

Good Governance Institute

Board skills and diversity in sports organisations

A practical guide for boards and nominations committees

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'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.'
(Code for Sports Governance, 2021)



The Good Governance Institute exists to help create a fairer, better world. Our part in this is to support those who run the organisations that will affect how humanity uses resources, cares for the sick, educates future generations, develops our professionals, creates wealth, nurtures sporting excellence, inspires through the arts, communicates the news, ensures all have decent homes, transports people and goods, administers justice and the law, designs and introduces new technologies, produces and sells the food we eat - in short, all aspects of being human.

We work to make sure that organisations are run by the most talented, skilled and ethical leaders possible and work to build fair systems that consider all, use evidence, are guided by ethics and thereby take the best decisions. Good governance of all organisations, from the smallest charity to the greatest public institution, benefits society as a whole. It enables organisations to play their part in building a sustainable, better future for all.

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Purpose

This short guide provides independent guidance and support to organisations covered by the Code for Sports Governance in the UK. It draws on evidence of best practice from the sports sector, and more broadly from other relevant sectors, to help ensure boards, and their nominations committees, meet the spirit, as well as the specific requirements, of the Code.

The focus is on action that needs to be taken to make sure boards are established, equipped and developed in a way that meets expectations of good governance and stands up to scrutiny. Specifically, it sets out a board skills and diversity tool designed to provide practical support to sports organisations of all sizes.

Good governance

The standards of good governance in relation to boards in the sport sector are clear and are essentially no different in intent from other sectors.

Put directly, well-governed organisations have, as their controlling mind, boards with the skills and legitimacy to deliver their strategic goals. In their decision-taking, boards must be able to demonstrate that they have benefited from constructive challenge to test their ability to meet the responsibilities and requirements of stewardship placed on them by law.

This requires talent on the board, secured from the widest possible pool of skills, expertise and diversity. The board should also be meet the test of being able to understand, engage with, and be credible to, the needs and aspirations of the main stakeholders of the organisation.

In short, the advice set out in this guide helps those responsible for board appointments to ensure the board:

- can demonstrate board members are of sufficient calibre to discharge their duties as directors
- has the relevant skills and experience to deliver the organisation's strategic goals
- are sufficiently diverse to hold credibility with stakeholders, manages risk well by avoiding the potential for groupthink and meet the diversity requirements of regulators

Board skills and diversity tool

The following tool is designed to support individual sports organisations in securing the right skills and diversity they need in their boards. It is based on a commitment to a systematic and professional process which embraces recruitment, reward, development and succession planning. It is intended for use by any size of sports organisation and by those working with them on board appointments and development.

The tool also has a wider objective for sports leadership and governance. It promotes an approach which looks beyond any one organisation to grow an ongoing talent pipeline for board membership across sports in order to enhance governance in the sector and help safeguard the future of sport.

The developmental matrix which is included is designed to help sports organisations, their boards and their stakeholders to be assured that not only are the current needs for senior and experienced directors being met, but also that board leaders for the future are being fostered.

Emphasis on the continuing development of boards and their individual members is an essential hallmark of effective boards that requires prioritisation of time and resources. Leading directors recognise that there are always things to learn and that their individual development, as well as that of the board collectively, should be ongoing.

The right attitude for both those appointing to and applying for board positions in sporting organisations is the recognition that everyone has something to learn, and as the sports sector and its leadership continue to evolve ongoing board and director development is an essential part of the job. This tool, and future updates of it, can support directors to ensure they are making the best possible contribution.

Accordingly, the tool is in three parts:

Part 1 - Director skills and competency matrix

Part 2 - Professional and technical skills and experience

Part 3 - Board diversity

Part 1 - Director skills and competency matrix

All board members need to be able to demonstrate that they have sufficient knowledge and calibre to discharge their duties in law as directors.

The matrix below provides a consistent framework for assessing skills and competency for individual board members and for the board as a collective whole. It enables a dynamic and objective assessment of board maturity, skills and competency and their development over time. It has been designed to be used at various stages – recruitment, continuing assessment, appraisal and development.

Recruitment. Those appointing to board positions should use this matrix to both gauge the ability of the individual candidates at both shortlisting and interview stages, but also to look at the balance and maturity of the board overall. Good boards will be able to demonstrate that they have recruited some candidates earlier on in their directorial careers who over time will provide the future pipeline of experienced and skilled board memberships for the sector in the future.

Assessment. The matrix works well if applied to consistently in relation both to all board members and to the board as a whole. Boards should therefore create individual, identifiable versions of a scored matrix for each director but also maintain a whole-board, anonymised version to show the spread of overall board maturity.

Development. Both directors and the chair can use the matrix to identify developmental goals, as part of individual goal-setting and appraisal. This should form part of a clear process of reflection on impact and effectiveness and planned development which marks out good governance in all organisations. An annual development programme for board members is an important commitment for even the smallest board to make.

Sports organisations face quite specific requirements when considering the right balance of skills and diversity they need. Professional and technical backgrounds are clearly important (see section 2 of the tool below) to ensure a core level of governance competency. But boards of sports organisations also require flexibility, fluency and skills required to run small-medium enterprises, high levels of community and civic awareness and connection, and familiarity with different types of legal incorporations such as companies limited by guarantee and charitable organisations. It should not be assumed either, without assessment, that directors who have held very senior positions in commerce, the professions or the public sector will possess the right level of familiarity with sector-specific policy and governance and the regulatory environment.

No	APPOINTABLE	EARLY PROGRESS	FIRM PROGRESS	MATURITY	EXEMPLAR
<p>UNDERSTANDING THE ROLE</p> <p><i>Directors must understand their role within a corporate board and their governance and legal responsibilities.</i></p>	<p>Meets the standard for appointment to a board</p> <p>Able to articulate governance and legal responsibilities of directors, and how governance works in a sports organisation. Understands the governance of the particular kind of organisation concerned</p>	<p>Demonstrates application of competencies to add value to the board</p> <p>Able to use constructive challenge in a way that is valued by colleagues</p>	<p>Meets the level to take on specific board role, such as chairing a board sub-committee</p> <p>Able to explain the organisation's strategy and standard board reports, providing examples without reference to documents</p>	<p>Proven success in director role</p> <p>Can show how governance tools or concepts, such as risk appetite, have been used to improve governance in own organisation</p>	<p>Demonstrates leadership and added value at the highest level</p> <p>Accepted expert on sports governance and involved in commenting or teaching around role of sports boards</p>
<p>TECHNICAL KNOWLEDGE</p> <p><i>Anyone sitting on a board should have a sound and relevant knowledge of the law, finance, accountancy and compliances as it effects their organisation and role</i></p>	<p>Knowledge and experience of appropriate legal issues. Able to read and explain a set of accounts. Able to understand data and metrics. Has digested and understands the Code for Sports Governance</p>	<p>Able to describe compliance/regulation regimes for sports organisations. Understands relevant sports and related legislation e.g., Health and Safety</p>	<p>Understands and can explain concepts such as EBITA, and why these are important. Knowledgeable about higher-level governance codes such as the UK Code for Corporate Governance, Charity Governance Code, King IV</p>	<p>High level of relevant professional experience, e.g., commercial law, and board level experience in a complex, multiple-service organisation</p>	<p>Has led the board of a relevant organisation (e.g., a sports organisation, larger VCSE), or has had a board level leadership role in significant regional/national enterprise</p>
<p>UNDERSTANDING THE ORGANISATION AND THE OPERATING ENVIRONMENT</p> <p><i>Directors working the sports sector must understand the strategy and services of their own organisation, and be knowledgeable about national policy as it effects healthcare.</i></p>	<p>Can describe the various types of sports organisations and their functions/purpose. Understands the relevant regulators specific to the sport concerned. Able to quickly, through induction, be conversant in organisation's vision, values and reputation</p>	<p>Can comprehensively describe own organisation, economics of specific sports sector concerned and main features of the operating environment. Understands main professional and recreational sports' development processes of organisation and funding streams. Understands key elements of allied business areas their organisation may operate in e.g., hospitality, venue, events</p>	<p>Fully conversant with organisation's strategy and business plan and can describe how these were constructed. Would be confident to represent organisation. Knowledgeable about significant sports pathways, other relevant/related organisations and any subsidiary businesses/charities connect to the organisation</p>	<p>Significant understanding of national market within specific sports sector. Understands development aspirations and values of main stakeholders e.g., commercial partners, main competitors</p>	<p>A national-level expert in a main sports specialism of the organisation, or other relevant professional field e.g., hospitality, estate/venue management, specialist legal or financial management of sport, etc</p>

STRATEGIC THINKING

The ability to focus on strategy is a key factor of working on a board.

<p>Able to distinguish strategic from operational issues. Understands main policy strands affecting sports (elite, recreational and health and well-being)</p>	<p>Able to articulate local strategy and describe how it was developed. Rounded understanding of policy and regulatory environment.</p>	<p>Able to describe risk environment from the strategy, and the relevant controls to these risks. Able to articulate and explain risk appetite for strategic goals</p>	<p>Has contributed to reviews of strategic direction within several organisations. Demonstrates insight and understanding of macro themes relevant to UK sport such as wellbeing, local economic regeneration, building community assets</p>	<p>Has been intimately involved in strategic development of a market, or directed national-level strategic initiatives</p>
<p>Able to digest and understand board papers. Experience of working in a senior team. Can understand a brief around complex issue and organisation's performance report. Understands individual and collective responsibilities of directors</p>	<p>Can make a leading contribution to quasi-judicial proceedings such as chairing disciplinarys or undertaking investigations. Can make relevant challenge points around main areas of board work. Able to explain complex issues crisply. Quickly understands key points within a complex argument</p>	<p>Outputs from committees chaired demonstrate reason and logic and can contribute as evidence of assurance for the organisation. Can rapidly review complex papers, such as business cases and can identify and test key points</p>	<p>Can dissect and offer commentary on complex papers, strategies and reports. Provides the board with stability and support by being able to reference back to previous decisions</p>	<p>Has successfully contributed to multiple boards of significant organisations over a period of at least a decade.</p>
<p>Has gravitas. Demonstrates listening skills and can crisply and succinctly contribute relevant points to discussion. Understands national guidance on EDI, dignity at work, safeguarding, conflict of interest, etc</p>	<p>Trusted by colleagues for personal integrity. Self-aware and politically savvy. Has natural authority. Good powers of persuasion. Models corporate values. Fully conversant with local cultural policies e.g., EDI, dignity at work, safeguarding, conflict of interest, etc</p>	<p>Able to answer detailed questions in board-to-board situation in clear, straightforward manner. Unflappable under pressure. Visible within the organisation. Has participated in peer-to-peer feedback within this board</p>	<p>Has confidence to provide direct, relevant feedback to colleagues and authority/credibility in that such feedback is accepted as useful. Trusted by colleagues as a sounding board</p>	<p>Can withstand considerable personal and professional pressure. Imparts confidence and is considered a peer by national-level leaders. Can demonstrate leadership on cultural values in a sector</p>
<p>Experience of having held a senior position, as an executive or as a community or professional leader. Undertaking identifiable personal development</p>	<p>Has been able to exert influence and to persuade through reasoned argument. Discusses ideas rather than examples. Has agreed personal development criteria for this role</p>	<p>Would be able to deputise for any other same type directors if required. Has achieved own PDP plan objectives for last year</p>	<p>Has chaired board committee, or acted as SID, or has taken on a specific leadership assignment on behalf of organisation (e.g., partnership board membership)</p>	<p>Capable of meeting public appointment criteria. Has been trusted by peers outside of own organisation with a leadership role</p>

VOCATIONAL SKILLS

Directors need to have a number of skills related to the working methods.

BEHAVIOURS AND TRANSPARENCY

Directors need to have personal gravitas and work in a professional manner.

LEADERSHIP CALIBRE

Directors should have strong influencing skills, good powers of judgement, insight and vision, and good listening skills. They should be involved in ongoing development

Example measurement of board against maturity matrix

The table below demonstrates how a board could measure all of its members against the directors skills matrix, to show gaps and whether there is sustainability in the board make-up.

	APPOINTABLE Meets the standard for appointment to a board	EARLY PROGRESS Demonstrates application of competencies to add value to the board	FIRM PROGRESS Meets the level to take on specific board role, such as chairing a board sub-committee	MATURITY Proven success in director role	EXEMPLAR Demonstrates leadership and added value at the highest level
UNDERSTANDING THE ROLE					
TECHNICAL KNOWLEDGE					
UNDERSTANDING THE ORGANISATION AND THE OPERATING ENVIRONMENT					
STRATEGIC THINKING					
VOCATIONAL SKILLS					
BEHAVIOURS AND TRANSPARENCY					
LEADERSHIP CALIBRE					

Part 2 - Professional and technical skills and experience

There are some core skills that boards need to ensure they have directors to cover, but in this section we emphasis fit with the organisation's strategy, risks and up-and-coming challenges.

a. Core technical skills and experience for boards of sports organisations

There are three main technical skills and experience areas that boards of sports organisations must ensure they have within their membership:

- i. Financial
- ii. Experience in making senior executive appointments
- iii. Sector-specific technical experience

Financial. All organisations with a turnover of more than £1,000,000 (a criteria for Tier 3 of the Code for Sports Governance) need to have an audit committee. This is a non-executive committee of the board charged with providing the board with assurance that the governance processes of the organisation are robust and fit for purpose. There will be a strong financial element to the committee's work that requires chairing by a qualified accountant, or an individual with equivalent fluency in accounting and financial processes. The committee members will also need to have confidence and capability in working with external providers of audit to fulfil the committee's role. The board should not be relying on the executive finance director to bring these skills but should ensure that there is at least one non-executive director able to discharge this function.

Nominations. Tier 3 also requires organisations to have a nominations committee as a key part of making board and other senior appointments, and that this is chaired by a non-executive director. This could be the board chair. The individual concerned will need experience of making senior appointments and understand human resources processes and best practice, so that they are able to steer the process of decision-taking and ensure proper recording of appointments or dismissals.

Sector. In addition, if the board is not a unitary board (for example it includes some executive team members as full directors) there need to be board directors with sector specific experience too in order to ensure a quality of constructive challenge around the particular type of organisation. In other words, the board must not be reliant on non-board members to have the technical knowledge to ask the right questions to gain ongoing assurance. In unitary boards the chair should ensure that there is executive-to-executive constructive challenge to help the board as a whole gain assurance around decisions specific to the sport operating environment itself.

b. Organisation-specific skills and experience

In selecting other skills and experience for board membership, those leading the appointment process need to consider the specific needs of the organisation and the challenges ahead. They will need to look at the experience currently on the board, mindful of terms of office and ensuring sustainability of the various kinds of talent, and decide on the specific professional backgrounds needed to craft person specifications. This should consider that sports organisations often run hospitality venues, are seeking to contribute to civic health and wellbeing, maybe undertaking complex property or estates transactions and find themselves involved in digital transformation programmes or media deals. The board needs to be populated by individuals able to contribute to the shaping of strategy as well as being able to ask the right assurance questions – sometimes of professional advisers as well as of the executive. The non-executive members of the board are an opportunity to recruit in senior experience in various fields so that the board can always take

informed decisions, and understand the risk environment they are operating in.

As a checklist, sports organisations may often need the following skills and experience within their non-executive membership:

- Estates and facilities
- Commercial and property
- Retail (particularly e-commerce)
- Wellbeing and population health
- Community engagement (particularly with younger people)
- Digital
- Human resources
- Legal
- Governance and compliance
- Partnership (including commercial partnership) working
- Leisure industry

Example core experience measurement matrix

The table below demonstrates how a board could measure their experience against the three core areas (financial, experience in making senior executive appointments and sector-specific technical experience) alongside between three-to-five of the other core experience most needed to deliver your sports organisations strategy. This can then be used to identify gaps in your board needed to deliver your strategy.

	NO DIRECT EXPERIENCE	PROFESSIONAL OR WORK RELATED EXPERIENCE	DIRECTOR LEVEL EXPERIENCE IN RELEVANT ORGANISATION
FINANCIAL	● ● ● ●	● ●	
EXPERIENCE IN MAKING SENIOR EXECUTIVE APPOINTMENTS	● ● ●	● ●	●
SECTOR-SPECIFIC TECHNICAL	● ● ● ●	●	
ESTATES AND FACILITIES	● ● ● ●		● ●
DIGITAL	● ●	●	● ●
LEGAL	● ● ●	●	● ●

Part 3 - Board diversity

Diversity is a hallmark of any modern, credible and legitimate board. This matters in sports as for any public-facing organisation where there is a reasonable expectation that the leadership of the organisation should reflect the communities served in a visible and accountable way. It is also a formal requirement placed on organisations, although there is much more uncertainty and variability about how this can be achieved and how well it is achieved.

The UK Corporate Governance Code states *'To succeed in the long-term, directors and the companies they lead need to build and maintain successful relationships with a wide range of stakeholders. These relationships will be successful and enduring if they are based on respect, trust and mutual benefit. Accordingly, a company's culture should promote integrity and openness, value diversity and be responsive to the views of shareholders and wider stakeholders.'* Within sport, where the mission set by Sport England is *'to invest in sport and physical activity to make it a normal part of life for everyone in England, regardless of who you are'*, boards will only gain legitimacy through their visible diversity.

The Code for Sport Governance concludes *'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.'*

Good boards in any kind of organisation recruit directors with different kinds of lived experience, as well as professional experience, to ensure the best quality of constructive challenge, to avoid groupthink and to bring the outside in. Diversity at board level helps recognise and shape different opportunities within the market, and underline that for ambitious leaders there are no glass ceilings.

It is important to consider the board as a whole, rather than individual appointment by appointment, and be imaginative in terms of blending the technical skills and professional experience the board needs, the maturity of director experience and securing a diverse board where lived experience and the different vectors of diversity can all come together to create a board where the whole is greater than the sum of the parts.

Boards should set themselves ambitions for:

- what equality diversity and inclusion means and the measures of intent and progress to be achieved with indicative dates for review and achievement
- ensuring that their ultimate composition includes at least 33% membership of each sex
- inclusion of board members drawn from black and minority ethnic communities
- inclusion of board members with legally-defined protected characteristics
- diversity of age, recognising that director competence can be a factor of senior experience
- other forms of lived experience, to be triangulated against the various protected characteristics and professional skills and experience
- progress tracking using data which is published, and board composition is both audited and publicly presented

Aside from a range of human rights and equality legislation, the Code for Sports Governance and the Charity Governance Code contain requirements for reporting on board composition around diversity. Ultimately equality, diversity and inclusion are a definitional part of the whole culture of the organisation, driven by the board and forming part of organisational values.

Ideally the expertise to both challenge and support around board diversity should be available within the organisation, but where boards are concerned issues of power and authority can complicate, dilute and even exaggerate understanding and expectations about what EDI means and what can or must be achieved. It is therefore important that any board makes a clear commitment to what it means by equality, diversity and inclusion and what can be expected as a result. It is fundamental that such commitments should be developed and reviewed with stakeholders.

In terms of board skills and diversity a continuing process of encouraging potential board members to come forward for consideration is important, but forward-looking organisations also work with other agencies to encourage and mentor potential candidates over the longer-term, supporting a range of initiatives in sector and beyond, and working with specialist recruitment companies and organisations such as Disability Confident not just on recruitment but on continuing development and audit programmes.

To meet the spirit of the codes and standards and make them land, boards need to embed equality, diversity and inclusion in their values and audit progress against them as part of routine business.

More information on good governance and essential tools and resources to support boards can be found on the Good Governance Institute website www.good-governance.org.uk

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