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Understanding Directors' and Trustees' Duties in Sport

Session 3 - 9 June 2026

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Poll 1: Duty to promote success of the company



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In acting to promote the success of the company,
Directors must consider:

- 1) How to minimise environmental damage
- 2) How to put members first
- 3) Likely preferences of employees
- 4) Likely consequences in the long-term

Introductions

Rowland Jack, Founder, I Trust Sport

Chloe Buchanan, Sports Governance Consultant, I Trust Sport

Objectives for participants

To gain an understanding of:

- The role of the Board
- Directors'/ Trustees' Duties are and what they mean in practice
- Benefits and why they exist
- Consequences of non-compliance
- The duties in a sporting context

Duties of Directors and Trustees

Session 1

(19 May)

Role of the Board

Governance vs. management

Collective responsibility vs. individual accountability

Exercising independent judgement

Session 2

(2 June)

Acting within powers

Acting in best interests of the organisation / consistently with purposes

Promoting success of company

Managing resources responsibly

Exercising reasonable skill, diligence

Session 3

(9 June)

Conflicts of interest/loyalty

Benefits from third parties

Declaring interests

Characteristics of elected and independent directors in a sports body

Recap of sessions 1 and 2

- The role of the board is to:
 - promote the long-term sustainable success of the organisation
 - set values, vision, mission and strategy
- Distinction between governance (Board) and management (staff, executives)
- Boards should act collectively in the organisation's best interests
- Directors and Trustees should exercise independent judgement
- The following statutory duties for directors and trustees:
 - s171 Duty to act within powers
 - s172 Duty to promote the success of the company
 - s173 Duty to exercise independent judgment
 - s174 Duty to exercise reasonable care, skill and diligence
 - the corresponding trustees' duties, for both England and Scotland, including:
CC3 Managing resources responsibly

Duties of Directors and Trustees

Session 1 (19 May)

Role of the Board
Governance vs. management
Collective responsibility vs. individual accountability
Exercising independent judgement

Session 2 (2 June)

Acting within powers
Acting in best interests of the organisation / consistently with purposes
Promoting success of company
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Exercising reasonable skill, diligence

Session 3 (9 June)

Conflicts of interest/loyalty
Benefits from third parties
Declaring interests
Characteristics of elected and independent directors in a sports body

Main information sources for this course

- Governance frameworks
 - [A Code for Sports Governance](#) (UK Sport and Sport England)
 - [SGB Governance Framework](#) (**sport**scotland - under review)
 - [Governance and People Development Framework](#) (Sport Wales)
- Legislation
 - [Companies Act 2006 \(s.171-177 - Directors' Duties\)](#)
 - [Charities Act 2011](#) (various provisions throughout the Act)
(England & Wales)
 - [Charity Commission Guidance \(CC3 – The Essential Trustee\)](#)
(England & Wales)
 - [Charities and Trustee Investment \(Scotland\) Act 2005 \(s66 – Trustees' duties\)](#)

Video: Football club protest that video referee is fan of opposing team

- [Nottingham Forest complain about appointment of Video Assistant Referee, claiming he is a fan of opponents Luton Town](#)

Directors' duties, s175 – s177; s182 of Companies Act 2006 (CA); Charity Commission CC3 (England), s66, Charities and Trustees Investment Scotland Act 2006

General statutory directors' duties for today's session:

- s175 - Duty to avoid conflicts of interest
- s176 - Duty not to accept benefits from third parties
- s177 - Duty to declare an interest in a proposed transaction or arrangement



Directors' obligations

- s182 - Declaration of interest in existing transaction or arrangement

Corresponding trustees' duties (England):

- CC3 - Ensure the charity is accountable

Statutory Duties

Directors' duties (Companies Act 2006 ss. 171-177); s182	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Act within powers	Comply with the charity's governing document and the law	Ensure that the charity complies with any direction, requirement, notice or duty imposed on it by virtue of this Act
Promote the success of the company for the benefit of its members as a whole	Ensure the charity is carrying out its purposes for the public benefit	Seek, in good faith, to ensure the charity acts in a manner which is consistent with its purposes
Exercise independent judgement	Act in the charity's best interests	Act in the charity's best interests
Exercise reasonable care, skill and diligence	Act with reasonable skill and care	Act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person
Avoid conflicts of interest	Manage the charity's resources responsibly	
Not to accept benefits from third parties	Ensure the charity is accountable	
Declare interest in proposed (s177) or existing (s182) transactions or arrangements		

Duty to avoid conflicts of interest

Directors' duties (Companies Act 2006 ss. 171-177); s182	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Avoid conflicts of interest	Manage the charity's resources responsibly	

- Section 175 of the Companies Act provides that a director must avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company

Duty to avoid conflicts of interest

Directors' duties (Companies Act 2006 ss. 171-177); s182	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Avoid conflicts of interest	Manage the charity's resources responsibly	

- Section 175 of the Companies Act provides that a director must avoid a situation in which they **have**, or **can have**, a **direct** or **indirect** interest that **conflicts**, or **possibly may conflict**, with the interests of the company

Actual, potential and perceived conflicts of interest

It may be useful to distinguish from time to time between these types of conflict:

- **Actual** – a non-executive director votes in a decision to choose a supplier, which could benefit him as an employee of one of the companies bidding
- **Potential** – a non-executive director votes in a decision on specifications for a supplier contract, which could benefit a sibling who is an employee of a company in the sector
- **Perceived** – the referee is believed to be a supporter of the opposing team

Duty to avoid conflicts of interest

- The duty applies in particular to the exploitation of:
 - any property,
 - information, or,
 - opportunity
- whether or not the company is able to take advantage of the property, information or opportunity

Duty to avoid conflicts of interest

- No infringement if:
 - the situation cannot reasonably be regarded as likely to give rise to a conflict of interest, or
 - it has been authorised by the directors

Duty to avoid conflicts of interest

- Conflicts of interest arising in relation to:
 - a transaction or
 - arrangement with the company

are dealt with under section 177 (in the case of proposed transactions) or under section 182 (in the case of existing transactions)

Duty to avoid conflicts of interest

- Unconflicted directors, who are independent of the conflict may authorise a conflict, unless there is a provision in the company's constitution stating otherwise
- In doing so, they must consider whether such authorisation is most likely to promote the success of the company
- In reaching a decision, the potentially conflicted director, along with any other "interested director", does not count in the quorum and voting on any board resolution. A conflicted director should leave the meeting when discussions take place

Duty to avoid conflicts of interest

- Multiple directorships don't require formal authorisation from the board, but consider whether these are likely to give rise to a conflict, or materially affect the time to commit to the role
- Consider whether there is a conflict of interest through an interest of a connected person. If so, inform connected persons of their appointment and review any potential conflicts
- s252 of the Companies Act provides a list defining connected persons:
 - Certain family members, companies, trustees, partners and firms with which the director is connected

Duty to avoid conflicts of interest

s253 of the Companies Act provides defines who would be classified as a member of a director's family:

- Spouse or civil partner
- Children or step-children
- Parents
- Person with whom the director lives as partner in an 'enduring family relationship' (and *their* children or step-children who live with them and are under 18). N.b. this does not apply if the other person is the director's grandparent, grandchild, sister, brother, aunt, uncle, nephew or niece

Duty to avoid conflicts of interest

How should the board document conflicts of interest?

- ✓ Many companies have a register documenting all interests for each director, which is reviewed by the board periodically. It is essential that any potential conflicts of interest are presented to the board and authorised before any related activity commences
- ✓ Likewise, any activities of a new director that are potential conflicts of interest should be disclosed to, and approved by, the board before the director's appointment

Managing COI – Example of Welsh Athletics

- Board members must declare any personal or business interests
- Register of interests maintained by Company Secretary
- Directors complete a form on appointment, annually or as soon as significant changes occur
- If there is a pecuniary COI, the Director should not participate in the discussion or determination of matters in which they have an interest. They should withdraw from the meeting to eliminate any bias or potential influence
- If COI is not pecuniary, the Board should consider whether the Director participates in the discussion
- In case of doubt, Chair can decide



Register of Interests – Example of sportscotland

Register of interests covers:

- Individual
- Immediate family



Types of interest:

- Remuneration – employment, directorships, partnerships etc.
- Related undertakings - a directorship that is not remunerated, but is of a company or undertaking, which is a parent or subsidiary of a company, or undertaking that pays
- Non-financial interests – relevant to the work of the organisation, including memberships or holding office in another body
- Others – including land, shares, contracts

Poll 2: Conflicts of interest



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Conflicts of interest in sports bodies incorporated as a company or a charity should be:

- 1) Avoided
- 2) Declared annually
- 3) Managed
- 4) On the risk register



Questions



Poll 3: Gifts and benefits



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A long-standing supplier sends you a £150 gift hamper during contract renewal negotiations. What is the most appropriate response?

- 1) Accept it because you paid for lunch last time you met
- 2) Accept it, but disclose it later
- 3) Check the organisation's policy and declare it before accepting
- 4) Accept it if it does not influence your decision

Duty not to accept benefits from third parties

Directors' duties (Companies Act 2006 ss. 171-177); s182	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Not to accept benefits from third parties	Ensure the charity is accountable	

- A director must not accept a benefit from a third party that is conferred because of their being a director or their doing or not doing anything as a director. However, only those benefits which could reasonably be regarded as likely to give rise to a conflict of interest fall within the scope of this duty
- The Act does not permit the acceptance of benefits which fall within the ambit of this section to be authorised by the board. The acceptance of a benefit can, however, be approved by the company's members

Duty not to accept benefits from third parties – practical examples

- Some benefits are easily identified, for instance money or tickets to events with a face value. However, 'benefit' is not defined in the Companies Act
- If a director is negotiating a new contract with a party that offers corporate hospitality, it may be considered to infringe this duty
- In relation to corporate hospitality, consider:
 - The level of benefit received
 - Specific circumstances
 - Any associated expectations about future conduct
- In practice, most companies take a cautious approach

Audience interaction

In the chat, please identify any unusual or appealing gift or benefit you have heard about being offered that had to be declined to avoid a potential conflict or interest.

Duty not to accept benefits from third parties

How should the board handle benefits from third parties?

- ✓ Appropriate policies should be developed which outline how to deal with benefits offered by or received from third parties and which state what levels of corporate entertainment are deemed to be significant for this policy or which need prior authorisation
- ✓ The policies (including any updates) should be approved by the board, perhaps on a recommendation from the audit committee. All relevant employees and contractors should be informed of the policy and any updates and, for the company's protection, procedures should be in place to remind them of their obligations annually
- ✓ It is good practice to set up a register of benefits offered and received above whatever level is decided on by the board. The audit committee should monitor compliance and any issues arising at least annually

Managing gifts and hospitality – Welsh Athletics

- Anti-bribery policy requires offers of gifts and hospitality to be registered
- Minimum amount for declaration £50
- Description of gift/hospitality
- Estimated value
- Purpose of offer
- Person/organisation providing gift/hospitality
- Relationship (or future relationship)
- Accepted: Yes or No?
- Reviewed by Welsh Athletics



Declaration of interest in a proposed transaction or arrangement

Directors' duties (Companies Act 2006 ss. 171-177); s182	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Declare interest in proposed transactions or arrangements		

- If likely to reasonably give rise to a conflict of interest, a director must declare to the other directors any interest, whether direct or indirect, in a **proposed** transaction or arrangement with the company. The extent of the interest must also be declared
- There is no breach of duty if the director is not aware of an interest, transaction or arrangement and the matter is not something of which they ought reasonably to have been aware

Declaration of Interests – Example of Active Partners Trust

Board minutes – agenda item 5

- A Board member is CEO of a Borough Council
- A location within the Council area is part of a bid to be discussed by APT for place-based funding from Sport England



Declaration of interest in existing transaction or arrangement

Directors' duties (Companies Act 2006 ss. 171-177); s182	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Declaration of interest in existing transaction or arrangement		

- Under s182 of the Companies Act, a director is required to declare an interest, whether it is direct or indirect, in any **existing** transaction or arrangement into which the company has entered
- There is no breach of duty if the director is unaware of an interest in an existing transaction or arrangement
- It is a criminal offence if a director fails to comply with the requirements of s182. A director only needs to declare any interest that could reasonably be regarded as likely to give rise to a conflict of interest. The declaration must be made to the directors at a meeting of the directors, or by notice in writing

Declaration of interest in existing transaction or arrangement - example

- [BBC – Crystal Palace demoted from UEFA Europa League over ownership rules](#)
- American businessman John Textor owned a stake in both Crystal Palace and French club Lyon, who had already qualified for the Europa League

Combining elected and independent directors in a sports body

Elected

- Elected by members or constituent bodies
- Bring sport-specific knowledge and stakeholder insight
- May have strong links to clubs, athletes, regions or disciplines
- Can strengthen stakeholder legitimacy and representation
- Understand member priorities and grassroots issues

Independent

- Appointed through an independent recruitment process
- Bring external expertise and objective perspectives
- Provide impartial challenge and scrutiny
- Can strengthen governance, accountability and decision-making
- Often bring skills in finance, law, risk, commercial, HR or strategy

Combining elected and independent directors in a sports body

- An effective board combines stakeholder representation through elected directors with independent challenge, expertise, and objectivity from independent directors
- All directors, whether elected or independent, owe their duties to the organisation, rather than the group that elected them
- Statutory duties are applicable to both elected and independent directors

Case study – An interim CEO for Bounce Ball UK

Monday afternoon

- You are an INED at NGB Bounce Ball UK
- Last Friday, the CEO informed the board that they will step down in two weeks due to a health emergency in the family
- This morning, the Chair said the Nominations Committee will draw up a role description and person specification for an interim CEO
- The Nominations Committee, which the Chair of the organisation leads, will meet on Thursday
- On a train home recently Les, another INED at Bounce Ball who is capable (but not wholly trustworthy, in your experience) mentioned confidentially that they has resigned from a job at Mega Corp and hopes to go back to working for a sports organisation, where they started their career

Case study – An interim CEO for Bounce Ball UK

- Les serves on the Nominations Committee and it occurs to you that they might be interested in the interim CEO role
- (It is not unusual for a Board member to take on an interim CEO role in an emergency)
- Des, the hard-working Director of Programmes is effectively deputy CEO; they narrowly missed out on the CEO role 18 months ago but Des continues to impress and is popular with staff
- **Question:** Ahead of the Nominations Committee meeting, will you contact Les to ask about their intentions, or the Chair to raise concerns? If so, what do you say?

Case study – An interim CEO - update

Wednesday morning

E-mail from the Chair to the Board:

- I have asked Des not to attend the Nominations Committee meeting tomorrow as it is possible that they might be a candidate for the role. A junior member of staff will support the meeting instead

An elected director, who is new to the Board, sent a reply-all:

- I tend to agree with views I have heard in recent days that now is not the time for an internal staff candidate because some tough decisions are needed (to confirm, you haven't heard anything about the discussions referred to)

Case study – Poll 1



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Will you intervene ahead of the Nominations Committee meeting?

- 1) Yes, I will contact Les to ask if they are interested in the interim CEO role
- 2) Yes, I will contact the Chair to express concern about the involvement of Les in the meeting
- 3) No, I don't want to meddle
- 4) Other

Case study – Poll 2



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Did you change your view after receiving the update?

- 1) Yes
- 2) No
- 3) Partially
- 4) Not sure

Additional reading resources

[Sample Matters Reserved to the Board](#)

[Sample Scheme of Delegation](#)

[Directors General Duties](#)

[The Role and Duties of Charity Trustees \(England and Wales\)](#)

[Charity Trustees Duties \(Scotland\)](#)

[Guidance and good practice for Charity Trustees \(Scotland\)](#)

[Specimen Code of Conduct for Board Members](#)

Recap of sessions 1 - 3

- The role of the board is to:
 - promote the long-term sustainable success of the organisation
 - set values, vision, mission and strategy
- Distinction between governance (Board) and management (staff, executives)
- Boards should act collectively in the organisation's best interests
- Directors and Trustees should exercise independent judgement

Recap of sessions 1 – 3 continued

- The following statutory duties for directors from the Companies Act 2006:
 - s171 Duty to act within powers
 - s172 Duty to promote the success of the company
 - s173 Duty to exercise independent judgment
 - s174 Duty to exercise reasonable care, skill and diligence
 - s175 Duty to avoid conflicts of interest
 - s176 Duty not to accept benefits from third parties
 - s177 Duty to declare an interest in a proposed transaction or arrangement
- Directors' obligations
 - s182 - Declaration of interest in existing transaction or arrangement
- The corresponding trustees' duties from CC3 (England & Wales) and s66, Trustee Investment (Scotland) Act 2005



Questions





Thank you

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