



TERMS OF REFERENCE FOR THE 2019 EFL GOVERNANCE REVIEW

(Issued 30 May 2019, re-issued in amended form 11 November 2019)

Introduction

The Board of Directors of the English Football League (EFL) has decided to commission a thorough and robust review of the EFL's governance systems and structures, in order to identify and implement any improvements that are required to ensure that the EFL is governed effectively and efficiently, in accordance with best practice, and to the satisfaction of all of its stakeholders, in particular the Member Clubs. That review (the Governance Review) will be conducted in accordance with these Terms of Reference.

These Terms of Reference were first published on 30 May 2019. This amended version is published based on feedback received from Clubs.

Objectives

The Governance Review is intended to provide an opportunity for the EFL Board, the Executive, the Clubs, and the EFL's other stakeholders to reflect on the EFL's current governance systems and structures, practices, policies and procedures, in order:

- To understand how well they are adapted to the organisational realities and ambitions of the EFL, and to what extent they may need to be updated to address issues that have arisen in practice and/or to reflect changes in the nature and scope of the EFL's operations;
- To ensure that they continue to meet the needs of the EFL and its Clubs; and
- Where necessary, to strengthen and improve them in line with best practice in corporate and sports governance, so as to deliver:
 - The highest standards of integrity, legitimacy, transparency and accountability in the way rights and responsibilities are distributed and information flows across the EFL;
 - Strategic alignment and oversight; and
 - Efficient, effective and credible decision-making, implementation, and accountability.

The ultimate objective is to encourage a strong sense of ownership and engagement by the Clubs, and to enhance the EFL's ability to deliver what the Clubs need in respect of its competitions and all other aspects of its operations.

Review Team and Governance Working Group

The EFL has appointed Bird & Bird LLP to conduct the Governance Review, led by Jonathan Taylor QC, a partner in and co-head of the Bird & Bird Sports Group. Mr Taylor and his team (the Review Team) have significant experience advising national and international governing bodies on best practice in the governance and regulation of their sports. They have particular experience in English football, having given advice over the years to each of the Premier League, the EFL, the Football Conference, and The FA.

The Review Team reports to and take instructions from a working group consisting of Debbie Jevans CBE and Simon Bazalgette, the independent directors on the EFL Board, and three Divisional representatives, being Nick Randall QC (Nottingham Forest, Championship), Mark Palios (Tranmere



Rovers, League One), and Colin Garlick (Port Vale, League Two) (the **Governance Working Group**). The EFL Chairman may join the Governance Working Group or contribute to its work at any time.

The Review Team will act both as facilitator, assisting participants in the review to identify and articulate issues and concerns, and as external observer, contributing a wider perspective than would be achieved by a purely internal review. Once the review is complete and it has been agreed what changes should be made to achieve the above-referenced objectives, the Review Team will also advise on and draft the amendments to the current governance arrangements that are necessary to implement those changes.

The Executive will support the Governance Working Group and the Review Team to carry out their mandate, including supplying all relevant documentation and information (including the EFL's Memorandum and Articles of Association, its Regulations, and any codes of practice, Board policies, etc.), as well as contact details for Board and Committee members and for representatives of the Clubs and other stakeholders.

Stages/methodology

In the first phase (Consultation) (which is ongoing as at the date of these amended terms of reference):

There was a presentation of the Governance Review and its objectives to the Clubs on 6 June 2019 in Faro, followed by break-out sessions (six groups of twelve Clubs each) facilitated by the Governance Working Group and the Review Team, at which feedback was sought on a number of specific and pre-identified issues. The key outcomes from those break-out sessions were then presented to Clubs at the 2019 AGM.

As a consequence of feedback from Clubs at the AGM, Divisional meetings for all Clubs took place in Birmingham on 15 August 2019, again facilitated by the Governance Working Group and the Review Team, in order to explore the issues in more depth, and to identify any further issues. It was agreed at those meetings that the Review Team will provide a discussion document to Clubs by the end of October 2019, which will identify the key issues arising and present possible recommendations in respect of those issues. The document will then be discussed at regional Club meetings in November 2019, to obtain initial feedback from Clubs on the possible direction of travel of the Governance Review.

In the meantime, the Review Team have been discussing the EFL's current governance arrangements with members of the EFL Board and Committees and with key members of the Executive and staff; they are also having follow-up meetings with representatives of the Clubs as necessary; and they are also engaging with other key stakeholders, including (but not necessarily limited to) the Premier League, The FA, the National League, the Professional Footballers' Association, the Football Supporters' Association, and the EFL's commercial partners.

In addition, an email address has been set up to allow stakeholders to contact the Review Team directly: eflgovrev@twobirds.com. Stakeholders may use this email address to raise any questions and/or to provide any comments and documents they consider to be relevant.



In the second phase (Reporting), the Review Team will produce first a draft report (for discussion with the EFL Board) and then a revised ('final') report of findings and recommendations as to the amendments and reforms to the current EFL governance arrangements (if any) that are necessary in order to ensure that the above-referenced objectives are met. The final report will be presented to the Clubs at the all-Club meeting in February 2020, to provide a further opportunity for review and discussion, which may lead to further refinement and improvement of the recommendations.

In the third phase (Amendments), the draft proposals to amend the articles of association and regulations will be presented to Clubs at a further all Club meeting in mid-April 2020. Any final changes will then be reflected in the final amended regulations drafted by the Review Team.

In the final phase (Approval), the amended Regulations and supporting documents that are required to implement those recommendations will be presented to the Clubs for approval at the 2020 AGM.

Throughout the process, the Review Team will liaise and consult as necessary with the Governance Working Group.

Timeline

The Review Team and Governance Working Group will complete their mandates as quickly as is reasonably practicable without compromising the integrity of the process or its outcomes. The expected timeline is as follows:

1st phase (Consultation): To be completed by end of November 2019.

2nd phase (Reporting): Draft report to be provided to EFL Board for discussion at the Board meeting scheduled for December 2019; final report to be provided to EFL Board for discussion at the Board meeting scheduled for January 2020 and to the Clubs for discussion at the all-Club meeting in February 2020.

3rd phase (Amendments): Draft amended articles and regulations to be presented to the Clubs in April 2020.

Final phase (Approval): The final report (as amended, if necessary following the all-Club meeting) will be presented for approval by the Clubs at the 2020 AGM, along with the changes and additions to EFL Regulations and related documents required to implement any recommendations.

Following implementation of the recommendations arising out of the Governance Review, the EFL Board will consider, in consultation with the Clubs, when a further review should be undertaken to consider whether the changes implemented have been effective in achieving the above-referenced objectives.



Publication and amendment

These Terms of Reference will be published on the EFL website. They may be amended by the EFL Board, and any such amendments will also be published.

The final report will also be published on the EFL website (less any confidential and/or sensitive information that the EFL Board decides should be redacted prior to publication).

Any matter arising that is not addressed in these Terms of Reference will be determined by the EFL Board.

EFL Board of Directors, first published 30th May 2019, re-issued in amended form 11 November 2019

Appendix 1: Issues for Discussion

The matters on which the Governance Working Group and the Review Team will solicit views from stakeholders as part of the 2019 EFL Governance Review include the following:

Mission of the EFL:

- Is the draft mission statement drawn up by the EFL Board an appropriate expression of the mission and the values of the EFL? If not, how should it be amended?
- Are these values given due emphasis in the EFL governance arrangements? Should they be given greater emphasis?

Engagement of Clubs:

- Are the rights (including voting rights) and obligations of the Clubs as members of the EFL appropriately set? For example, does the current allocation of rights and obligations, as between the Articles of Association, the Regulations, and Divisional Fair Play Rules) remain appropriate?
- Should all Clubs vote (with equal weight) on all issues?
- Do the current governance arrangements allow the Clubs to exercise meaningful oversight over the Board? Do they make the Board properly accountable to the Clubs?
- Are the Clubs properly represented on the Board and on the Board Committees? Is there a proper balance across the Divisions?
- Do the current arrangements (for Board representation and otherwise) adequately address the actual and potential conflicts of interests between Clubs in different Divisions?

The role of the EFL Board:

- Is the current operation of the Board adequate?
- Is the flow of information between the Board and the Clubs appropriate?
- Are the size and composition of the Board appropriate? Should there be more independent directors? Are the current processes for election/appointment of directors appropriate?
- Are the roles and responsibilities of Board directors and their alternates clear and appropriately monitored? Is there an adequate induction programme and sufficient ongoing guidance and assistance to support them in those roles and responsibilities?
- Are the Board's risk management processes and overall approach to risk identification, registration, mitigation and ownership fit for purpose?
- Is there an adequate system for evaluating the performance of the Board?



- Is the Board's scheme of delegation of responsibilities effective and efficient?
- Is there a need to change the current distribution of power and responsibilities between the Board, Board Committees, and the Executive?

The role of Board Committees:

- Is the number of Board Committees adequate? Do they have the right scope and is the division of duties between the Board Committees clear and optimal?
- Do the current Committee arrangements allow for adequate input by Clubs?
- Is there a need to review the composition, selection systems and terms of reference of the Board Committees in order to ensure they operate as intended?
- Is the current process for development of EFL commercial strategy and review appropriate?
- Is the current process for approval of commercial contracts entered into by EFL on behalf of the Clubs appropriate?

The role of the Executive:

- Is the Board providing effective oversight of the Executive? Is the Executive properly accountable to the Board?
- Is there an adequate system for setting goals and evaluating performance of the key members of the Executive?
- Is the Board adequately supported by the Executive? Could the Executive provide its support more effectively and/or efficiently?
- Is the Divisional Group mechanism working? Is there an appropriate, effective and productive interaction between the Executive and the Clubs?

The Regulations:

- Is the process by which Regulations are developed, adopted and implemented adequate? Is it sufficiently transparent and understandable for Clubs? Do Clubs feel they have adequate opportunity to present their views in the process?
- Are the current mechanisms (fixed fines or Disciplinary Commissions) for enforcement of the Regulations in case of suspected breach appropriate?