 2 where UK Sport and/or Sport England require organisations to go further than the requirements in Tier 1, but not as far as full compliance with Tier 3. This might be because of their resources, or because the investment is significant but made on a one-off (rather than longer term) basis. It could also be because the investment signals the start of a new strategic relationship between Sport England/UK Sport and an organisation, but where the parameters of the relationship are still being established.

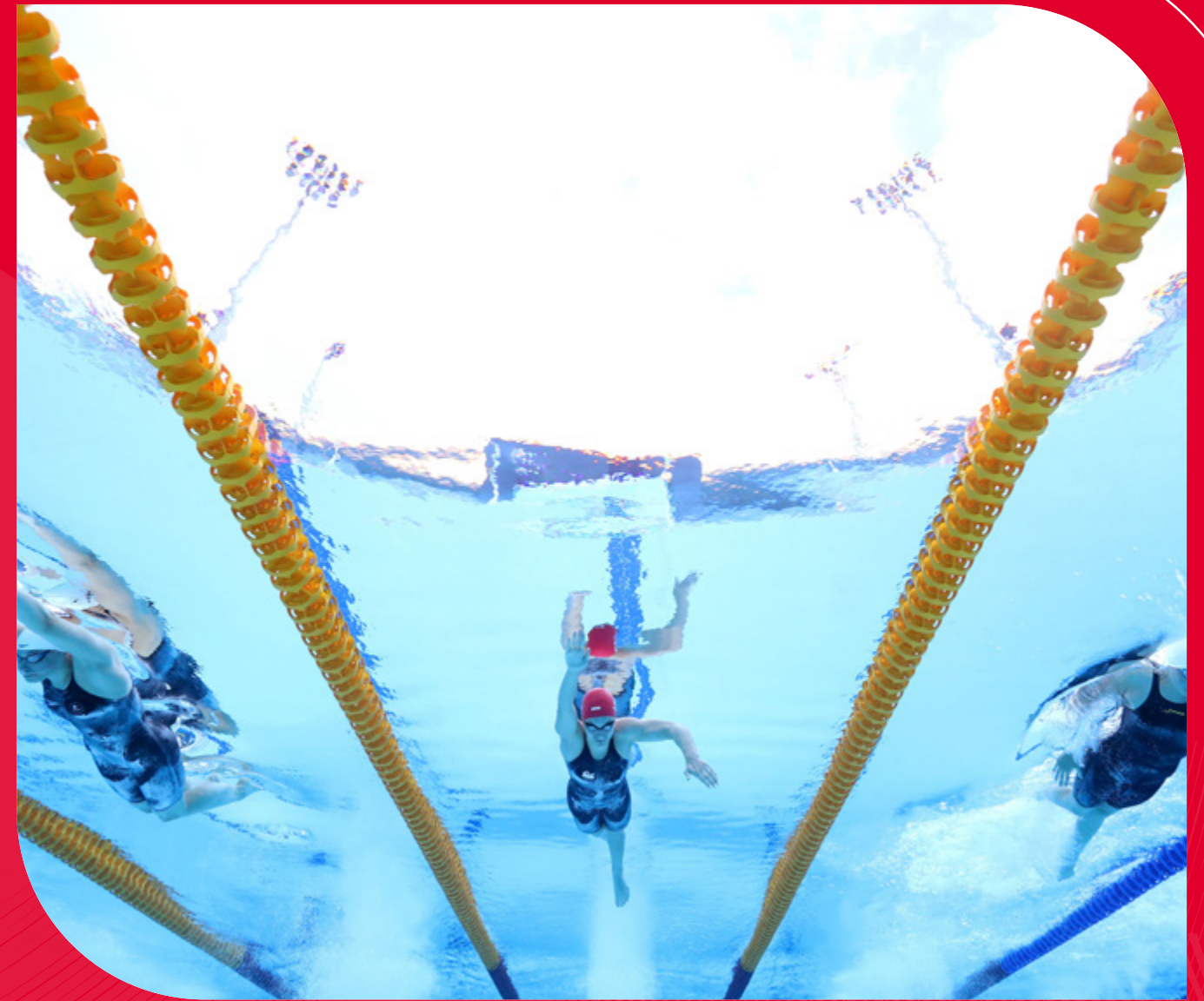
Organisations receiving an investment categorised as Tier 2 are expected to meet all of the mandatory requirements in Tier 1 and some additional mandatory requirements from Tier 3. The exact Tier 3 requirements to be met, and the timeline for compliance, will depend on the nature of the investment and the circumstances of the organisation.

Investments falling into Tier 2 are likely to be in the region of £250k - £1m.<sup>1</sup>

<sup>1</sup> This figure represents the total amount of funding over the period of the investment, with funding from both Sport England and UK Sport to the same organisation (if any) aggregated.







# How to Use the Code

# How to use the Code

## Principles

At the heart of the Code are five basic Principles of good governance. These set out high level statements of good governance, and provide the structure of the Code.

## Requirements

The Code then lists a set of Requirements within each of the five Principles. These Requirements are mandatory subject to (as noted above) the Tier into which each investment is placed and, in the case of Tiers 2 and 3, the setting of bespoke timelines for implementation. A separate booklet with dedicated guidance has been produced for Tier 1 organisations.

## Commentary

In this document, you can then read the Tier 3 detailed Commentary in respect of the Requirements. The Commentary is not mandatory, and is included to provide further advice, guidance and support to organisations by demonstrating how they can evidence compliance with the Requirements.

## Definitions

Some terms have specific meanings when they are used in the Code. These defined terms can be found in the Definitions section at the back of this document.

References to UK Sport/Sport England (or vice versa) in the Requirements and Commentary should be interpreted as references to whichever of the two funds an organisation, or to both in the case of a jointly-funded organisation.



# The Five Principles



# The Five Principles

## 1. Structure

Organisations shall have a clear and appropriate governance structure, led by a Board which is collectively responsible for the long-term success of the organisation and exclusively vested with the power to lead it. The Board shall be properly constituted and shall operate effectively.

### Why is it important? ⚠️

The right governance structure, with decisions made at the right level, enables the best decisions to be made to drive the success of the organisation.

Having an appropriate governance structure demonstrates to all stakeholders that the organisation is well managed. This is key to winning the confidence of staff, suppliers and potential investors and also provides a framework for organisational growth and development.

## 2. People

Organisations shall recruit and engage people with diversity of background, thought, independence, skills and experience to take effective decisions that further the organisation's goals and best serve their communities, stakeholders and wider UK society.

### Why is it important? ⚠️

Diverse, skilled and experienced decision-making bodies which contain independent voices and engage in constructive and inclusive debate enable good decision-making and help create trust with stakeholders.

## 3. Communication

Organisations shall be transparent and accountable, engaging effectively with stakeholders and nurturing internal democracy.

### Why is it important? ⚠️

Being responsive to stakeholders, understanding their interests and hearing their voices helps shape the organisation's governance and strategy. Transparency about why the organisation exists, what it is trying to do, how it is doing it, with what results and in an accessible way empowers stakeholders by giving them the information about the organisation that they need to know.

## 4. Standards and Conduct

Organisations shall uphold high standards of integrity, promote an ethical and inclusive culture, and engage in regular and effective evaluation to drive continuous improvement.

### Why is it important? ⚠️

Having the right values embedded in the culture of the organisation helps protect public investment and also enhances the reputation and effectiveness of the organisation, earning stakeholder trust. Constantly seeking to improve makes an organisation swift to respond to new challenges and opportunities.

## 5. Policies and Processes

Organisations shall comply with all applicable laws and regulations; consider the social and environmental impact of their decisions; undertake responsible financial strategic planning; and have appropriate controls and risk management procedures.

### Why is it important? ⚠️

Understanding the legal environment, factoring in socio-environmental considerations when making decisions, and having in place appropriate financial and other controls help mitigate risk and enhance stakeholder trust and organisational reputation.



# Tier 1 – Mandatory Requirements



# Tier 1 – Mandatory Requirements

Tier 1 represents the minimum level of mandatory governance requirements in the Code. The requirements in this Tier seek to ensure the protection of public funding through good governance processes, without being unreasonably onerous.

Sport England and UK Sport will generally require an organisation to meet Tier 1 of the Code if they are receiving an investment which meets the following criteria:

- it is granted on a one-off basis (for example, for a specific project which has a fixed end date); and
- the total amount of funding is typically between £10,000<sup>1</sup> and £250,000.

Tier 1 of the Code may also apply to organisations at the start of what could become a longer-term partnership. Where further investment follows and the level of funding increases to a higher threshold or the type of relationship the organisation builds with Sport England or UK Sport becomes longer term, then organisations that were initially required to comply with Tier 1 may be required to progress to become compliant with Tier 2 or Tier 3 of the Code.



<sup>1</sup> For organisations receiving less than £10,000, Sport England and UK Sport will carry out standard due diligence checks.

The requirements for Tier 1 are listed below:

Principle	Requirement
Structure	<b>Requirement 1:</b> The organisation is properly constituted, has a clear purpose and, if membership-based, is inclusive and accessible.
	<b>Requirement 2:</b> The governing committee meets regularly, and decision-making is recorded.
People	<b>Requirement 3:</b> The organisation seeks to ensure diverse viewpoints are considered and that its decision-making groups have the skills and diversity needed to operate effectively.
	<b>Requirement 4:</b> Committee members are subject to regular election and ideally should serve no more than nine years.
Communication	<b>Requirement 5:</b> The organisation shares information on its governance, structure, activities and financial position to enable stakeholders to have a good understanding of them.
Standards and Conduct	<b>Requirement 6:</b> 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.
Policies and Processes	<b>Requirement 7:</b> 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.
	<b>Requirement 8:</b> The organisation assesses and manages organisational risks and liabilities appropriately.

Full details, including an explanation of each requirement and why it is important, ways to evidence and support tools, are contained within the dedicated Tier 1 section of the Code for Sports Governance, which can be found at [www.sportengland.org/code](http://www.sportengland.org/code).

## Tier 3 – Mandatory Requirements



# Tier 3 – Mandatory Requirements

## Principle 1: Structure

Organisations shall have a clear and appropriate governance structure, led by a Board which is collectively responsible for the long-term success of the organisation and exclusively vested with the power to lead it. The Board shall be properly constituted and shall operate effectively.

### Boards

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

### Board size and composition

- 1.2 The Board shall be of an appropriate size, not exceeding 12 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 among 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 their sport's international federation while 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 12 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 (or equivalent) shall not be exercised by the same individual and the division 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 (i) an Audit Committee and (ii) a Nominations Committee;
  - ensure the Nominations Committee shall have a majority of Independent Non-Executive Directors 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 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 A Council member may serve on the Council 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.
- 1.18 Where Councils are permitted to appoint Directors, such appointments shall reflect not more than one third of the Directors.



## Principle 2: People

**Organisations shall recruit and engage people with diversity of background, thought, independence, skills and experience to take effective decisions that further the organisation's goals and best serve their communities, stakeholders and wider UK society.**

### 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 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 and 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 Nominations Committee shall lead the process for Board appointments on behalf of the Board.
- 2.9 The Board or Nominations Committee shall 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

**Organisations shall be transparent and accountable, engaging effectively with stakeholders and nurturing internal democracy.**

- 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 have a People Plan and shall review and discuss it 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 and Conduct

**Organisations shall uphold high standards of integrity, promote an ethical and inclusive culture, and engage in regular and effective evaluation to drive continuous improvement.**

### 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 (Committee 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 of Conduct for all types of directorships and Council positions that, among 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 Conflict of Interest policy.
- 4.5 The Code of Conduct, terms of reference and other policies relating to the Board and its Committees shall be regularly reviewed and maintained.

## Conflict 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 among 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 and Processes

**Organisations shall comply with all applicable laws and regulations; consider the social and environmental impact of their decisions; undertake responsible financial strategic planning; and have appropriate controls and risk management procedures.**

### 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 the impacts 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:
- setting an annual budget and regular review of management accounts;
  - regular review of updated cash flow forecasts; and
  - 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.



## Tier 3 – Commentary



# Tier 3 – Commentary

## Principle 1: Structure

Organisations shall have a clear and appropriate governance structure, led by a Board which is collectively responsible for the long-term success of the organisation and exclusively vested with the power to lead it. The Board shall be properly constituted and shall operate effectively.

### Why is it important? ⚠️

The right governance structure, with decisions made at the right level, enables the best decisions to be made to drive the success of the organisation.

Having an appropriate governance structure demonstrates to all stakeholders that the organisation is well managed. This is key to winning the confidence of staff, suppliers and potential investors and also provides a framework for organisational growth and development.



## Boards

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

### Commentary

#### (a) Board as ultimate decision-maker

One of the key purposes of the Code is to provide a framework and structure to help organisations be in a position to make the best decisions possible. It is now widely accepted that having an effective diverse Board is important to the success of an organisation, and this Code accordingly places emphasis on Boards, starting with the requirement that the Board of the organisation has appropriate authority: Directors are collectively responsible and accountable for the long-term success of an organisation and, as such, it is important and appropriate that ultimate authority rests with the Board.

Members of the organisation (i.e. the legal members – in the case of a company limited by guarantee, for example, this means the members of the company whose names are entered into the company's register of members) also have an important role to play in governance, and the requirement that the Board has ultimate authority does not override or supersede the powers of such members under law.

To help ensure responsibilities are clear, it is recommended a Matters Reserved for the Board document be established and approved by the Board, setting out what topics ultimately sit with the Board for decision. Typically this would include areas such as:

- approval of the organisation's strategy (Requirement 1.1(b))
- approval of the long-term financial plan and annual budget (Requirement 5.6)
- monitoring delivery of the strategic plan and objectives

- periodic review of the financial plan and performance against annual budget (Requirement 5.6)
- periodic review of major risks (Requirement 5.7)
- approval and review of the organisation's Diversity and Inclusion Action Plan (Requirement 2.2)
- discussion of, and engagement with, stakeholder proposals and concerns (Requirement 3.3); and
- a process to identify areas where the Board may be assisted by further education and training.

It is expected the Board will discuss each of the above at least annually (and more frequently if necessary).

The organisation may also find it helpful to set out clearly any responsibilities or powers that rest with members or related bodies (e.g. the Council) if these exist, while bearing in mind that ultimate power must rest with the Board.

It is also recommended that a Scheme of Delegation document is agreed by the Board. In practice the Board may delegate some of its responsibilities (covering financial and non-financial obligations) to Committees or other groups. A Scheme of Delegation helps clarify what has been delegated, the scope of the delegation, and which elements the Board has chosen to reserve for its attention only (also known as Matters Reserved for the Board). Requirement 1.15 discusses Committees in more detail.

### **(b) Setting the strategy**

It is important the Board has the authority to set the organisation's strategy but it is likely that to do so effectively, the Board will need to draw on, and consult, a range of stakeholders. This Code defines a stakeholder as 'any person or group who has an interest in the organisation or is affected by its actions'.

Best practice suggests that most Boards should set a rolling strategy of at least four years for the organisation which outlines its key long-term objectives and the strategies being implemented to achieve them.

From this, an annual business/operational plan is developed by the executive or management team, which outlines the key tasks to be undertaken to contribute to the achievement of the strategic objectives. The Board may also wish to set key performance indicators to monitor the achievement of the strategic plan

and business/operational plan objectives, with responsibility for achievement of the objectives, tasks and key performance indicators allocated to specific Committees, employees or volunteers.

The responsibility to set the strategy also extends to keeping it under review, and it is recommended the Board reviews it at least annually.

### **(c) Division between Board and executive role**

Many organisations have an executive or management team which has responsibility for the day-to-day running of the organisation and which is accountable to the Board.

Some organisations may only have a small number of staff and perhaps one or two senior executive positions. In this case it is still important to ensure, as far as possible, there is separation between the operational responsibilities of staff and the strategic role of the Board.

To enable the Board and the executive to perform their respective functions effectively, it is important the responsibilities of each are clear and understood by Directors, senior executives and others within the organisation. Documents such as the Matters Reserved for the Board and Scheme of Delegation (see commentary for Requirement 1.1 (A) above), as well as the 'Board terms of reference', can help ensure these responsibilities are defined clearly.

The Scheme of Delegation and Matters Reserved for the Board are particularly important in those organisations with no executive capacity, where Board members take up executive functions. In those instances, it should be made clear which decisions and actions are reserved for the Board (i.e. decisions to be made formally by the Board as a whole) and which actions are delegated to individuals to complete in an executive and operational capacity.

To support transparency, Boards may wish to consider the extent (if any) to which Directors or members of the Council (if applicable) are able to liaise directly with the executive outside of the formal procedures, and whether any such communication should be reported to the Board for their record and information. It may be helpful to capture this in relevant documents.



## Board size and composition

- 1.2 The Board shall be of an appropriate size, not exceeding 12 unless agreed with UK Sport and/or Sport England, in order to:
- a. Meet the requirements of the organisation;
  - b. Have the appropriate balance of skills, experience, diversity, independence and knowledge;
  - c. Manage changes to its composition (including that of its Committees) without undue disruption; and
  - d. Promote an open and inclusive dialogue among the Directors.

### Commentary

The most successful Boards are widely accepted to be those which draw on a range of viewpoints, skills and experience to support delivery of the organisation's strategy and which foster an inclusive culture where all voices are heard and valued, and where constructive challenge and difference of opinion is respected.

An appropriate Board size enables full and frank discussions and ensures a balance of skills, experience, independence and diversity of thought and knowledge. If the Board is too big, it may be too unwieldy to make effective decisions. If too small, issues of continuity may arise when vacancies occur and it may be difficult to achieve the required range of skills and voices.

Organisations should also consider Requirement 3.3, by which organisations must have a strategy for engaging with their stakeholders. A full understanding of the organisation's stakeholder landscape should inform the composition of its Board (and its Council, if it has one).

Organisations may also wish to consider whether observers (someone who attends on a non-voting basis and is not a Director) should be permitted to attend the Board. Where this is the case, the general rights and roles of such individuals should be detailed within the organisation's governing documents, with the Chair ensuring all Directors are clear on the basis for any particular observers attending.

It is for the organisation to determine the appropriate size for its Board having regard to the factors set out above, although UK Sport and Sport England expect an organisation to be able to meet this Requirement with a Board size of 12 or fewer. Any exception to this must be discussed and agreed with UK Sport/Sport England in advance.

- 1.3 Each organisation must maintain an up-to-date matrix detailing the skills, experience, diversity, independence and knowledge required of its Board.

### Commentary

One element which enables a Board to constitute itself properly and perform effectively is knowing which skills are required to deliver and oversee the organisation's strategy, and then securing these skills through the Board appointment process. Requirement 2.4 is clear that all Board appointments should be skills-based.

The skills matrix should clearly set out the skills required of the Board and include an assessment of the current position. This may include a mix of specific technical and professional skills (e.g. finance, IT) as well as broader experience and knowledge (e.g. diversity and inclusion, welfare and safety). Attention should be paid to the organisation's long-term strategy and whether the skills required need to evolve to meet that strategy, given that Board appointments may be in place for some time. It is also helpful to ensure the skills matrix is considered in conjunction with the organisation's Diversity and Inclusion Action Plan (Requirement 2.2) to ensure it takes a holistic view of the skills and experience needed by the Board.

Any gaps can then inform the preparation of the role description and person specification for any new Director that the organisation is seeking to appoint. This assessment also enables the organisation to have a clear picture of the skillset of its current Directors and draw on this experience as necessary when relevant matters arise, and to assess training and development needs.

The Requirement states the skills matrix must be kept up-to-date. The Board should therefore determine the frequency at which it is reviewed and if necessary amend it from time to time. It may be convenient to undertake this review alongside the annual Board evaluation (Requirements 4.1 and 4.2), the review of the Diversity and Inclusion Action Plan (Requirement 2.2) or at other relevant times, for example if there are changes to the organisation's strategy. An effective skills matrix is one that works as an active and helpful tool for the Board when it is required.

- 1.4 No one individual on the Board may have the unfettered ability to take a decision.

### Commentary

A Board's terms of reference should include a provision that ensures a certain number of people (a quorum) is required in order for a decision to be made. In determining 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, this should, at the least, be two where there is no provision for a Chair's casting vote or three where a Chair's casting vote provision exists. If authority is delegated to an individual by the Board, then the terms of the delegation should be clearly and fully recorded.

- 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.

### Commentary

Some organisations may determine that it is appropriate for a member of its executive or senior management team to be a Director because of the way the organisation operates and the knowledge, experience or insight brought by that role. In these circumstances, the appointment relates to the role rather than the individual and if an individual ceases to be in that role, they should also cease to be a Director. As a vacancy arises, the organisation may take the opportunity to consider if it is still appropriate for the Ex Officio position to be a Director based on the skills and knowledge required by the Board.

It is important to ensure any executive or senior management team member operating in an Ex Officio capacity is aware of, and understands, the separate responsibilities that come with being a Director (Requirement 2.11).

## 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.

### Commentary

Term limits ensure the Board benefits from a periodic injection of new people and ideas and that power is not concentrated in one group for a prolonged period of time. Term limits also enable a Board to recruit the right skills at the right time to suit the strategic objectives of the organisation and consider afresh what diversity of lived experience and knowledge it needs when terms finish. In a broader sense, term limits can also enlarge the group of people who promote the organisation, as former Directors leave but continue to speak positively about the organisation.

The term limits applicable to a Board will usually be stated in the organisation's Articles of Association or other similar constitutional document.

The term limits required by this Code apply to all current Directors, i.e. their terms of office to date should be included in the calculation of their maximum term. If an organisation has incorporated, restructured or merged, then service before this change should be included when calculating time served.



1.7 The exceptions referred to in Requirement 1.6 are as follows:

- a. In the event a Director is:
  - i. subsequently appointed as the Chair following a period of service as a Director on the Board; or
  - ii. appointed to a senior position within their sport's international federation while 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 12 years on the Board inclusive of their term prior to such appointment.

- b. A Director appointed in an Ex Officio capacity may serve on the Board for the duration of their holding the relevant office.
- c. In exceptional circumstances (for example to assist succession planning), a Chair or Director may hold office for a further year.

### Commentary

#### Exception (a)

The maximum 12-year term includes all time spent on the Board including initial period as a Director. For the avoidance of doubt, if someone is appointed onto the Board directly as Chair without any previous service on that Board, the term limits in Requirement 1.6 apply. If that individual is subsequently appointed to a senior position within an international federation, exception 1.7 (a)ii could be applied.

A 'senior' position with their sport's international (world) federation means:

- the presidency
- membership of the Board or Executive Committee
- membership of the Council.

If an individual holds a senior position with an international federation, they may need to be directly connected with the leadership of the sport at a national level, to ensure they have up-to-date insight and knowledge to inform their international work. There are several ways to manage this:

- they may serve on the Board (for a maximum of 12 years); or

- they may be appointed to an honorary position, and/or attend Board meetings (or parts of Board meetings) as an observer (i.e. not as a Director, and on a non-voting basis); and/or
- the organisation may establish an international relations management group so that international post holders can discuss matters with Directors and executives of the organisation.

#### Exception (b)

This is in line with Requirement 1.5 and the definition of 'Ex Officio'.

#### Exception (c)

As noted at Requirement 1.2, the size of the Board should be sufficient to handle changes to its composition. In addition, Requirement 2.7 requires succession plans for orderly appointments to the Board. However, where it would make sense to retain an individual beyond their normal term of office, and they are willing to do this, the Board may decide to extend their term for a further year. The expectation is that the rationale would be clear and it would only be done on an exceptional basis (e.g. because of unforeseen succession planning issues or because an individual brings a particular skill that is needed at that time). UK Sport/Sport England would expect to be consulted in advance on any proposal to extend a Director's term under this exception.

- 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.

### Commentary

This Requirement supports the same principles and benefits outlined in the commentary to Requirement 1.6 relating to term limits.

Organisations may wish to set a longer period or prohibit Directors from being eligible to stand again if they consider this appropriate. Whichever the preference, a maximum term is nine or fewer continuous years' service (as per Requirement 1.6), after which at least four continuous years must be spent off the Board before being eligible to return to the Board. Any period off the Board of fewer than four continuous years will count as service on the Board, when calculating the maximum term served.

## Chair

1.9 Each Board must have a duly appointed Chair who shall be responsible for the leadership of the Board.

### Commentary

The Chair has an important role in leading the Board and establishing a constructive and inclusive environment that enables the Board to achieve its potential and secure the long-term success of the organisation. As part of this leadership role, a Chair will usually:

- set the Board's agenda
- ensure the effectiveness of the Board, including how individual Directors perform and interact at meetings (see Requirement 4.1 regarding Board evaluation)
- ensure Directors receive accurate, timely and clear information
- ensure adequate time is available for discussion of all agenda items, in particular strategic issues, and that this time is used productively
- ensure Board decisions are executed and actions implemented
- promote a culture of openness, debate and constructive challenge among the Board by facilitating the effective contribution of all Directors and ensuring constructive relations between executives and Directors
- act as a link between the Board and executive, particularly the Chief Executive
- manage conflicts of interest
- take a lead on governance matters; and
- set an example in the values and behaviour they adopt, acting at all times in line with the mandatory Code of Conduct that has been agreed by the Board (Requirement 4.4) and in the best interests of the organisation.

1.10 The roles of Chair and Chief Executive Officer (or equivalent) shall not be exercised by the same individual and the division shall be established in writing and agreed by the Board.

### Commentary

This reinforces Requirement 1.1 (c) which requires a clear division between the Board's management and oversight role and the executive's operational role. A Chair is only able to provide objective oversight if they have sufficient separation from, and are not directly responsible for, the day-to-day management of an organisation. Conversely, a Chief Executive (or equivalent) is often required to become intimately involved in developing and executing management plans for an organisation. Keeping the roles separate, as well as having these defined in writing and agreed by the Board, ensures each has the opportunity to perform their respective functions to the best of their ability.

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.

### Commentary

Organisations are not required to appoint an Independent Chair but it may be prudent, when a Chair vacancy arises, to consider whether the appointment of an independent Chair would be the right step for the organisation. Independent Chairs may offer the potential to have a more detached, objective view.

There may be occasions, however, when Sport England and UK Sport intervene to require an organisation in which they invest to appoint a Chair who meets the definition of 'independent'. UK Sport and Sport England would only exercise this right in the circumstances set out in this Requirement, usually upon a natural vacancy occurring and after discussion with the organisation, providing support as appropriate to make the change.

Where this is the case, appointments should be made in line with Requirements 2.4 and 2.6.

## Independent Non-Executive Directors

1.12 At least 25% of the Board shall be Independent Non-Executive Directors.

### Commentary

There are a number of reasons why it is beneficial to have Independent Non-Executive Directors on a Board. They enhance decision-making by providing objective scrutiny and offering an independent perspective, drawing on their current and previous experience from outside of the organisation as well as bringing diverse skills and knowledge. Having an element of independence in an organisation's governance structure often enhances the reputation of the organisation and makes it a more favourable proposition to potential partners, investors or sponsors.

In some organisations, all or the majority of the Board is independent, and for others there may be good reasons for not adopting this model. Given the value independence brings, Boards with or just exceeding the minimum 25% are encouraged, as good practice, to review periodically, and consider with serious intent, whether this percentage should be increased for their organisation.

To perform effectively, Independent Non-Executive Directors need to receive a good induction (Requirement 2.12), have access to the right information at the right time, and have the confidence and space within the boardroom to offer constructive challenge. In return, Independent Non-Executive Directors need to ensure they are able to commit sufficient time to their role and to understanding the business of the organisation.

To preserve the value deemed from having an element of independent challenge in the decision-making process, organisations may want to consider if a quorum of the Board should include a certain number of Independent Directors.

If 25% is not a whole number, then this should be rounded up for the purposes of calculating the required number of Independent Non-Executive Directors.

For the avoidance of doubt, a Nominated Director is not considered independent for the purposes of this Code.

1.13 Each Board shall appoint one of its Independent Non-Executive Directors to be the Senior Independent Director (SID).

### Commentary

The Senior Independent Director (SID) has a specific role defined in this Code and if required, UK Sport and Sport England can provide further guidance on this.

There are a number of ways an organisation can appoint its SID. First and foremost, as the SID is an Independent Non-Executive Director they must be appointed to that role through an open, publicly advertised and accessible recruitment process (Requirement 2.6) and must meet the Code's definition of 'independent' upon their appointment.

An organisation's Articles of Association may specify the process for appointing the SID, but in most cases the appointment requires only a majority vote by the Board of Directors (excluding any candidates for the role of SID). The Nominations Committee may also play a part, taking responsibility for identifying willing candidates once a vacancy becomes apparent, and making a recommendation to the Board.

It may be that there are no willing candidates from within the Board, or that none of the potential candidates are considered suitable for the role. If this is the case, a new Independent Director would need to be recruited to join the Board and take on the role of SID. It is important to remember that as well as recruiting someone with the skills and experience to be the SID, the recruitment should consider the broader skills, diversity and experience needed by the Board (Requirement 2.4), the maximum number of Directors permitted to be on the Board (Requirement 1.9) and the recruitment processes required for Independent Directors (Requirement 2.6).

In circumstances where the recruitment process is expected to take some time, and none of the existing Independent Directors wish to step in for the interim period, the Board may wish to consider co-opting someone independent to act as SID until a permanent replacement is appointed (Requirement 2.5).

## Meetings

1.14 The Board and its Committees (if any) shall:

- a. meet sufficiently regularly to discharge their duties effectively; and
- b. maintain a proper record of their meetings and decisions.

### Commentary

#### Regularity of meetings

The regularity of Board (and Committee) meetings is a matter for an organisation to decide and is often determined by the Chair in consultation with other Directors, the Chief Executive and the Company Secretary or governance lead. However, in deciding what is appropriate, the organisation may wish to consider:

- the role the Board plays in monitoring and scrutinising performance against key strategic and financial priorities; and
- the benefits of scheduling meetings to fit with key business milestones (such as financial reporting periods) and to ensure dates are set well in advance to secure time in Directors' diaries.

Regularity of meetings (and attendance at them) is an area the Board may find it helpful to monitor as part of its annual review of effectiveness.

Subject to their governing documents, Boards may choose to make provision in their terms of reference to enable meetings to take place 'virtually' or for individual Directors to join a meeting in this way. This may facilitate attendance when it is not possible to meet in person and also provides a useful tool should urgent matters arise outside of the normal Board (or Committee) meeting calendar. The ability to conduct virtual meetings can also broaden the network of candidates wishing to join the organisation when Board positions arise.

However regularly the Board meets or in what form, facilitating meetings to ensure all voices are heard is an important requirement in helping the Board make effective decisions.

#### Record of meetings

Maintaining a proper record of meetings, decisions and actions agreed promotes accountability and transparency by providing clarity about when the meeting took place, who was there, what was agreed, why a decision was made and who made it.

## Board Committees

1.15 The Board shall:

- a. maintain (i) an Audit Committee, and (ii) a Nominations Committee;
- b. ensure the Nominations Committee shall be majority Independent Non-Executive Directors and if dealing with the appointment of a successor to the Chair, shall be chaired by an Independent Non-Executive Director;
- c. ensure all Committees shall report to Board and have clear terms of reference, and
- d. establish any other Committees and/or Task and Finish Groups as it sees fit.

### Commentary

#### (a) Audit Committee

An Audit Committee has particular responsibility in relation to ensuring the adequacy of the organisation's financial reporting and internal controls. It is for the Board to determine the composition of the Committee but best practice suggests this should be comprised of at least two, and preferably three, Independent Non-Executive Directors, with at least one member of the Committee having recent and relevant financial experience and one member with risk expertise who can bring knowledge of effective risk management and internal control. The Committee should be chaired by an Independent Non-Executive Director, and the Chair of the Board should not ordinarily be a member of the Committee.

The Audit Committee is usually responsible for making a recommendation on the appointment, reappointment and removal of the external auditors and would meet the external and internal auditors at least annually, without management, to discuss matters relating to its remit and any issues arising from the audits.

#### (a and b) Nominations Committee

A Nominations Committee leads the process for Board appointments (Requirement 2.8) and makes recommendations to the Board. For Board appointments, this includes evaluating the Board's current capability against the agreed skills matrix, and, in light of this evaluation, agreeing a description of the role and capabilities required for a particular appointment. See also Requirement 1.10 (skills matrix).

Having a majority of Independent Non-Executive Directors on the Committee provides assurance to the Board and stakeholders (including interested candidates) that the appointment process benefits from independent and objective scrutiny. The size of the Nominations Committee is for the organisation to determine but in practice many organisations find a Nominations Committee of three is appropriate. Good practice suggests an Independent Non-Executive Director as Chair of the Committee, with the Chair of the Board an ordinary member. It is for the organisation to decide who chairs the Committee, other than in the circumstances set out in part (b) of this Requirement where an Independent Non-Executive Director is required to be Chair.

If circumstances mean an organisation is not able to establish a Nominations Committee with a majority of Independent Directors from the Board (e.g. because of vacancies on the Board), the organisation can look to external individuals to bring independence. The key aim being to preserve the principle of independent thought.

Given the role the Nominations Committee plays in the appointment process it is important to ensure the Committee is diverse and inclusive.

### **(c) Terms of reference and Board reporting**

Board Committees derive their power and authority from the Board as the ultimate decision-making body within the organisation (Requirement 1.1(a)). Terms of reference for Board Committees should set out clearly which responsibilities the Board has agreed to delegate and the reasons for this, ensuring the scope of Committee authority is clear. Committee terms of reference should be agreed by the Board. As well as formal responsibilities, best practice suggests terms of reference should also include details about the administration of the Committee, for example:

- Committee membership
- frequency of meetings
- how decisions are recorded and reported to the Board
- how many Committee members should be present for a decision to be made (i.e. the quorum); and
- whether the Committee can meet and decide matters virtually.

As with Boards, the most successful Committees are widely accepted to be those which draw on a range of viewpoints and skills to support delivery of the Committee's role, and which foster an inclusive culture where all voices

are heard and valued, and difference of opinion is respected. To reinforce this, the organisation may wish to reference conduct, behaviours and values in Committee terms of reference or point to other documents such as the Code of Conduct (Requirement 4.4). For Nominations Committees and related interview panels in particular, organisations may also want to consider whether additional training would be helpful to support members in better fulfilling their roles and ensuring an inclusive approach to the recruitment process.

As well as sharing minutes from Committee meetings, it is important the Chair of each Committee has an appropriate reporting mechanism to the Board to ensure Directors are aware of key decisions made under delegated authority. This might be, for example, through a written report or a formal verbal update to the Board. Committee chairs may also meet as a group with, or discuss matters directly with, the Chair of the Board. They may also meet with Chairs of similar Committees from other organisations to share best practice and discuss latest developments in their field.

As per Requirement 4.2(c), undertaking a Committee evaluation provides another opportunity for the Committee to report to Board, noting how it has discharged the responsibilities which have been delegated to it.

The terms of reference for each Committee should be kept under regular review in line with the organisation's Board documents and policy review schedule and may be made available on the organisation's website in the interests of transparency.

It is good practice to ensure any new member joining a Committee is provided with a copy of its terms of reference and receives an induction in relation to the Committee.



### (d) Establishment of other Committees

The 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.

Beyond the work of the Audit and Nominations Committees, Boards often delegate consideration of the following governance-related issues to Committees:

- Risk management and internal control
- Remuneration
- Ethics and compliance
- Performance and athletes
- Diversity and inclusion
- Environmental social governance or sustainability.

Sometimes these issues are part of the work of the Audit (e.g. risk management and internal control) or Nominations (e.g. remuneration) Committees; sometimes separate Committees are established. Whether and how to delegate consideration of the above matters is for the Board to determine.

In addition, the nature of sport National Governing Bodies is such that their Boards sometimes constitute Committees to give detailed and expert consideration of sport-specific issues (e.g. performance management and athlete welfare).

#### Committee appointments from outside the Board

As well as Directors, a Committee may include individuals from within or outside of the organisation if the Board considers this appropriate. Recruiting individuals to serve on Committees can bring specialist skills, diverse experience and perspective and act as a development opportunity, giving valuable experience to individuals who may in the future wish to pursue becoming Directors. It is recommended that the basis for any Committee appointments outside of the Board is clear and focused on bringing particular skills or perspectives. Where appointments are to be made from outside the organisation (e.g. recruitment of technical specialists to Audit or Nominations Committees), it is recommended they are publicly advertised.

When recruiting from within or outside of the organisation, it is important to ensure any candidates are provided with sufficient information to ensure they understand what would be expected of them in the role. This would include documents such as the Committee terms of reference, information about expected time commitment and any recompense (e.g. expenses), and any relevant codes of conduct.

### Councils

1.16 A Council shall not be able to override the Board but may have reasonable rights to consultation and constructive challenge.

#### Commentary

Some organisations have Councils that form part of their constitutional or organisational structure representing some or all of their stakeholders (e.g. members) in some capacity and which have powers or rights with respect to their governance.

The Board is the ultimate decision-making authority (Requirement 1.1(a)) but Councils can provide an important forum for members or other stakeholders to discuss and debate matters of importance for the organisation and to provide a collective view to the Board.

For sport National Governing Bodies, Councils can also play an important role in supporting some of the technical aspects of the sport (e.g. competition rules and regulations).

An organisation's constitutional documents may outline formal mechanisms for the Board and Council to engage or these may be established via common practice or be conducted more informally. Whatever the method of engagement, an effective and constructive relationship is likely to be important in contributing to the long-term success of the organisation.

Some Councils may appoint Directors to the Board (Requirement 1.18) or other Nominated Directors may be appointed to the Board by a particular group or constituency within a sport (e.g. geographical area, or a discipline of the sport). As such, they may provide a useful conduit between the Board and their constituency. Directors appointed in this way have a duty to act in the best interests of the organisation (as a whole). This responsibility would ordinarily be explained to Directors as part of the appointment and induction process (Requirements 2.11 – 2.12) and followed up by the Chair if necessary. It may also be reflected in the Directors' Code of Conduct (Requirement 4.4).



1.17 A Council member may serve on the Council 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.

### Commentary

Term limits ensure a periodic injection of new people and ideas. They provide an opportunity to refresh the Council's skills base to suit its purpose as well as ensuring it remains representative of existing members or new members the organisation wishes to attract. This may be important in terms of succession planning, particularly if the Council appoints Directors to the Board. Establishing term limits for Council members may also open up opportunities for new or younger members to become actively involved in the administration of the sport. Organisations are encouraged to ensure the procedure for Council appointments is inclusive and transparent and can be accessed easily by those to whom it relates.

It is recommended the organisation considers whether it needs to improve the diversity of its Council and if so how it will achieve this, for example by including specific measures within the organisation's Diversity and Inclusion Action Plan (Requirement 2.2), progress against which will be reviewed at least annually and reported publicly.



1.18 Where Councils are permitted to appoint Directors, such appointments shall reflect not more than one third of the Directors.

### Commentary

Where Councils are permitted to appoint Directors, the number is limited within this Code to avoid undue influence, control or group think of/or within the Board (in line with Requirements 1.1 (a) and 1.16). Any person who serves simultaneously on both the Council and as a Director on the Board should be counted as part of this one third limit, regardless of their route to appointment to the Board or to the Council.

Council appointments should be made with reference to the skills, experience and diversity required by the Board in line with Requirement 2.4.

Where also permitted by the organisation's constitutional documents, exceptions to Council term limits can be made in line with exceptions to Director term limits (Requirement 1.7), with the same principles applied (e.g. if appointed as President of Council subsequent to serving as an ordinary Council member, an individual can serve up to 12 years).

The same principle applies for stand down periods (Requirement 1.8).

Any Council member appointed to the Board would be able to continue on Council while they complete time on the Board, but Council voting privileges should be limited to the Council term limits set out in this Requirement, with any attendance at Council after this term limit in an observer capacity only. If one third is not a whole number, then this should be rounded down.



## Principle 2: People

Organisations shall recruit and engage people with diversity of background, thought, independence, skills and experience to take effective decisions that further the organisation's goals and best serve their communities, stakeholders and wider UK society.

### Why is it important? ⚠️

Diverse, skilled and experienced decision-making bodies which contain independent voices and engage in constructive and inclusive debate enable good decision-making and help create trust with stakeholders.

### Diversity and inclusion

- 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 which, among other things, shall:
  - a. identify actions needed to achieve, support and then maintain the ambitions laid out in 2.1, including how these will be reviewed;
  - b. demonstrate a strong and public commitment to promoting, embedding and advancing diversity and inclusion on the Board, senior leadership team and beyond;
  - c. be published on the organisation's website, with an annual update; and
  - d. be agreed with UK Sport and/or Sport England.
- 2.3 The Board shall maintain and regularly review the Diversity and Inclusion Action Plan (DIAP), on at least an annual basis.

## Commentary

### Requirement 2.1 (Setting and publishing ambitions)

The range of issues and stakeholders that organisations need to consider for their long-term success are better addressed when their leadership reflects the demographics and locations of the people they serve and aim to serve; and are able to draw on different perspectives in their decision-making. The value of drawing on different perspectives and voices in decision-making cannot be underestimated.

This Code requires organisations to be ambitious in achieving greater diversity in all its forms, not only on their Boards, but also on their Senior Leadership Teams, as well as the wider workforce and membership. Discussions around the organisation's ambitions should include and go beyond the nine protected characteristics in the Equality Act 2010\*, including how to recruit, retain and develop people with different lived, regional and socio-economic experiences. Representation from a wider cross-section of society will encourage more people to believe that they belong, and can participate and engage fully and equally in sport and physical activity. Creating an environment where effective decisions are taken by welcoming, including and harnessing different perspectives is key to achieving these requirements.

*\*The nine protected characteristics of the Equality Act 2010 are sex, age, disability, gender reassignment, race, sexual orientation, religion or belief, marriage and civil partnership, and pregnancy and maternity.*

Ambitions for increasing diversity and inclusion should be informed by organisational data, priorities and individual contexts, while also taking into account wider sector and societal impact. The approach used to achieve these aims should be shaped by a commitment to recognise the importance of lived experience and the diversity of an individual's identity. This approach is based on the premise and understanding that a variety of factors can influence an individual's ability to participate in sport and aims to ensure everyone has a real chance to get involved in the activities of their choice.

When setting their ambitions, Boards should consider a range of factors and any legal obligations in this area. This includes but is not limited to gender, race and ethnicity, disability, LGBTQ+ and socio-economic and regional equality, thus reflecting the diversity of wider society. Organisations should also seek to recruit and retain individuals with diverse upbringings, education, wealth, social status and professional backgrounds. In each case, organisations should take action to identify and remove any barriers to representation and inclusion.

Sport England and UK Sport are committed to supporting partners to meet the Requirements in this area.

## Requirements 2.2 and 2.3 (Creation, maintenance and review of Diversity and Inclusion Action Plans (DIAPs))

All organisations are required to create a Diversity and Inclusion Action Plan (DIAP). The DIAP is a tool to help Boards set out, publish and regularly review their ambitions and actions for achieving greater diversity and embedding inclusion in the Board, Senior Leadership Team and wider organisation and membership (in line with Requirement 4.1).

Further information will be provided about the development of DIAPs and support available, but the following provides some initial guidance.

Each organisation will determine the actions necessary to support and maintain the ambitions in 2.1. In doing so, organisations should actively review and challenge their existing practices, barriers and biases in their recruitment and capacity-building; and consider how they will improve diverse representation, including by working with new partners and allies. Organisations should also address the diversity of formal structures other than the Board and Senior Leadership Team, in order to promote and embed diversity at all levels within the organisation and build internal capacity for future succession planning and growth.

The Board should take responsibility for this process and monitor progress against the actions, in particular reviewing the progress update on at least an annual basis and discussing the plan for the following year before this information is published. Regular gathering of diversity data of Board and workforce composition will be key to ensure progress is tracked and measured, and relevant priorities and actions are appropriately identified.

For transparency, and to ensure accountability for delivery, it is essential the DIAP is public and accessible through the organisation's website. Annual reviews, as a minimum, will maintain the DIAP's relevance and record progress the organisation has achieved against its ambitions and actions in respect of diversity.

Annual reporting could include details of the following as a minimum:

- diversity breakdown of leaders, staff, volunteers and participants
- policies and procedures related to equality, diversity and inclusion
- what recruitment practices have been adopted to improve diversity and ensure an inclusive approach
- who has specific remit within the organisation for providing strategic leadership on equality, diversity and inclusion

- any activities or programmes undertaken (e.g. shadowing and mentoring schemes) to encourage future leaders from particular communities.

All DIAPs will need to be agreed with Sport England and UK Sport, who will provide guidance and support to organisations to meet and build on these diversity requirements, including the development and implementation of their DIAPs. Sport England and UK Sport will also challenge whether organisations are being ambitious and/or taking all appropriate actions to drive diversity on their Boards and wider organisations.

Requirements 2.1 to 2.3 should complement any obligations placed on funded organisations by the terms of the funding agreements of Sport England and UK Sport regarding equality e.g. to comply with the Equality Standard for Sport (published by UK Sport, Sport England and the other Home Country Sports Councils).



Organisations are also encouraged to consider how they can support UK Sport's and Sport England's respective strategies to drive greater diversity in the sector, for instance the commitments made following the Tackling Racism and Racial Inequality in Sport review carried out in partnership with the other Home Country Sports Councils. These are available on the UK Sport and Sport England websites.

## 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.

### Commentary

The aim of the recruitment process is to secure the best candidates for the Board, and to do so in a formal, inclusive and transparent way which builds trust in the organisation.

While the appointment process may differ for Independent and Nominated Directors, it should comply with Requirement 2.4. Thus, it should be documented, and information about the process should be available to the Board and relevant stakeholders as appropriate. For example, if a Nominated Director is appointed by the membership, it is important to ensure all members have access to the information about the process in a timely manner. For the appointment of Chair and Independent Non-Executive Directors, please refer to Requirement 2.6.

Irrespective of the process of appointment, all appointments should be made on merit in line with the skills required of the Board and the organisation's ambitions and plan to achieve greater diversity in all its forms (Req. 2.1-2.3). Requirement 1.3 requires each organisation to maintain an up-to-date matrix detailing the diversity of skills, background, experience, independence and thought required of its Board. This skills matrix enables the organisation to prepare the role description and person specification for any new Director which the organisation is seeking to appoint, whether this be for an Independent Non-Executive Director or a Nominated Director position. The organisation's Diversity and Inclusion Action Plan (Requirement 2.2) and Succession Plan (Requirement 2.7) should also inform this process.

To ensure the appointment of Nominated Directors who, under the terms of the organisation's constitution, are elected to the Board (e.g. by a particular constituency, such as a Council, or by the membership as a whole) are made on merit and in line with the required skills and ambitions for greater diversity, organisations may wish to give consideration to the following process:

- As noted above, a role description and person specification are prepared
- Vacancies (including the role description and person specification) are communicated widely (e.g. by publication on the UK Sport website, stakeholder groups and other diverse channels)
- The Nominations Committee reviews applications and satisfies itself the process can be considered free of bias and has produced a diverse range of candidates. It should also provide a view on whether proposed candidates have the required skills and experience. If this is the case, in the interests of transparency, it would be appropriate for the view of the Nominations Committee to accompany any election materials relating to that candidate so that those making the selection have access to that information (see also Requirement 1.15 about Nominations Committees).

Organisations should be mindful of conflicts of interest (Requirement 4.6) during recruitment, and should consider potential conflicts during the appointment process in order to avoid issues arising after an appointment is made.

Regardless of how they are appointed, all Directors must act in the best interests of the organisation, as set out in Requirement 4.4.

The Director appointment process should also consider the process of re-appointing Directors at the end of their term (where the maximum term limit under Requirement 1.6 has not yet been reached). Although in many cases re-advertisement may not be necessary, it is still important to review and assess the individual's performance and to consider the skills and diversity required on the Board before confirming a reappointment. The Nominations Committee should play a role in this process, to ensure that all appointments and reappointments are in line with the needs of the Board and the wider organisation.

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.

### Commentary

A co-opted Director as defined in the Appendix is a Director who is temporarily appointed as such by the Board outside of the customary appointment process. Where a need has been identified, a temporary appointment of a Chair or Independent Director under this requirement would not be subject to Requirement 2.6. However, should the organisation wish to make the appointment permanent, it would be necessary to conduct an open recruitment process in accordance with Requirement 2.6.

It is for the Board to determine why and if a co-opted Director is required and the length of time the co-opted Director remains on the Board (or in their co-opted position if they are an existing Director temporarily filling the position of Chair). However, this period should not normally be longer than one year, unless in exceptional circumstances agreed by UK Sport and/or Sport England. Longer term needs can be addressed through the regular Board appointment process. The co-opted Director's voting rights should be decided by the Board at the time of appointment.

Organisations may only co-opt additional Directors where it is permitted in their governing document. Organisations wishing to co-opt additional Directors which would result in the Board exceeding 12 should consult with UK Sport and/or Sport England (Requirement 1.2).

As with all other Board appointments, organisations should have a documented process for co-opting additional Directors, which should include consideration of the circumstances in which co-option is justified and the process for identifying the person to be co-opted. Formalising this process helps prepare an organisation for instances when it is required, and contributes to meeting Requirement 2.4. If a Director joins the Board in this capacity, it is helpful to ensure the reasons for this are documented and that the co-opted Director has a clear understanding of their position.

In the event of a Board vacancy, organisations should only co-opt where the need to fill the role is considered urgent to address a specific skill or capacity need. Otherwise, the role should be filled through the regular Board appointment process, as set out under this Requirement.

In the case of specific Board vacancies, such as the Chair, organisations could also consider having another Director act as interim, while the permanent recruitment process takes place.

2.6 The appointment of the Chair and Independent Non-Executive Directors must be via an open, publicly advertised recruitment process.

### Commentary

Open recruitment is the best way to find high quality candidates. In addition, the active promotion of diversity and inclusion is a core element of the Code and to support this it is crucial Board positions are advertised widely and not solely through personal or limited connections or networks. Organisations are encouraged to post any Board vacancies on the jobs section of the UK Sport website (there is no cost to an organisation to do this) as well as considering other relevant websites and social media tools.

Organisations should also actively consider and pursue where else they can be advertised to obtain the widest possible reach.



- 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.

### Commentary

A continuity plan is a document that outlines how an organisation will continue operating during an unplanned disruption in service. Although often compiled by the Senior Management Team, the Board has overall responsibility as part of its risk management duties. Many Boards appoint one of its Directors to champion these matters.

Typically, the continuity plan outlines the risks as well as the structure of how to prevent, respond and recover from a disruptive event. Generally, this involves identifying the possible disruption risks and potential impact if they occur, planning an effective response to their occurrence, allocating roles and responsibilities, communication responses, testing the plan and training in response to that testing, to ensure an effective response. There are often three parts to this plan: an organisation's continuity plan; a data recovery plan; and a succession plan.

### Continuity plan

An organisation's continuity plan is a broad plan designed to keep an organisation running, even in the event of a disaster. This plan focuses on the organisation as a whole but drills down to specific scenarios that might create operational risks. With organisation continuity planning, the aim is to keep critical operations functioning, so that your organisation can continue to conduct regular organisation activities even under unusual circumstances.

When followed correctly, an organisation's continuity plan should be able to continue to provide services to stakeholders, with minimal disruption, either during or immediately after a disaster. A comprehensive plan should also address the needs of an organisation's partners.

The continuity plan itself should live as a written document that outlines the organisation's critical functions. This is likely to include a list of critical supplies, crucial organisation functions, copies of important records, and employee contact information. The information included in the plan should allow the organisation to be up and running as soon as possible after a disruptive event has occurred.

### Data recovery plan

A data recovery plan is a more focused, specific part of the wider organisation's continuity plan. It has a narrow focus on the data and information systems of an organisation. In simple terms, a data recovery plan is designed to protect data with the sole purpose of being able to recover it quickly in the event of a disaster. With this aim in mind, data recovery plans are usually developed to address the specific requirements of the IT department to get back up and running, which ultimately affects the organisation as a whole.

Depending on the type of disaster that occurs, the plan could involve everything from recovering a small data set to an entire data centre. Most organisations are heavily reliant on information technology, which is why the data recovery plan is such an important part of successful organisation continuity planning.

In some cases, data recovery planning may also refer to protocols that exist outside the IT department. For example, data recovery plans could include steps for initiating a backup location, so critical operations can be resumed. This might be useful in the event of an environmental disaster, such as flooding, which might render the existing organisation premises unusable. The plan might also include guidance on how to restore communication between emergency staff if the usual communication lines are unavailable. If your IT department is creating an IT-focused plan, you should include all non-IT recovery protocols in the wider organisation continuity plan.

### Succession plan

In addition to continuity planning, organisations should have succession plans in place. Succession plans often focus on the longer term and may cover areas such as the development of junior colleagues into more senior roles. They can also help in the event of a short-notice departure or temporary, unexpected absence from the Board by indicating how best to assign temporary responsibility for the roles and responsibilities of the Director in question.

Effective succession planning reduces the risks associated with the loss of experienced leadership and helps maintain a diverse and appropriate balance of skills, backgrounds and experience within the organisation and on the Board. It also ensures progressive refreshing of the Board and enables swift action in response to abrupt changes to the Board or senior management, helping to reduce any associated risks or costs.

Succession plans should include, but are not limited to, a record of term end dates for each Board member; any key roles and responsibilities (e.g. Senior Independent Director, Welfare and Safety lead and Audit Chair); an agreed process and timeline for recruitment of new Directors linked to term end dates; an agreed process and timeline for onboarding and induction of new Directors, including provision for handover between incoming and departing Directors; and links to the skills and diversity needs of the Board to support consideration of these factors during recruitment.

It is for the organisation to determine which positions within senior management should be captured by the succession plan, but at the very least the plans should include the CEO (or equivalent) and any members of the Senior Leadership Team.

Senior leaders are employees and not subject to term limits like Board roles, therefore changes will be less predictable. When considering succession planning for senior leaders it is also important to be conscious of employment law rights and the organisation's own human resources policies and procedures (e.g. in relation to recruitment and talent development).

To mitigate the risk when a senior employee departs it is helpful to ensure key organisational information is shared rather than retained by a single individual.

Succession planning for senior management typically considers how a critical function would be covered if an individual leaves as well as identifying the potential and development needs of individuals already in the organisation.

Oversight of succession planning may be the responsibility of the HR function but the Board (in particular, the Nominations Committee) and CEO will generally need to be involved.

2.8 The Nominations Committee shall lead the process for Board appointments on behalf of the Board.

### Commentary

Requirement 1.15 deals with the composition of the Nominations Committee, its terms of reference and reporting to the Board.

In leading the process for Board appointments, the Nominations Committee may want to consider the following:

- As well as referring to the Board skills matrix (Requirement 1.3) when preparing the role description and person specification for each Director role, it is helpful for documentation to outline the expected and realistic time commitment (recognising the need for availability in the event of crises)
- Being clear on whether the Nominations Committee has delegated authority from the Board to agree the candidate or whether it is reporting back to the Board to make the decision, noting that it would typically be the latter
- To help the Board make the best decision (in cases where it is agreed that the Board is making the final decision), it is important it has sufficient and timely information about the recommended candidate. The Chair of the Nominations Committee would ordinarily be responsible for ensuring this is the case
- If the candidate recommended by the Nominations Committee is rejected by the Board, the Board should be clear about its reasons and refer the matter back to the Nominations Committee. The Nominations Committee may either be able to recommend a suitable alternative candidate from the current process, or alternatively that the recruitment process be re-run.

When assembling the Nominations Committee, organisations should be careful to ensure that the skills and diversity of the Committee reflect the needs of the task at hand. Organisations should also consider whether additional training would support Nominations Committee and Interview Panel members to better fulfil their roles, including how to carry out an inclusive and non-biased recruitment process.

- 2.9 The Board or Nominations Committee shall 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.

### Commentary

The appointment process for Directors and the Chief Executive Officer is a matter for the organisation to conduct. This Requirement does not signal an intention to lead or control the process. Indeed, if UK Sport or Sport England ask to be involved in a particular process, it would usually be in the capacity of an observer and would not typically include having a vote on which candidate to appoint. It may also be that Sport England or UK Sport could offer support during the process and act as a critical friend. If an organisation is jointly funded, UK Sport and Sport England will endeavour to ensure that only one representative is involved as an observer in the process, reporting back to both Sports Councils. If this is the case, Sport England or UK Sport would ask the organisation to ensure the representative has sufficient information about the process (e.g. timetable, job specification, CVs of those shortlisted) in a timely fashion.

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

### Commentary

Operating with integrity and transparency is a key element in this Code. Asking individuals to complete a declaration of good character provides the Board with additional information concerning the individual's conduct which enables them to determine if the candidate would be a suitable appointment. In addition, all Directors should commit to acting with integrity and promoting such behaviour throughout their engagement with the organisation.

Some organisations already require Directors to complete a similar declaration before appointment, and this is considered good practice. It is suggested organisations consider including the **Seven Principles of Public Life (The Nolan Principles)** within this declaration.





## Induction of new Directors

2.11 On appointment, each Director shall be given a written statement of their responsibilities.

### Commentary

Directors need a clear understanding of their collective and individual responsibilities in order to perform effectively. It will be for an organisation to determine the form of this statement but it may include reference to:

- the responsibilities set out in the Board's terms of reference
- the legal duties placed on Directors by legislation, including the requirement they act in the best interests of the organisation as a whole (rather than a particular group or constituency)
- their duty to support and uphold the principles of the Board's commitment to areas such as equality, diversity, and inclusion and welfare and safety
- expectations about conduct (in line with the Directors' Code of Conduct at Requirement 4.4); and
- any responsibilities specific to their particular role on the Board (e.g. Senior Independent Director; Board lead for safety and welfare (Requirement 4.7)).

It is good practice to review the statements periodically to ensure they remain up to date. UK Sport and/or Sport England can provide guidance and examples for the content of these statements.

Sharing the written statement of responsibilities also provides a great opportunity for new Directors to be presented with and asked to sign the Directors' Code of Conduct (Requirement 4.4).

2.12 Each organisation shall ensure that new Directors receive a full, formal and tailored induction on joining the Board.

### Commentary

All Directors should receive an induction on joining the Board. The objective of an induction process is to ensure all new Directors have the information they need to become as effective as possible, as soon as possible. A good induction process should help build an understanding of the organisation and its main relationships and establish links with the key people within the organisation. The induction may be tailored in recognition of the different needs, skills and experience of each Director but there is likely to be a baseline of common information shared with all. Organisations may also find it helpful to think about using different methods for the induction process (e.g. one-to-one and online meetings, attendance at events, information packs, and visits) and to consider the specific training needs of the new Director. Topics that may be covered in an induction include the following:

- The role of a Board and the duties of a Director (in line with the written statement of responsibilities at Requirement 2.11 and the mandatory Code of Conduct at Requirement 4.4)
- The organisation's history and structure
- The organisation's values, principles and culture
- The organisation's governing documents (e.g. articles, schedule of reserved matters, Board and Committee terms of reference, recent Board and general meeting minutes), strategic plan, financial information, Diversity and Inclusion Action Plan, and significant issues
- The organisation's key stakeholders (it may be appropriate to facilitate meetings with such stakeholders, e.g. staff, athletes' or members' representatives, investors etc.)
- Key organisational policies, including those related to welfare and safety, integrity and equality, diversity and inclusion
- This Code
- Training on specific issues such as safeguarding (children/adults) and equality, diversity and inclusion.

Careful consideration should be given to the amount of time needed for a proper induction, and whether it should be staggered to promote incremental learning and avoid an immediate over-burdening with too much information. This could be discussed with a new Director, also giving them an opportunity to contribute to the process by outlining any specific elements they would like included; for example, a newly-appointed Director who is taking a position on a Board Committee may want to spend more time with those who are responsible for matters that come before that Committee.

Organisations may wish to consider pairing a newly-appointed Nominated Director with an Independent Non-Executive Director, and vice versa, in order that each can learn from the other: Nominated Directors often have unrivalled knowledge of the sport, and Independent Directors often bring experience from senior levels of the wider business community.

Consideration should be given to how Directors confirm their successful completion of the induction process, and how the organisation gathers feedback from Directors who have undergone the process to support its continuous development.



## Remuneration

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

### Commentary

Having a formal, approved procedure for determining remuneration provides assurance to Directors and employees that decisions are made on a consistent basis, and that remuneration decisions are in line with equal pay legislation. In addition, a good remuneration policy is designed to support performance, encourage the underlying financial health of the organisation and promote sound risk management.

As noted in Requirement 1.15, a Board may choose to constitute a Remuneration Committee and delegate responsibility to it to agree the remuneration of Directors and senior management. The Committee may also have responsibility for agreeing a remuneration policy.

Whatever procedure an organisation chooses to adopt for determining remuneration, it should be clearly documented and made available to those with an interest in the outcome.



## Principle 3: Communication

Organisations shall be transparent and accountable, engaging effectively with stakeholders and nurturing internal democracy.

### Why is it important? ⚠️

Being responsive to stakeholders, understanding their interests and hearing their voices helps shape the organisation's governance and strategy. Transparency about why the organisation exists, what it is trying to do, how it is doing it, with what results and in an accessible way empowers stakeholders by giving them the information about the organisation that they need to know.

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.

### Commentary

Transparency enables stakeholders to have timely access to important information about the organisation, thereby improving the accountability of the organisation, and helping with stakeholder engagement (Requirement 3.3).

Transparent, clear and honest communication is essential to leading and representing others successfully and helps to build trust, particularly where stakeholders have an active interest in the activities of the organisation.

It is worth remembering that organisations subject to this Code are in receipt of public funds, meaning the general public should also be considered stakeholders. Ensuring informative, disclosable information is available on the public facing parts of an organisation's website, in a manner which is easily accessible and navigable, is therefore a good place to start. Accessibility (making sure a website or mobile app can be used by as many people as possible) is important and for some (primarily public funded organisations) is a legal requirement. Organisations should think about this when sharing information (the Government offers some guidance for public bodies on understanding accessibility requirements, which may be helpful).

This Code recognises a balance must be achieved between ensuring disclosed information is meaningful, while not creating an undue burden on the organisation, or indeed overloading stakeholders with documentation. Organisations should therefore think about the purpose and reason for

disclosing information and, in line with accessibility requirements, ensure any information shared publicly is done so in a way which means it can be easily located and understood by stakeholders.

The overall aim is that sufficient information must be disclosed to enable stakeholders to have a good understanding of the organisation's governance, structure, strategy, activities and financial position. It is recognised and indeed expected that this increased emphasis on transparency may require organisations to disclose information about where they need to improve, but organisations are also encouraged to publicise and celebrate their governance progress and achievements. It is for the organisation to think about what information it will disclose, and the style and tone of disclosure but this Code expects that, as a minimum, these areas would be covered:

- annual update on governance (see below)
- organisation's strategy
- main activities over the past reporting year (which may be captured in the annual report)
- accounts (Requirement 5.5)
- progress on diversity and inclusion (Requirement 2.2)
- biographies of Board members, indicating any particular roles on the Board or Committees (e.g. Board or Committee chair, Senior Independent Director, member of a Committee, Welfare and Safety lead Director).

As well as historic and static information and publication of annual updates required by this Code (e.g. Requirement 2.2), organisations are strongly encouraged to think about what other dynamic information can be shared openly (e.g. current decision-making, any changes to strategic/business plans, latest organisational performance or diversity data).

Suggestions for information an organisation may reasonably be expected to publish include:

### Governance

- A summary of any significant governance actions or changes over the preceding year. Examples could include changes to the articles, Board or Council; strategy development work; work undertaken to evaluate the effectiveness of the Board, Council or internal processes; stakeholder engagement work; any key decisions taken by the Board

- An overview summary of whether the organisation complies with this Code. This could include a self-assessment, and/or a report on any external audit or assurance process that has taken place, as well as confirmation of actions completed to maintain compliance, e.g. Board Evaluation or policy reviews
- Details of any areas of non-compliance, and how the organisation proposes to address them. It is important to note that if an organisation is working towards compliance with a requirement but has not yet reached the time for compliance agreed with UK Sport/Sport England, then this is not non-compliance with this Code. The organisation may nevertheless wish to give an update on the work that it is doing on this particular issue
- Director attendance at Board and Committee meetings.

### Structure

Structural information is likely to be ‘standing’ information that, although kept under review, will generally only need updating when changes have been made. This might include:

- Constitutional documents (e.g. Articles of Association or similar)
- Terms of reference of the Board and its Committees or any other key groups.

### Strategy and key decisions

The Board is responsible for setting the organisation’s strategy (Requirement 1.1(b)). Once agreed, the strategy should be published, with the Board reporting regularly on progress against it and key strategic decisions made in the reporting period.

Boards are encouraged to publish a summary of other key decisions made during the reporting period – i.e. those which have a significant impact or effect on the organisation, its management or its stakeholders.

Boards are also encouraged to publish minutes (or a summary report) of Board and Committee discussions on a regular basis.

### Activities

Many organisations publish an annual review of the activities of the organisation. From a governance perspective, this review could include reports on the workings of the Board (as referred to in Requirement 1.14), its Council (if the organisation has one) and key Committees.

### Financial position

Requirement 5.5 requires audited annual accounts to be published.

Organisations may choose to publish other financial information throughout the year to provide stakeholders with more dynamic information on the financial position (e.g. quarterly financial reports, grants provided, sponsorship gained).

### Corporate social responsibility or environmental social governance

Corporate social responsibility (CSR) or environmental social governance (ESG) is about the impact an organisation makes on society, the environment and the economy. Having effective CSR/ESG programmes contributes positively to all stakeholders as well as adding value to the organisation itself, and ensures it operates in a sustainable way.



Revisions to this Code in 2021 now require the Board to ensure it factors environmental social governance into the decisions it takes and the actions it implements (Requirement 5.2). Stakeholders are increasingly interested in an organisation's approach in this area and organisations are encouraged to think about what information they can share in this respect (e.g. any organisational policies related to sustainability, actions taken and/or performance delivered, partnerships formed to support sustainable practices).

Certain commercial companies and financial services firms have legal obligations to publish information in this area. Further information can be found on the government website and may act as a helpful prompt for organisations, even if they are not subject to the legal reporting requirements.

### Diversity

This Code sets out specific transparency expectations with respect to diversity which includes publishing a clear statement of intent about the organisation's commitment to diverse leadership, the organisation's Diversity and Inclusion Action Plan and an annual update (Requirements 2.1 to 2.3).

The Diversity and Inclusion Action Plan (DIAP) itself will likely include commitments to publishing information and data with respect to diversity. That will be discussed as part of agreement of DIAPs but may include areas such as:

- Diversity breakdown of leaders, staff, volunteers and participants
- Policies and procedures related to equality, diversity and inclusion
- What recruitment practices have been adopted to improve diversity and ensure an inclusive approach
- Who has specific remit within the organisation for providing strategic leadership on equality, diversity and inclusion
- Any activities or programmes undertaken (e.g. shadowing and mentoring schemes) to encourage future leaders from particular communities.

### Welfare and safety

Stakeholders want to be assured they will be safe and looked after when interacting with the organisation or participating in the activities it is responsible for. Publishing information related to welfare and safety is therefore key to gaining stakeholder trust and may include as standard:

- Any welfare and safety policies and procedures, making sure these are accessible and clear to anyone who may need to use them

- Safeguarding aims and objectives for the organisation
- Relevant training records for staff, safeguarding leads and volunteers
- Information about how to raise any issues or concerns with respect to welfare and safety and how these will be managed.

### Other

The information above acts as a guide only on what stakeholders may reasonably expect to be published. Organisations may of course choose to share more information.

This Code does not expect organisations to disclose information which is confidential or has commercial or sporting sensitivity and all information should be disclosed in line with relevant legislation and regulations (e.g. General Data Protection Regulation).

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.

### Commentary

The principle of disclosing senior remuneration is now accepted and often mandated in many companies, charities and public sector bodies and supports the principles of integrity and increased transparency. Information published should, ideally, include what individual Directors are entitled to be paid and what they receive each year.

In terms of Requirement 3.2 (b) it is for the organisation to determine who is captured under the term 'senior management team'.

The expectation is that this information would be published annually. Some organisations choose to do this in their annual report.

This Requirement represents the minimum expectation in terms of disclosure and organisations may of course choose to publish additional information (e.g. details of any gifts and/or hospitality received by Directors).

- 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.

### Commentary

Effective engagement helps organisations understand stakeholder needs and perspectives and creates the basis for effective strategy development.

A stakeholder is any person or group (internally or externally) which has an interest in the organisation or is affected by its actions (e.g. general public, those accessing the organisation's services, employees, volunteers, coaches, teams, athletes, members, associated organisations and their members, suppliers, Home Country Sports Councils, investors etc.).

The stakeholder landscape of an organisation is likely to be complex, and one model will not suit all. For example, some organisations may have members with a formal engagement role and hundreds of employees whereas others may have no members and few employees but many volunteers and an engaged base of participants. It is incumbent on each organisation to consider properly who its stakeholders are and how it should best engage with them, giving due regard to equality, diversity and inclusion (e.g. hearing the voices of young people in services aimed at them is now considered fundamental to best practice). Accessibility and effective communication are crucial if an organisation wants to develop and deliver a successful stakeholder engagement strategy.

The Board should play an active role in reviewing, not only the development of the stakeholder engagement strategy, but also how effectively it is being delivered. The strategy should align with organisational priorities and objectives and draw on existing methods of engagement as well as identifying any new opportunities to listen and gather information about topics important to the organisation and its stakeholders.

From a diversity and inclusion perspective, organisations are also encouraged to think about cultivating ally relationships with other organisations and groups that can actively support, champion and challenge the ambitions set out in their Diversity and Inclusion Action Plans (Requirement 2.2), and improve the participation of under-represented groups.

It is for organisations to consider how best to develop, deliver and report on engagement with their stakeholders, but the following outlines expectations regarding two groups of stakeholders specific to the sports sector:

### Elite athletes

Sport National Governing Bodies with elite athletes should ensure there are suitable mechanisms to capture and reflect their views in relevant decisions.

The means by which this is achieved may depend on the circumstances of the National Governing Body, but suggestions include:

- Where it exists, working with an established union for professional players in that sport
- Establishing a formal route for consultation (e.g. via an athlete advisory Committee, forum or athlete representatives which enable athlete representations to the Board)
- Annual athlete survey
- Athlete focus groups
- Having a nominated athlete spokesperson (nominated by fellow athletes according to a fair and democratic process and according to a role description established mutually by the organisation and athletes)
- Establishing an athletes' commission in conjunction with the British Athletes Commission
- Having an athlete representative on the Board (although the requirements of this Code regarding the maximum size of Boards and the need for skills-based recruitment of all Directors should be borne in mind).

### Home countries/UK organisations

It is essential UK or GB National Governing Bodies and their equivalents in any or each of the home countries, develop good relationships to ensure harmonious management and guardianship of the sport as a whole. It is in the best interests of all to engage and work effectively together by coalescing around a collective strategic vision for the sport, encouraging a culture of connectivity and partnership.

- 3.4 Each organisation shall have a People Plan and shall review and discuss it on at least an annual basis and share the findings of that discussion openly with its members and people (e.g. employees, volunteers).

### Commentary

Successful organisations understand and develop the diversity, skills, behaviours and culture of their workforce (professional and voluntary). Sport England and UK Sport expect organisations they invest in to demonstrate a duty of care towards everyone involved in their work including coaches, staff, elite athletes (where appropriate), and people taking part whether paid or unpaid.

A People Plan is a core business and proactive process essential to ensuring the work of the organisation is delivered, supported and led by a diverse range of people who are equipped and supported to meet the demands of their role and the changing needs of the people and communities they interact with.

The People Plan should be aligned to the needs and goals of the organisation for the year(s) ahead, contributing to the long-term success of the organisation by ensuring the systems, policies and processes in place to support people are attuned to people's needs and aligned with the organisation's strategic objectives.

The expectation is that the People Plan is reviewed and discussed annually and the findings are shared openly. Involving people (e.g. staff, coaches, elite athletes (where appropriate), volunteers and others) in the development and ongoing delivery of the plan helps an organisation keep the plan current and ensure a diverse range of perspectives is represented, informing continuous improvement in areas such as recruitment and training.

Each organisation is different and will need to develop a People Plan that best suits its needs, but the essential purpose remains the same – ensuring the skills and experience of the people within an organisation are organised and deployed to greatest effect.

## Principle 4: Standards and Conduct

Organisations shall uphold high standards of integrity, promote an ethical and inclusive culture, and engage in regular and effective evaluation to drive continuous improvement.

### Why is it important? ⚠️

Having the right values embedded in the culture of the organisation helps protect public investment and also enhances the reputation and effectiveness of the organisation, earning stakeholder trust. Constantly seeking to improve makes an organisation swift to respond to new challenges and opportunities.

### 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.

### Commentary

The majority of this Code places particular focus on the Board. However, for an organisation to truly realise the benefits of good governance it is important to embed, encourage and support effective and inclusive governance practices throughout its operations and structures.

For smaller or more contained organisations cascading good governance may be within the immediate decision-making structures around the Board; for larger organisations or those who have regional or local structures, this will extend more broadly, and could include the role those bodies play in helping the organisation meet its requirement under this Code.

Those who responded to the independent consultation on this Code supported the concept of extending good governance practices beyond the Board by ensuring good governance flows throughout the organisation's structure, member bodies and any other associated entities. Many organisations subject to this Code have already made good progress in this respect.

Good governance practices at local and regional level help to establish trust and confidence with stakeholders interacting with an organisation at that level (e.g. staff, volunteers, members, participants) and can help to open up new opportunities (e.g. new members, participants, sponsors or investors).

Organisations are encouraged to think about what this Requirement means in the context of their organisation, including with respect to diversity and inclusion. It is hoped this Code, and the proportionate approach it adopts, can provide a framework to draw on (as it has done already for several organisations). It is also hoped organisations will be able to share learning across the sector.

Sport England and UK Sport are already providing some support in this area and will continue to do so.

## 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 (Committee evaluation need not be undertaken annually); and
- d. agree and implement a plan to take forward any actions resulting from the evaluation.

### Commentary

Evaluation assists with the continuous improvement of the Board and its Committees. This Requirement covers three tiers of evaluation: the Board as a whole; the Committees of the Board; and individual Directors and the CEO (or equivalent).

### Internal evaluation of the Board

The areas to be covered in the annual Board evaluation will depend on factors specific to the organisation, e.g. its purpose, size, and particular challenges it is facing. However, it is broadly expected that it will cover the following areas:

- the balance of skills, experience, independence and knowledge of the Directors on the Board (in doing so, the Board should refer to and update the skills matrix)
- its diversity and any elements related to ambitions in the organisation's Diversity and Inclusion Action Plan (Requirements 2.1 to 2.3)
- the quality of relationships and behaviours between Board members
- a reflection on and review of the quality and timeliness of information provided to the Board and how this has affected and/or influenced their decision-making
- the effectiveness of the Board meetings and of Board decision-making
- the success of the Board in implementing the organisational values and promoting a positive and inclusive culture; and
- any other factors relevant to its effectiveness.





The above list is not exhaustive.

The Board is not expected to conduct an internal evaluation in the same year an external evaluation is undertaken (Requirement 4.3).

Board evaluations are only worthwhile if the issues identified are addressed and followed up. Following an evaluation, the Chair should lead the Board to act on its results by recognising the strengths and addressing the Board's weaknesses or areas for development. This could include, where appropriate, proposing new members be appointed to the Board or seeking the resignation of Directors.

To support this, the Board should seek to establish an action plan which captures any actions or recommendations arising from the evaluation. The progress against this action plan should be regularly reviewed in the period between evaluations.

### Evaluation of individual Directors and CEO (or equivalent)

The purpose of individual evaluation is to determine whether each Director continues to contribute effectively and demonstrate commitment to the role of a Director. An effective appraisal will enable Board members to evaluate their performance, receive constructive feedback, build upon strengths and address any areas for development. This process should normally be led by the Chair of the Board. The Senior Independent Director, with support from other Directors, should lead the performance evaluation of the Chair. The process should be documented. It may be appropriate to agree individual development plans as a result of these evaluations, though these should not be published.

The organisation should ensure Directors continually update their skills, knowledge and familiarity with the organisation to fulfil their role effectively and should provide them with the necessary resources to do so.

It would be appropriate for individual Director appraisals to be undertaken annually, regardless of whether the Board was undertaking an internal or external evaluation.

The Chair should also lead the annual appraisal of the organisation's CEO or equivalent. It would be expected that this appraisal is linked to the performance of the organisation against established key performance indicators (KPIs). It would also be an opportunity for the CEO (or equivalent) to receive timely and balanced feedback to help them understand and meet the Board's expectations. As with Directors, the process should be documented.

### Evaluation of Board Committees

The process should usually be led by the Chair of the Committee, reporting to the Chair of the Board. It is for the Board to determine the frequency with which evaluations of Board Committees should take place but Committees may also propose to the Board that a Committee evaluation is undertaken. An annual evaluation is considered best practice but it is recognised that the size of many organisations means resources need to be carefully focused so as to maximise governance performance. An evaluation of a Board Committee provides assurances to the Board in relation to the matters delegated to that Committee and should encompass a review of the effectiveness of the Committee and how it connects to the main Board. It can cover similar areas to those suggested above for Board evaluations.

### Continuing development – governance expertise

Organisations should consider undertaking activity which will build their governance understanding and knowledge. This is to ensure there is continuous development by organisations as a whole of their governance activity. Relevant activity may include attendance by a Director or senior member of staff at a governance training event run by a recognised expert in the field (e.g. the Sports Governance Academy, the Sport and Recreation Alliance, Sport England, UK Sport, the Institute of Directors, the Chartered Governance Institute, a law firm event, or a private sector conference provider etc.), or by a bespoke training event run for the organisation perhaps in conjunction with other funded organisations in order to promote efficiency).



#### 4.3 The Board shall:

- a. undertake an external evaluation of the Board facilitated 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.

#### Commentary

An external evaluation is a useful opportunity to seek independent perspective on the performance, effectiveness, culture and function of the Board. It helps to build an understanding of the Board's strengths and weaknesses with regard to its performance as a group, as well as its value to the organisation and stakeholders. External perspective can also be useful in identifying and addressing challenges within the dynamics of the Board which may be impacting on effective decision-making. The external Board evaluation should encompass how effectively the Board has harnessed a diverse range of viewpoints and experience to improve its decision-making

An external Board evaluation should be facilitated at least every four years, or at the request of UK Sport/Sport England. An external evaluation can replace the annual internal evaluation in that year.

The Chair of the Board, with support from the Senior Independent Director, should play an important role to ensure that the evaluation provides valuable insight by engaging with the external facilitator/evaluator and providing access to individuals and material necessary for the review.

Wherever possible, the external facilitator should not have any connection with or be a provider of additional services to the organisation.

As with the internal evaluation, it is important that the Board develops and implements an action plan to take forward any recommendations from the external evaluation, and that this plan is regularly reviewed to monitor progress.

#### Integrity

- 4.4 Each organisation shall adopt a mandatory Code of Conduct for all types of directorships and Council positions that, among 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 Conflict of Interest policy.

#### Commentary

A Board's effectiveness is determined not only by who sits on it, but also what it does and how it acts. An important tool for governing how the Board operates is the Code of Conduct, which all Directors must agree to upon joining the Board as part of their induction.

To maximise the benefits of having a diverse Board with Independent Non-Executive Directors, it is important that each Director feels they can offer their view in a trusted and inclusive environment where different opinions are respected. Any policies and practices adopted by the Board should therefore foster an environment where Directors feel they can openly debate matters and are clear about how meetings are run and what is expected of them. The Code of Conduct should set out expectations with respect to how Directors behave and the values they adopt, with a view to promoting a culture of decision-making which is ethical and inclusive and drives continuous improvement. The Code of Conduct should also set out behaviours which are considered unacceptable, including those that will not be tolerated from a diversity and inclusion perspective. It can also be referred to when evaluating the performance of the Board or individual Directors. Organisations should have policies in place that set out what will happen when the Code of Conduct may have been breached.

All Directors should act with the best interests of the organisation in mind when contributing to Board discussions and decisions, as per their legal duties. It is recognised that Nominated Directors may be appointed to the Board by a particular group or constituency within a sport (e.g. the Council, or a geographical area, or a discipline of the sport) and as such may provide a useful conduit between the Board and their constituency. However, their duty to act in the best interests of the organisation (as a whole) is paramount. This responsibility would ordinarily be explained to Directors as part of the appointment and induction process (see Requirements 2.11 – 2.12) and followed up by the Chair if necessary.

The requirement to introduce a Code of Conduct also applies to any Council of the organisation, its Committees and any other groups which may be appropriate. It is expected that this will reflect the same principles and values as the document adopted by the Board.

Acting with integrity and in a transparent manner are key elements of 'A Code for Sports Governance'. Codes of Conduct are evidence of this, as is the proactive management of conflicts of interest. Organisations are encouraged to demonstrate a public commitment to integrity through the publication of the measures it has in place to promote it.

A commitment to the welfare and safety of all participants, athletes, staff and members must be an integral part of the function of the Board, and reference to this should be made within a Board's Code of Conduct.

4.5 The Code of Conduct, terms of reference and other policies relating to the Board and its Committees shall be regularly reviewed and maintained.

### Commentary

To assist the Board in meeting this Requirement, it should consider establishing a review schedule as part of its corporate governance calendar (Requirement 5.4 (c)).

It is possible the review of (some or all of) these documents will form part of the Board evaluation as per requirement 4.2.



### Conflict 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 among 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 individuals Directors to maintain an up-to-date record of their COI.

### Commentary

Conflicts of interest can arise where there is a conflict between the interests of the organisation and either the Director's personal interests or those of another body with which the Director is involved.

It is important to consider the legal duty of a Director to avoid a conflict of interest under the Companies Act (or the Charities Act where applicable). Further to this, it is the legal duty of the Director to act in the best interest of the organisation.

Acting in the best interests of the organisation includes disclosing to the Board (and in the annual report) any other significant commitments that might impede a Director's ability to participate or make decisions without bias. This obligation is ongoing, and conflicts must be reported if they arise subsequent to appointment.

As part of maintaining a COI policy, the Board should keep an up-to-date register of interests and it is the responsibility of each individual Director to ensure that their disclosed information is accurate.

The Board should also ensure that the organisation has a COI policy with similar expectations for executive staff.

## 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.

### Commentary

All Directors have a duty towards the welfare and safety of the organisation's employees, members and any other people for whom it is responsible. The Board must have clear oversight of all aspects of welfare and safety, including but not limited to safeguarding (adults and children), mental health and wellbeing (including psychological safety), anti-doping and integrity issues. This oversight should be considerate of establishing a culture, across the organisation, where welfare and safety is paramount. It should be noted this Requirement is not intended to encompass all responsibilities related to health and safety, in particular with respect to property and facilities. The Board should consider how best these aspects are managed.

It is important that each Board Member has appropriate understanding of welfare and safety issues relevant to their organisation. A training needs analysis should be conducted which considers previous knowledge of the Board i.e. through practical experience or training. Knowledge gaps should then be filled by undertaking relevant training.

To ensure that welfare and safety is given appropriate consideration during its decision-making, it is important for the Board to appoint a lead Director for this area. The lead Director will have responsibility for checking and challenging the Board on decisions that affect welfare and safety across the organisation and will be able to support the executive staff for issues in that area. The Board may also want to consider what role the lead Director could play in offering a direct route for raising any welfare and safety concerns from people for whom the organisation is responsible.

The Board may appoint the welfare and safety lead Director from within its current membership or, when a vacancy arises, look to openly recruit an individual with specialist knowledge and expertise. UK Sport/Sport England will provide further guidance to help with the development of a role description and how best to appoint to this role on a Board.

While an individual Director should be appointed to lead in this area, the Board is ultimately responsible for the welfare and safety of its members and people and any decisions made in this regard.

## Principle 5: Policies and Processes

Organisations shall comply with all applicable laws and regulations; consider the social and environmental impact of their decisions; undertake responsible financial strategic planning; and have appropriate controls and risk management procedures.

### Why is it important? ⚠️

Understanding the legal environment, factoring in socio-environmental considerations when making decisions, and having in place appropriate financial and other controls help mitigate risk and enhance stakeholder trust and organisational reputation.

### 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.

### Commentary

To assist Directors in meeting these requirements, the Director's written statement of responsibilities (Requirement 2.11) may include an outline of key legal and regulatory obligations, and the Directors' induction process (Requirement 2.12) could supplement this by explaining what each obligation means. The obligation is however ongoing, and Boards should consider how they can keep their understanding of these obligations up to date (e.g. individual Director or collective Board training).

Directors are not required to have absolute knowledge of all applicable regulations that may apply to the organisation. However, to carry out their roles effectively they should be sufficiently familiar with the applicable regulations to enable them to identify potential issues and, know the appropriate channels to elevate such issues for further investigation. The Board may also wish to ensure it has the ability to access or draw on legal expertise when required.

Requirement 5.4 outlines some of the legal and regulatory policy areas Directors should consider (although as noted, does not provide an exhaustive list). Directors should also consider if there are any particular policy areas they should be aware of which are specific to their organisation or the activities it conducts.

## 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.

### Commentary

The impact an organisation makes on society, the environment, its stakeholders and the economy is often referred to as environmental social governance (ESG) or corporate social responsibility (CSR). Having effective CSR/ESG programmes contributes positively to all stakeholders as well as adding value to the organisation itself, and ensures it operates in a sustainable way.

Stakeholders are increasingly interested in an organisation's approach in this area. In line with Requirement 3.1, organisations are encouraged to think about information they can share in this respect (e.g. any organisational policies related to sustainability, actions taken and/or performance delivered, partnerships formed to support sustainable practices).

Certain commercial companies and financial services firms have legal obligations to publish information in this area. Further information can be found [on the government website](#) and may act as a helpful prompt for organisations even if they are not subject to the legal reporting requirements.



## 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.

### Commentary

As well as ensuring it has the relevant financial skills and expertise among its group of Directors, the Board is also responsible for ensuring staff have the relevant financial competence and qualifications to meet their obligations.

This might include seeking assurances periodically from the Senior Leadership Team that appropriately qualified staff are employed and have access to relevant information and training to maintain professional competency in financial matters.

5.4 The Board shall:

- a. adopt appropriate and proportionate policies and procedures for their organisation including those which address regulatory obligations and those that ensure sufficient financial control;
- b. 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
- c. ensure that these policies and procedures are reviewed and updated in accordance with the organisation's review schedule.

### Commentary

#### (a) Adopting policies

The policies and procedures of an organisation are an important part of the overall control framework. Effective policies and procedures, that are understood by the Directors, staff and volunteers will help to ensure effective management of the organisation's financial and regulatory responsibilities.

## Financial policies

The financial policies should be appropriate for the organisation but would be reasonably expected to include policies covering areas such as:

- Controls on expenditure – who can spend what and with whose authority
- Controls on travel and subsistence – when and what can be claimed for travel and subsistence
- Exercising budgetary control – who can spend how much and on what, and what expenditure needs special permission
- Banking – how income is banked, who can authorise direct debits and how bank accounts are reconciled
- Procurement – how an organisation ensures that effective, competitive, inclusive and fair procurement processes are in place; and
- Reserves – target levels and how these will be monitored. A policy around reserves is an important element of the financial management and forward financial planning and a policy would usually establish the target level of reserves for an organisation to hold. This level will vary from organisation to organisation, and the policy on reserves would set out why a certain level is appropriate for that organisation and therefore why holding these reserves is necessary.

## Legal and regulatory policies

Organisations are best placed to determine which legal and regulatory obligations are pertinent to them. This could include the following topics (note that this is not an exhaustive list):

- Anti-doping. All anti-doping queries should be directed to UK Anti-Doping (UKAD). National Governing Bodies of sport need to demonstrate their compliance with UKAD's assurance framework and, as in the case for the Sports Councils, comply with the obligations set out in the UK's National Anti-Doping Policy, [www.ukad.org.uk/national-anti-doping-policy](http://www.ukad.org.uk/national-anti-doping-policy)
- Bribery and anti-corruption. National Governing Bodies of sport should decide which proportionate and risk-based actions the organisation should take in respect of any threat presented by corrupt sports betting and associated activity. Further information and assistance can be found from the Sports Betting Group, [www.sportsbettinggroup.org/code-of-practice](http://www.sportsbettinggroup.org/code-of-practice)

- Company law
- Charity law (if applicable)
- Complaints, grievance and disciplinary
- Cybersecurity regulations
- Health and safety
- Data protection
- Equalities legislation, including but not limited to, the Equality Act 2010
- Employment law
- Safeguarding legislation for both adults and children. (Note: the funding agreements of Sport England and UK Sport contain specific obligations concerning safeguarding). These require appropriate policies and procedures to be put in place. For safeguarding children, organisations are also required to implement and adhere to the Standards for Safeguarding and Protecting Children in Sport as issued by the NSPCC's Child Protection in Sport Unit. For safeguarding adults, organisations are required to implement and adhere to the Safeguarding Adults in Sport Framework as issued by the Ann Craft Trust. Full reference should be made to the terms of the funding agreements
- Whistle-blowing legislation
- Organisations which are National Governing Bodies of sport should have in place clear, legally compliant athlete grievance and disciplinary policies.

**(b) Communication and understanding of policies**

As well as having the policies in place, it will be important that staff, volunteers and any other relevant parties understand and follow them. The Board should therefore ensure there are effective communication channels in place to ensure this is happening (e.g. including relevant policies as part of the induction process, making policies readily accessible via an intranet page or including in the staff handbook).

**(c) Reviewing policies**

Each organisation should ensure an appropriate process and schedule for policy review is in place. The frequency of review will vary depending on the organisation and the policy in question (i.e. some policies will need more frequent review depending on their subject matter). Boards should satisfy themselves an appropriate policy review schedule is in place and being implemented, and should consider the role of Board Committees, such as the Audit Committee, in the process of policy review.

Some obligations/policies will likely have significant overlap and it is worth taking this into account when reviewing or drafting.

**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.

**Commentary**

Most organisations will be required to follow the accounting standards set out under UK Generally Accepted Accounting Principles (GAAP). Responsibility for the approval of the accounts rests with the Board and Directors should also ensure that the annual accounts are transparent and understandable to members, investors and the general public.

In addition to the requirements under UK GAAP, as a recipient of public funds, the annual accounts of each organisation should provide visibility of the income received from Sport England and UK Sport via a note, together with an analysis of expenditure against that income. UK Sport and Sport England have produced guidance setting out how this information should be structured.

The annual accounts should be audited by a recognised statutory auditor, unless otherwise agreed by UK Sport and/or Sport England and published on the organisation's website where they are easily accessible to stakeholders, including the general public.

## 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:
- setting an annual budget and regular review of management accounts;
  - regular review of updated cash flow forecasts; and
  - regular review of financial risks and mitigations.

### Commentary

The Board should present a fair and transparent assessment of the organisation's long-term position and future prospects.

This includes establishing a strategic plan and making judgements about the longer term financial viability and direction of the organisation. The Board should have processes in place to monitor progress against the long-term strategic and financial plans, as well as monitoring the one year budget, cash and financial forecasts and identifying how they will put in place remedial action, if required.

Many organisations in the sporting sector have relied on public investment to contribute to their ongoing administration costs. Boards should ensure their strategy includes a balanced assessment of ways they might realistically seek alternative sources of funding or could engage with other partners to deliver shared objectives. Examples would include engaging members, the public or private sector on sponsorship opportunities or commercialisation of sporting rights.



## 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.

### Commentary

The Board is responsible for determining the nature and extent of the principal risks it is willing to take or tolerate in achieving its strategic objectives. The Board should ensure there are processes to:

- consider and maintain a record of identified risks
- agree appropriate steps in order to mitigate their potential impact
- monitor and review the risk management systems; and
- focus on those risks which could threaten the organisation's financial position, strategic objectives, reputation and future performance.

Boards may wish to consider scheduling 'deep dives' into these higher level risks on a regular basis, to ensure appropriate assurance is in place for mitigation and contingency planning in relation to those risks.

The Board should describe in their annual report the principal risks and how they are being managed and mitigated. Risks may include financial, operational, reputational, behavioural, safeguarding or external risks.

Examples of appropriate internal control systems which may help an organisation mitigate risks include:

- clear allocation of internal responsibilities and powers which are subject to appropriate authorisations and approvals
- a robust system for the selection and training of employees to ensure suitably qualified individuals are appointed to positions within the organisation; and
- establishing clear lines of reporting and communication; and developing record-keeping systems (e.g. accounting systems and safeguarding case management systems).



# Definitions



# Definitions

The following are definitions of key terms which are used in this Code and/or 'A Code for Sports Governance – Tier 1'.

Term	Definition
<b>Accounting Officer</b>	The Accounting Officer – usually the Chief Executive – is personally accountable to the public funder (e.g. UK Sport or Sport England) for the use of public money. They must ensure that spending meets all the conditions of any award of public funds as well as the three tests of regularity, propriety and value for money.
<b>Affiliation</b>	In the specific case of a sports organisation, affiliation is a formal connection or association between an individual or organisation and another individual or organisation. For example, a sports club may be affiliated to the relevant National Governing Body in the sport. The affiliation involves a combination of rights and obligations. The club may have a right to participate in a competition that the National Governing Body organises. In return, the club has to follow the rules of the National Governing Body.
<b>Annual accounts</b>	<p>A report setting out the financial situation of the organisation at the end of the financial year.</p> <p>The annual accounts include as a minimum a balance sheet, a profit and loss statement and notes listing significant accounting policies. For larger organisations the accounts will be much more extensive.</p> <p>Larger, incorporated organisations will undergo an external audit of the annual accounts. For smaller organisations an independent examination of the accounts should take place.</p> <p>Accounts that the organisation has prepared but which have not had any external review are described as unaudited.</p>

Term	Definition
<b>Annual report</b>	<p>A report that the organisation produces bringing together a summary of its activity over a 12-month period. The report is intended to be a useful resource for members and other stakeholders.</p> <p>Typical contents include:</p> <ul style="list-style-type: none"> <li>• Reports from the leadership</li> <li>• A summary of the main achievements of the organisation</li> <li>• Updates on different areas of activity linked to the strategic plan</li> <li>• Governance changes, such as any changes in the membership of the governing committee</li> <li>• Key decisions taken</li> <li>• Financial reports.</li> </ul> <p>Organisations may print copies of annual reports but they are frequently now only available in electronic format.</p>
<b>Articles of Association</b>	The governing document of a company. This is a legal document which sets out the constitution.
<b>Audit Committee</b>	An Audit Committee has particular responsibility in relation to ensuring the adequacy of the organisation's financial reporting and internal controls. The Audit Committee is usually responsible for making a recommendation on the appointment, reappointment and removal of the external auditors and would meet the external and internal auditors at least annually, without management, to discuss matters relating to its remit and any issues arising from the audits.
<b>Balance sheet</b>	<p>A report providing a snapshot of your organisation's financial position on a set date, usually at the end of your financial year.</p> <p>The balance sheet is one component of the annual accounts.</p>
<b>Board/ Governing committee resolution</b>	A formal way for the governing committee (often known as a Board) to make and document an action or decision.

Term	Definition
<b>Budget</b>	A financial plan estimating the organisation's income and expenditure for a period of time, such as a financial year or funding cycle. In setting a budget, the organisation can estimate the financial forecast if it takes a certain course of action.
<b>Chair</b>	<p>The Chair is the person who provides leadership for the organisation. This will usually be the person who leads the governing committee meetings. The Chair's primary role is to ensure that the governing committee effectively fulfils its function of governing the organisation and overseeing its management. The Chair is elected or appointed as set out in the organisation's governing document. In addition to chairing meetings of the governing committee, they will also often:</p> <p>Act as a channel of communication between the governing committee and staff</p> <ul style="list-style-type: none"> <li>• Act as a figurehead for the organisation</li> <li>• Ensure the governing committee's decisions are implemented</li> <li>• Lead on the development of the governing committee.</li> </ul>
<b>Chief Executive</b>	Chief Executive means the most senior (not necessarily highest paid) employee or executive of the organisation. The most common alternative titles used by those holding this position are Managing Director, Chief Executive Officer, Chief Administration Officer, Secretary General and Accounting Officer.
<b>Club Matters</b>	Club Matters is a free Sport England resource offering clubs a wealth of guidance. It can be accessed here: <a href="http://www.sportenglandclubmatters.com">www.sportenglandclubmatters.com</a>
<b>Committee member</b>	A person who has responsibility for governing the organisation and overseeing and controlling its management as a member of the governing committee. Various other terms may be used including director, governor, trustees, governing committee members, management or executive committee members and board members.

Term	Definition
<b>Conflicts of interest</b>	<p>A conflict of interest occurs in an organisation when:</p> <ul style="list-style-type: none"> <li>• An individual has a personal interest; and</li> <li>• That personal interest conflicts with the interests of the sport or the organisation.</li> </ul> <p>The personal interest could cover a wide range of circumstances including commercial, financial and sporting interests. It includes not only interests of an individual active in the organisation but also those of their family, close connections and businesses in which they are involved.</p> <p>It is common for conflicts of interest to exist in a sports organisation. Having conflicts of interest present is not an issue per se, as long as the conflicts of interest can be and are managed appropriately. The organisation should manage conflicts of interest so that they do not improperly influence decision-making.</p>
<b>Constitution</b>	See 'governing document'
<b>Continuity plan</b>	A continuity plan is a document that outlines how an organisation will continue operating during an unplanned disruption in service. Typically, the continuity plan outlines the risks as well as the structure of how to prevent, respond and recover from a disruptive event. Generally, this involves identifying the possible disruption risks and potential impact if they occur, planning an effective response to their occurrence, allocating roles and responsibilities, communication responses, testing the plan and training in response to that testing, to ensure an effective response.
<b>Co-opted Director</b>	A Co-opted Director is one who is temporarily appointed as such by the Board outside of the customary appointment process in accordance with Requirement 2.5.

Term	Definition
<b>Council</b>	A Council is a body forming part of the constitutional or organisational structure of a sports National Governing Body, representing some or all of its stakeholders in some capacity, and having powers or rights with respect to its governance, but which is not the Board of the National Governing Body (or a Committee of the Board) or the shareholders in general meeting. A body will be treated as a Council for the purposes of this Code if it fulfils this definition, regardless of the name given to it by the National Governing Body.
<b>Ex Officio</b>	A person holds a position (e.g. as a Director or Committee member) 'Ex Officio' if they do so by virtue of some other office they hold, and their position is therefore wholly dependent (and conditional) on them continuing to hold that office. For example, a Chief Executive who is on the Board in an Ex Officio capacity will automatically step down from the Board upon resignation as Chief Executive.
<b>External audit</b>	<p>An examination of the organisation's annual accounts that a qualified external person carries out, independent of the organisation.</p> <p>For incorporated companies and charities, there are minimum thresholds above which carrying out an external audit is a legal Requirement. Official guidance is available here:</p> <p>Companies – <a href="http://www.gov.uk/annual-accounts/microentities-small-and-dormant-companies">www.gov.uk/annual-accounts/microentities-small-and-dormant-companies</a></p> <p>Charities – <a href="http://www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-november-2016-cc15d">www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-november-2016-cc15d</a></p> <p>For smaller organisations, an independent examination of the accounts should take place.</p>
<b>Financial forecast</b>	An estimate of a future financial position for the organisation (or a project). In producing the estimate it is necessary to make some assumptions about income and expenditure. Forecasting is one component of setting a budget.

Term	Definition
<b>General meeting</b>	<p>A formal meeting of the members or stakeholders of an organisation. If it is held on an annual basis it may be referred to as the annual meeting or annual general meeting. The governing document should explain arrangements for a general meeting.</p> <p>Such meetings provide an opportunity for dialogue between the governing committee and the members/stakeholders. It is also usually the meeting where votes on proposals for changes to the governing document and election of candidates to the governing committee take place.</p> <p>In the case of companies and incorporated charities, there are legal Requirements associated with the general meeting, such as how the organisation should inform members that the meeting is taking place.</p>
<b>Governing committee</b>	<p>The group of people with overall responsibility for governing the organisation and overseeing and controlling its management.</p> <p>Various other terms may be used including board, board of directors, board of governors, trustees and management committee.</p>
<b>Governing document</b>	<p>A formal document setting out why the organisation exists and what it seeks to do. The governing document will explain who controls the organisation, how it operates and the governing committee that is responsible for it.</p> <p>For unincorporated organisations, the governing document may be known as the constitution, statutes or rules/regulations. If the organisation has the legal form of a company or an incorporated charity, it will be called the Articles of Association or constitution.</p>

Term	Definition
<b>Incorporation</b>	<p>The process by which a new or existing organisation becomes a company is known as incorporation. This can also include registration with the Charity Commission as a charitable incorporated organisation.</p> <p>An unincorporated association is an organisation that does not have a separate legal structure and consists of a group of people coming together to run the activity.</p> <p>Whether incorporated or unincorporated, there are significant legal implications for the organisation and those who run it. The governing committee should consider the organisation's legal status carefully.</p>
<b>Independent</b>	<p>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.</p> <p>Examples of a 'close connection' include:</p> <ol style="list-style-type: none"> <li>they are or have within the last four years been actively involved in the organisation's affairs, for example as a representative of a specific interest group within the organisation such as a sporting discipline, a region or a home country</li> <li>they are or have within the last four years been an employee of the organisation</li> <li>they have close family ties with any of the organisation's directors or senior employees.</li> </ol>

Term	Definition
<b>Independent examination of accounts</b>	<p>A defined review of the accuracy of an organisation's accounts carried out by an independent person or company, covering specific matters only. An independent examination usually costs less than an external audit. It is adequate for a smaller organisation below specific thresholds.</p> <p>Official guidance is available here:  Companies – <a href="http://www.gov.uk/annual-accounts/microentities-small-and-dormant-companies">www.gov.uk/annual-accounts/microentities-small-and-dormant-companies</a>  Charities – <a href="http://www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-november-2016-cc15d">www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-november-2016-cc15d</a></p>
<b>Intersectionality</b>	<p>The complex and cumulative way in which the effects of multiple forms of discrimination (such as racism, sexism, and classism) combine, overlap, or intersect, especially in the experiences of marginalised or minority individuals or groups.</p>
<b>Liability</b>	<p>The exposure or level of responsibility for an organisation or individual resulting from a course of action, particularly if something goes wrong.</p> <p>Types of potential liability include:</p> <ul style="list-style-type: none"> <li>Financial, such as debts resulting from failure to meet contractual payments</li> <li>Legal, such as the liability for negligence</li> <li>Liabilities related to sporting responsibilities such as breach of obligations in respect of safeguarding.</li> </ul>
<b>Management accounts</b>	<p>Financial statements that the organisation prepares several times per year to provide a snapshot of its financial position at a point in time. The governing committee, audit committee and senior staff may use management accounts to inform decision-making.</p>
<b>Matters Reserved for the Board</b>	<p>The Board controls the business and, where appropriate, delegates day-to-day responsibility to the Chief Executive. There are, however, a number of matters which are required to be, or in the best interests of the organisation should be, decided by the Board. These are known as the Matters Reserved for the Board.</p>

Term	Definition
<b>Minutes</b>	A formal, written record of a meeting detailing as a minimum the key decisions taken and actions agreed, as well as who attended the meeting.
<b>NCVO</b>	NCVO stands for the National Council for Voluntary Organisations and is the umbrella body for the voluntary and community sector in England. It is a registered charity and works to support the voluntary and community sector by providing advice and resources, which can be accessed here: <a href="http://www.ncvo.org.uk">www.ncvo.org.uk</a>
<b>NGB</b>	NGB stands for National Governing Body. A sport may have a recognised NGB which plays a significant role in setting the rules and regulations for participation in the sport. A list of recognised NGB can be found here: <a href="http://www.sportengland.org/how-we-can-help/national-governing-bodies?section=the_recognition_process">www.sportengland.org/how-we-can-help/national-governing-bodies?section=the_recognition_process</a>
<b>Nominated Directors</b>	Nominated Directors means Directors whose appointment to the Board arises from provisions in the Articles of Association of the organisation permitting the election or nomination of Directors by the sport's membership or by particular stakeholders (e.g. geographical areas or sporting disciplines) within the sport.
<b>Nominations Committee</b>	A Nominations Committee leads the process for Board appointments and makes recommendations to the Board. For Board appointments, this includes evaluating the Board's current capability against the agreed skills matrix, and, in light of this evaluation, agreeing a description of the role and capabilities required for a particular appointment.
<b>Observer</b>	An Observer or Board Observer means an individual who is permitted to attend, participate in meetings of the Board of Directors and to receive all information provided to members of the Board (including minutes of Board meetings), but who is not permitted to formally vote on matters submitted for a vote.

Term	Definition
<b>Profit and loss statement</b>	A report providing details of the income and expenditure for the organisation over a period, usually one financial year, and whether that results in a profit or a loss. Also referred to as a profit and loss account. The profit and loss statement is one component of the annual accounts.
<b>Protected characteristics</b>	These are defined by a law: the Equality Act 2010. It is against the law to discriminate against someone because of: <ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• Gender reassignment</li> <li>• Marriage and civil partnership</li> <li>• Pregnancy and maternity</li> <li>• Race</li> <li>• Religion or belief</li> <li>• Sex</li> <li>• Sexual orientation.</li> </ul>
<b>Quorum</b>	A fixed number or percentage of the governing committee who must participate in a meeting to make valid any decisions that are taken. Only those who are entitled to attend and vote are counted. When not enough people participate in the meeting, it is said to be inquorate and decisions made are not valid. The quorum will usually be stated in the governing document and terms of reference for committees. For example, the quorum for a committee may be 50% +1 of the committee members who are entitled to participate.
<b>Regularity, propriety and value for money</b>	Regularity: compliant with the relevant legislation and wider legal principles such as delegated authorities. Propriety: meeting high standards of public conduct, including robust governance and the relevant expectations, especially transparency. Value for money: ensuring that the organisation's procurement, projects and processes are systematically evaluated to provide confidence about suitability, effectiveness, prudence, quality, good value judged for the public as a whole, not just for the organisation.

Term	Definition
<b>Risk</b>	<p>An uncertain event that could impact the achievement of the organisation's objectives. Risks are often divided into categories and types.</p> <p>There are two broad categories:</p> <ul style="list-style-type: none"> <li>• Strategic/organisational – risks that impact on the organisation's strategy or sustainability, such as loss of a major income stream</li> <li>• Operational – risks involving a specific area of activity, such as a serious injury to a participant.</li> </ul> <p>Types of risk include:</p> <ul style="list-style-type: none"> <li>• Financial, such as the cancellation of an event resulting in loss of expected income</li> <li>• Legal, such as the organisation breaching a commercial contract</li> <li>• Reputational, such as failure to deliver services to an adequate standard, resulting in criticism by members on social media</li> <li>• Political, such as a change in Lottery funding policies.</li> </ul> <p>Specific risks frequently cover more than one category and type. For example, cancellation of an event may be a financial, legal and reputational risk.</p>
<b>Risk register</b>	<p>A tool for managing risk. It is usually set out in the form of a table that includes:</p> <ul style="list-style-type: none"> <li>• Identification of risks, divided into categories</li> <li>• Evaluation of likelihood and impact of each risk</li> <li>• Prioritisation</li> <li>• Mitigation</li> <li>• Responsibility</li> <li>• Time period.</li> </ul>
<b>Safeguarding</b>	<p>Action taken to prevent people involved in the activity of the organisation suffering from any form of harm, harassment, bullying, abuse and neglect.</p>

Term	Definition
<b>Scheme of Delegation</b>	<p>Scheme of Delegation is the key document defining which functions have been delegated and to whom. It should be a simple yet systematic way of ensuring members, trustees, Committees, and executives are clear about who has responsibility for making which decisions in the organisation as well as any limitations to the delegations.</p>
<b>Senior Independent Director (SID)</b>	<p>Senior Independent Director (SID) means an Independent Director who is appointed as such by the Board, and whose responsibilities include:</p> <ul style="list-style-type: none"> <li>• providing a sounding board for the Chair</li> <li>• serving as an intermediary for the other Directors when necessary</li> <li>• acting as an alternative contact for stakeholders to share any concerns if the normal channels of the Chair or the organisation's management fail to resolve the matter or in cases where such contact is inappropriate; and leading on the process to appraise the Chair's performance.</li> </ul>
<b>Socio-environmental factors</b>	<p>To consider socio-environmental factors means to think through and understand the impact on the environment and on society of any decisions an organisation may make. For example, an organisation may need to consider the impact on the environment of its travel policy, or the impact on society and the local community of building a new office.</p>
<b>Staggered terms</b>	<p>Terms of service for members of the governing committee that do not all end at the same time so that the organisation is less likely to have a lot of change in its leadership in one go. For example, on a committee with nine members where each serves for three years, the terms of three members could end each year.</p> <p>An organisation may have both term limits and staggered terms with the aim of balancing the need for renewal of leadership with a degree of continuity.</p>

Term	Definition
<b>Stakeholders</b>	<p>Individuals, groups or entities that have an interest in the activity of the organisation and are affected by it, or can affect it themselves.</p> <p>Typical examples of stakeholders for a sports organisation include:</p> <ul style="list-style-type: none"> <li>• Participants</li> <li>• Members</li> <li>• Volunteers</li> <li>• Staff</li> <li>• Funders</li> <li>• Local authorities, and many others.</li> </ul>
<b>Strategic plan</b>	<p>A management tool that explains how the organisation will work towards its overall mission during a period of time, such as three or four years. The strategic plan identifies high-level goals and divides them into measurable targets, allocating responsibility in each area.</p> <p>Organisations often produce an operational plan, which sets out the activity for a 12-month period that will contribute to achieving the objectives in the strategic plan.</p> <p>The governing committee has overall responsibility for the strategic plan but it is important to consult members and stakeholders in preparing it.</p>
<b>Sub-committee</b>	<p>A group of people with collective expertise who the organisation appoints to work together for a defined purpose, contributing to the overall work of the organisation. For example, a sports organisation may have an audit committee with terms of reference that give it authority to oversee financial reporting.</p> <p>Sub-committees often include a mix of governing committee members and independent members who have specific expertise in the subject matter. Sub-committees generally have terms of reference and report to the governing committee.</p>

Term	Definition
<b>Succession planning</b>	<p>A management exercise intended to ensure the organisation will be stable and still have the skills it needs when people at a senior level leave. Organisations should identify and develop potential future leaders. Plans should cover cases where an individual is due to finish their final term on the governing committee or will retire soon but also what happens if somebody leaves unexpectedly.</p> <p>For example, an organisation should work out who would cover the functions of the chief executive if they leave. Typically, succession planning includes both the immediate response, such as identifying others internally who would take on the work on a temporary basis, as well as the longer-term approach. In this case, the organisation might search for a replacement through open recruitment.</p>
<b>Term limits</b>	<p>A restriction on the length of time that an individual can serve in one or multiple non-staff roles within an organisation, whether elected or appointed. The aim is to ensure that people with different ideas can come into the organisation from time to time and that authority does not remain with a small group of individuals.</p> <p>Requirements 1.6 and 1.7 outline the term limits for Tier 3 organisations. Tier 1 organisations may define a term as two, three or four years and restrict the number of times an individual can be re-elected. For example, the organisation may limit governing committee members to serve no more than three terms of three years – this would equate to a total of nine years and so nine years would be the term limit.</p>



Term	Definition
<b>Terms of reference</b>	<p>A formal written document that defines the purpose and structures of a governing committee, sub-committee, meeting, project or similar group set up to accomplish a shared goal.</p> <p>Terms of reference typically include:</p> <ul style="list-style-type: none"> <li>• What has to be achieved</li> <li>• Who will take part in it, what their roles and responsibilities are</li> <li>• How it will be achieved – any resource or financial plans</li> <li>• How the group feeds into other groups, for example, if it is for a sub-committee, how does the sub-committee report up to the governing committee? How does the governing committee feed back to the sub-committee?</li> <li>• How often will they meet? If a project, is there an end date?</li> <li>• Any risks to consider</li> <li>• How you will know if it's successful</li> <li>• How often you'll review the effectiveness of the group and its terms of reference.</li> </ul>
<b>Unincorporated</b>	<p>An unincorporated association is an organisation that does not have a separate legal identity or structure and consists of a group of people coming together to run the activity. The process by which an unincorporated organisation becomes a company is known as incorporation.</p>
<b>Welfare and safety</b>	<p>For the purposes of this Code, welfare and safety is intended to cover matters such as safeguarding (adults and children), mental health and wellbeing (including psychological safety), anti-doping, and associated integrity issues. It is not intended to encompass all responsibilities related to health and safety, in particular with respect to property and facilities.</p>



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*\*As part of Sport England and UK Sport’s consultation with partners, **Savanta ComRes** conducted an online consultation survey which gathered responses between 23rd November to 14th December 2020. Data tables can be found at [comresglobal.com](http://comresglobal.com).*

In addition to this survey, Savanta ComRes conducted ten focus groups with representatives from organisations that comply with Tier 1 and Tier 3 of the Code for Sports Governance, as well as Equality, Diversity and Inclusion leads.

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