



Damian Collins MP
Chair, Digital Culture Media and Sport Select Committee
House of Commons
Westminster
London SW1A 0AA

13 November 2017

Dear Damian

In light of the Select Committee's ongoing inquiry into Sport Governance, and given the deadline of 31 October 2017 for compliance with the new Code for Sport Governance, we felt it would be timely to provide the Committee with an update on the work of UK Sport and Sport England with regard to our assessment of compliance against the Code.

Progress to Date

Highlights

- 58 national governing bodies have taken part in the most advanced and large scale sports governance reform process implemented anywhere in the world.
- An estimated 1,000 pieces of evidence have been submitted.
- Over 34 bodies who needed to make significant constitutional changes to achieve compliance with the Code have now done so.
- A further 75 organisations are moving towards future compliance with tiers two and three of the code, and nearly 500 other organisations, from small sports clubs to community activity groups, have been assessed in terms of their compliance with tier one.

The new Code for Sports Governance was launched in October 2016. It was prompted by the Government's new strategy for sport, Sporting Future, which was published in December 2015. That strategy included the following:

UK Sport and Sport England will, along with the other Home Nations' Sports Councils, agree a new UK Sports Governance Code by September 2016, the equivalent of the Financial Reporting Council's UK Corporate Governance Code. This new UK Sports Governance Code will be mandatory for all sports bodies

seeking public funding in the next funding period. Organisations that do not meet the code will not be eligible for public funding.

The new Code has addressed all of these points, creating a single set of 58 mandatory governance requirements across five themes: structure, people, communication, integrity and policy. The Code has introduced three 'tiers' of compliance to ensure proportionality across the different investments made by UK Sport and Sport England, whilst maintaining consistency across all funded activity. Compliance with this Code is now a requirement for any organisation requesting future funding from Sport England or UK Sport. In short, the new Code contains the most advanced and exacting set of governance standards that have been implemented anywhere in the world today.

Following the launch of the Code in October 2016, UK Sport and Sport England have worked with 58 national sports bodies to understand the scale of change needed for each of them to meet the requirements of the new Code. We consider that this was one of the broadest and deepest surveys of the governance of the British sport sector ever undertaken. Individual, detailed Governance Action Plans (GAPs) were agreed with each sporting body based on the data from this gap analysis process. These bespoke Governance Action Plans set out the actions that each body needed to undertake in order to achieve compliance. This intensive work was completed over five months so that, by April 2017, most sporting bodies had agreed GAPs that would set them on the journey to code compliance by 31 October 2017.

Following agreement of these GAPs, the teams at UK Sport and Sport England have been supporting organisations with the significant task of implementing the far-reaching constitutional changes required by the Code. This support, from dedicated teams at UK Sport and Sport England has ranged from providing technical support and advice to sourcing legal support in connection with the drafting of article changes, and professional advice in the area of developing diversity.

Deadline for Compliance

A total of 58 national sporting organisations were set the deadline of 31 October 2017 for compliance with the Code. Of these, 8 made a legitimate case that they had strong logistical reasons for an extension of the deadline. These were typically due to pre-existing General Meeting arrangements that would have incurred meaningful costs to alter, and in most cases the extension is only a few weeks, and the work will be completed by November 2017.

Over 34 sporting bodies needed to make changes to their constitutions in order to achieve compliance with the Code. This typically necessitated presenting the required changes to the Annual General Meeting or calling an Extraordinary General Meeting. Sports bodies are democratic, member-led bodies, and constitutional change requires a majority of at least 75%, so approval could not be taken for granted. All organisations who have been required to do so to date, have approved the necessary changes, sometimes by overwhelming majorities (or even unanimously), and we have seen excellent work by the leadership of organisations to engage members and stakeholders in order to secure not just approval of change, but a mandate for change.

The work undertaken and votes carried this summer amount to a re-writing of how British sport is run. To illustrate this, we can now confirm that:

- In 57 funded organisations, the board is now the ultimate decision-making body of the organisation.
- Where councils exist, they are not able to override the board.
- Council members and directors are now subject to term limits.

UK Sports Council

Ground Floor, 21 Bloomsbury Street, London, WC1B 3HF

tel 020 7211 5100 web www.uk sport.gov.uk

Inspire the nation through
Olympic and Paralympic success



Awarding funds from
THE NATIONAL LOTTERY®

- Boards cannot exceed 12 members unless in the few cases where special circumstances apply, which are agreed by Sport England and UK Sport.
- At least 25% of the board must be independent, non-executive directors.
- All organisations must adopt a target of 30% of each gender on the board and make publically commit to progress towards gender parity and greater Board diversity.

The Code's requirements extend far beyond the constitutional structure of organisations to all aspects of governance, and assessing all the evidence required to prove compliance is a substantial and ongoing task. All organisations had until 31st October to put in place the requirements of the Code. Given this demanding deadline for compliance, many organisations have needed these final few weeks to complete this work, particularly if their earlier focus was on securing constitutional change.

Organisations were asked to gather and submit evidence detailing how they had met the requirements of the Code. This evidence has now been received and our teams have begun the task of assessing the evidence. There are in excess of 3,000 individual governance requirements this group of organisations are required to have met, and organisations have submitted to us in excess of 1,000 individual pieces of evidence. Some requirements are quantitative and therefore relatively easy to assess (although not necessarily easy for the organisation to achieve in the first place), whereas others are more qualitative and extensive in nature, in line with the ambition of the Code to be truly transformative of the governance of British sport.

Our intention is to have completed our initial assessment of this evidence by 17 November, with a further two weeks to allow for any further clarifications needed from sporting organisations, to bring us to 1 December to complete our assessments. In early December our respective Boards will then make the final decision as to compliance or otherwise, prior to notifying sporting organisations of their compliance status in mid-December. As the Committee will appreciate, due and fair process needs to be conducted throughout.

Consequences of Non-Compliance

Maintaining compliance with the Governance Code is a mandatory requirement of UK Sport and Sport England's new funding agreements. Non-compliance will be treated as a breach of these agreements and Sports Councils have been clear about their willingness to withdraw funding as a consequence of non-compliance.

Such decisions will rest with the respective Boards of UK Sport and Sport England and will need to be applied reasonably and proportionately.

In the event that non-compliance is determined, organisations will be given a 'right of remedy' whereby an associated set of remedial actions will be determined and communicated, which must be satisfactorily completed within a period of 30 days.

As our organisations invest in different ways, into different activities, to achieve different outcomes, it is possible that our Boards may determine that there should be different consequences from the non-compliance of a jointly-funded organisation.

Other Funded Organisations

In addition to the 58 national sporting bodies that have been working towards compliance with the Code by 31 October 2017, a further 75 organisations in receipt of funding from Sport England and/or UK Sport are now working towards future compliance with Tiers two and three of the Code, further demonstrating the scale of governance reform underway across the British sporting sector. These include County Sport

Partnerships, Winter Sport National Governing Bodies, and Local Organising Committee Companies overseeing major sporting events being hosted in the UK. Whenever a new funding decision is made, this will trigger the process of requiring that organisation to become compliant with the Code, and so the number of organisations compliant with the Code will continue to increase. Nearly 500 other organisations, from small sports clubs to community activity groups, have been also been assessed in terms of their compliance with Tier one.

Audit and Assurance Process

We are currently in the process of determining the audit and assurance process that will underpin our ongoing assessment to ensure that organisations maintain compliance with the Code.

Home Country Sports Councils

Discussions have been had with the other Home Country Sports Councils about the new Code for Sport Governance. Those Sports Councils maintain their own governance frameworks in respect of their own funding streams, and there is a degree of overlap in respect of the main areas that they all cover. There is a desire to achieve greater alignment across all Sports Councils across UK, and this will be revisited at the point at which those other Sports Councils consider renewing their own governance frameworks.

UK Sport and Sport England Compliance

Both UK Sport and Sport England have complied with the new Code, with our self-assessments having been verified through our internal auditors.

International Sport Governance

Whilst the Code focuses on national sports governance, we are also conscious of the importance of influencing change across the international sporting landscape. Sporting Future was clear that it aspired to achieve global recognition of the Code as the 'gold standard' for sports governance around the world.

The UK is making progress in this area. The task is not easy however, and it requires a different type of approach. Each NGB that UK Sport funds has a bespoke International Relations Strategy that captures the key issues they are seeking to promote in their International Federation. Across NGBs, there are around 70 specific 'international governance reform objectives' that the UK is actively pursuing. We also seek to influence change by supporting credible, high-calibre people from the UK, with a reform agenda, to attain senior leadership positions within IFs. And through direct engagement with other Governments, IFs, and the IOC, we are looking to create a new international partnership between Sport and Government in this area.

We trust that this provides the Committee with a comprehensive update on the Code for Sport Governance. The Governance Team of UK Sport and Sport England are very happy to provide any further detail required.

Yours sincerely



Liz Nicholl
Chief Executive, UK Sport



Jennie Price
Chief Executive, Sport England

UK Sports Council

Ground Floor, 21 Bloomsbury Street, London, WC1B 3HF

tel 020 7211 5100 **web** www.uk sport.gov.uk

Inspire the nation through
Olympic and Paralympic success