

# THE VOLUNTARY CODE OF GOOD GOVERNANCE

For the Sport and Recreation Sector

# FOREWORD



In 2011 we launched the *Voluntary Code of Good Governance for the Sport and Recreation Sector* – or ‘the Code’ as it has become known. It marked an important stage in the development of good governance practice in the sector – its power lying in that it was created by the sector, for the sector.

The Code is designed for all sport and recreation bodies – be they Olympic, Paralympic, indoor or outdoor activities.

In October 2014, we sought to measure the impact that the Code has made to date on the 100 organisations that have signed up to it.

The results were stunning – 95% of respondents stated that the Code has been either effective or very effective in assisting good governance.

Its success is founded in the Alliance’s deep understanding of the sector to coordinate and develop a framework that is relevant across the diversity of sport and recreation bodies we represent, not to mention the fantastic commitment by these bodies to bring about governance improvements.

That the Code is voluntary, is important.

It has not been imposed, but instead has been embraced, as sport and recreation bodies take ownership of their governance and use this framework to strengthen their organisations.

But the landscape of our sector has changed at a rapid pace since its original launch, which is why the Code has been reviewed and revised – the result of which you are reading today.

This refreshed version will not only be of use to any new signatories looking to adopt the seven governance principles of the Code, but also to any existing signatories looking to stay relevant and continually apply the Code’s principles in the months and years to come.

The Code is designed for all sport and recreation bodies – be they Olympic, Paralympic, indoor or outdoor activities.

The diversity of bodies that have signed up to it is a testament to its flexibility, and its ability to retain relevance to all sections of the sector.

Moreover, time has shown that implementation of the Code not only generates stakeholder and member confidence. It also helps sport and recreation organisations that receive public funding achieve the governance requirements set out by their respective Sports Councils.

We are proud to have worked with so many sport and recreation organisations on an initiative that has created such a significant impact, but there are still more organisations to sign up, and existing signatories know that continuous improvement is key.

Looking ahead, we will continue to advocate for sound governance and support sport and recreation bodies across the UK, continually reviewing the Code itself to ensure it stays relevant and remains a positive driver for change in our sector.

**Emma Boggis**  
Chief Executive  
Sport and Recreation Alliance

# BACKGROUND

For some time, momentum around the need for good governance in sport and recreation organisations has been building.

The 2003 *Investing in Change* report developed by Deloitte recommended that “one clear view amongst the Sports Councils on what comprised best practice on governance matters should be created and offered to the sector as a vision for NGBs to aspire to”.

The 2009 *Dutton Inquiry*, commissioned by Sport England stated that: “Good governance is not something which can be plucked off a shelf and placed into the lap of a governing body. Good governance requires willingness and active engagement on the part of those involved in the governance of a particular sport, sufficient funding, and application of the principles of good governance within the governing body itself”. (Timothy Dutton QC)

The 2010 *Good Governance in Sport: a Survey of UK National Governing Bodies of Sport* report created by Birkbeck, University of London, identified key governance issues and made recommendations on principles for the sector to put into practice.

Since the launch of the *Voluntary Code of Good Governance for the Sport and Recreation Sector* (the Code) by the Sport and Recreation Alliance (the Alliance) in 2011, UK Sport and the home country Sports Councils have developed governance requirements for their funded organisations, which reinforce the principles contained in the Code.

Organisations that receive core funding from Sports Councils are subject to audit and assurance processes which assess their governance, finance and control frameworks. This provides funders with confidence in the organisation’s ability to receive and manage public money.

In many cases, funded bodies have adopted and implemented the Code as a means to meet the Sports Council requirements and monitoring processes, recognising the Code enabled wider and deeper development across their organisations.

The *Alliance Directors Club* was launched in 2014 and enables current and aspiring board members to seek new opportunities, build influential networks and develop their skills and knowledge.

## DID YOU KNOW?

The Sport and Recreation Alliance played the leading role in developing the first edition of the Code with support from Birkbeck, University of London, the British Olympic Association, the British Paralympic Association, SkillsActive, Sport England and UK Sport.

Further consultation through an active governance working group ensured the challenges faced by a very diverse sport and recreation sector are reflected in this second edition.

Since then, the Alliance has developed a comprehensive support programme that includes director training (in partnership with the Institute of Directors) and trustee training (in partnership with the National Council of Voluntary Organisations). Other support tools include *The Boardroom* web-based resources, Code workshops and webinars. Visit [www.sportandrecreation.org.uk](http://www.sportandrecreation.org.uk) to find out more.

Whilst the Alliance continues to perform a critical role in co-ordinating the Code as well as supporting those organisations which commit to governance improvement, it remains a framework developed by the sector, for the sector.

# WHAT IS GOVERNANCE?

Good governance is a key foundation for the success of any organisation in any sector, whether commercial, not-for-profit or sport.

Governance is not the management of the day-to-day operations of the organisation — it is the framework of strategy, risk management, controls and processes.

It also relates to the organisation's leadership in terms of culture, values and integrity.

In a well-governed organisation, these elements underpin everything the organisation does and how it does it.

## TERMINOLOGY

### A BOARD BY ANY OTHER NAME

The *Voluntary Code of Good Governance* (or the Code, as we are calling it for short) refers to boards — which in the context of this document can represent a Management Committee, Council, Executive Committee or non-executives, directors or trustees.

The term 'board' relates to the strategic decision-making function at the top of an organisation and the principles set out here will apply whichever name is adopted. Your governing document will dictate the name given to your board.

### INDEPENDENT BOARD MEMBERS

The role of an independent board member is to provide objective input to the board's decision-making process without the potential for a vested interest in the decision outcomes.

The aim of any board member is to ensure that the board's decisions take full consideration of the environment that it operates in and that those decisions are made in the best interests of the activity or organisation.

To be truly independent, candidates for board positions must be free from any other close connection with the organisation and must, from the perspective of an objective outsider, be viewed as independent.

Participating in the activity does not in itself prevent an individual from being independent. Individuals who are both independent and bring essential skills to the board are often found from industries or sectors completely unrelated to the activity or organisation.

Any number of individuals could perform the board member role, from a former participant in a different sport to an individual with no prior knowledge of the sport but with suitable experience to add to the skills-mix of the board.

However, it is recognised that in reality, independence can be very difficult to achieve for all board members.

### THE SPORT... THE RECREATION... THE ACTIVITY... THE AREA... THE REGION...

The Code attempts to acknowledge that not every organisation in our sector represents one particular sport or recreation. It is intended to be flexible for all organisations to adapt and use appropriately.

A national governing body (NGB) may represent one sport, movement or dance activity; a county association may represent an area; a membership body may represent a number of organisations; a campaigning organisation may work across a range of issues — and many other types of organisations exist in our sector.

The Code tries to use language that is relevant to all types of organisations. Where terminology does not fit exactly with your organisation we hope that you will be able to take the meaning and adapt the wording appropriately.

# WHY IS GOOD GOVERNANCE IMPORTANT FOR YOU?

In the same way that good governance is a key foundation for a commercial organisation's success, so it is important for organisations that provide recreation, participation and elite sport opportunities.

In smaller organisations, governance might not be an immediately recognisable part of what the organisation does but all organisations will have a culture, strategy and processes, whether they're explicit or implicit.

This Code sets out good governance for our sector. It is flexible, allowing adaptation for organisations which may be smaller or larger; commercial or entirely voluntary; national, regional or local.

If adopted and put into practice, the Code's principles should ensure that organisations are sustainable, successful and recognised as well run by athletes, participants, members, the media, sponsors and funding organisations.

Sport and recreation governing bodies and membership organisations must ensure that they are fit for purpose, provide value for money and are well-organised and structured bodies.

Being publicly funded, either by receiving money from UK Sport or one of the home nation Sports Councils, or by being reliant on membership fees means that your organisation must ensure it has a high level of accountability and that you use the resources at your disposal effectively.

The Sport and Recreation Alliance, UK Sport and the home nation Sports Councils have developed governance frameworks which offer support, guidance and training to sport and recreation organisations.

Further details are available on the respective websites, details of which can be found in the Useful Contacts section at the back of this publication.

Sport and recreation organisations need to ensure that stakeholders are engaged, that their organisations are run ethically and with integrity, and that they are focussed on a strategy that leads to the sustainable development of their activity.

This focus can help the organisation to grow its influence, minimise risks, increase participation and achieve elite success.

The ability to attract new participants is important in a world where there is so much choice amongst users and consumers.

Participants are attracted to organisations that show professionalism and in a world of ever-increasing expectation and standards, organisations are scrutinised by the very people they exist for.

In an environment where funding is provided by public bodies and sponsors, there will be a strong interest in good governance which includes robust controls, sound risk management and ethical leadership.

Funding stakeholders are not alone, though, in having an interest in the governance of an organisation:

- **Athletes, participants and members will not be content with or attracted to poorly run and governed organisations. Similarly, commercial parties or potential charitable donors are more likely to be attracted to organisations that are well run.**
- **Strategic investors and other stakeholders will have very specific requirements relating to governance and compliance, which will act as triggers for continuing support.**
- **Organisations that are efficiently structured, and effectively managed with clear strategic aims and an inclusive approach are far more likely to thrive in this competitive world.**

“Participants are attracted to organisations that show professionalism.”



## WHY ADOPT THE CODE?

A recent report published by Birkbeck Sport Business Centre (University of London) has researched the views of organisations that have adopted the Code since 2011.

The survey results, published in November 2014, showed that the Code provides direction, practical guidance and good practice.

All of these have helped sport and recreation bodies not only strengthen their governance structures but have also enabled significant and positive organisational growth.

### Key findings from the report include:

- 90% of respondents reported that their organisations are working towards some or all of the principles
- 77% stated that the implementation of aspects of the Code has had a positive impact on their organisations
- 95% stated that the Code has been either effective or very effective in assisting good governance.

Most respondents said they had signed up to the Code to improve governance in general, to adopt best practice, to demonstrate commitment to good governance and/or to use the Code as a framework for positive change within the organisation.



The Code has been the catalyst to get board commitment to change. Since the changes have been made the organisation has gone from strength to strength.

Executive and non-executive directors are gaining a much better understanding of what it means to be a board member, separating their operational duties from their strategic ones.

NGB respondent

## WHY IS SPORTS GOVERNANCE DIFFERENT?

The Code adapts the general principles of good governance to the sport and recreation sector, recognising that our world is unique.

We have specific issues to address, such as anti-doping, betting and gambling, safeguarding children and vulnerable adults.

We also operate in a sector that cuts across socio-economic boundaries, geographies, cultures and demographics and therefore has a greater focus on inclusion and diversity.

Ethics are at the core of sport: organisations may be responsible for setting the rules for participation and competition or for the training and conduct of instructors and coaches.

We cannot be effective in sport without integrity and visibly ethical leadership.

Sport and recreation are unique when it comes to 'the product'. Participants and in some cases, athletes, are the product and so they have a pivotal role and need to be involved in decision-making.

At the heart of sports governance is the promotion and protection of participants' rights and their development pathway, whether this is the intrinsic reward of personal achievement or success in a major event.

## GOVERNANCE AND VOLUNTEERING

Volunteers are critical to sporting organisations, whether large or small and even where there is paid staff. Engaging them in the work of the organisation can be very fruitful but even for volunteers there should be clear expectations.

Clarity of roles, particularly where they may have dual roles (participating in strategic decision making and undertaking a day-to-day operational role) helps your organisation to maximise the contribution volunteers make whilst blending this with the work of staff.

Stars and sporting heroes may have a volunteering role to play as ambassadors — their involvement should be encouraged and appropriate ways of involving them should be sought.

This may not mean a position on the board. But icons can inspire others to join in and enjoy the sport or activity. Including them as ambassadors or, if they have the requisite skills, as board members means their knowledge is retained.

# HOW TO USE THE VOLUNTARY CODE

## FLEXIBILITY

This Code is designed to be flexible and simple. It is not a prescriptive approach to governance.

It provides the principles of good governance recognised by our sector and practical recommendations that your organisation may wish to consider.

Each organisation is different and what may be appropriate for one may not work in another.

Think carefully about your own organisation's priorities, capacity and what you are striving to achieve in governance terms. Then take time to plan, garnering the necessary support and setting realistic timeframes.

## SIZE OF ORGANISATION

Our sector is diverse and includes organisations of all sizes, types and functions.

Size will influence the structures and mechanisms needed to embrace the principles of good governance, but principles of good governance are relevant to all.

This is not a 'one size fits all' approach to governance. It is not the role of the Code to dictate what is appropriate for each organisation. The principles of good governance are intended to be applied in a pragmatic way, which takes into account size, complexity and level of maturity of an organisation.

This governance approach allows the framework to evolve over time. Your board should set expectations and review regularly in relation to embedding the principles of good governance within the organisation.

### THINKING POINT

Good governance is vital to the success of all types of organisations. While the distinction between the inherent aims of the organisation may require different approaches, the fundamental principles of good governance are no different.

The rationale for good governance is applicable across the spectrum of organisations and the Code has been developed in order to offer the flexibility needed for all to adapt and make use of it.

## SIGNING UP TO THE VOLUNTARY CODE

By signing up to the Code your organisation is committing to aspire to good governance and to integrate the principles across your organisation.

Each principle offers a stimulus for you to improve and a guide to the ways in which they can be implemented.

How you use them and what they mean for your organisation is for you to develop.

We hope that you, your members and your stakeholders will use the Code to better understand the benefits of good governance.

You will also be able to benchmark your current performance, develop a coherent plan for improvement and monitor progress over time.

### THINKING POINT

Your organisation may wish to adopt an approach where your board annually reviews your progress against the governance improvement plan.

Some organisations have established governance working groups which are tasked with implementing governance improvements.

Whilst this approach is helpful in managing the process in a structured fashion, it may not work for everyone. The process should match the size, function and complexity of your organisation.

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This Code is designed to be flexible and simple.

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## FUTURE SUPPORT AND DEVELOPMENT

As your organisation examines the Code there will be areas that you highlight for improvement and development.

The Alliance has developed strategic partnerships with leaders in the corporate and charity sectors as well as Sports Councils and recognised training providers, putting together unique opportunities for sport and recreation organisations.

It is important that Alliance members and Code signatories have access to sufficient choice but also high quality support if the sector as a whole is to grow and evolve.

By offering guidance, training and resources in a range of formats, including webinars, workshops and web-based materials, the signatories can select the most appropriate development tool.

See page 5 for more details about the support which the Alliance offers.



# FIRST PRINCIPLE

## Integrity: Acting as guardians of the sport, recreation, activity or area

The board must uphold the highest standards of integrity not only in what it does but in the wider environment of its sport, recreation, activity or area.

### PRACTICAL CONSIDERATIONS

- Setting and protecting the vision, mission, values and reputation of the sport, recreation, activity, area and organisation.
- Maintaining high sporting ethical standards.
- Taking the athletes', participants' and members' views into consideration.
- Protecting and promoting the moral and physical wellbeing of participants.
- Actively promoting and monitoring equality and diversity.
- Ensuring each board member has adequate time to dedicate to their role and does not take on too many roles or duties to be effective.
- Supporting education and training on anti-doping and other integrity issues if appropriate.
- Determining what fairness of competition means within the sport or activity and upholding it.
- Developing rules and regulations in cooperation with participants and, where appropriate, international federations.
- Ensuring illegal activities do not impact on the competition (eg corrupt betting).
- Ensuring the organisation is equipped to manage the safeguarding of children and vulnerable adults.
- Being aware of risks to the sport, recreation, activity or area and monitoring and mitigating them.
- Maintaining standards to foster appropriate development of the sport.
- Promoting and communicating the interest of the sport, recreation, activity or area to a wider audience to raise its profile.

### THINKING POINT

It is vital that your board members are able to effectively contribute and are not limited by the amount of roles or activities they are engaged with.

It may be helpful to have board members who sit on other committees or boards because of the experience or knowledge they will bring, but this must be balanced with the need to have sufficient time to dedicate to playing their role and

to understanding the context they are operating in. You should bear this in mind when appointing board members.

You should also aim to maintain the autonomy and specificity of your sport, in particular the activities under your jurisdiction. If you're a recognised governing body or membership organisation, expectations will be high in respect of the rules, access to membership or services and ethical practices.

### CASE STUDY

## BRITISH ORIENTEERING



The British Orienteering Federation was established in the sixties and has around 10,000 members. It entered the 21st Century with a Council of 30 members and an eight member Management Committee.

To modernise, it replaced the Council and Management Committee with a new Board consisting of nine directors and the Chief Executive. Integrity is recognised as critical to its credibility and long term success.

A code of conduct for directors was introduced and sign up is required on appointment. The code requires honesty, high moral standards, openness and transparency, reflected in the statements of intent which apply to all Board members:

- We (the Board) have a responsibility to carry out our duties in an honest and business-like manner
- We are entrusted with, and are responsible for the oversight of the assets and business affairs of British Orienteering in an honest, fair, diligent and ethical manner
- Act honestly, fairly, ethically and with integrity
- Act in a manner to maintain and enhance the reputation of British Orienteering as guardians of the sport.

The Board engages in significant discussion of ethics, morals and the honesty and transparency they should demonstrate. The Board has resisted any movement to omit discussions and decisions that might be controversial as they must be aware of members' views and consider them.

Appointing three independent directors through an open recruitment process has brought significant benefits to the Board. Discussions are more effective and have been strengthened as matters of potential conflict are discussed and recorded honestly and transparently.

Directors are fully aware of their duty to act in the best interests of the British Orienteering Federation and the potential conflicts commercial decisions can bring.

The integrity shown by the Board in recording discussion leading to controversial decisions has served the organisation well, helping raise the awareness of members regarding the matters the board deals with. Moreover, directors understand that a better informed membership is key in maintaining their support and ensuring the sport and the organisation are fully protected for the future.



# 2

## SECOND PRINCIPLE Defining and evaluating the role of your board

The board needs to understand and evaluate the role it plays and the way it contributes to the organisation.

### PRACTICAL CONSIDERATIONS

- Being familiar with the governing document (eg articles of association, trust deed etc) and abiding by the boundaries it sets.
- Reviewing and updating the governing document.
- Ensuring the structure of the organisation is appropriate.
- Creating clear roles and divisions of responsibility and having role descriptions for key roles on the board.
- Having overall clarity on the role of the board and the various functions it will fulfil.
- Helping to appoint senior staff members and board members (elected, selected and independent — as the governing document allows and dictates).
- Recruiting, appointing, monitoring and supporting the CEO.
- Taking responsibility for the welfare of staff including volunteers.
- Having appropriate information on all aspects of their organisation.
- Putting in place codes of conduct and terms of engagement for the board.
- Ensuring board members understand their personal legal responsibilities (if your organisation is constituted as a company or charity, your directors or trustees should be aware of company or charity law requirements).
- Running effective board inductions.
- Establishing division of responsibilities between the Chair and Chief Executive in writing and agreed by the board.
- Providing all board members with on-going training and development to ensure they are adequately informed and effective in their roles.
- Collectively reviewing and running a board evaluation once a year.
- Ensuring each member of the board carries out a self-assessment and has an informal annual one-to-one meeting with the Chair.
- Ensuring the Chair receives an annual formal review from a designated member or members (two maximum) of the board.

### THINKING POINT

The idea of each board member having a review may seem unnecessarily formal, particularly if he or she is a volunteer.

the concept of continuous personal review and improvement — board members should also seek ways to become more effective at what they do.

But, it is important for each individual to have a discussion about what they want to contribute and how they feel they have been delivering against their own expectations.

Your organisation may want to take an informal approach and ensure your Chair speaks with each board member at a suitable time.

Participants and athletes are familiar with

Alternatively you can develop an evaluation framework for the board as a whole as well as review the performance and contribution of individual board members.

### CASE STUDY

## AMATEUR SWIMMING ASSOCIATION (ASA)



The Amateur Swimming Association (ASA) is a complex organisation that has expanded far beyond its historical role.

to not having the skills, or in some cases, the interest, for the wider agenda. As a result, a revised governance structure was put in place which now comprises two Boards — each of equal standing and clear terms of reference.

With 200,000 members and 1,100 clubs, it carries out the usual NGB activities relating to sport development including oversight of competitions, talent and volunteering.

The ASA Sport Governing Board has responsibility for 'swimming as a sport' — the core NGB club and membership areas. The ASA Group Board has responsibility for 'swimming as an activity' — the participation agenda. The Group Board also has responsibility for the commercial activities of the ASA. There are formal links between the two Boards.

But the ASA also focuses on the wider participation agenda in partnership with operators, funding and commercial partners. The ASA also has a subsidiary training company with a turnover akin to that of a Further Education College.

The revised structure has enabled the ASA to appoint Board members with the requisite skills for the activities it undertakes, and whilst the Sport Governing Board is comprised of members from the sport itself, the Group Board is mainly comprised of members from outside with commercial, sport development (other sports) and general business management skills.

The ASA embraced the Code when it was first produced, using it as the basis to carry out its review. It was used in facilitated Board sessions and then in wider consultation sessions with the sport and its partners.

The review clearly showed that the work of the ASA is so diverse that it requires different skills to provide the strategic lead on all the relevant areas.

This is a clear case of a board developing and demonstrating an understanding of the role it needed to play — as well as the way it needed to contribute to the organisation through consultation.

The Board members at that time were all from the sport itself and some members openly admitted

# 3

## THIRD PRINCIPLE

### Setting vision, mission and purpose

The board should set the strategy and vision of the organisation and ensure that it is followed without becoming involved in the operational delivery.

#### PRACTICAL CONSIDERATIONS

- Putting the participant at the core of the mission of the organisation.
- Identifying the values of the organisation that will underpin the strategy.
- Ensuring the values include inclusivity and diversity.
- Conducting a strategic review.
- Creating a strategic plan in consultation with participants, athletes, staff and members which sets a vision of what the sport, recreation, activity or organisation aims to achieve.
- Setting challenging yet realistic goals that drive and support the vision, mission and purpose.
- Giving consideration to strategic partners and stakeholders who share the vision such as sports councils or local authorities.
- Creating appropriate committees which operate under delegated authority, for example nominations, performance and or audit committees.
- Delegating operational issues to individuals with a remit to deliver the operational function (eg CEO, Finance Director/Officer).
- Ensuring there are sufficient resources available to deliver the strategic plan and a comprehensive risk register is in place to identify and mitigate any risks to achieving the goals.
- Staying participant, athlete and member focussed in order to adapt to changing needs.

#### THINKING POINT

Creating a strategic plan can be a challenging task.

It is important that the strategic plan is developed in partnership with athletes, participants, staff and members so that everyone buys into the direction the organisation is taking.

Too often the consultation is left to the last minute or forgotten altogether. For a strategic plan to be

effective it needs to mean something to everyone and the best way for this to happen is for everyone to be given the opportunity to contribute.

A strategic plan should take account of the external environment, the resources available (including funding and people) and the vision and objectives of the organisation.

It should contain clear, measurable and achievable targets.

#### CASE STUDY

### ENERGIZE



Energize, the County Sports Partnership for Shropshire, Telford and Wrekin, has a mission to collaborate with national and local partners to *“Ensure that there is a diverse range of quality, affordable, accessible and enjoyable activities available across the area, to inspire local communities to lead healthy and active lives.”*

In 2012, following a review of its governance structure, Energize established itself as a social enterprise. Having been hosted by a local authority since inception, Energize registered as a Company Ltd by Guarantee, and a month later obtained charitable status. All staff and stakeholders, including Sport England and the local authorities, were involved in the consultation process and the final decision to establish a new organisation was agreed by the entire partnership.

In 2013, Energize used Sport and Recreation Alliance **Smart Sport** tools to recruit new independent trustees. The Board identified specific roles including the need for a Governance and Risk Champion and he proposed that Energize formally adopt the Voluntary Code of Good Governance. This was approved and the Board initiated a review of Energize practices against the 7 principles of the Code.

Energize puts the participant at the heart of everything we do, and believe there is a sport / recreational activity for everyone. It is Energize's purpose to help all find 'something that makes their heart beat faster'.

Principle 3 highlighted the importance of a clear strategic vision underpinned by operational plans. Consequently a new 2020 Vision has been established and the Board is in the process of identifying clear targets and aspirations for the executive staff, team and partners.

This is led principally by developing core values, which include being:

- open and respectful
- inclusive
- inspiring
- future facing.

Energize is committed to promoting a customer focussed and insight led approach to both our strategy and our support to partners. The Board is also embarking on a 360 degree governance review, using the Code.



# FOURTH PRINCIPLE

## Objectivity: Balanced, inclusive and skilled board

The board should be made up of individuals with the right balance of skills, knowledge and experience to meet the needs of the organisation. This includes independent expertise and representation of the diversity of the sport and community it serves.

### PRACTICAL CONSIDERATIONS

- Putting in place appropriate recruitment practices for new board members.
- Ensuring a balanced and inclusive interview panel and nominations panel for board appointments.
- Ensuring board succession planning is proactively undertaken.
- Ensuring board composition adequately reflects the community served by the organisation and the diversity of society.
- Having a board that comprises up to 8-12 people for effective decision-making.
- Having at least 25% independent non-executive board members bringing knowledge and experience from outside the sport or activity.
- Ideally having an independent Chair to bring an objective perspective.
- Ensuring that board members are chosen on the basis of their competence, ability, quality, leadership, integrity and experience.
- Using external experts in specific fields when necessary.
- Setting terms of office for board members that are limited in duration to ensure the board is refreshed regularly and a balance of continuity and fresh perspective is maintained.
- Ensuring the voice of the participant is heard or represented to the board (this can be achieved through participant representation, by portfolio responsibility or through committee structures).
- Ensuring diversity is championed on the board (this can be achieved through portfolio responsibility, quota setting or mentoring programmes).
- Ensuring the board has appropriate representation from officers but that their perspective does not disproportionately influence decisions.
- Ensuring all voices are heard in decision-making processes.
- Ensuring that challenge and discussion are encouraged in a controlled meeting and conflict is resolved appropriately.

### THINKING POINT

Having a wide range of perspectives represented on the board is critical not only in achieving good governance but also in enhancing the quality of debate and ultimately improving decision-making.

leadership and decision-making are crucial. Larger organisations may particularly benefit from this approach. It is acknowledged that smaller, developing organisations may want to appoint a Chair with knowledge of the sport, recreation or activity as this will enable them to grow.

Board members are appointed to serve the sport or activity as a whole, not their own region, function, background or group. Organisations should move towards appointing a skills-based board with appropriate role descriptions for each member.

The questions to be asked are: is the role of Chair documented and understood? Can the objective challenge be performed effectively by the chosen individual?

It is recommended that organisations appoint an independent Chair because objective challenge,

You need people on your board who are able to make decisions in the best interests of the organisation, setting aside their personal position, any potential conflicts or loyalty.

### CASE STUDY

## HOCKEY WALES



Hockey Wales recently changed its articles of association to ensure a balanced Board of elected and appointed directors. Importantly, the responsibility of appointing a Chair was made into a Board decision not a membership one.

With support from Sport Wales, Hockey Wales immersed itself in a *High Performing Organisation* agenda — VISION 2020 was born and the organisation rebranded itself. Strategic reviews underpinned the transformation.

Hockey Wales also signed up to the Code with full Board support, and to ensure the governing body was equipped to lead the sport under the new vision, a number of governance changes were implemented:

- A Board competency and skills framework — to meet recruitment, training and behavioural expectations.
- A Board skills analysis — competency-based

interviews, psychometric tools and a skills and experience chart.

- A recruitment policy and process — resulting in the recruitment of four new directors who work in industries other than sport.
- An independent Chair was appointed — for an initial one-year term and then a three-year term.
- A Board evaluation and review — led by the Chair, this has proved a useful tool for the Board and wider organisation.

The Board now has a full complement of elected and appointed directors and the quality of discussion and challenge has increased significantly, as has the quality of support and guidance offered to the executive team and organisation.

The improved clarity of roles for the CEO, Chair and Board has created a greater ability to engage, challenge and support at the right level. The confidence of the board and in the Board has increased, especially from a staff perspective.



# 5

## FIFTH PRINCIPLE Standards, systems and controls

The board needs to be conscious of the standards it should operate to, and of its role in exercising appropriate and effective control of the organisation.

### PRACTICAL CONSIDERATIONS

- Complying with regulatory and legal requirements for the organisation.
- Ensuring a clear set of key policies are in place and reviewed annually.
- Putting in place appropriate financial controls.
- Ensuring authority is delegated appropriately through committee structures and that checks and balances are in place to manage inappropriate use of decision-making responsibilities.
- Ensuring effective systems and processes are in place.
- Ensuring legal obligations including those on use of personal data are understood and implemented appropriately across the organisation.
- Ensuring adequate mechanisms are in place for athletes, participants and members to feed in their thoughts and be involved with the organisation's development.
- Assessing organisational risks and developing mitigation plans.
- Setting clear terms of reference, limits of authority and expectations whenever projects or tasks are delegated, be this to a committee or an individual.

### THINKING POINT

The level of control, systems and processes that need to be implemented will vary depending on the size of the organisation. External funders need to see an organisation is 'fit for purpose'.

Where organisations do not receive funding they should still be exercising effective controls. It is important to make this relevant to your organisation.

Risk management in sport is often thought of as accident liability and/or financial risks. Both types are important but a thorough risk management strategy should look across the environment at any potential risks which may stop the organisation achieving its vision, mission or purpose.

For example what are the risks that may stop your organisation growing? What are the risks that may prevent your participants from becoming elite level athletes? Do you consider risks associated with access to facilities or staff turnover?

### CASE STUDY EXTEND



EXTEND Training's principal object is the training of teachers who work with the over 60s and less able of all ages. Founded in 1976, EXTEND's 600 teachers reach 25,000 participants in residential homes, day centres, clubs, specialised clinics and open classes each week.

Following changes to the Companies Act, the organisation underwent a review of its Articles of Association to comply with company and charities law requirements, using the Code as a guide to self-evaluation. By looking at each of the Principles, within the context of the governing document review, the new Articles were written with EXTEND at the core.

Principle 5 became a priority for the organisation and the new Board overhauled EXTEND's financial controls. In addition, office and training procedures have been reviewed and revised with a greater focus on the perspective of the user. Improving communication has enabled timely decision-making, which has enhanced the charity's overall efficiency and effectiveness.

A management review was undertaken, with contributions from everyone involved in the delivery and development of EXTEND. Through this process the Trustees agreed to appoint EXTEND's first CEO to help drive corporate growth. This also helped ensure Board, staff and volunteers consistently implemented financial and other controls.

The Code also catalysed a self-evaluation of the existing Board, paving the way for new Board members to contribute to the organisation after experienced new Trustees were appointed.

On a more day-to-day level the Code has encouraged the use of different technologies including emails and Skype for distributing papers and group meetings. Improving communication has enabled timely decision-making, which has enhanced the charity's overall efficiency and effectiveness.

The Trustees continue to use the Code as a guide to evaluating EXTEND's governance, as it is a welcome and easy tool that puts the organisation at the heart of the process.



# SIXTH PRINCIPLE

## Accountability and transparency

The board needs to be open and accountable to its athletes, participants and members and its actions should stand up to scrutiny.

### PRACTICAL CONSIDERATIONS

- Fully engaging with members and participants.
- Running consultations with different stakeholders.
- Putting in place appropriate complaints and appeals procedures.
- Being ethically responsible and treating everyone fairly and equally.
- Embracing diversity and ensuring board representation reflects membership and wider society.
- Ensuring published accounts are made available to members.
- Informing people about the organisation and board's work.
- Ensuring all processes and decisions are transparent.
- Ensuring there is a conflict of interest policy in place; that declarations of interest are updated at least once a year; and that these are declared in relation to agenda items at each board meeting.
- Having appropriate mechanisms in place for participants to feed in their thoughts and have their concerns and questions answered appropriately.
- Being able to appropriately manage formal communication, engagement with members and social media activity.

### THINKING POINT

You might want to consider the use of an independent organisation like Sports Resolutions.

Where participants may feel aggrieved or tempted to challenge the decision of an organisation, the use of an independent organisation will help to demonstrate an open and transparent resolution process.

This type of approach may also protect the organisation from costly legal challenges raised by participants.

In addition it may also be worth considering relationships with organisations that represent athletes and participants.

An open and transparent approach should lead to a more effective organisation that is supported by all stakeholders.

### CASE STUDY

## UK SPORTS ASSOCIATION FOR PEOPLE WITH LEARNING DISABILITY



The UK Sports Association's (UKSA) vision is of a society that enables people with learning disability to excel and achieve their full potential in sport.

They will achieve this by promoting, facilitating and supporting talented sports people with a learning disability to train, compete and excel in national and international sport.

UKSA is the only organisation in the UK focused exclusively on high performance for athletes with a learning disability and it is responsible for eligibility and classification. It is a company limited by guarantee with charitable status.

The Code provided a template that fit the nature and ethos of UKSA and provided the basis for discussion and debate. The result was a governance review and a roadmap for change.

UKSA reviewed structure, purpose, systems and all aspects of its leadership, resulting in a Board composed of representative and independently recruited trustees. They used a skills audit to recruit based on identified skills gaps. This not only changed

the structure of the Board, it positively affected the dynamics.

Principle 6 encouraged UKSA to explore engagement with athletes in their decision-making structures. Using this as a guide, the CEO and Board developed a plan for athlete engagement to ensure that any athlete involved in this process felt equipped and confident enough to air their views, influence discussion and fully engage with the aims of UKSA.

From these foundations, the "My Sport, My Voice!" project was born. The project aims to dispel myths around learning disability, whilst showcasing the sporting achievements of athletes with a learning disability.

It also enables UKSA to work with athletes on an individual basis, creating personal development plans and empowering them to become confident leaders with the skills needed to be an athlete voice that can influence UKSA and the wider sporting sector.

The UKSA continues to use the Code as a framework which guides and supports the organisation.



# 7

## SEVENTH PRINCIPLE Understanding and engaging with the sporting landscape

The board needs to be aware of the international and domestic sporting environment and position its organisation appropriately.

### PRACTICAL CONSIDERATIONS

- Understanding key relationships with other bodies eg strategic investors or commercial partners.
- Maintaining links with appropriate international governing bodies.
- Maintaining an overview of appropriate links with home country or regional partners and other affiliated bodies.
- Defining the relationship between the organisation and its clubs, classes, members and participants and the responsibilities the sport has to each constituent.
- Understanding the pyramid of competitive sport and the pathways between grassroots and elite level participation.
- Overseeing and agreeing a vision for development of the sport or activity at each level that is appropriate for members and participants.
- Establishing strategic relationships and working with other organisations where the mutual benefits of partnership can be maximised.
- Acting in a socially responsible way. For example, working on participant education, working with charities, interaction with the local community or respecting the environment.
- Working with like-minded organisations to set similar standards in order to minimise bureaucracy for participants.
- Ensuring systems are in place to efficiently manage members' queries and expectations.
- Ensuring volunteer management is given sufficient attention within the organisation.
- Seeking opportunities at events to promote the sport or activity and uphold required standards set by other sporting bodies domestically and/or internationally.
- Identifying and nurturing commercial partnerships to ensure sustainable development.

### THINKING POINT

The sporting landscape is continuously evolving and each organisation will have a different perspective on its environment, whether this is an outdoor, movement or dance activity or Olympic and Paralympic sport.

It is important that the board is well informed about the external environment and the organisation's position within it. In some organisations it might be appropriate for

board members to actively develop certain strategic relationships.

In others this will be the role of the executive, with board members taking on strategic oversight to ensure that all relations are being developed appropriately.

You should establish the level of engagement your board members are expected to have with other organisations and whether this needs to be something they actively do themselves or something they supervise and delegate to others.

### CASE STUDY

## THE BRITISH ATHLETES COMMISSION (BAC)



The British Athletes Commission (BAC) signed up to the Code in 2013 to give the organisation focus and structure after a period of change. In 2012 BAC was awarded funding for the 2013-17 Rio Cycle, requiring the fulfilment of a number of governance conditions. The Code became invaluable as a source of guidance and good practice.

### Principle 7 Was Particularly Important

It was important new Board members understood the position and role of BAC in the sporting landscape. Externally, BAC needed to re-establish its position in the sporting landscape.

### Key Considerations

**Understanding key relationships with other bodies.** Following their 2013 re-launch, the BAC worked to understand the plans and objectives of key stakeholders in the sector, to find the best way to collaborate for mutual benefit.

**Establishing strategic relationships and working with other organisations.** Mutually beneficial relationships between BAC and organisations like the English Institute of Sport and Sport Resolutions UK are important for effective representation of athletes. The BAC has Board representation in both organisations to help fulfil this role.

**Ensuring systems are in place to effectively manage members' queries and expectations.**

As a small organisation, BAC increased its effectiveness by establishing Memoranda of Association with range of providers who could provide support services to their members. This gave members access to a wide range of professional assistance in a variety of fields.

**Identifying and nurturing commercial partnerships to ensure sustainable development.**

In order to diversify its income stream and set the foundations for sustainable development, BAC has begun to build commercial relationships with sponsors. This includes the Athletes Direct programme ([www.athletesdirect.org](http://www.athletesdirect.org)) which raises the profile of the BAC whilst also benefitting their members.

The Code isn't theoretical or abstract its practical and pragmatic and through focussing on it as demonstrated with Principle 7 the BAC has been able to build strong foundations but also establish a meaningful and recognised presence in the (high performance) sports sector which is critical for the majority of our members.

# ACKNOWLEDGEMENTS

## SPORT AND RECREATION ALLIANCE

The Sport and Recreation Alliance is the umbrella organisation for the governing and representative bodies of sport and recreation in the UK and represents 320 members.

Its role, like every trade association, is to speak up on behalf of its members, represent their views and provide them with services which make their life easier.

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 @sportrectweets

## SPORT AND RECREATION ALLIANCE GOVERNANCE WORKING GROUP

The Sport and Recreation Alliance Governance Working Group was formed in 2014 with the specific task of shaping the second edition of the Voluntary Code of Good Governance. Members bring not only knowledge and expertise in the area of governance, but also the broad representative views of our sector. Special thanks to its members:

**Jane Nickerson**  
Amateur Swimming Association/British Swimming

**Janice Shardlow**  
British Equestrian Federation

**Lisa Wainwright**  
Volleyball England

**Mike Hamilton**  
British Orienteering Federation

**Margaret Peggie**  
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**Debbie Austin**  
Sport Wales

**Pauline Harrison**  
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Governance Adviser to the Sport and Recreation Alliance

The Alliance would also like to thank Craig Hunter and Nick Hazell of Versec Limited for their contribution to this edition of the Voluntary Code.

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