

Induction of board members (directors) and specimen induction pack

Guidance note

Induction of board members (directors) and specimen induction pack

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If you have any feedback on the content of these resources, or additional questions that you'd like to discuss, please contact the SGA: **020 7612 7029** | info@sportsgovernanceacademy.org.uk

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Introduction

Providing new board members with a well-thought-out and comprehensive induction programme is an important element in ensuring that they provide the maximum impact to the organisation and are able to contribute to board discussions in a meaningful manner as soon as possible.

It is recommended in the Financial Reporting Council's guidance on Board Effectiveness 2018 that 'Non-executive directors should, on appointment, devote time to a comprehensive, formal and tailored induction that should extend beyond the boardroom' (paragraph 75). Similarly, it is a requirement (2.12) of the Code for Sports Governance that 'each organisation shall ensure that new directors receive a full, formal and tailored induction on joining the Board'.

Board members, including chairs, other directors and governance professionals, can be more effective in their responsibilities if provided this guidance at the start of their term.

There is a lot of guidance on how to effectively induct board members, including the 'Higgs Suggestions for Good Practice' published in 2003. This indicates that the induction process should aim to achieve three things, and these remain relevant today and can be applied to the sports sector:

- (a) build an understanding of the nature of the organisation, its activities and the sector in which it operates
- (b) build a link with the organisation's people
- (c) build an understanding of the organisation's main relationships

The following guidance draws out two further elements, ensuring an understanding of:

- (i) the role of a board member and
- (ii) the framework within which the board operates.

Further details on these can be found in the SGA knowledge base.

The guidance below will help in the design of induction programmes for the needs of specific individuals. Designing and tailoring the programme to each new board member may take some time, particularly for a small organisation with limited resources or one which has not engaged in the process before, but it is well worth the effort expended. Not only does it allow the board member to understand their role, the organisation and their place in it more effectively, it can help build a positive culture of learning and growth within an organisation.

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The FRC Guidance on Board Effectiveness indicates that the chair should lead the induction process and regular training for board members. However, the governance professional or governance lead may also be the one responsible, in consultation with the chair, for designing and delivering the induction process.

A director may draw on experience from non-executive positions on other boards, or seek such a position to speed up the process of understanding their role as a director through broadening their view of board roles. Board evaluation can also be fed back into induction and training to ensure greater effectiveness and improve skill shortages.

Good practice and points to consider in the programme design and delivery

When designing and delivering an induction programme:

- Speak to the new director before devising the programme, to get their input on how it should be tailored, in relation to both content and delivery.
- Previous experience is, of course, relevant to the design of the induction programme: it may be that the director is aware of some or most of the non-organisation specific items – such as legal duties and the regulatory environment – and may simply require an update in certain areas. An update of any developments may, however, be advisable, particularly if significant time has elapsed since the individual last held a board position.
- Plan the timing of the provision of information to avoid overloading a new director with everything all at once.
- Prioritise and schedule the various induction elements over a reasonable period. Arrange meetings with employees, advisors, members and other relevant stakeholders over an extended period too.
- Let the director see the whole programme plan at the start so he or she has the option to request certain elements earlier, or to have access to certain documents sooner.
- Vary the delivery of information, and limit the amount of data presented just as reading material (whether in hard copy or via a board portal or online reading room).
- Plan the induction programme with reference to the director training and development programme, as one should transition smoothly into the other. It might be worth thinking about whether some training and development activities could be delivered to the

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whole board, thereby providing a useful refresher to established board members and developing the relations of the entire board.

- Review the induction with the director mid-way through the process, and after 12–18 months, and seek their input on any further induction requirements they may have.

More suggestions to consider:

- Consider asking an existing non-executive director to bring their experience to bear by commenting on the content and design of the draft induction programme intended for an incoming director.
- Consider arranging induction meetings and site visits around existing board and/or committee meetings in order to maximise the time of board members and staff.
- Consider whether it would be appropriate to encourage a new executive director to take up a non-executive role on another board, once he or she has become well established within their executive role, to broaden their understanding of their responsibility as a member of a unitary board.
- Consider whether it would be beneficial to partner a new non-executive director with a particular executive director to hasten an understanding of a particular part of the business.
- Consider whether any of the outputs of the latest board/director evaluation exercise could be achieved, or partially achieved, by changes to the induction programme.

Director induction checklist

All induction programs should be tailored to individuals but here is a list of what you may consider in inducting a new director.

Specific to director role:

- the role of a director
- statutory duties of director
- support role of the governance professional and/or secretariat
- policies relevant to the director as an individual (independent professional advice, expenses, data protection, reporting of gifts and hospitality, etc.)
- directors' and officers' liability insurance, deeds of indemnity
- personal development process

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- protocol, procedures and dress code (if applicable) for board meetings, general meetings, formal dinners, staff social events, site visits, etc, including the involvement of partners where appropriate

Board issues:

- board and committee structure, matters reserved for the board, delegated authorities, terms of reference of committees, items requiring approval outside of board meetings
- brief biographical and contact details of all directors of the company, the company secretary/governance lead and other key executives. This should
- include any executive responsibilities of directors and their dates of appointment
- board committee membership
- board composition, succession plans for executive and non-executive directors, and policy on directors' re-election by members
- board support framework: chair, senior independent director, company secretary/governance lead

Board meetings:

- minutes of board meetings from the last twelve months
- corporate calendar (to include dates for board and committee meetings and dinners, financial reporting and close periods, etc.) with pro forma agendas of regular items or an indication of when routine business is transacted
- description of board procedures covering details such as when papers are sent out, the method of delivery, the normal location of meetings and how long they last
- training in the use of any board portal or online board paper/reading room facility

Boardroom behaviours:

- explanation by the chair of his or her expectations of the board in terms of its output and behaviours
- culture and values, codes of conduct and or ethics, etc.

Rules, regulation and guidance:

- concept of the unitary board
- up-to-date copy of the organisation's governing document
- relevant legislation as applicable to the organisation
- The Code for Sports Governance and the organisation's Governance Action Plan demonstrating compliance with the Code
- UK Corporate Governance Code and appropriate associated FRC guidance (Board Effectiveness, Internal Control (Turnbull), Audit Committees, Going Concern)

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Board procedures:

- board, committee and individual director evaluation processes
- board training and development programme
- special procedures (accounts sign-off, company disclosures)
- procedure for obtaining independent professional advice

Current issues:

- key governance issues affecting the organisation
- remuneration policy, trends and issues affecting the organisation
- voting and member/shareholder feedback from the last AGM
- most recent board evaluation report

The nature of the organisation, its business, activities in which it is engaged and its sector more broadly:

- corporate history, with a summary of significant events (incorporation, acquisitions and divestments, restructurings)
- organisational and/or business overview or chart, indicating any major subsidiaries, associated companies, charitable bodies and joint ventures
- business model
- products and services
- local, regional/global operations
- strategy
- key performance indicators, including KPIs on which incentive plans are measured
- market analysis, recent operational and financial performance, current challenges
- the organisation's risk profile and tolerance, risk management and internal control procedures and relevant disaster recovery/business continuity plans
- financial and treasury issues: accounts and/or interim management statements, audit, management accounts, budgets, funding sources, credit-rating metrics
- significant contracts
- status of company pension plans, including any deficits
- insurance policies
- marketing and branding
- details of any major litigation, either current or potential
- relevant company and/or group policies, such as health and safety, corporate social responsibility, environmental, ethics and whistleblowing, bribery, diversity, equality, charitable and political donations, etc.
- glossary of organisation-specific and sector-specific jargon and/or acronyms

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Building a link with the company's people:

- meetings with both operational and functional senior management
- visits to sites, facilities and offices
- internal organisation contact list
- employee committees or surveys

The organisation's main relationships:

- sector- or market-facing issues: funder relations, member/association relations, international governing bodies, sports councils, media views, etc.
- the organisation's advisers (lawyers, bankers, auditors, registrars, etc.) and the key internal contacts for any external advisers
- other advisers (e.g. PR, remuneration, or other relevant consultants)
- key customers
- key suppliers
- key stakeholders (funders, regulators, unions etc.)

Useful documents/information:

- notices of any general meetings held in the last three years
- press cuttings, reports and articles concerning the organisation
- recent broker and analyst notes/forecasts
- any recent funder correspondence

Other board committee inductions

Where the director will be joining a committee, he or she should be provided with copies of the committee minutes from the preceding 12 months. The company secretary or governance lead should consider giving all non-executive directors the minutes of all the main committees and giving all new executive directors the same information except for remuneration details. Background papers for other committees could also be given, if deemed appropriate.

For the audit committee:

- role and remit of the committee
- link between policies adopted by the committee and the organisation's strategic objectives
- members of the committee, and those regularly invited to attend meetings
- meeting schedule with pro forma forward agendas of regular items or an indication of when routine business is transacted
- main business and financial dynamics and risks
- regulatory and legal requirements in the UK and/or relevant jurisdictions

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- sector/market practice and current trends
- current issues
- views of funders/investors on current arrangements and potential areas of focus
- meeting(s) with the CFO, external auditors and the head of internal audit
- technical training on key matters, tailored according to level of financial expertise

For the remuneration committee:

- role and remit of the committee
- link between committee policy and the organisation's strategic objectives
- members of the committee, and those regularly invited to attend meetings
- meeting schedule with pro forma forward agendas of regular items or an indication of when routine business is transacted
- regulatory and legal requirements in the UK/relevant jurisdictions
- sector/market practice, current trends and best practice guidelines
- current issues
- views of funders/investors on current arrangements and potential areas of focus
- meeting with Human Resources Director or equivalent
- meeting with remuneration advisers
- most recent voting services reports and the latest voting results on the remuneration report
- technical training on key matters, tailored according to experience

For the nomination committee:

- role and remit of the committee
- link between policies adopted and the organisation's strategic objectives
- members of the committee, and those regularly invited to attend meetings by the committee
- meeting schedule with pro forma forward agendas of regular items or an indication of when routine business is transacted
- board composition, board renewal, succession planning, ongoing recruitment
- internal talent and capability, leadership development programmes
- current issues
- views of funders/investors on current arrangements and potential areas of focus
- recruitment process and recruitment agent(s) typically used
- meeting with Human Resources Director or equivalent about management succession planning
- the most recent board evaluation report, sections on the board appointments policy

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Specimen induction pack

The expectation is that the induction will be tailored to the needs of the particular board member to avoid repeating information they are already well aware of, and that the content will be delivered using a variety of methods, over an extended period. As people absorb information in different ways a number of methods may be used for inducing each individual. These could include:

- an induction pack that uses both text and graphics to display contextual and performance data
- site visits to observe the organisation in action
- meetings with key members of staff, volunteers and other key individuals
- observing board or committee meetings to gain an overview of the scope of the organisation's activities
- a buddying system, pairing a new board member with a more experienced colleague

The time taken to complete an induction will depend on the organisation, its size and complexity, but it may take 12 months in order to cover a full board cycle.

The following example outlines the information about an organisation that a new board member may require in the first months in office. The specific information required to be given to an incoming board member will of course vary from organisation to organisation.

By staggering the approach of when and what kind of information is provided, it is hoped that the new member of the board will not be overwhelmed by the sheer volume of information to be digested. The following suggestions therefore break the information down into those documents and activities that should be offered to the board member upon appointment, three months, and six months into the first year of tenure and beyond.

Many of the topics listed below will be best conveyed by making the board member aware of the source document, while providing a summary of the key points and how they relate to the organisation, where appropriate. Where an organisation has an intranet that includes the documents listed, the board member will be able to access relevant papers at a suitable time. Where this is the case, the company secretary or governance lead should ensure an ongoing dialogue with the individual to avoid any gaps or oversights in their developing knowledge

This list should not be seen as exhaustive, and certainly will not apply to all organisations in all cases. The lists of areas to be covered which are given above should also be consulted.

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The nature of the organisation

| Suggested document/activity | Suggested timeframe |
|---|--|
| <ul style="list-style-type: none"> an up-to-date copy of the governing document | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a copy of the strategic plan | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a copy of the business plan | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a copy of the mission statement, vision and values | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a brief history of the organisation | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> the annual report and accounts for the past three years, audit report and performance, current annual budget and most recent management accounts | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> details of the organisation's professional advisers (e.g. accountants and solicitors), together with the name of the partner or other nominated person dealing with the organisation's business | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> details of the organisation/charity's registration and other information held by regulators and website details for each regulator or registrar | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a glossary of organisation and sector jargon and acronyms | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> details of any significant contractual obligations | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> details of any ongoing litigation presently being undertaken either by or against the organisation | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> current non-statutory review and/or impact report, where applicable | <ul style="list-style-type: none"> after six months |
| <ul style="list-style-type: none"> a copy of all management accounts prepared since the organisation's last audited accounts | <ul style="list-style-type: none"> after six months |
| <ul style="list-style-type: none"> summary details of the organisation's insurance policies | <ul style="list-style-type: none"> after six months |
| <ul style="list-style-type: none"> the organisation's risk profile and tolerance, risk management and internal control procedures and relevant disaster recovery and business continuity plans | <ul style="list-style-type: none"> after six months |
| <ul style="list-style-type: none"> marketing and branding | <ul style="list-style-type: none"> after six months |

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Role of the board member

| Suggested document/activity: | Suggested timeframe |
|---|--|
| <ul style="list-style-type: none"> the Code for Sports Governance the Corporate Governance Code/Charity Governance Code | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a brief outline of the role of the board member and a summary of his or her responsibilities and continuing obligations. This may need to be more detailed where the appointee has no previous experience on a board | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> Charity Commission booklets, e.g. CC3 – The essential trustee: what you need to know, what you need to do | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> an outline of the role of the company secretary/governance lead in supporting the board | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> the organisation’s guidelines on: <ul style="list-style-type: none"> – matters reserved for the board; – the procedure for obtaining independent professional advice; and – other standing orders, policies and procedures of which the board member should be aware, or where they can be obtained from (including investment and reserves policies, Disclosure and Barring Service checks, children and vulnerable people policies, anti-bribery, anti-money laundering, diversity and equality, and data protection, to name a few). | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> any director/trustee liability insurance that may be in place | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> board structure and schedule of meeting dates | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> the list of matters reserved to the board and scheme of delegation | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> the biographical and contact details of other board members and key employees | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> the minutes of board meetings for the last six meetings and agendas for board meetings held in the last three years | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> a list of current board members, the company secretary/governance professional and their respective dates of appointment | <ul style="list-style-type: none"> upon appointment |

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|---|---|
| <ul style="list-style-type: none"> a description of the procedures to be adopted at board meetings. These would normally cover details such as: <ul style="list-style-type: none"> when the papers are sent out; normal location of meetings; how long they last; an indication of the routine business transacted; procedure for raising items for consideration; board etiquette policy; and logistical/domestic arrangements e.g. access, parking, lunch, child/dependant care and other expenses, etc. | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> conflicts of interest policy and register of interest | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> board member code of conduct | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> training in the use of any board portal or online board paper/reading room facility | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> corporate calendar which details important dates for the organisation, including annual returns, general meetings etc. | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> details of relevant committees, for example executive, finance and general purposes, with: <ul style="list-style-type: none"> terms of reference for each committee; specifications of those responsibilities delegated by the board to any committees; reporting requirements; and names of the board members serving on any committees. biographical details of any non-board members serving on committees | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> personal development programme | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> board, committee and individual director evaluation processes | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> board training and development programme | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> most recent board evaluation report | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> board composition, board renewal, succession plans and policy on board member re-election/re-appointment. Details of procedure for resigning or removal from office, where appropriate | <ul style="list-style-type: none"> after six months |

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Building a link with the organisation's people

| Suggested document/activity | Suggested timeframe |
|--|--|
| <ul style="list-style-type: none"> an organisational chart – including staff, premises and branches | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> the internal telephone directory, email and web addresses | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> meetings with senior management, where appropriate and ongoing | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> internal staff satisfaction survey results | <ul style="list-style-type: none"> after six months |
| <ul style="list-style-type: none"> site visits and programme/project observations | <ul style="list-style-type: none"> ongoing |

The organisation's main relationships

| Suggested document/activity | Suggested timeframe |
|--|---|
| <ul style="list-style-type: none"> relevant media coverage, of a positive nature or otherwise | <ul style="list-style-type: none"> upon appointment |
| <ul style="list-style-type: none"> recent and relevant correspondence with funders, regulators, etc. | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> list of stakeholders and any agreed engagement plan for each group | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> copy of complaints procedure for members, customers and suppliers, including a précis of major complaints and incidents resolved in past two years | <ul style="list-style-type: none"> three to six months |
| <ul style="list-style-type: none"> the minutes of general meetings of the last three years | <ul style="list-style-type: none"> after six months |
| <ul style="list-style-type: none"> list of major suppliers | <ul style="list-style-type: none"> after six months |

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Board committee induction

Where the board member will be joining a committee, he or she should be provided with copies of the committee minutes from the preceding 12 months.

| Suggested document/activity | Suggested timeframe |
|--|---|
| <ul style="list-style-type: none">name, role, remit and terms of reference of committee | <ul style="list-style-type: none">upon appointment to committee |
| <ul style="list-style-type: none">link between committee policy and the organisation's strategic objectives | <ul style="list-style-type: none">upon appointment to committee |
| <ul style="list-style-type: none">members of the committee, and those regularly invited to attend meetings | <ul style="list-style-type: none">upon appointment to committee |
| <ul style="list-style-type: none">meeting schedule with pro forma forward agendas of regular items or an indication of when routine business is transacted | <ul style="list-style-type: none">upon appointment to committee |
| <ul style="list-style-type: none">main business and financial dynamics and risks | <ul style="list-style-type: none">upon appointment to committee |
| <ul style="list-style-type: none">current issues affecting the committee's business | <ul style="list-style-type: none">upon appointment to committee |
| <ul style="list-style-type: none">technical training on key matters, tailored according to level of expertise | <ul style="list-style-type: none">three to six months from appointment to committee |

