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General principles of sports governance

■ Introduction

In this chapter, we shall briefly outline the basic concepts of governance. We shall address the fundamental questions of what governance is and why it is important in sport.

■ Defining governance in sport

Simply put, governance is the process by which decisions are made. If a decision, either positive or negative, requires an action to be taken by an organisation, then governance also encompasses how that decision is implemented. Strategically, governance encompasses the system(s) of oversight in place for an organisation and the approach used to achieve specific goals.

Governance is a well-known concept in most sectors of society, particularly in corporate ones, but historically sport has lagged behind in this aspect. In the past few years, the issue of good governance in sport has moved towards the top of the agenda not only of sports organisations themselves, but also non-governmental organisations (NGOs) (such as Transparency International, Play the Game), governments and intergovernmental organisations (such as the Council of Europe) following a number of recent high-profile scandals.

A key concept which drives governance in sport, both for Olympic and non-Olympic sports, is the autonomy of sport. This has principally been developed by the International Olympic Committee (IOC) and is one of the Fundamental Principles of Olympism, as set out in the Olympic Charter:

Recognising that sport occurs within the framework of society, sports organisations in the Olympic movement chart the rights and obligations autonomy, which include freely establishing and controlling the rules of sport, determining the structure and governance of their organisations, enjoying the right of elections free from any outside influence and the responsibility for ensuring the principles of good governance be applied.

The autonomy of sport principle typifies the sport movement's belief that it alone understands best how to govern and regulate itself and is a hangover from

when sports were run by volunteers who were only concerned with satisfying their members. This belief manifests itself in a resistance to government or other outside interference in the governance of the sector.

Governing organisations of sport can often forget and/or underestimate that the bottom levels of the pyramid (grass roots and amateur clubs) form the foundation of the pyramid as they offer sport for all and foster generations of new participants, including players, referees, coaches or simply fans/supporters. However, by adopting good governance principles, sports organisations substantially lessen the real risks from poor practices (including corruption).

Governance versus management

The distinction between governance and management is an important one. In contrast to what governance encompasses, management involves the day-to-day running of an organisation. The UK Corporate Governance Code states this distinction succinctly:

Corporate governance is therefore about what the board of a company does and how it sets the values of the company. It is to be distinguished from the day to day operational management of the company by full-time executives.

The functions of management focus on achieving an organisation's objectives within a framework established by the governance organs. The governance organs will then oversee the performance of the executive organs of the organisation.

■ Principles of good governance

The importance of good governance in achieving organisational objectives

Any organisation should identify and institute goals and objectives. The organisation's governance should be geared towards those objectives. Sports organisations also need to have credible and good governance structures in place which are comprehensive yet proportionate, and implemented effectively.

However, until sports organisations are accountable to their stakeholders and transparent, they will ultimately not have the authority to tackle the challenges facing sports organisations (corruption, doping, match-fixing and so on), and thus risk losing their stakeholders' trust.

Good governance is often talked of in relation to certain key principles. Such principles can be found in much corporate and academic literature, often with overlap between them. It is important to put such governance concepts into a practical framework which can be understood and implemented at all levels of the sports organisation.

Fairness

Fairness is a concept linked to ethical behaviour and integrity.

In a sporting context, the group who are of principal concern are usually the members. However, a sports organisation should also be fair in the treatment of all of its interested participants and stakeholders including (but not limited to) coaches, match officials, volunteers, communities and administrators.

The fairer the sports organisation entity can be to all its interested stakeholder groups, the more likely it is that it can manage diversity of interests and develop an organisation with wide-reaching impact, effectiveness and legitimacy.

Accountability and responsibility

Good governance is ultimately about developing trust between all stakeholders, particularly in the people who run the sports organisation itself. To develop trust in this group, who are required to run the sport in a responsible manner, it is vital that they have accountability (are responsible) for their performance in relation to what should be transparent objectives.

If transparent and reasonable objectives are not set by the sports organisation, there is no way to make the people who run the sport accountable.

Holding a sports organisation's board accountable can be achieved in a number of ways.

Fiscal accountability

Fiscal accountability refers to the formal mechanisms of control over funding. When it comes to high performance sport, particularly in the UK, this is perhaps the most powerful form of accountability, as national governing bodies (NGBs) depend on public funding. This is an increasingly precarious strategy, given major cuts in public spending. UK Sport and Sport England have placed good governance at the heart of the conditions attached to funding with the implementation of their new Code for Sports Governance.

Legal accountability

International bodies and their employees must abide by the laws of relevant jurisdictions in which those laws apply. Despite concepts unique to sport, such as the autonomy and specificity of sport, organisations in the sector are subject to a multitude of laws, depending on the countries/jurisdictions in which they are based and operate.

Both the IOC and the Fédération Internationale de Football Association (FIFA) have made fundamental changes to their governance structures and procedures due to high-profile civil and criminal legal action taken by authorities in the US.

Market accountability

Market accountability is the potential power that commercial partners have to influence the governance of a sport through market mechanisms. Traditionally, sponsors and commercial partners of sporting organisations have been reluctant to speak publicly about the governance of sports they support. However, given

the pressures applied upon the sponsors themselves by their own shareholders and other stakeholder groups, they have been far more proactive in holding sport accountable. Recently FIFA's sponsors, including Coca-Cola and Visa, spoke out against the corrupt governance practices which had been revealed.

At a time when public funding for sport is decreasing, governing bodies will aim to fill the gap by turning to commercial organisations; therefore, as part of their offerings, sports organisations will have to have good governance in place.

Peer accountability

The evaluation of organisations by their peer institutions is closely related to supervision, particularly in sport, given that primarily supervision comes from within the sector (their peers). Some 'independent' organisations that have taken more of an interest in sports governance and accountability in recent years include Transparency International, Play the Game and the Council of Europe.

Public reputational accountability

The reputation of an organisation as a mechanism of accountability has been perhaps the most effective and yet damaging for sport in recent years. Governing bodies are under much higher levels of scrutiny from both the media and the general public than ever. This has manifested itself in the UK through numerous scandals emerging in relation to athlete welfare issues (such as bullying and sexual offences).

Transparency

Transparency means that those affected by decisions of an organisation should know not only the basic facts and figures, but also the mechanisms and processes.

A central principle of the rule of law is that each participant within a state must know their rights and any restrictions on those rights imposed by the law. In sport, this means that the governing body must make all rules and policies available both in print and online when requested. These must be easy to locate on the governing body's website. As a matter of best practice, all disciplinary and appeal rulings should also be published.

Principle 3 (Communication) of the new UK Sport & Sport England Code of Sports Governance states the following:

3.1 Each organisation shall publicly disclose information on its governance, structure, strategy, activities and financial position to enable stakeholders to have a good understanding of them.

The commentary to this requirement once again supports the steps outlined above: 'Transparency enables stakeholders to have timely access to important information about the organisation, thereby improving the accountability of the organisation, and helping with stakeholder engagement'.

Co-operation and collaboration

Sports organisations should collaborate with organisations in other sectors that are further advanced in their governance practices so as to expedite the pace of governance change.

A lack of public funding should also drive co-operation and collaboration between sports so as to share the time and financial burden of putting in place robust governance practices, policies and frameworks.

None of this necessarily has to be done formally; even discussing the relevant issues informally will help learning and spread good practice between sports.

Proactivity

Being proactive means creating or controlling a situation rather than just responding to it after it has happened. Elements of acting proactively would include a sports organisation having open channels of communication, following up thoroughly on any information received and inviting external scrutiny of the organisation's governance practices.

When setting up a governance structure for a sports organisation, it is important that the organisation chooses the right legal form and complies with the legal requirements of that form. This chapter outlines the main advantages and disadvantages of each type of organisational form available in the UK.

■ Sports organisations and governance structures in the UK

Roles of different types of sports organisations

UK Sport

UK Sport was established in 1996 and is the UK's high-performance sports agency investing in Olympic and Paralympic sport. It funds and works with its partner sporting organisations, primarily NGBs, to lead sport in the UK to world-class success: winning medals primarily at the Olympic and Paralympic Games.

UK Sport is funded by money from the National Lottery and HM Treasury. UK Sport must decide how best to strategically invest these monies to support athletes with credible medal potential within the high-performance system.

Investment decisions are made on a four-year basis wherever possible to cover a complete Olympic/Paralympic cycle, but are focused on an eight-year performance development model, which is based on the following nine 'investment principles':

1. Olympic and Paralympic impact;
2. international medal success;
3. investing in athletes;
4. investing in sports;
5. investing in people;
6. performance pathway;

7. the cost of Olympic and Paralympic success;
8. a culture of responsibility, accountability and partnership; and
9. a culture of 'world class'.

In addition to funding athletes, UK Sport has other responsibilities including: bidding for and staging major sporting events; increasing sporting influence internationally; and promoting the highest standards of governance, sporting conduct, ethics and diversity in society.

One way in which UK Sport seeks to meet these responsibilities is by strategic investment into the World Class Programme, which accounts for approximately 70% of its spend.

UK Sport supports more than just athletes. It recognises that investment is also needed into the elements that support athletes, including coaching, governance, talent identification and sports science, medicine and technology.

The other key area in which UK Sport provides financial support is bidding for and staging sporting events in the UK. In doing this, UK Sport is supporting the preparation of British athletes for the Summer/Winter Olympic Games by hosting important qualification events on home soil, as well as providing economic and social benefits for the UK.

Those who have applied for UK Sport funding know that it is a rigorous process that should not be embarked upon lightly. National governing bodies and athletes are aware of the time and resource commitment it takes to make an application, but have very little sense of their chances of success until the final decision is made.

Even if funding is awarded, the its success and the compliance with any conditions is strictly monitored as part of UK Sport's controversial 'no compromise' approach whereby, when it comes to individuals, funding is awarded solely on the likelihood to medal at the Olympic Games, with no other factors taken into account (for example, an athlete's development).

Home Country Sports Councils

The development of sport at the grass-roots level is the remit of the individual Home Country Sports Councils for the UK: Sport England, Sport Wales, sportscotland and Sport Northern Ireland.

Each body focuses on community sport in their respective parts of the UK by increasing participation levels; however, they have autonomy as to the strategies they create and implement to achieve this.

For example, Sport England has seven investment programmes for the five-year period 2016–21 to 'increase the number of people getting active':

1. *Tackling inactivity* – helping the 28% of people in England who don't do any sport or physical activity.
2. *Children and young people* – to work with children from the age of five to increase children's basic competence and enjoyment of sport and physical activity.