



Clubboard directors

Guidance to help directors of
community-owned sports clubs

About SD Club Development

This guidance booklet has been produced by SD Club Development for community-owned sports clubs. It focuses on the importance of the role and duties of a club board director. This literature supports our policy and overarching aim to develop sustainable, successful clubs that are owned by, and embedded in, their community.

For further reading, please visit our website at www.clubdevelopment.coop

Introduction

Club board directors are a critical component in any thriving community-owned club. As well as acting as custodians for the assets of the members, they can set the tone for many of the important relationships a club has; including most significantly with the members who own it.

A lot can be expected from a club board director, with the vast majority of people performing the role on a voluntary basis and juggling full time jobs and family life. The guidance does not cover everything, least of all the type of desirable attributes that are difficult to identify or teach in any guidance. It does however pick out a few key areas to help you in your role.

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1. Remember what you are here for – the collective role of the board

A well structured board will have individuals with a broad range of expertise and experience.

The board should set the strategic direction for the club and have financial plans that enable the delivery of the strategy. The board will usually delegate the day-to-day operation of the club to an executive management team, or operational board, and, unless a board member has a specific executive responsibility, they should avoid becoming involved in the day-to-day running of the club. Although this may seem unrealistic for very small clubs whose boards are largely operational, it should still be an aspiration that the majority of day-to-day matters can be delegated to a sub-group, leaving the board to act more strategically.

Rules and Policies

It is important that the board understands the context in which it operates. A well structured club will have rules and policies that all directors should be given a copy of.

A typical club would have the following:

- Rules/ Articles of Association – the governing document of the club.
- Election rules – Outlining the process of how members can be elected to serve on the board.

- Board Membership Policy – Defining the behaviours expected of club board directors.
- Other policies as and when deemed appropriate, for example expenses, standing orders for general meetings etc.

On joining the board each member should have a copy of each and read them to ensure they understand how the club works, and recognise their role in guiding decision making. They are designed to help both the board and the members, giving direction and clarity in how certain decisions should be considered. No one is expecting you to know all the rules, the important thing is you acknowledge and refer to them when decisions need to be made.

Rules and policies should be regularly reviewed by the board to ensure that they remain suitable for the needs of the club and reflect the statutory responsibilities of the board.

Board Decisions

Board members have a responsibility in board meetings to act in the club's best interests and in accordance with its objects. You must clearly understand that, while you are acting as a director of the club, your obligations are to it, not to any other organisation you may be involved with.

All board members are collectively accountable for the decisions of the board. Individuals may disagree with a majority decision, but they should act in accordance with the decision reached.

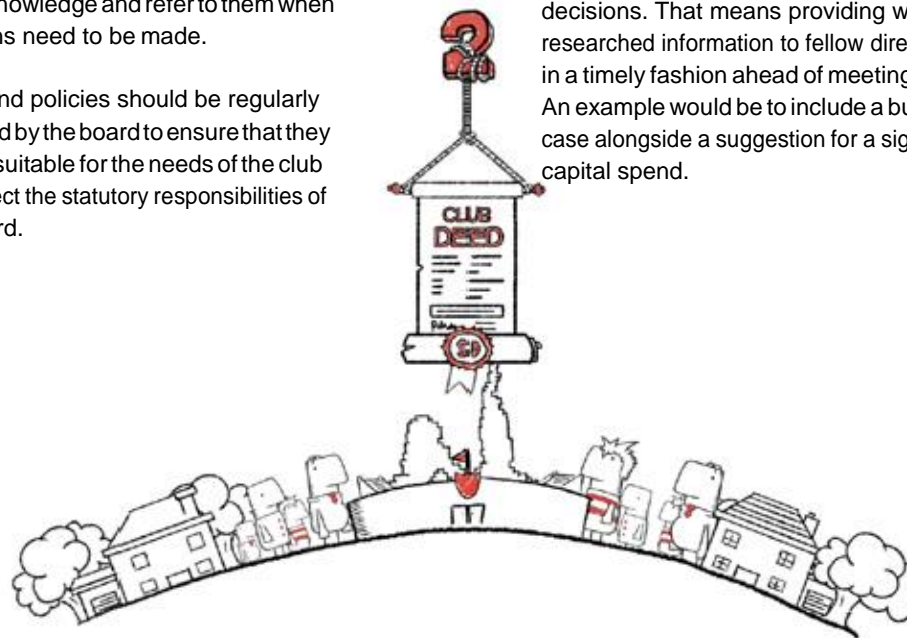
It is important that a board makes informed decisions. That means providing well researched information to fellow directors in a timely fashion ahead of meetings. An example would be to include a business case alongside a suggestion for a significant capital spend.

Professional advice

It is a legal principle that anyone who takes on the role as a director of a trust has a basic level of competence. If you are not competent to act as a director you should not take on the role.

The standard also requires you to use the knowledge, skills and experience you actually have. That means that, if you are a person with significant financial experience or qualifications, you will be expected to exercise greater competence in dealing with figures than other people.

There will be times that board members will need to make decisions on matters where they do not have specialist expertise. In such cases they should seek appropriate professional advice and ensure this is considered when reaching their decisions.



2. Board director Responsibilities (individual)

All board directors will bring different skills and experience to the table. As an individual director there are some basic points to always consider.

You should always act in the best interest of the club and consider how decisions help to achieve the agreed strategy.

Directors should make attending board meetings a priority and should read all board papers carefully and seek clarification of anything they do not understand.

Fiduciary duties

Directors have a responsibility to ensure they act in a way that does not put the club's assets at risk. It is important to remember you are acting as custodians for these assets on behalf of the members; therefore decisions should be in the club's best interest.

Guidance as to what is considered to be in the club's best interest can be sought from the governing document – the constitution or articles of association of the club.

You should ensure that there are appropriate controls to protect money and other assets. You should not use the club's money or opportunities to benefit yourself.

Conflicts of Interest

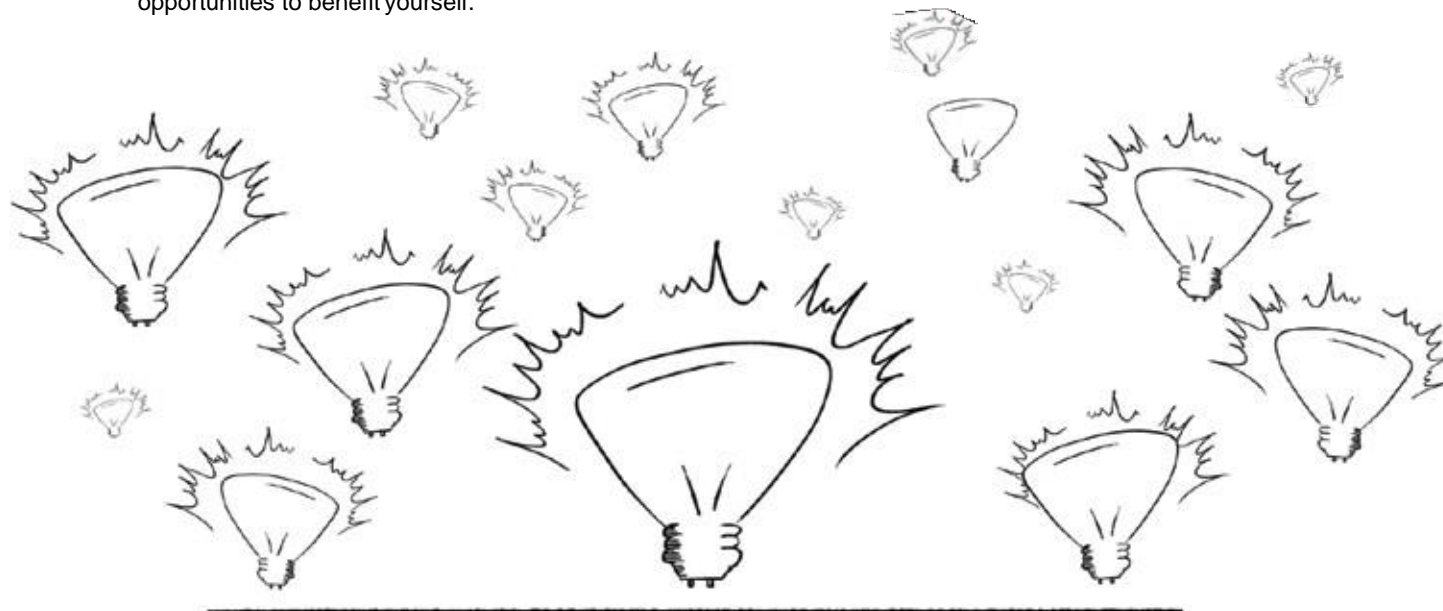
At each board meeting you should make it known if you have a potential personal or family interest in any proposed business to be discussed at the board meeting.

It may still be appropriate to participate in a discussion on a topic where you have a conflict of interest. The judgement here is for the secretary, the board and for you as a director; you should take into account public perception, as well as the reality of the situation.



If a decision or vote is required it is recommended that the conflicted director doesn't vote and leaves the room.

If you have openly disclosed your interests and taken no part in the decision to award a contract, you may still provide goods or services as long as the rest of the board is satisfied that it is in the club's best interests and it is declared appropriately – e.g. the minutes and potentially the annual accounts.



3. Being an effective board

Making board meetings worthwhile

The club's governing document or one of the side policies may set out the process for calling and holding board meetings. It is good practice for meetings to be called by using a notice and agenda. The secretary should be familiar with the rules and understand if there are any limits to the decisions that can be made at a meeting.

In arranging meetings consideration should be given to the timings to ensure maximum attendance. The rules will state the quorum applicable to each type of meeting. If a meeting does not have a quorum it cannot make decisions.

Keeping to time

Effective board meetings will allow sufficient time for each item to be discussed and all relevant papers and supporting material circulated to board members to allow sufficient time for full consideration to be given.

It is useful to state what time the meeting is due to end and to indicate on the agenda the allotted time for the discussion of each agenda item.

Meeting conduct

The chair should ensure that the meeting keeps to time, although all board members

have a responsibility to ensure that the meeting operates effectively. The chair should allow all board members equal opportunity to speak on each item and encourage them to participate fully.

Maintaining focus

Board members should remember that their role is strategic and they should seek to avoid allowing their discussions to become too operational. In theory there should be space created for these more detailed discussions elsewhere such as in sub groups or on an operational board if there is one.

Risk

Conducting a risk assessment and creating a risk register will enable the board to identify and control hazards associated with an organisation's activities.

There will be a wide range of risks that the club needs to assess, both operational such as health and safety and risks at the ground, as well as at board level with the potential of reputational damage from financial mismanagement.

Undertaking risk assessments and annually reviewing a risk register demonstrates commitment to volunteers and members and the adequate duty of care owed to them. They are also an excellent way to identify and overcome problems.

An example of a simple risk register can be found below:

Risk area	Potential impact for the club	Level	Score	LxS	Risk control measures	Level	Score	LxS
Financial fraud or error	Loss of funds Qualified audit report impacts ability to access funding. Criminal investigation absorbs time. Loss of trust and confidence from the members/ community.	5	3	15	Retain fully qualified accountancy support. Elect or co-opt people with experience in financial management to the board. Maintain up to date financial policies. Monthly reporting of financial performance and available funds	2	2	4
Misrepresented in the Media	Bad publicity Sponsors pulling out Time to deal with fallout from members/ supporters...							

Financial performance

An effective board will set a budget for the club to enable the delivery of its operational functions. The budget will often be set with support and input from people at executive level but it should be the board who signs it off, as it is ultimately responsible for overseeing the club.

Sharing a high level budget with the members is important in educating people on how much it costs to operate the club and help manage expectations for the season ahead. A board that does not operate transparently leaves itself open to criticism from the membership particularly if things start to fail on or off the pitch.

The board needs to ensure that there are adequate safeguards and controls in place to protect the club's assets and regularly monitor financial performance (see section 7 for more).

Encouraging member participation

A vital but easily overlooked component of being a good board director is to encourage participation from the membership. Involving members in consultation can help the board come to better decisions, and it has the indirect benefit of finding potential new board members who can become interested and confident through these opportunities.

As well as sharing the burden of the work it also shares the burden of responsibility. Unlocking the people resource in a community-owned club should be a competitive advantage over other privately owned clubs, where decisions are made by a small group of people and can be out of touch with the majority of supporters. A good board creates opportunities for active participation by volunteers throughout the club, even if it can be a little frustrating at times!

4. Transparency – make the running of a club a spectator sport

Transparency is operating in such a way that it is easy for others to see what actions are performed. This means being open in the way that the club operates through providing information about the board's strategic priorities and by reporting regularly to members on those priorities as well as financial performance and social goals.

A good ambition for the board is to widen the understanding to the membership and wider community of how the club operates, hence the phrase 'making the running of a club a spectator sport'. Get it right and you can go some way to managing expectations of supporters, encouraging active participation, and growing trust by demonstrating accountability to the members.

Communication and interaction with members

A simple starting point is making sure that communications to members are regular and informative, with any formal notifications or consultation given the adequate time.

Taking things a step further would be more frequent reports, surveys or open meetings with the membership to discuss progress against measurable objectives, thus ensuring the club isn't just a one way communication channel.

It can be difficult at times in the face of criticism (particularly unwarranted!) but the tone of communications to members is critically important. For the board to stop an 'us' and 'them' culture it is vital to bring members along with the work that is being done.

Where to draw the line

Whilst transparency is important, the board does need to ensure that it does not compromise the effective operation of the club. There will be times when, for example, commercially sensitive items or topics of a personal nature are being considered, and it would not be sensible or appropriate to share the information more widely. That is why we'd recommend that the board publishes a report (or summary) rather than full detailed minutes.

Having an awareness of issues that are significant enough to require extra consultation and involvement of members is important (where practical and possible).



5. Setting and monitoring the strategy

The board should take the lead in determining the strategic direction of the club. The ideal outcome would be a range of measurable goals which have been produced after consultation with the membership, as well as a more detailed strategic plan for the board to work to.

By providing opportunities for the membership to contribute to progressing and achieving these goals it will help to raise awareness and increase collective responsibility. The board should report back to the membership on progress, in a simple and timely manner.

You may find that the membership aren't as interested as the board are. Don't let that be a deterrent, make it your mission to make them care. If participation is still low outside of the board, at least you have shown your community that you are open to ideas and given the opportunity for everyone to shape their club.

With reference to these goals a more detailed three year plan could go as far as including a projected profit and loss account and an integrated cash flow forecast for the next 3 years.

The plan should be reviewed periodically and updated to take account of any variance in key areas that you agree.



6. Conflicts

Internal conflicts can be disruptive to maintaining orderly operation of the club. Having effective systems in place to handle disputes ensures that individuals know the process by which any dispute will be handled and by correctly following a due process the dispute will be less time consuming and help protect the club's reputation.

Disputes amongst board members

It is expected that once decisions have been made by the board, members in disagreement with them accept the decision as the settled view of the board, with items already determined only being reconsidered in the light of new information or significantly changed circumstances.

It is good practice to have a clear code of conduct policy that board members agree to adhere to. In support of such a policy there should be a disciplinary policy which sets out the process by which any breaches of the Code of Conduct will be handled.

It is recommended that in dealing with disciplinary issues that the board seeks at least one individual who is independent of the club to consider the evidence relating to the issue. Their independence is more likely to ensure that the parties involved accept the outcomes of the disciplinary process.

A key element in conflict resolution is to seek to understand what outcome the parties involved would like to achieve. Whilst it is not always possible to satisfy all parties it is helpful to understand an individual's motivation in pursuing a conflict or raising a concern.

Conflicts amongst Members

Most organisations with memberships will from time to time receive complaints either about the organisation itself or the actions or behaviour of another member.

To mitigate complaints escalating and taking a disproportionate amount of time and resources to resolve, it is good practice to develop policies and procedures around the organisation's approach to complaint handling.

It is important that the complaints procedure is accessible to those who may want to use it and that it sets out clearly the steps that will be taken to resolve a complaint.

Generally the quicker complaints are dealt with the easier it is to find a satisfactory outcome for all parties involved. It is also important to consider the support that individuals complained against might require, for example if the complaint is made against a club employee or volunteer member of staff.

It is also important to ensure that the outcome of any investigation is shared with both the complainant and those complained about.

In summary a club should have a complaints procedure which:

- Sets out the process for handling complaints.
- Sets out the timetable for dealing with complaints.
- Communicates the outcomes of complaints.



7. Maintaining sustainability

The board should establish the financial budgets that the club will operate within. This should be based on a realistic assessment of income and expenditure.

Forecasts should be accompanied by a commentary explaining the key assumptions employed and highlighting potential sensitivities, i.e. major favourable or unfavourable variances which might arise in given circumstances.

Having set the budgets the board should develop appropriate financial reporting systems to enable accurate assessment

of the club's current and future financial position. Such reporting systems will allow the board to make well informed decisions during the year to ensure financial sustainability.

The financial report to the board should include details of the allocated budget and projected income, show variances from budgeted income and expenditure, and revised projections for the end of the financial year.

This can be achieved through a simple financial report set out like the one below;

Risk area	Month			Year to date		
	Actual	Budget	Variance	Actual	Budget	Variance
Income Area						
Match day tickets	21,330	20,000	1,330	67,390	58,000	9,390
Food kiosks	4,590	4,200	390	18,021	14,000	4,021
Club lottery	450	550	(100)	1,400	1,800	(400)
Expenditure area						
Food and beverage..						

The board should consider management accounts that monitor actual financial performance against forecast. Any variance can be picked up at an early stage to avoid any significant shortfalls in the budget, and it is advised to just discuss major income and expenditure rather than the minutia of every transaction.

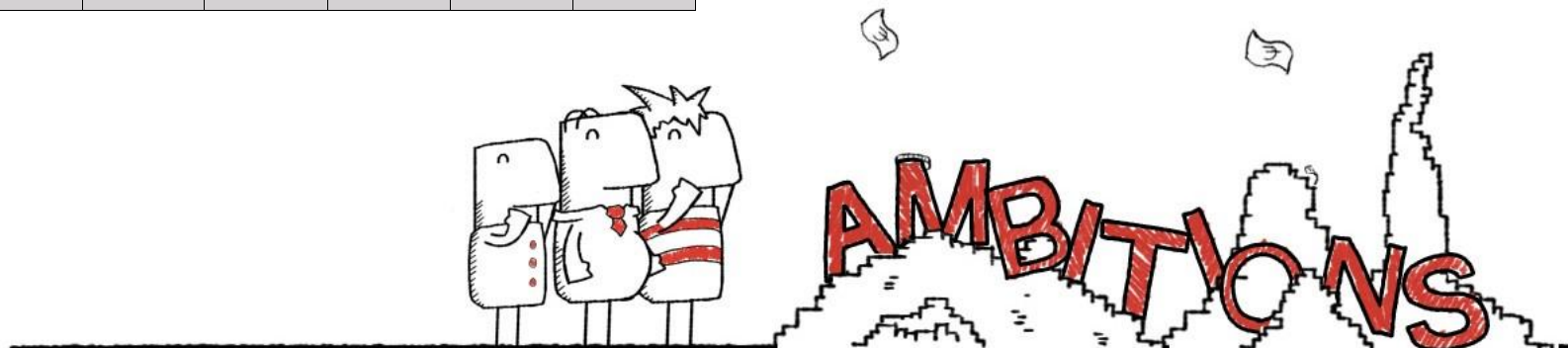
In setting a budget the board should avoid the temptation to underestimate expenditure and overestimate income. Regularly reviewing actual income and expenditure against budget projections will ensure that the club's finances can be managed effectively.

In reviewing income and expenditure against projected budget particular attention should be paid to the performance in the largest income and expenditure streams. Variance against initial projections should be examined and the budget adjusted if the original budget allocation appears unrealistic.

To ensure financial sustainability the board needs to ensure the financial reports provide an overall picture that reflect long-term financial commitments i.e. player contracts, staff costs, loans for property.

A good strategy from the board is not to become over-reliant on a few income streams. Developing varied sources of income will protect the club from the risk of a reduction of income from the main source e.g. reduced gate receipts or loss of major sponsors.

The board should develop policies and procedures that ensure that appropriate controls are put in place to authorise expenditure and that financial controls are put in place to ensure that income, especially cash, is not inappropriately diverted.



8. Accountability

Accountability is a vital part of the governance of a club. Board members are elected by the members and as such are accountable to the membership for their actions and decisions.

Maintaining the confidence of the membership in the board's ability to develop and deliver the strategic aims of the club is important. Therefore, there need to be effective mechanisms for the board and individual directors to be held accountable for its decisions and actions.

There are many ways of ensuring that the decisions and actions of the board are accountable. These include:

- Ensuring that there are easily available ways for members to be involved in big decisions and to make their voices heard.
- Regularly communicating with members and making information readily available.
- Holding consultations and surveys with members to help develop ideas.
- Letting members know the decisions that have been taken and why.
- Educating members on the roles of the board and encouraging members from all spheres to consider standing for election, or volunteering in some capacity.

The accountability of board members also extends to their statutory responsibilities; where directors are accountable for their actions to the regulatory bodies (covered in more detail in section 9).

Directors are also accountable to the other members of the board, in practice this means that they act in accordance with the rules and policies of the club.

Governing boards and operational boards

Depending on the size of a club there will often be two boards; a governing board and an operational board. In particular there is a danger that board meetings become too drawn out as too much operational detail is discussed, which could be delegated to an operational board, individuals or a smaller sub group.

The governing board is responsible for ensuring that the club is run in accordance with its objects. They exercise all the powers of the club, some of which they may agree to delegate to an operational board. The governing board oversees the club and is accountable to the membership.

The operational board will have powers delegated to it by the governing board in relation to the day-to-day running of the club. The majority of the members of the

operational board should be governing board representatives, i.e. people appointed by the governing board, or governing board members, with other people brought in as necessary to ensure the necessary skills are in place, likely to include the General Manager/CEO. The operational board is accountable to the governing board for its actions and decisions.

The relationship between the two boards can be helped with a policy that clarifies exactly how the relationship works, covering areas like who serves on the operational board, monitoring and reporting between the two.



9. Reporting

Statutory Reporting

All board members have a responsibility to ensure that statutory reporting requirements are met. The responsibility for preparing and submitting reports may be delegated to the secretary or chair, but the whole board has a responsibility to ensure that reporting requirements are met.

There are potentially serious consequences for you if you do not meet your statutory reporting obligations. For example, failure to submit your annual return in time may result in a fine - from the Financial Conduct Authority or Companies House depending on your legal structure. It is always a good idea to alert your regulatory body if you are going to be late with your reporting requirements.

There is a requirement to keep statutory registers. What you need to keep differs slightly dependent on the type of legal structure your club has and therefore the regulator that oversees what you do. Typically you will be required to keep a register of members/shareholders; a register of directors and secretaries; the register of directors' interests; and the register of shares.

Social impact Reporting

What is often missing from a clubs reporting in particular at the AGM is not an audit on a clubs financial performance but an audit on a club's social performance. We can all talk with passion about the great things our club does, and how important it is, but can we prove it?

Understanding the clubs impact through evidence based reporting is a good platform for the board to plan and improve the club. It will (hopefully) give everyone actively involved with the club a chance to stand back and feel proud of what the club does and the impact it has on the local community. Finally it allows you to talk to stakeholders like your local authority, funders and sponsors in a language they want to hear – robust, evidence based information on what your club does.

By measuring your impact you can improve your offer to the community, as well as demonstrating your worth.

The level of social reporting that a club does will be dependent on the resource available and the outcomes you are looking to achieve. The table on the adjacent page is designed to give you a flavour of the different options and the benefits they can bring.

What are you trying to do?	Examples of what could you measure	What are the possible benefits?
Show that you are different to other privately owned clubs	<ul style="list-style-type: none"> - How many members meetings you have - The number of elected places available on the board each year, and whether they were contested - How many people volunteered for the club, and how many volunteer hours that added up to 	<ul style="list-style-type: none"> - Generate interest and buy-in for the supporter ownership model - Managed expectations and collective responsibility - Establishment of partnerships with likeminded organisations in the area - Greater match day revenue as people understand how the club works and the money goes
Show the clubs contribution to the local community	<ul style="list-style-type: none"> - The number of people that you employ or do business with, from the local area - The clubs environmental performance - How many children receive coaching - The extent of the clubs work in supporting local charities 	<ul style="list-style-type: none"> - Rate relief from the local authority - Interest from a different group of sponsors, who aren't as interested in the 1st team performance - A new wave of supporters and volunteers
Make the case for better facilities	<ul style="list-style-type: none"> - The current use of the facilities - The cost savings to the local authority of successful club community schemes to local authorities - Even putting a figure value on the community or social impact of the club in the community through its various schemes 	<ul style="list-style-type: none"> - A planning decision being made in the clubs favour - Securing funding for a new facility - A new facility!

Some of this you can realistically achieve with volunteer board members and for some of it you will need to pay for expertise. If you consider some of the potential benefits as

strategic priorities then make social impact reporting as important as financial reporting.

Golden rules?

And if you can't remember all that, well by following these golden rules you won't be too far wrong;

1. Act in the interests of the club not your own.
2. Read, respect and refer to your club's constitution and policies.
3. Be honest.
4. Avoid conflicts. If in doubt declare a conflict.
5. Be diligent, careful and well informed.
6. Ensure the club keeps records of board decisions.
7. Engage, consult and involve the membership; their support is a competitive advantage.
8. Seek external advice where necessary.



About us

Supporters Direct is the leading organisation promoting and developing community-owned sports clubs. Thanks to assistance from our partners and supporters, through our consultancy SD

Club Development we may be able to offer our expertise to your club at a subsidised rate, or in some instances fees linked to the outcomes we achieve for your club.

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