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Understanding Directors' and Trustees' Duties in Sport

Session 2 – 2 June 2026

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Poll 1: Participants



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Please rank the relevance of the following topics from session 1 to you / your organisation:

- 1) Role of the board
- 2) Differentiating governance from management
- 3) Statutory Duties (companies and charities)
- 4) Individual accountability / liability
- 5) Other (please specify)

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 session 1

- The role of the board is to promote the long-term sustainable success of the organisation
- The board is responsible for setting values, vision, mission and strategy
- Statutory duties apply for directors and trustees
- Directors and trustees can be held personally liable in certain circumstances; incorporating the organisation as a company or charity provides some protection
- Maintain distinction between governance (Board) and management (staff, executives)
- Boards should act collectively, not as a group of individuals pursuing separate agendas
- Independent judgment requires board members to think critically and provide constructive contributions

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

Main information sources for this course

- Governance frameworks
 - [A Code for Sports Governance](#)
 - [SGB Governance Framework](#) (N.B. Under review)
- 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: Juventus board resigns - Nov 2022

- [Resignation of Juventus board in Nov 2022](#)
[From 0:18 – 1:30]
- [BBC - Juventus: Entire board of Serie A club announces resignation](#)

Directors' duties, s171 – s174 of Companies Act 2006; Charity Commission CC3 (England), s66, Charities and Trustees Investment Scotland Act 2006

General statutory directors' duties for today's session:

- 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



And the corresponding trustees' duties, for both England and Scotland, including:

- CC3 - Managing resources responsibly

Statutory Duties - overview

Directors' duties (Companies Act 2006 ss. 171-177)	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 transactions or arrangements		

Duty to act within powers

Directors' duties (Companies Act 2006 ss. 171-177)	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Act within powers (s171)	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

- Comply with the governing document
- Exercise powers only in accordance with the terms for which they were granted and for a proper purpose
 - Proper purpose depends on context of the specific situation

Duty to act within powers – practical examples

- Follow formal procedures for a meeting of the board
- Be aware of powers in the governing document (e.g. how many needed for a quorum?)
- Have a schedule of matters reserved for the exclusive decision of the board, plus a delegated authority framework to determine what may be decided outside board meetings



Duty to promote success / act consistently with purposes

Directors' duties (Companies Act 2006 ss. 171-177)	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Promote the success of the company for the benefit of its members as a whole (s172)	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

- Linked to organisation's purpose
- Company - to promote the interests of its members
- Charity - to promote a defined public or community benefit
- Act 'in good faith' in the way most likely to promote the success of the organisation, according to its purposes

Duty to promote the success of the company - practical examples

Directors must consider:

- Likely consequences in the long term, e.g. cutting the marketing budget
- Interests of the company's employees, e.g. closing a regional office, leading to redundancies and reducing opportunities for engagement/participation
- The need to foster relationships with suppliers, customers and other stakeholders, e.g. with members in a membership organisation
- The impact of operations on the community and the environment, e.g. the impact on local residents of hosting of a major tournament



Act consistently with purposes - practical examples

Trustees ought to consider:

- Whether decisions further the charity's purposes in the long term e.g. reducing funding for a particular programme
- The interests and needs of beneficiaries
- Relationships with stakeholders
- The impact of operations on the wider community and reputation of the charity



Duty to exercise independent judgment

Directors' duties (Companies Act 2006 ss. 171-177)	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Exercise independent judgement (s173)	Act in the charity's best interests	Act in the charity's best interests

- Do not allow personal interests to affect the exercise of independent judgment
- Do not promote a collective executive line without due consideration
- Offer the board independent judgment, including appreciation of the risks involved in a particular course of action

Duty to exercise reasonable care, skill and diligence

Directors' duties (Companies Act 2006 ss. 171-177)	Trustees' duties (Charity Commission CC3)	Charities and Trustee Investment (Scotland) Act 2005 (s66 – Trustees' duties)
Exercise reasonable care, skill and diligence (s174)	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

- Exercise the standard of care, skill and diligence as for a reasonably diligent person with:
 - a. the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company (*an objective test*); and
 - b. the general knowledge, skill and experience that the director has (*a subjective test*).

Duty to exercise reasonable care, skill and diligence – practical example

- An independent, non-executive director with an accounting qualification and professional experience would be expected to exercise more active scrutiny of the accounts (such as on the appropriateness of accounting policies) than a director without such a qualification

Manage resources responsibly

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

- Core principle of good financial management, accountability and stewardship of charity resources, which contribute to managing resources responsibly

Manage resources responsibly – practical examples

A trustee must act to:

- Protect the charity's property and resources, including its reputation
- Ensure the solvency and effective running of the charity i.e. ensuring resources are used efficiently and keeping the charity financially stable
- Ensure there are effective controls to monitor and regularly review finance and administration systems
- Identify and manage risks to the charity and its assets

Manage resources responsibly – practical examples

A trustee must act to:

- Preserve any permanently endowed funds or property
- Ensure they do not personally profit from their position
- Maintain appropriate records relating to accounts and financial matters and ensure that they are audited/independently examined accordingly. This may include accounts being filed at both Companies House and the Charity Commission (and other regulators, where appropriate)



Poll 2: Participants



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What due diligence did you conduct before taking on a board role with a sports organisation?

- 1) Spoke with leaders and read up thoroughly
- 2) Spoke informally to one or two contacts
- 3) A quick skim of the website / key documents / legal implications
- 4) Not much - I already knew the organisation well
- 5) N/A - I'm not a board member

Discharging duties

- Think carefully about the steps that should and might be taken to ensure not only effectiveness in the role, but that also to avoid exposure to liability through doing the wrong things or not doing the right things
- Directors and trustees can demonstrate having taken the appropriate steps to discharge their duties to a regulator, or in a court of law

Discharging duties - checklist

Meetings:

- ✓ Insist on receiving high-quality, relevant information sufficiently in advance, plus prompt updates on important matters between meetings
- ✓ Ensure minutes record decisions and votes, any decision delegating authority to staff, dissent
- ✓ Scrutinise the performance of management in delivering objectives
- ✓ Be satisfied about the integrity of financial information and robustness of financial controls and risk management

Discharging duties - checklist

Outside meetings:

- ✓ Seek independent professional advice when needed, at the organisation's expense
- ✓ Take responsibility for your ongoing training, including keeping aware of important developments externally
- ✓ Check there is appropriate insurance in place

Conducting due diligence before joining a board

- ✓ Research the organisation thoroughly
 - Read the latest annual report, strategy, impact report, media coverage
 - Understand governance arrangements, including income, recent performance
 - Understand major risks, controls, legal exposures, insurance
- ✓ Review the letter of appointment and raise any concerns before signing
 - Check scheduled board meetings already in the diary
 - Check minimum expected time commitment
 - Recognise the need for additional work in a time of challenge or crisis
 - Disclose other significant commitments and the time involved

Conducting due diligence – more detail

- ✓ Expect to receive a comprehensive, tailored induction programme
 - Meet the chair, chief executive, and possibly existing board members
 - Ask about culture, values and behaviours associated with the board.
 - Observe a board or committee meeting
- ✓ Review regulatory compliance (Companies House/Charity Commission)



Case study: Mountain Jump UK faces a venue dilemma

- The NGB Mountain Jump UK (“MJUK”) governs the spectacular sport of mountain jumping nationwide
- MJUK is considering a bid to host the 2028 European Championships after the previous host dropped out at short notice; the international federation is in need of a new host urgently and has offered good terms but needs an expression of interest within a month
- An initial feasibility study looks positive, and UK Sport may offer financial support
- MJUK has a good relationship with Highland County in Scotland, which has previously hosted mountain jump events in temporary venues in a spectacular setting
- MJUK has a long-standing dream to have a permanent venue, which would need to be in a mountain location; Highland County seems keen

Case study: Mountain Jump UK faces a venue dilemma

- However, local residents and an environmental group have complained about traffic and damage to nature resulting from events
- MJUK has also hosted successful city centre mountain jump events in a temporary venue in the town of Midville, which has a lot of experience of putting on sports events; it's a viable option but leaves no legacy
- Due to the short timetable, MJUK is reluctant to consider trying to host in an untested location

Case study: Mountain Jump UK faces a venue dilemma

Question for discussion in groups:

- As members of the Board of Mountain Jump UK, what will be your general approach to choosing a host for the potential bid? Or will you decide not to bid?

Case study: Mountain Jump UK - update

- International Federation message:

“We have a promising offer from Berlin to host in 2028, but would prefer a genuine mountain venue (better for TV)”

- News story:

“Outrage at scale of litter left at a pristine natural setting after a music festival in Highland County - environmental groups call for extra protection”

Case study: Poll 1



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As members of the Board of Mountain Jump UK, what is your general approach to choosing a host for the potential bid? Or will you decide not to bid?

- 1) Focus on the Highland County host option, planning for extensive stakeholder consultation
- 2) Focus on the Midville host option
- 3) Decide not to bid on this occasion but plan stakeholder consultation for the Highland County venue with a view to a future bid
- 4) Other / not sure

Case study: Poll 2



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Did your preferred approach change following receipt of the update?

- 1) Yes
- 2) Partially
- 3) No
- 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](#)



Questions





Thank you

Next session: 9 June at 6pm

<https://sportsgovernanceacademy.org.uk>

