

Director Appointment and Election Process

Members'
Advisory
Group

Report and Recommendations (Final Draft)

10th February 2023

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Summary

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- MAG has been asked to review the Director Appointment and Election processes, and assembled a team to undertake the project.
- The aims of the project were to identify ways of streamlining the appointment/election process and to consider whether there are ways of aligning the terms of Directors with the AGM cycle.
- We believe that there are a number of ways of streamlining the appointment/election process. These are:
 1. Greater use of "Pre-prepared/Standard" processes"
 2. Simplifying the nominations process for Elected Directors
 3. Use on-line voting for Elected Directors
 4. Streamlining the process for Appointed Directors
- We believe that it would be difficult to align the terms of Elected Directors with the AGM without changing the Articles – which would be challenging.

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Background

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- The Members Advisory Group has been asked to review the Director Appointment and Election processes.
- The Director Appointment and Election processes are fundamental to the governance of Table Tennis England – but the process takes a long time and there is no consistency in the timing of the Director appointments.
- Accordingly, the primary aim is to explore if the appointment and election processes can be streamlined to make them shorter and less resource intensive.
- Other sports National Governing Bodies conduct the appointment/election of Directors at the Annual General Meeting. Is this something that Table Tennis England should follow?

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Approach to the Project – The Project Team

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- In order to undertake the project, MAG assembled a Project Team consisting of MAG members, National Councillors and other table tennis volunteers with a deep understanding of governance and the appointment process.
- The members of the Project Team were:
 - Neil Hurford (MAG & National Councillor)
 - Steve Pratt (MAG representative to Nominations Committee)
 - Phil Ashleigh (MAG & National Councillor)
 - Jonathan Hopson (National Councillor)
 - Elynn Williams (National Councillor & Member of Rules Committee)
 - Alan Ransome (National Councillor & former Chair of ETTA)
 - Tony Catt (National Councillor and former Member Elected Director of TTE)
 - Karen Tonge (National Councillor and Chair of British Para Table Tennis)
 - Caroline Williams (Returning Officer for Table Tennis England)
- All members of the project team were asked to approach the task with an open mind. And whilst they would need to draw on their experience, they should do so without any pre-conceptions.

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Approach to the Project – Key Questions

- In order to tackle the project, it was agreed to do so by addressing the following six questions that were implicit in the project brief:
 - Q1- Should the Director Appointment process be simplified (for both Elected and Appointed Directors)?
 - Q2 – If so, what simplifications are proposed?
 - Q3 – Could the voting for Elected Directors be carried out at the AGM (perhaps using similar processes as already used for other issues which are voted on at the AGM)?
 - Q4 -Should the terms of Directors be aligned with the AGM?
 - Q5 – If so, how should we manage the transition to this alignment?
 - Q6 – Again, if so, how would we deal with future casual vacancies arising mid-year?
- However, before addressing the specific questions, members of the Project Team were invited to share their thoughts on the overarching issues relating to the project.

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Overarching Issues

- The following issues were identified by members of the project team as being important to the consideration of the key questions:
 1. Governance Context for Appointment and Election of Directors.
 2. The importance of maintaining at all times a full complement of Member Elected Directors on the TTE Board.
 3. The importance of having appointment processes “ready to roll” to deal speedily with any unexpected vacancies that arise.
 4. The need to streamline the processes for the Appointment of Directors and for the Board to be seen to be acting more speedily.
 5. Be aware of “unintended consequences” – apparent simplifications can ultimately lead to more complexity.
 6. The enormous changes that have been made to election processes in the last few years, which have in turn placed extra burdens on the Returning Officer and her team. They have also placed added burdens on TTE staff.
- We all agreed that change is required – particularly if it simplifies and speeds-up the election/appointment process. But it is important to maintain the fair, open and democratic processes that have the confidence of the membership.

The above issues are now discussed in more detail in turn

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Governance Context for Appointment and Election of Directors

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- There were three key sources that related to governance relating to Director appointments – the Sport England Code of Governance, TTE's Articles of Association (which included key aspects of Company Law) and TTE's own Regulations.
- Making changes that require changes to the SE Code are virtually impossible, changes that require changes to the Articles require a 75% vote in favour by Company Members. Changes to Regulations are the sole prerogative of the TTE Board.
- This strongly implied that those changes that simply required changes to the Regulations would be easier/quicker to implement. Changes that required changes to the Articles had a much less certain outcome.
- Currently Elected Directors are always elected for a full four-year term. The terms of Appointed Directors are made by the Board at the time the appointment is made – but it can't be more than 4 years. Both Elected and Appointed Directors can serve for a second term (if re-elected or re-appointed) making a total of eight years.
- The significance of this is that whilst there are opportunities to adjust the term of appointment of Appointed Directors, the appointment period for Elected Directors can only be for four years under the current Articles. This has significance in terms of linking appointments to the AGM cycle.

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Importance of Member Elected Directors

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- The recent change that had resulted in increasing to four the number of Elected Directors on the Board showed the importance that Company Members attached to Elected Directors.
- It would not be acceptable if changes to the appointment process led to a period in which there was not the full complement of Elected Directors on the Board.
- Whatever changes were made should ensure that there were always four Elected Directors on the Board.

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Permanent Readiness

- Processes should be in place not only to deal with the expected Elections and Appointments but also with any unscheduled/unexpected circumstances such as resignation or incapacity.
- A key part of this readiness should be having an up to date skills matrix identifying the skills requirements and highlighting any gaps.
- The aim should be that the appointment/election process could be initiated within a few days of a vacancy arising.

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Significant Changes to the Election Processes

- The period since 2015 has seen significant changes to the election processes and how they are managed.
- On the basis of legal advice, Company Members can no longer be either the Returning Officer or a Scrutineer. This has significantly reduced the number of people volunteering for roles in managing the election process.
- Currently, there is a Returning Officer and just two Scrutineers. There should be four Scrutineers. Attempts to recruit more volunteers into these roles have not been successful.
- In 2015, everything was done by post. In 2019, nomination was done by email. Currently, everything is done by email. This generates a large volume of email traffic – over 400 emails associated with the 2022 election. Data is manually transcribed into spreadsheets. This generates a huge work-load particularly as everything has to be checked and doubled-checked.
- The changes agreed at the 2021 AGM which abolished “by-elections” and appointed all Elected Directors for a full 4-year term, mean that there will likely be a Director election each year. This is likely to put a significant burden on a team that is already highly-stretched. This team not only runs the Election process but also the voting arrangements for AGM issues. These changes have also placed extra burdens on TTE staff.
- The membership has a high level of confidence in a voting/election process that is managed by independent volunteers. So every effort should be made to retain the existing arrangements.
- Although this issue was not specifically identified in the project brief, we think it is an important one to address and which emphasises the importance of streamlining/simplifying the election processes.

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Key Questions - Simplification

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Q1- Should the Director Appointment process be simplified (for both Elected and Appointed Directors)?

A1 – Yes

Q2 – If so, what simplifications are proposed?

A2 – Here are our proposed simplifications

1. Greater use of “Pre-prepared/Standard” processes
2. Simplifying the nominations process for Elected Directors
3. Use on-line voting for Elected Directors
4. Streamlining the process for Appointed Directors

These are now discussed in turn

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Key Questions - Simplification

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1. Greater Use of “Pre-prepared/Standard” Processes

- As outlined already, ensuring that there is a permanent state of readiness for Director Appointments/Elections will mean the process can start very quickly. An updated skills matrix and gap analysis are the essential part of this process.
- Planned departures should be anticipated so that any time gaps in the number of Directors are minimised.
- For unplanned/casual vacancies, the “pre-prepared/standard” process should be capable of being initiated within days so that any time-gaps in the number of Directors is reduced to 6 – 8 weeks.
- The aim would be to apply a standard process on repeated occasions. It should only be changed when there was a compelling need to do so.
- The calendar that is used for the election process could be shortened by either removing or shortening the breaks between different parts of the process. This is possible now that the practical effects of the 2022 resolution which added the Nominations Committee into the election process are known.

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Key Questions – Simplification (Cont'd)

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2. Simplifying the Nominations Process for Elected Directors

- For Appointed Directors, anyone can apply by simply submitting an application and CV. We were very much attracted by the simplicity of this approach and felt it could be adopted for Elected Directors. The initial process for both Appointed and Elected Directors would then be identical, ie an application.
- It was not clear that the nomination process was adding anything significant to the democracy of the process. But it was adding a lot to the work-load of TTE, the Returning Officer and the candidates standing for election.
- However, this simplification of the nomination process is not compatible with the current Articles of Association which require all candidates to be supported by two nominations. As noted earlier – the Articles are difficult to change. So we have not included this in our recommendations.
- However, there are some other measures that would simplify the nomination process and which we do recommend. Only two nominees are required, and the list of nominees is not published. Nonetheless, some candidates understandably feel that securing a large number of nominations will help their chances in the subsequent election. It should be made clearer to candidates that only two nominations are required and that the list of nominees will not be published. Therefore there is nothing to be gained from securing multiple nominations.
- Managing multiple nominations is time-consuming for the Returning Officer, so reducing the number of nominations that are made will reduce the work-load.
- The nomination process could perhaps be managed via an on-line process if it was clear that this would reduce the workload on the Returning Officer.

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Key Questions – Simplification (Cont'd)

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3. Use On-line Voting for Elected Directors

- Voting is currently done via email. Just over three weeks were allowed in the 2022 Director election for Company Members to cast their votes. This is a resource-intensive process, as large number of email votes all have to be individually counted, acknowledged and confirmed.
- An on-line system such as “Mi-Voice” would significantly streamline this process and reduce the work-load as the number of votes cast would be counted automatically. Importantly, the time-consuming process of acknowledging/confirming votes would also be done automatically.
- There would be cost-implications in moving to an on-line system, and these would need to be considered. But the costs are unlikely to be prohibitive.
- An on-line process would provide an opportunity to reduce the period allowed for voting to two weeks. This would speed up the process.
- Training would need to be provided so that everyone was comfortable about using an on-line process. Experience in using Mi-Voice for AGM issues has been positive.

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Key Questions – Simplification (Cont'd)

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4. Streamlining the Process for Appointed Directors

- The Nominations Committee has become rather unwieldy with large numbers of people involved in the decision-making process. The Board should address how to make this a more efficient process, by simplifying and clarifying the roles of the Nominations Committee and the Board as a whole.
- The Nominations Committee should be empowered to manage the entire process without the need to seek confirmation of its decisions by the Board at each stage of the process. Only the final decision of the Nominations Committee should be subject to Board approval.

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Key Questions – Aligning with AGM

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Q3 – Could the voting for Elected Directors be carried out at the AGM A3 – No.

We thought this would be challenging to achieve, for the following reasons.

1. Proxy Votes Not Allowed for Director Elections.

- The voting turnout for votes on AGM issues is high – perhaps 70% or more. But a significant number of these votes (greater than 50%) are cast ahead of the meeting by proxy. Such proxy voting is not allowed by the Articles for Director Elections.
- This would mean that a significant number of Company Members would effectively be disenfranchised from voting in Director Elections if they did not attend the AGM (either in person or on-line). This would not be a desirable outcome.

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Key Questions – Aligning with AGM (Cont'd)

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2. Different Voting Structure for AGM Issues and Elected Directors

- The voting weights for Company Members are significantly different for AGM issues compared to Director Elections.
- In the former, voting is shared equally between leagues and counties. Whereas for Elected Directors, the overwhelming majority of votes are with the leagues.
- Mixing these two different systems when voting at an AGM is likely to be a cause of confusion.

3. Time & Resource Available

- Experience of recent AGMs is that they have a packed agenda and are of long duration. Adding in a further very important agenda item simply adds to the duration of a very long meeting.
- The Returning Officer & Scrutineers are already highly stretched. It is doubtful that they currently have the resources to manage simultaneously both voting on AGM issues and the election of Directors.

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Key Questions – Aligning with AGM (Cont'd)

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Q4 – Should the Terms of Directors be Aligned with the AGM?

A4 – No.

- We understand the appeal of aligning Director appointments with the AGM. It gives a certain consistency to the terms of Directors which is easily understood.
- However while it may fit comfortably with the appointment processes of other Sports NGBs, it does not fit well with the current process within Table Tennis England for appointing Elected Directors as specified in the Articles.
- We could imagine how the period of appointment of Directors might be adjusted to coincide with the AGM cycle - but only for “planned” changes, ie when it was known that the terms of Directors would come to an end.
- But there could be “unplanned” changes as a result of a Director standing-down or becoming incapacitated. It might be a Director resigned half-way through the year, 6-months after the AGM. We do not believe it would be acceptable to the membership to have to wait 6 months for another Director to be appointed or elected.
- The only robust way of aligning terms of Elected Directors with the AGM would be to change the Articles. In particular, it would be necessary to re-instate by-elections. But this would mean reversing a decision that was overwhelmingly carried at the 2021 AGM.

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Key Questions – Managing the Transition

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Q5 – If so (ie should the terms of the Directors be aligned with the AGM), how should we manage the transition to the alignment with the AGM?

Q6 – how would we deal with future “casual” vacancies that arise mid-year?

- As we have answered “No” to question 4, we have not dealt with Q5 and Q6.
- However, as implied by our answers to Q3 and Q4, we see a number of practical challenges in managing the transition and dealing with “casual” (ie unplanned) vacancies.
- The only robust way to deal with such issues is by changes to the Articles – which we do not recommend.

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Recommendations

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- We believe that the process of Director Appointments and Elections can be simplified and streamlined.
- Specific suggestions are:
 1. Ensure processes are up to date and can be rolled out swiftly
 2. Simplify the nomination process and consider using an on-line process
 3. Use an on-line process for voting and limit the voting period to two weeks
 4. Streamline the operation of the Nominations Committee
- We believe that it would be challenging to have voting for Elected Directors take place at the AGM and we do not recommend it.
- We believe that aligning the terms of the Directors with the AGM would fit uneasily with the current Articles and could lead to long periods without a full complement of Directors. Hence this is not recommended.
- We recommend that the Board work with the Returning Officer to find ways in which the support team/scrutineers are brought up to full strength and are suitably resourced to be able to meet the challenge of annual election of Member Elected Directors.

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