

Senior Independent Director role description

Guidance note

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Reviewed: March 2023 Date of next review: March 2024

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Introduction

This guidance note can be adapted for any size of organisation to reflect good practice for their needs. The document, and others in the SGA knowledge base, should provide sufficient detail for the chair of a board, and others interested in governance, to think about the governance arrangements within their own organisation, and apply those aspects of good practice that are most appropriate and proportionate.

It is good practice for each organisation to undertake a periodic review of its governance arrangements as circumstances evolve and, where appropriate, amend policies, procedures, and the governing document to ensure that they remain fit for purpose and are structured in the most effective way to meet the organisation's objectives and the environment in which it operates.

The information in this document consolidates and expands upon the principles highlighted in the Code for Sports Governance and the governance frameworks published or endorsed by the Home Country Sports Councils as well as accepted practice in other sectors.

Overall purpose

Within each organisation, it is likely that individuals from among the board members will be appointed to perform additional duties in the position of an 'honorary officer'. The most common honorary positions are those of chair or deputy/vice chair, but may also include the treasurer and secretary.

It is important to note that all directors must fulfil their fiduciary and legal duties and responsibilities as set out in the organisation's board member role description, whether they are appointed to additional specific roles, e.g. Finance Director, Director of Welfare and Safety or Senior Independent Director. The additional responsibilities may be added to the existing board member role description or presented in a separate document, depending on how the organisation approaches the appointment, i.e. open advert and application, or elected from within the membership of the board.

The role of senior independent director (SID) is relatively new to many sports bodies. However, it has been a position regularly appointed to boards within the private sector. It is a role which requires the holder to act in support of the chair, but also to serve as a channel of communication for board members and other stakeholders as well as leading on evaluating the chair's performance. As such, this can necessitate a balancing of responsibilities as well as requiring tact and diplomacy.

The Higgs review, published in 2003, recommended that boards of publicly listed companies should appoint a senior independent director from among their independent non-executives. Whilst Higgs' guidance was published early this century, it is still considered valid and is incorporated into the most recent Financial Reporting Council's Guidance on Board Effectiveness (2018).

The Code for Sports Governance recognised the value of the role of the SID and included a specific requirement for all Tier 3 bodies to appoint a Senior Independent Director:

1.14 Each Board shall appoint one of its Independent Non-Executive Directors to be the Senior Independent Director.

The definition provided in the Code outlines some of the SID's chief responsibilities, which include:

- providing a sounding board for the chair
- serving as an intermediary for the other Directors when necessary
- acting as an alternative contact for stakeholders to share any concerns if the normal channels of the chair or the organisation's management fail to resolve the matter or in cases where such is inappropriate, and
- leading on the process to appraise the chair's performance. The SID is responsible for holding annual meetings with non-executives, without the chair present, to appraise the chair's performance. The process should be documented. It may be appropriate to agree individual development plans as a result of the evaluation. However, these should not be published. The SID would also be expected to meet with the non-executives and governance professional/governance lead on other such occasions as necessary.

Where there is a disagreement or dispute between the chair and the chief executive, the SID can intervene, identifying issues that have caused the rift and trying to mediate and build a consensus. The board should ensure clarity around when a SID might intervene. Examples include:

- where there is significant disagreement between the chair and CEO
- where members/shareholders or NEDs express concerns that are not being addressed by the chair or CEO
- where there are concerns that decisions are being made without the approval of the full board.

One other responsibility that may be included in the SID's role is that of chairing the nominations committee when it is considering succession of the role of the chair.

When the board is undergoing a period of stress, the SID's role becomes vitally important. They are expected to work with the chair, other directors and stakeholders to resolve major issues.

Vice chairs

Honorary positions on sports boards will often include a chair and vice chair. The appointment of a senior independent director does not necessarily replace a vice chair as the additional responsibilities and functions may be different.

Drawing on examples from National Governing Bodies (NGBs), the vice chair role is designed to support the chair in the setting of the organisation's strategy and policies, providing leadership and planning support, and to act for the chair when they are not available, ensuring an immediate replacement is in place in the event the chair cannot be present for meetings, events or in any way unavailable to lead the business of the board. This provides the NGB with certainty and continuity as the vice chair steps in to lead the board in the chair's absence. The vice chair may also undertake assignments at the request of the chair. In some cases, where the board has not appointed a vice chair, the SID is the nominated deputy in the absence of the chair.

Some organisations may create additional responsibilities for the vice chair beyond deputising the chair, for example, ambassadorial duties with stakeholders including members or continental and international federations. Vice chairs might also be invited to chair committees or lead working groups. Vice chairs may have been elected or appointed through an open process, and may or may not be independent directors, whereas the senior independent must be appointed as an independent director in the first instance. Where the vice chair is an independent director, their being vice chair is no bar to their also taking on the duties of the SID.

Appointment of the SID

The Code for Sports Governance provides guidance on the appointment of the SID.

First and foremost, as the SID is an independent non-executive director they must be appointed to that role through an open, publicly advertised and accessible recruitment process (Requirement 2.6) and must meet the definition of 'independent' set out in the Code or the governance framework being observed upon their appointment.

An organisation's Articles of Association may specify the process for appointing the SID, but in most cases the appointment requires only a majority vote by the Board of Directors (excluding, of course, any candidates for the role itself). Generally, the person appointed will be the most experienced or longest-serving of the NEDs.

The nominations committee may also play a part in the appointment process, taking responsibility for identifying willing candidates once a vacancy becomes apparent, and making a recommendation to the board.

It may be that there are no willing candidates from within the board, or that none of the potential candidates are considered suitable for the role. If this is the case, a new Independent Director would need to be recruited to join the board and take on the role of SID. It is important to remember that as well as appointing someone with the skills and experience to be the SID; the recruitment should consider the broader skills, diversity and experience needed by the board, the maximum (and optimal) board size and the recruitment processes required for independent directors.

Though board appointments may be approved at the subsequent AGM, members or shareholders will be approving the individual's appointment to the board, not their appointment as SID.

In circumstances where the recruitment process is expected to take some time, and none of the existing NEDs wish to step in for the interim period, the board may wish to consider co-opting someone independent to act as SID until a permanent replacement is appointed.

The responsibilities of the SID should be set out clearly, in writing, and agreed by the board. Organisations may wish to publish these documents in the interest of transparency.

Specimen role description for the SID

Overall responsibility

To support the chair on all governance issues, including the annual review of board effectiveness, and to represent the views of stakeholders and non-executive directors to the chair where appropriate.

Main duties and responsibilities

In addition to the aforementioned duties and responsibilities as an independent non-executive director, the senior independent non-executive director should:

- As a trusted intermediary for the board, act as a sounding board for the chair and chief executive officer on board-related matters, offering robust challenge and fresh perspective where required
- Be available to internal and external stakeholders if they have concerns which cannot be addressed through the normal channels of chair, chief executive officer or vice chair (where relevant)
- Seek to prevent conflict and mediate relationships on the board as necessary.
- Take the initiative in discussions with the chair or other board members if it should seem that the board is not functioning effectively
- Be a member of the nominations committee and chair the committee when it is considering succession to the role of chair
- Where it becomes necessary to replace the chair outside of agreed succession plans, lead the process for their removal
- Lead the evaluation of the chair's performance, including meeting with the non-executive directors at least once a year without the chair present to appraise his/her performance
- Maintain an effective balance between the need for a strong, trusting relationship with the chair and ensuring that they are seen by other stakeholders as objective and impartial
- Meet with non-executive directors and the governance professional/governance lead as may be necessary
- Monitor the chair-CEO relationship
- Participate in any board induction, training and evaluation identified as an individual board member and as part of the board or committee
- Promote the board's commitment to board diversity, renewal and succession planning, in line with the governing document and organisational diversity goals.
- Act between full meetings of the board in authorising action to be taken intra vires, e.g. directly engaging with stakeholders as required.

(Optional)

- Act as the board lead for board effectiveness reviews
- Deputise for the chair in the event of their absence.

Person specification

The following skills, knowledge and experience (or commitment to gain them) would be advantageous to the role of the senior independent director:

- Demonstrable commitment to the organisation's values and principles
- Significant experience of operating in a leadership capacity at board, committee or executive levels
- Comprehensive understanding of diversity and inclusion, and demonstrable inclusive leadership skills
- Highly developed communication and influencing skills with the ability to build trust and nurture strong relationships
- Proven facilitation, negotiation and mediation skills, with an understanding of conflict resolution
- Ability to understand complex strategic issues, and to be able to analyse and resolve difficult problems
- Sound, independent judgement and an ability to view situations from multiple perspectives
- High standards of personal integrity, openness and probity
- Politically astute, with the ability to grasp relevant issues and understand relationships between interested parties
- Sound knowledge of corporate and sports governance
- Sufficient time to fulfil the role of senior independent director. It should be noted that time obligations on the SID may increase in times of stress and in periods of heightened board or organisational activity.

Diversity and inclusion

The organisation is committed to diversity and inclusion and creating a culture where everyone can thrive. This role will be appointed through a transparent and inclusive process to ensure the organisation can maximise the benefits of diverse leadership.

