

# A GUIDE TO STARTING A SPORTS CLUB

## Administration and management

In this section we explore the different aspects of managing and administering your sports club. Of course, your club is primarily about sport, and few people want to spend a lot of time on the mechanics of committee meetings, constitutions, rules and policies.

However, it will help your club to run much more smoothly if you get these basic arrangements in place relatively early. Then, when you do encounter a problem or two, you have some guidelines to refer to. As your club grows and becomes more successful you will probably need to re-visit the constitution and policies and update them to reflect your changing circumstances.

## Constitutions

A constitution sets out the purpose and rules of your sports club. It is the basic document which helps to ensure smooth and proper running of your affairs. Typically, the constitution will set out:

- The objectives for your club (e.g. what you want to do or provide for your members).
- the different forms of membership (e.g. adult, junior, social) and perhaps their subscription rates
- The rules by which your club will operate.
- How the affairs of the club are to be managed (e.g. by officers and a committee).
- How the members control the club, usually through an annual general meeting.

All sports clubs should have a proper constitution. The accompanying templates in the Resource side panel offer very detailed examples of a constitution, however not all the elements will be relevant to every club and they should be amended or deleted as appropriate. For example 'Members of the management committee' identifies eight committee officers. Your club's constitution may need to reduce or increase the officers dependant on the number of volunteers available to fill the positions.

## Meetings

All sports clubs require a structure under which their club meetings are organised. The club's meetings should be referred to in the constitution in which there are usually two types of general meeting; the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM). The rules for these general meetings are also stated in the constitution i.e. quorum for a meeting, minimum number of days notice required etc.

## General meetings of the club

The main reasons for holding an **Annual General Meeting** are:

- To consider the club's annual report
- To elect officers
- To discuss and vote on amendments to the constitution or club rules
- To produce the annual accounts
- To produce the chairman's annual report.

It is important to make sure that the AGM is well publicised and welcoming to ALL members. The members need to be involved in the AGM to ensure that the club's

decision making process is fair and representative of the club. It is also an opportunity to recruit 'new blood' onto the committee.

The secretary is normally responsible for making all of the arrangements for the meeting. Usually notice for an AGM is a minimum of 21 days, therefore the venue, date and time should be arranged well in advance. The members should be notified and invited to make nominations for the election of officers.

**Extraordinary General Meetings** are called upon if at least a third of the club's members (or some other proportion specified in the constitution) wish to amend a club rule, amend the constitution or discuss any other important, urgent matters which cannot wait until the AGM.

## Committee meetings

Committee meetings are organised by the elected officers to manage the day to day running of the club. Regular meetings ensure that the club is successfully planning, communicating and monitoring progress. It is vital to make sure that these meetings are kept short, to the point and are completely necessary, otherwise you may lose the interest of many officers. The *Running Sport: The Role of the Chairperson* booklet (see Resources side panel) is an excellent guide for club chairs. Many clubs find it helpful to develop 'standing orders' setting out rules and guidelines for the conduct of committee meetings.

The role of the officers on the club's Management Committee vary from club to club, depending on the sport and the size or level of the club. Some clubs only need to have one management committee whilst other larger clubs may have a series of sub-committees i.e. Playing committee, Junior committee or Coaches committee which are all overseen by the Executive committee.

There are many varied roles and workloads taken on by the officers on these management committees. Unfortunately in many clubs the same few officers are continually relied upon to take on the majority of the work. Another section of this website provides more detailed information about the range of officer roles and job descriptions (see Articles panel).

In larger organisations it's particularly important to distinguish the strategic and governance role of the main board/committee from the operational and management roles of the various officers, task groups and sub-committees. Without a clear distinction, the main board or committee becomes overwhelmed in the management of the day-to-day details. See the Articles side panel for useful guidance on this.

It's easy to waste time during meetings! Knowing how to communicate effectively is a great asset to the efficient running of a club. If you'd like to brush up on this, download a copy of running**sports**: *How to Communicate Effectively* from the Resources panel.

## Policies and procedures

As your sports club grows and develops its range of activities, you will probably find it necessary to establish some club policies that set out in more detail how the club and its members should operate. Typically, these policies might cover such things as:

- ☞ The requirements for a person to become a member of your club (e.g. their standard of play, or the nature of their contribution)
- ☞ The standards of conduct expected of members or officials
- ☞ Arrangements for protecting children, young people or vulnerable adults from any form of abuse
- ☞ Arrangements for protecting members and the general public from any potential danger arising through the use of your premises, facilities or equipment.

The range of policies and procedures that you might require will very much depend on the nature of your sport and the type of activities that you choose to undertake. Listed in the righthand column, you'll find links to articles covering some of the more typical policy areas. In most cases, these articles will also provide you with a template policy to download and adapt for your circumstances.

## A quick guide to policies and procedures

This section contains advice and guidance on the following common areas of club policy and procedure as listed in the Articles side panel:

- Membership Policy** - membership criteria and membership forms, including additional provisions for junior members
- Equal Opportunities Policy** - establishing an equity statement and its implementation through an equal opportunities policy
- Code of Conduct for Fair Play** - ensuring that your members are familiar with minimum expected standards of participation and play
- Child protection** - procedures to ensure that children, young people and vulnerable adults participate in your club's activities without risk of abuse
- Health & Safety** - covering a range of issues including duty of care, risk assessment, insurance, first aid, emergency procedures, etc.
- Club Development** Policies are covered in the section on club development planning
- Ethics in sport** - 'ethics' is the now generic terms for all aspects of fair and equitable conduct in both the management and running of sport . See also the excellent running **sports: *Getting it Right*** booklet (listed in Resources panel) which provides a guide to sports ethics, disciplinary procedures and appeals.

## Sports club governance

'Governance' refers to the process of running your sports club, making decisions and ensuring that it is properly accountable; this differs from 'management' which is concerned with organising the day-to-day activities of the club. To be an effective and accountable organisation, you need to ensure that you have good governance arrangements in place.

The Home Office also runs a very useful website called The Governance Hub which provides codes of conduct and useful guidance on all aspects of voluntary and community sector governance matters. It's linked from the Resources panel. The site refers specifically to England and Wales though many of the principles will apply elsewhere. The national Sports Councils run several *Modern Sports* programmes designed to support the committees and boards of sports organisations to deliver effective governance. Contact your national Sports Council for more information.

## Club structures

When establishing your club, the members will need to select the most appropriate form of legal structure for the organisation so that it can be formally recognised, open a bank account, enter into agreements for hiring facilities, and be accountable to the membership. In this section, we explore the two main legal structures - an unincorporated association, and a limited company - and provide some additional notes about registering as a charity. This is a complex subject and we strongly recommend if you are considering establishing as a Limited Company that you seek professional advice.



## Unincorporated Association

This is the most common structure used by the vast majority of sports clubs. The members come together and agree to establish the club with its own rules and operating procedures. These are then set down in the Constitution (see See Also panel for more on Constitutions).

This is the simplest form of club structure, the easiest to run and operate, and the one that most members will be familiar with. It's an "Association" because the club does not have a separate and distinct legal identity. For legal purposes, the club is regarded as a voluntary coming-together of its members - literally, an association of members.

An Unincorporated Association structure is most suitable for:

- ☒ The majority of small local clubs
- ☒ Clubs without significant buildings, equipment, or financial assets
- ☒ Clubs that provide services primarily for their own members (rather than the general public)
- ☒ Clubs that are not engaged in high-risk sports where accidents are far more likely and potentially costly if negligence could be proved
- ☒ Clubs that protect themselves against third party liability and negligence through a standard insurance policy for their sport

One consequence that you should be aware of with this type of structure is that - on the rare occasions that something does go seriously wrong - ALL the members of the association are liable. So, if the club goes bankrupt, all the members could be liable for the debts, irrespective of their individual financial circumstances. Because this liability is unlimited, those with more wealth could be hit harder than those with relatively little money.

On the positive side, unincorporated associations are simple to set up and run. You don't need permission from anyone else. You create your own constitution and run your own affairs within these rules. With a constitution, you'll be able to open a bank account and organise your finances. If you want to borrow money, one of your members will probably need to provide the lender with a personal guarantee or security for the loan.

Most clubs are able to insure themselves against the more common risks and your National Governing Body is likely to offer an insurance scheme that you can join.

## Incorporation as a Limited Company

Forming or converting your sports club to a Limited Company enables your club to become established as a legal entity in its own right, separate from the individual members. There are two forms of Limited Company:

1. Companies with an issued share capital, where ownership and control lies with the shareholders. This form is generally inappropriate for sports clubs.
2. Companies limited by guarantee, where the members of the company each guarantee to pay a nominal sum (usually up to £5 each) in the event of the company being unable to meet its obligations. This form is usually used for sports clubs wishing to incorporate as a company.

There are several advantages to this structure. Because the club is a distinct legal entity, it is easier for the club to enter into contractual arrangements e.g. to borrow money, own buildings, or stage very large events. The club itself, rather than the individual members, are responsible for the club's obligations and debts (unless one of the officers has acted negligently or fraudulently, in which case the individual

remains personally liable). And the individual members can only be held responsible for the debts and obligations of the club up to the nominal value of their guarantee.

The regulation and administration of Limited Companies is more onerous, and there are legal penalties for failure to comply. All Companies require various legal instruments such as a Memorandum and Articles of Association, and these must be registered with Companies House. The annual accounts must be presented in a prescribed form for Companies and also lodged with Companies House where they are open for public inspection. All Companies are subject to the provisions of Company Law; they are run by "Directors", and some club members may potentially be prohibited from becoming a Director because of their previous involvement with other companies or their financial status.

You should consider forming as a Limited Company if one or more of the following apply to your club:

You own a high value of assets in the form of buildings, facilities, or financial reserves. However, some clubs have found a significant capital gains tax may be liable if they own considerable assets.

You are engaged in selling significant volumes of goods and services to non-members such as training courses, accreditation, equipment, lettings, books and other materials  
You are planning to organise a major event where there is a potential risk of significant financial loss (in which case, you might consider establishing the event as a limited company owned by your club)

## Mutual Society and limited liability

In recent years, a few clubs seeking to become incorporated and obtain the benefits of limited liability have begun to explore registration as a Mutual Society. The relevant legislation - the Industrial and Provident Societies Act, 1965 - is relatively little known and was created to regulate such organisations as cooperatives, mutuals, housing associations and working mens' clubs. In many respects it is ideally suited for larger membership sports clubs.

Mutual Societies are overseen by the Financial Services Authority, and they must approve all rule changes and receive a copy of the annual accounts. In general though, there would appear to be a relatively light touch.

In most instances, the structure, management and governance of the club remains entirely unchanged by converting to Mutual status. Control remains with the members. A few technical changes to the rules may be required. Mutual status does confer limited liability on the members, and establishes the club as a legal entity in its own right, capable of entering into contracts as a corporate body. In many instances, this will be a cheaper and more flexible route than incorporation as a Company Limited by Guarantee.

## Registered Charity

The Charities and Trustees Investment (Scotland) Act 2005 and the similar Charities Act 2006 (applying to England and Wales) have both introduced modernising reforms to charity legislation. It is now possible for sports clubs to apply for registration as a charity.

There are two main benefits. Charitable registration establishes your club as a corporate body and legal entity (as distinct from the voluntary association of members in an unincorporated body). Charities are also able to benefit from more favourable tax treatment including Gift Aid on donations, discretionary relief on rates, and other tax benefits.

To meet the charitable registration requirements, your club must meet two criteria. First it must provide one of several charitable purposes. These now include: "the advancement of public participation in sport" where sport is defined as physical skill and exertion and which have a health benefit; and "the provision of recreational facilities, or the organisation of recreational facilities, with the object of improving the condition of life for the person for whom the facilities or activities are primarily intended". Secondly, the club must demonstrate that it provides a "public benefit". Guidance on this aspect is still being developed: in essence you will need to show that your activities or facilities are generally available to the public without being unduly restrictive.

Charitable registration requires the club and its officers to comply at all times with charity regulations, including the annual provision of a trustees report and accounts (in a prescribed format), and be open for periodic inspection by the regulator. A major part of the regulator's role is to ensure public confidence and trust in all charitable activities.

De-registration as a charity is a difficult step, so registration should not be undertaken lightly. Whilst several sports clubs are now applying for registration, the benefits are likely to be more attractive to the larger or wealthier clubs. An alternative and easier route for smaller clubs is registration with the Community Amateur Sports Club scheme, described below. CASC clubs are prohibited from applying for parallel charitable status.

Further information on charitable registration and the new legislation in Scotland, England and Wales is available on the regulators' websites (see side panel).

## Community Amateur Sports Clubs

Community Amateur Sports Clubs (CASC's) can now apply to be registered with the Inland Revenue to claim tax relief. This will offer them the support and recognition they have long deserved. The new tax package is available to all CASC's in the country and ensures that community sport is given the best possible chance to nurture and enhance local sports people. Any club which registers will enjoy each of the following:

- 80% mandatory rates relief
- Fundraising income up to £15,000 exempt from tax
- Income from interest exempt from tax
- No corporation tax on trading income under £30,000 per year
- Profits from rental income exempt from tax up to £20,000 per year
- Disposals assets exempt from capital gains tax
- Gift aid on individual donations
- Inheritance tax relief on gifts
- Gifts of assets on no-gain, no-loss basis for capital gains
- Business relief on gifts of trading stock

There is a dedicated CASC information website and the Inland Revenue has published detailed guidance on CASCs (see See Also panel). In general, for a club to become registered as a CASC, it demonstrate that it:

- is open to the whole community without discrimination
- is organised on an amateur basis; and
- provides facilities for, and promotes participation in, an eligible sport

Applications for registration as a CASC should be sent to:

Sports Clubs Unit, Inland Revenue, Meldrum House, 15 Drumsheugh Gardens,  
Edinburgh EH3 7UN

## Business partnership

We've recently come across some sports organisations that are registered as Business Partnerships. This enables the founders and members to establish and run the organisation as a legal partnership, creating a defined legal entity with themselves as the constituent partners. The organisation has limited liability partnership status (similar to limited companies). Some partnerships then provide payment to their officers. The partnership can register for VAT and operate as a business employing other staff and devising appropriate policies for the sports activities.

## Facilities

### Establishing a base

Many clubs seek an ideal solution of owning and running their own facilities - whether this be club house, activity centre, sports ground or whatever. Often this is the most expensive solution as you will probably need to secure substantial funding in order to develop your own facilities. You will also need to seek planning consent and meet the on-going costs associated with owning any premises.

If you are intent on this route, you would be well-advised to study the running **sports: Laying the Foundations** booklet which explores all the common issues in starting a building project for any sports activity. **sportscotland** have also published a comprehensive *Guide to Project Development* which will take you through all the steps of planning, designing and build a new facility in detail. The *Facility Quality Management System* provides a framework for managing your sport and leisure facility once it is up-and-running. It covers operations, customer relations, staffing and service development. All three publications can be downloaded from the Resources side-panel.



### Facility Leasing

Many local authorities will enter into agreements with sports clubs to lease premises or facilities to reputable organisations on a range of terms. These may include the long-term leasing of existing premises on an exclusive basis, to the shorter-term letting of facilities for specific days or times on a regular basis. To enquire further, you should make contact with your Local Sports Council or with appropriate sports centres and facilities in your area.

### Using public and private centres

If you require access to facilities for a relatively short period of time (e.g. a couple of hours in a weekday evening, or one evening through a term), you should approach your local sports centre or facility to enquire about bookings. Virtually all school-owned, local authority-run and commercial sports centres are organised to accept regular and one-off bookings from sports clubs. In busy centres, the pressure on space may be such that you have to accept a booking time which is not your first choice, or you may need to