

the SUPPORTERS' TRUST handbook

Index

Introduction

The philosophy and aims of Supporters' Trusts

Part One

Setting up a Supporters' Trust: The three-stage model

Stage One - Open Meeting

- I.1 Rationale for the open meeting
- I.2 Organisation
- I.3 Publicity
- I.4 Venue
- I.5 Speakers
- I.6 Agenda
- I.7 Mandate

Stage Two – Develop an effective working group and launch the Trust

- I.8 Rationale for launch
- I.9 First working group meeting
- I.10 Nominating roles for the working group
- I.11 Project management for the working group
- I.12 Establishing a timetable for the launch
- I.13 Establishing a website
- I.14 Publicity and communication with the media before the launch
- I.15 Agreeing a Trust constitution in principle
- I.16 Attributes of Industrial and Provident Societies
- I.17 Attributes of Companies Limited by Guarantee
- I.18 Registering the IPS constitution
- I.19 Registering the CLG constitution
- I.20 Opening a bank account
- I.21 Creating and distributing application forms
- I.22 Board membership policy and co-options
- I.23 The launch event

Stage Three – The First AGM

- I.24 Rationale
- I.25 Notice and formal procedures
- I.26 Audited accounts
- I.27 Elections

2.1 Organisation

- 2.1.1 Business plans
- 2.1.2 Trust calendar
- 2.1.3 Open forums
- 2.1.4 Organising Trust sub-committees
- 2.1.5 Raising the profile of the Trust
- 2.1.6 Membership drive
- 2.1.7 Junior members

2.2 Constitutional issues

- 2.2.1 IPS Secretary
- 2.2.2 IPS Chair
- 2.2.3 IPS Treasurer
- 2.2.4 The executive board, sub-committees and staff
- 2.2.5 Insurance, indemnity and liability for Trust board members
- 2.2.6 Tax position for Supporters' Trusts
- 2.2.7 Annual Returns
- 2.2.8 Amending the constitution
- 2.2.9 The Trust seal

2.3 Fundraising

- 2.3.1 Loan Notes
- 2.3.2 Other schemes

2.4 Marketing

2.5 Using the media effectively

2.6 Trust action in the community

- 2.6.1 The Football in the Community scheme
- 2.6.2 The Federation of Stadium Communities
- 2.6.3 Examples of good practice in the community
- 2.6.4 Partnerships with local authorities
- 2.6.5 Partnership with local co-operative groups
- 2.6.6 Anti-racist initiatives

2.7 Shareholding, AGM and Board Strategies

2.7.1 Acquiring a collective shareholding

- 2.7.1.1 PLC share schemes
- 2.7.1.2 Transfer of shares
- 2.7.1.3 New shares issues
- 2.7.1.4 Proxy voting

2.7.2 Strategies at a PLC football club AGM

- 2.7.2.1 Submitting resolutions to a PLC AGM

2.7.3 Strategies at a Private limited company football club AGM

2.7.4 Negotiating board representation

- 2.7.4.1 Strategies on the board

3.1 Corporate governance

3.2 Company Law

3.2.1 Memorandum and Articles of Association (MAA) & Company objects

3.2.2 Shares & ownership of football clubs

3.2.3 Information on your football club and its ground

3.2.4 The officers of a company

3.3 Codes of corporate governance

3.4 Regulation by the Football Authorities

3.4.1 The FA

3.4.2 The Leagues

3.4.3 The Independent Football Commission

3.4.4 Sport England

3.4.5 Regulation in Scotland

APPENDICES

- Appendix 1: Model agenda for the stage one open meeting
- Appendix 2: Template application form
- Appendix 3: Model board membership policy
- Appendix 4: Model agenda for the Trust AGM
- Appendix 5: Model Rules for Trust elections
- Appendix 6: Sample election nomination form
- Appendix 7: Supporters Direct funding policy
- Appendix 8: Potential sources of funding from within the co-operative movement
- Appendix 9: Some of the objects used by existing Trusts
- Appendix 10: Media directory
- Appendix 11: Taxation treatment of football community mutuals
- Appendix 12: Code of conduct for elected supporter directors
- Appendix 13: Identifying and tracing shareholders at your club

Introduction

The philosophy and aims of Supporters' Trusts

Our first Handbook for Supporters' Trusts was published in 2000. At that time there were six Supporters' Trusts. Three years on, over 90 new Trusts have been established and registered. This new and expanded Handbook is written with the benefit of experience gained not only from the formation of these new Trusts, but from the daily help and support we give to them in their work.

The vast majority have opted to become Industrial and Provident Societies (IPs), and this is the model we now firmly recommend to all. Of the models available, the IPS is the most democratic and transparent, and the best regulated.

It is worth reiterating here the philosophy and aims of Supporters Direct, which are unchanging:

'The aim of Supporters Direct is to offer support, advice and information to groups of supporters who wish to play a responsible part in the life of the clubs they support. All models used and recommended will be based on democratic, mutual, and 'not-for-profit' principles. Legitimate objectives of Supporters' Trusts will include:

Influence - the formation and running of representative bodies for supporters.

Ownership - the acquisition of shares in the football club to pool the voting power of individual supporters to further the aims and objects of the Supporters' Trust.

Representation - securing the democratic election of supporters' representatives to the boards of directors of individual football clubs.

By these means we hope to improve the health of the whole football industry.'

The criteria for our support of any group wishing to form a Trust are also unchanging. They are fourfold:

- a) The organization must be fully **democratic**, not only in its Constitution but in the way it conducts its affairs on a day-to-day basis.
- a) It must be **not-for-profit**, and the property of its members. No member should be in a position to benefit financially from membership, other than through paid employment.
- a) It must be **inclusive**, i.e. open and welcoming to all supporters of the club and to all other bona fide supporters' organisations associated with the club. In effect it should be an umbrella for them all, and representative of all who choose to join.
- a) It must be **affordable** to all fans. Our guidelines are that the minimum annual subscription should not exceed the average price of attending one home game. This should also apply to concessionary categories such as the elderly, the young, those with disabilities and the unwaged. No one should be excluded because they cannot afford to join. Donations over and above the subscription will, of course, always be welcome.

The purpose of this document is that it should be a working Handbook for all Trusts and their officers. Part One deals with the main issues involved in setting up a Trust, Part Two deals more with issues of keeping a Trust running, and Part Three provides some wider contexts to the work of Supporters' Trusts. We will keep it updated, and make copies of all amendments readily available, via our website or in hard copy form for those who prefer this.

This book has been produced by the staff of Supporters Direct. We would like to acknowledge staff at the Football Governance Research Centre, Birkbeck, Cobbetts Solicitors, and colleagues from the following Supporters' Trusts: Bees United (Brentford FC Supporters Trust), the Dons Trust (AFC Wimbledon), Dover Athletic Supporters' Trust, Lincoln City Supporters' Trust, Enfield Town Supporters' Society, Watford Supporters Limited, Leyton Orient Fans' Trust, the Swansea City Supporters' Trust, Cambridge Fans United, and the Foxes Trust, who have all been involved in the preparation of sections of this document.

Brian Lomax
Managing Director
Supporters Direct

June 2003

Part One

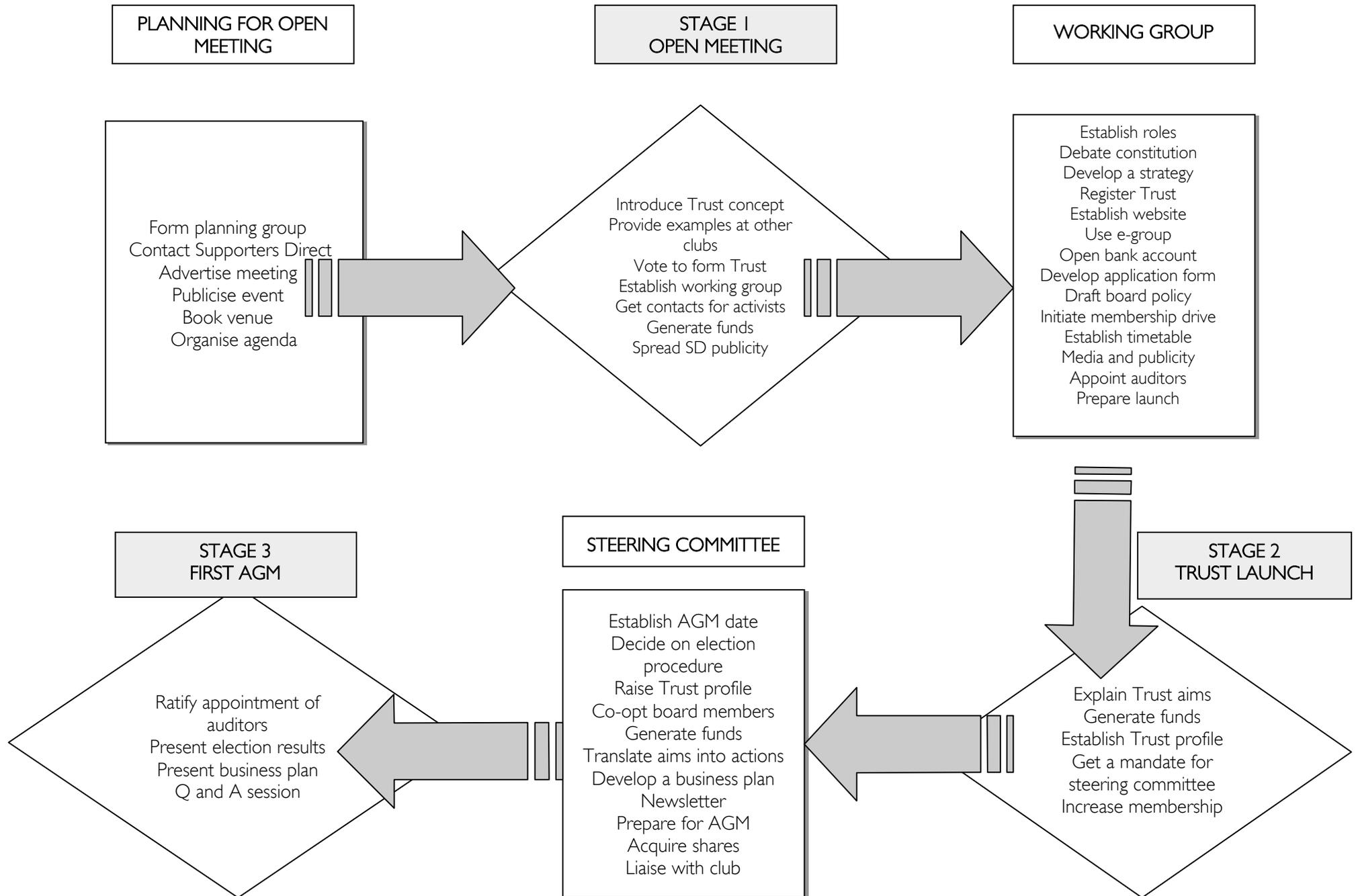
Setting up a Supporters' Trust: The three-stage model

Supporters' Trusts have different origins. Some Trusts originate from existing supporters' organisations. For instance, the idea for the Trust at Southend United and at Reading originated out of the existing supporters' clubs. Likewise, the Trusts established at Kidderminster Harriers and Hereford Town have developed out of Independent Supporters Associations. Shareholders United at Manchester United started out as a Shareholders' Association. Other Trusts have been formed at clubs as umbrella organisations, bringing existing supporter groups together; and some Trusts have started where there were no existing supporters groups.

Regardless of the starting point, Supporters Direct recommend working from a three stage model of establishing a Trust to ensure that they incorporate the democratic and inclusive principles from the beginning - see Figure 1 on the next page. Although the model may be amended to suit different circumstances, it is helpful to have a template to gauge progress and keep in mind a clear rationale.

The three stages are as follows: the open meeting, the launch of the Trust and the first Trust AGM. Each stage represents the fruition of a great deal of time and effort. The diagram overleaf represents these stages.

Figure 1: THREE STAGE MODEL – SETTING UP A TRUST



Open meeting to introduce the Trust**1.1****Rationale for open meeting**

An initial open meeting can be used to introduce Supporters Direct and the principles and philosophy behind the Supporters' Trust movement. It is a good opportunity to provide examples about what has happened at other clubs and with other Supporters' Trusts. The meeting can be used to relate both the theory of Trust formation and experiences from other Trusts around the country to the situation at your club. The open meeting is also the stage to get a working group together to take the idea forward, having first obtained the mandate of the meeting to proceed with the formation of a Trust.

1.2**Organisation**

Get together a small, focused and capable group of committed supporters to organise the event and contact Supporters Direct for further information. Set a convenient date for the open meeting and plan backwards. Allow enough time for leafleting of home games and for publicity to take effect.

1.3**Publicity**

Identify one or two key aims you would like the Trust to achieve, which people can clearly identify with. Use examples from other Trusts, like constructing a better relationship with the club; raising money to buy a shareholding in the club; electing a supporter to the club's board; uniting divided supporter groups at the club, or simply playing a greater role in the life of the club.

In organising the open meeting be as open, inclusive and transparent as possible. This will prevent any criticism of the Trust being exclusive or elitist. Inform the club and its officials, other supporters' groups, local MPs, councillors and the local media.

If you plan to design a leaflet and distribute it at home games, get the permission of the club to distribute it. Equally, advertise the event in the club programme and fanzines, on Internet message boards and email groups. See section 2.5 later in this Handbook for more detail on using the media to publicise Trusts.

1.4**Venue**

Choose a well-known local place, preferably the football club, but if not, somewhere central and/or near the ground. Book well in advance and get confirmation in writing. Try to have a back up option just in case – it has been known for groups to be let down. If possible, do a 'dry run' of the event and double check everything.

1.5**Speakers**

Ideally, speakers on the night should include the following:

- A Supporters Direct representative
- Representative(s) from other established Supporters' Trusts, preferably in the same division as your club, to hear what they have done at their club
- A well-known local figure to chair the event, such as a radio DJ, or local MP
- The meeting organisers.

1.6

Agenda

Plan an agenda for the meeting (see **Appendix I** for a model agenda) and distribute this at the meeting. Allow time for a Question and Answer session to ensure people have their say and can raise points that are important to them. This will also give the Trust feedback on what issues are of significant interest.

1.7

Mandate

After the ideas are presented, put the proposal to establish a working group to go ahead and register the Trust to the vote. Ask for a show of hands – those for, against, and abstentions – and minute the results for post-meeting publicity. It is imperative that there is a mandate from a broad group of people to take the idea of setting up a Trust further, or the group will attract criticism. As already stated, Supporters Direct will only work with groups who are inclusive and accessible to all, and not those dominated by a 'clique'. Ensure that there is a place to sign up members to the working group and for people to put down what skills they have to offer.

Develop an effective working group and launch the Trust

1.8

Rationale for a launch

It is essential to publicly launch your Supporters' Trust. There are no set rules, but a successful launch will provide the following:

- **Credibility** – convince doubters that supporters can effectively organise in a professional manner
- **Democracy** – provide a mandate for the Trust to exist and a vote for the working group to become the Steering Committee to take the Trust forward to the first AGM
- **Accountability** – to ensure the supporters ratify the constitution
- **Community interest** – raise the profile of the Trust locally using local media
- **Regional interest** – raise the profile of the Trust by linking your Trust aims to the wider Trust movement
- **Set the agenda** - ensure the Trust is at the forefront of new and imaginative ideas to benefit the club
- **Increase membership** – more members means more influence and a greater claim that the Trust is the voice of the supporters; use the launch momentum for a membership drive
- **Generate funds** – through donations and membership
- **Establish some realisable objectives** – for instance, acquiring a shareholding, obtaining a supporter-elected director on the club's board
- **Start with a success** – hit the ground running and announce achievements; this could, for instance, be an acquisition of shares or even reaching a target membership figure – such as ten per cent of the average home gate.

1.9

First Working Group Meeting

Following the open meeting you should have a group of volunteers ready to take the Trust idea forward. The size of the working group can vary: some groups have started with as few as four members; other groups have had over fifty activists. Crucially, the effectiveness of the working group depends on how well it is organised. For the first working group meeting it is advisable to ask a representative of Supporters Direct to attend.

The Dons Trust

At the Wimbledon Supporters' Trust first working group meeting there were over 55 volunteers. Given the size of the meeting, members were split into two sub groups – one group concentrated on amending the Trust constitution to fit the local circumstances at Wimbledon; the other group concentrated on strategic issues. Within each sub group members were asked to address a number of issues. In addition to amending and finalising the constitution, the 'Constitutional' sub group concentrated on the Board Membership Policy, co-options procedures, and finalising an election system. The 'Strategy' sub group developed a plan of action for the Trust to raise the profile of the organisation, develop publicity, mobilise the community and deal with financial aspects.

1.10

Nominate roles for working group

At the first working group meeting nominate a co-ordinator for the group and 'Acting Officers'. Ideally the co-ordinator should be one person, however, if there is more than one candidate for the place then rotate the position at each meeting.

The Acting Officers should occupy the key positions on the working group, which include: Chair, Secretary, Treasurer, Media Spokesperson, Club Liaison, Supporters Direct Liaison and Fundraising. Depending on the size of the working group, other positions could include: Web Editor, Legal Officer, Publicity, Junior Supporters' Representative and Community Representative. Each position could be developed and new volunteers recruited to help. Each Acting Officer is responsible for the particular role they are assigned to. Although they should be encouraged to enlist help from other working group members, they should report back at every Working Group meeting with updates on developments.

1.11

Project management for the working group

Meet regularly - at least once every two weeks - and keep minutes. Establish and circulate an agenda for each meeting with a 'Matters Arising' section to ensure continuity of work.

To function effectively, the working group needs to maintain its skills profile by recruiting new members. It needs a mixture of activists, who are prepared to put in the hard and often time consuming work such as leafleting, and professional expertise, such as marketing and web editing. Getting the right blend of personnel will be crucial to the effectiveness of the working group.

Carlisle and Cumbria United Independent Supporters' Trust (CCUIST)

CCUIST was established on 5th May 2001 with the objective of increasing the involvement of the community in the club. The working group had a policy to maximise their skills base. The founding members literally drew up a list of 'skills' that the working group would require; these included marketing expertise, webpage editing, insolvency practice etc. Each member of the working group then headhunted the people possessing such skills from amongst the fan base. The result was a strong and effective working group that enabled the Trust to establish considerable momentum in a short period of time.

It is also crucial to continually upgrade the skills base of the working group to ensure it has the resources to function effectively. One way of achieving a good skills profile in the working group is to make meetings open to new members. The only requirement for attendance should be that they are active and prepared to put in the necessary effort.

One effective way to maintain communication between the working group members, and to enable ideas and information to be circulated between each meeting date, is by use of an email group. Feel free to contact Supporters Direct for advice on this. For members who do not have Internet access, ask a member of the working group who does have access to be a co-ordinator. The co-ordinator can pass on relevant messages and keep others in the loop.

1.12

Establish a timetable for the launch

Set a date for the launch and work backwards to establish a realistic timetable. If you have allowed enough time for planning, the event will be more likely to go smoothly. Begin booking the venue and planning the evening as soon as possible.

There are no hard and fast rules, but as a minimum allow at least two home games for leafleting and at least a month (preferably six weeks) for publicity to take effect. Try to schedule it in the football season while peoples' minds are still focussed on football to ensure a good turnout – Thursday is often a good day, as there is generally little football scheduled.

Timetable for establishing a Trust – fast track and slow burn approaches

The timetable for establishing a Trust varies according to the circumstances at the club.

At **Leicester City**, supporters were faced with the real prospect of the club going out of existence due to an £82 million debt and the club being placed into administration. The Foxes Trust was established in record time - 18 days from first public meeting to registration. This fast track option was possible because the threat of the club going out of existence galvanised supporters very quickly, and also because a small, but committed working group had put the mechanisms of forming a Trust in place before the meeting.

At **Rotherham United**, supporters faced a different set of circumstances. The football team had been performing well and there was no imminent danger of the club going out of business. However, the supporters had virtually no say in matters relating to the running of the club. The Rotherham United Supporters' Trust (RUST) working group had to promote the Trust idea and mobilise membership slowly but surely, spreading the word and gradually communicating the message over the course of an entire year. This 'slow burner' approach meant that the working group had to accept an extended timetable to ensure the initiative was established on solid foundations. RUST have since gone on to have a supporter director appointed to the board of the football club.

1.13

Establish a website

Develop a website as soon as possible and keep it regularly updated with news and events so supporters can contact the Trust for more information and find out more about the organisation. One of the first priorities of the working group should be to agree on and register a domain name, and find a web editor from among the working group to maintain the site.

Browse other Supporters' Trust websites for ideas concerning layout and also useful links on the contacts page. Site placement and advertising is an important factor for any website. Link the Trust website with the websites of other supporter groups at the club, local newspapers, other Trusts around the country, and with the Supporters Direct website: <http://www.supporters-direct.org>. Once your site is ready, announce its launch on the Supporters Direct email group (<http://groups.yahoo.com/group/supporters-direct/> and/or <http://groups.yahoo.com/group/supporters-direct-scotland/>), and to local press outlets. The Supporters Direct website can then include a link through to yours.

1.14

Publicity and communication with the media before the launch

The media spokesperson should coordinate communications to ensure the Trust maintains a coherent and disciplined view. It is important that the Trust avoids sending out mixed messages and divided opinions. A detailed section on using the media effectively can be found in section 2.5 of this Handbook, but some initial points to make are:

- **Get sympathetic contacts points with local media** – with television, radio and newspapers, and keep them fully informed. Develop relationships with news and sports editors and ask if someone from the supporters' group can write a fans' column, or try to get the local paper to back the Trust and run regular updates, or even print membership forms.
- **Issue regular press releases** – press releases offer an excellent method of issuing the Trust's views in a disciplined and timely manner (see section 2.5). Follow press releases up with phone calls to sell the story. Issue press notices approximately a week in advance of any meeting. Also be reactive and able to issue press releases relating to particular events at the club.
- **Contact local Members of Parliament** – try to involve them in Trust issues and get supporting statements you can use in press releases.
- **Contact local Councillors** – try to harness their support and lobby them to raise Trust issues in the local council chamber.

1.15

Agree a Trust constitution in principle

The Working Group needs to discuss which type of constitution the Trust should adopt. There are two constitutional templates Supporters Direct can advise on: the Industrial and Provident Society (IPS), and the Company Limited by Guarantee (CLG). As a general rule, Supporters Direct recommends the Industrial and Provident Society as the most suitable constitution for Supporters' Trusts. We have established a set of 'Model Rules for a Football Community Mutual', i.e. a model constitution, which is available on request from Supporters Direct. The vast majority of existing Supporters' Trusts have opted for this form of structure because of its community orientation, democratic ethos and robust regulatory framework. The attributes of each structure are set out below:

The working group needs to decide on which form of structure it should adopt – IPS or CLG - before the launch. Depending on which structure is decided, register or finalise the Trust constitution. The best way to do this is to assign the task to a sub-committee of about three people who can recommend the best structure to the rest of the Committee for ratification.

1.16

Attributes of Industrial and Provident Societies

- **Community orientation** – intrinsically part of the framework of the Trust.
- **External Regulation** - the Financial Services Authority will not register rule changes that conflict with the requirement to operate for the benefit of the community.
- **Robust Constitution** - crucial rules such as the Objects, Powers and Application of Profits, may only be altered if there is a 75% majority in favour.
- **Effective and versatile** - experience has shown the model to be adaptable and powerful in varied circumstances.
- **Not For Profit motive**- Safeguards against 'carpet bagging'.
- **Growing Supporters' Trusts movement** – offers additional 'political' weight and influence in the wider world of football.
- **Community of Mutuels** - offers opportunities for additional funding and partnerships with other co-operatives. Provides affinity with other organisations committed to benefiting the local community; and offers a reassurance to the supporters and the club of the community orientation and not-for-profit objectives of the Trust.
- **Start-up Grant funding** - Supporters Direct pay for legal costs and expenses subject to eligibility criteria.
- **Limited liability for members** - no need to put your financial security on the line; members are protected.
- **Financially responsible** - Effective in circumstances where significant sums of money have to be raised by public offer.

1.17

Attributes of Companies Limited by Guarantee

- **Little regulation by external authority** – although there are set rules for submitting statutory documents to Companies House, such as Annual Returns, the submissions are not regulated. This could leave the Trust vulnerable to, for instance, transformation into a profit-making vehicle if members decide to cash in, or introduce a new class of privileged membership.
- **Adaptable in aims and objectives** – the constitution can be changed very easily and quickly without being subject to external regulation.
- **Less bureaucratic** – easier to run than an IPS as there are not so many requirements.
- **Limited liability for members.**
- **Constitutional requirement not to return profit to members.**
- **Constitution is not robust** – there are no safeguards against carpet bagging.
- **By default not a community vehicle** – in comparison with IPS. However, the democratic aspect can be written into the constitution.

1.18

Registering the IPS Constitution

Using the Industrial and Provident Society Model Rules, the 'constitution sub-committee' needs to amend the template constitution by actually writing the changes on the document itself. Each one of these written changes needs to be initialled by at least four of the sub committee members. The four people who make these changes need to sign the back of the Model Rules, and become the first four founding board members of the Trust.

From a procedural perspective it is wise for the sub-committee type out a list of all the amendments they plan to make on a separate document and circulate this to the working group for ratification. Once ratified the sub-committee can then go ahead and make the initialled changes on the Model Rules by hand. Once this stage has been reached, contact your Supporters Direct Development Officer who will put you in contact with recommended solicitors to go ahead with the final part of registration of the rules with the Financial Services Authority.

For eligible supporter groups that register their Supporters' Trust using approved IPS Model Rules, Supporters Direct will cover the costs of registration. See **Appendix 7** for the Supporters Direct funding policy.

1.19

Registering the CLG Constitution

Supporters Direct recommends using the IPS model for your Trust constitution, but if you do decide to set up as a Company Limited by Guarantee, contact Companies House on 0870 3333636. Briefly, Trusts can buy a ready-made company from a company incorporation agent, and then re-name the company with the name of the Trust, or Trusts can incorporate a new company. The Companies House booklet *Company Formations* has further details, and is available by calling the above number.

1.20

Opening a bank account

To allow your Trust to take membership fees and donations as soon as possible, a bank account needs to be established. To ensure transparency it is good practice to have two or three signatories on the Trust account.

The Cooperative Bank

The Co-operative Bank offers a special *On the Ball Banking* account, which offers the following assistance for newly formed Supporters' Trusts:

- 24 hour banking
- Suggestions on how to raise funds
- Bespoke financial packages
- Loans

Contact the Co-operative Bank's Business Development Team on 0161 829 5280 or email them at business.development@co-operativebank.co.uk for more information.

1.21

Creating and distributing application forms

The working group needs to develop a clear and easy to understand application form to enable members to join. This should contain the following information:

- Contact details for member
- Signature of the member and specifying the amount to be paid
- Section for loaning money if necessary
- Section for donating money and/or shares
- Section for handing over proxy voting rights
- Registered name of the Trust and trading name if appropriate

Supporters Direct have copies of a number of different application forms used by various Trusts. Please contact us if you would like copies, or see **Appendix 2** for template application form.

Application forms – a note on data protection:

Not-for-profit organisations do not need to register with the Information Commissioner for data protection, but can be investigated for an abuse of data protection law and like any other organisation, are legally bound by the eight principles of good data protection, which state that data must be:

1. Fairly and lawfully processed
2. Processed for limited purposes
3. Adequate, relevant and not excessive
4. Accurate
5. Not kept longer than necessary
6. Processed in accordance with the data subject's rights
7. Secure
8. Not transferred to countries without adequate protection.

Trusts are at liberty to use data collected only for things that members have given permission for. This obviously covers mailing out information on the Trust. Passing on or selling data to a third party without specific permission of members is an abuse of the membership agreement.

If Trusts do wish to send members literature from other companies or third parties (i.e. adverts or leaflets), members must first be asked whether they wish to receive such material, and the Trust must comply with members' wishes. If a member decides at a later stage that they do not wish to receive third party material, their membership details must be amended, and no further third party documentation sent to them.

Supporters Direct advise that Trusts include a section on Application Forms asking members if they wish to receive information or have their details passed on to third parties. For example:

'Please tick here if you would like the Supporters' Trust to give your information to other companies who may contact you with details of their products and services'

For further information, see <http://www.dataprotection.gov.uk/>

1.22

Board membership policy and co-options

A Board Membership Policy helps to ensure three main principles: that the Trust board has the skills and experience which it needs to operate effectively; the interests of the community served by the Trust are adequately represented; and the level of representation of different groups on the Trust board strikes an appropriate balance having regard to their legitimate interest in the Trust's affairs. The other key aim is that the Trust co-option provision isn't seen to be and doesn't become a 'jobs for the boys' device, where people end up being co-opted for unclear reasons. If Trusts have a policy detailing how and why people are invited to join the board, then the Trust board can be clear about why people are there and can demonstrate to everyone concerned that every co-option fills an important gap on the Trust board. A template board membership policy can be found in **Appendix 3**.

1.23

The launch event

How to make a success of a public meeting such as this has already been described, with reference to the first open meeting, so will not be repeated here. But what is worth mentioning is the importance of being as open and inclusive as possible. Inform the club and invite officials to the launch, and inform other supporters' groups. In the invitation letter, explain the basic Trust idea. Announce the event on other websites, email groups and message boards. Inform and invite local papers and radio/television stations for publicity - use press releases to ensure that the Trust's message is clear. Invite local MPs, councillors and, if appropriate, current or former popular players and/or the manager.

Design a leaflet(s) for distribution at home games and on the coaches to away games. Ensure the club provides permission to distribute the launch publicity at home games. They may also allow the launch to be advertised in the club programme.

Get juniors involved from the start by encouraging people to bring their children along to the launch. Likewise, invite junior members from the supporters' clubs. It is their club as much as anyone else's and they are the future generation of supporters who have a vested interest in helping the club.

Aim to get the room 'packed to the rafters' to generate an atmosphere that this is the start of something new and influential. Identify one or two key ideas the Trust would like to achieve something in, and people will identify with (such as better relationship with the club, raising money to buy shares, getting a director elected to the board, uniting supporter groups), and use these ideas in a publicity poster advertising the night.

Mandate

Ensure that the working group gets a mandate to become the Steering Committee to take the Trust forward to the first AGM. Ask for a show of hands - those for, against, abstentions – and minute the results for post-launch publicity.

Launch ideas

Dover Athletic Supporters' Trust (DAST) held a competition for juniors to design the Trust logo and awarded the winner an engraved shield from the Trust, presented by the then manager of the club.

Rotherham United Supporters' Trust (RUST) showed edited video clips of Rotherham United's winning 2000-01 season projected on to a big screen to generate an excellent atmosphere in the hall.

Nuneaton Borough Supporters' Trust (NBST) got four popular players to 'declare' the Trust open on the launch night, which gave an impression of club and Trust moving forward together.

The **Dons Trust** held a prize draw of Trust merchandise and an auction of signed memorabilia that raised nearly £6000.

Fulham's Supporters' Trust, **Back to the Cottage**, showed a video they had specially made, showing some of the great moments from Craven Cottage. It eloquently summed up what the ground means to Fulham fans, and got the audience focussed on this issue, the main springboard for the organisation.

I.24
Rationale

At the Trust's first Annual General Meeting (AGM) the democratic mechanisms of the Industrial and Provident Society structure come into play. At the first two stages of the Trust's formation - the Working Group and Steering Committee - mandates were received en bloc at open public meetings, but at the AGM nominees for the Trust board are elected by postal ballot. This stage marks the full establishment of the Trust.

I.25
Notice and formal procedures

Supporters Direct recommend that the first AGM is held within six months of the launch of the Trust; however this is only advisory and subject to local circumstances. Allowing at least 14 clear days, notice of the general meeting can be given in writing, by an advert in a newspaper circulating in the area or, if members have already agreed, by some other form such as email. A notice must be given to all members and auditors, stating 'Annual General Meeting', giving the time, date and place of the meeting and providing an agenda declaring the business to be dealt with. See **Appendix 4** for a Model Trust AGM agenda.

From Trust Registration to 1st AGM - Tottenham Hotspur Supporters' Trust

The steering committee of the Supporters' Trust at Spurs felt they needed nine months to prepare for their first AGM for good reasons. Democracy needs members to ensure it functions correctly, and the Steering Committee campaigned hard to reach out to Spurs fans, many of whom had never been part of a fans' group before, to attract new members before the AGM. By the time nominations for the AGM were due they had compiled a database of nearly 2000 fans. The Steering Committee were also aware that the AGM process needed to be explained to the membership and ensured there was plenty of time to do this via a quarterly newsletter and material on the website.

The extended period of time also allowed the steering committee to work on a series of initiatives for members to see the Trust was making real progress and lasting change. At the AGM itself, the Trust had already approached the club for official recognition, worked with them on a review of the club ticket office and arranged a series of events for supporters.

There are certain things that need to happen at every AGM, but need to be especially borne in mind when it comes to the first AGM.

The technicalities

Every AGM needs to accept or adopt the accounts – but first these must be audited (see the next section of this Handbook (I.26) on Auditors for more information on the specifics of this). This gives members the chance to scrutinise the accounts and hold the board to account for what they've been doing with the money.

The AGM also needs to elect the required number of board members – as most Trusts operate on 2 or 3 year cycles, every AGM should see the election of between half and one third of the board. See the section I.27 below on Elections for more details here.

Also, the board can put items for discussion on the agenda, and so can members. These can be put down for any General Meeting, and this obviously includes the AGM. The AGM is often the time when any constitutional amendments are made.

The first AGM

There are some aspects of the first AGM that make the above technicalities slightly different. The first AGM needs to see the election of the whole board, not just the proportion of them that need to be elected that year.

Furthermore, as there hasn't been an AGM to appoint auditors, those first auditors will be the people who the interim board have chosen – there's no way around this, but whoever they appoint must meet the criteria for auditors, as laid out in the next section.

Timing

The rationale behind the timing of the first AGM is determined by when the Trust launches. The main focus is going to be the elections, as when the Trust starts, it will be run by an interim committee, or working group. There won't be any members to stand as candidates, or members to elect them, so a decent period of time needs to pass in order for membership to be built up and for people to have had time to think about whether they want to be on the Trust board.

However, there are obviously several other factors that affect the actual date. Whilst Trusts can vary the length of the next financial year to establish a yearly cycle, it's worth thinking about in advance.

Industrial and Provident Societies have to have their year end between 31st August and 31st January, unless they have applied to the FSA for special permission for an alternative date. The key for AGM timing is that there needs to be a reasonable period of time to audit the accounts after the year-end in order that they can be presented to the members. This means that if the Trust has a year end of September, then accounts can be audited in time for an AGM in December.

The financial year could also map onto the membership year, so people join for a season at a time, which makes a degree of sense. Alternatively, it might not matter if Trusts have a rolling membership year. In this system, people pay the full fee and are members for 12 months. If they join halfway through the financial year, they are members for 12 months, so they lapse membership unless they renew, and wouldn't be eligible to attend meetings or vote unless they renewed. The advantage of doing it this way is that everyone joining gets 12 months membership at the same rate – if done the other way, someone joining four months into the membership year gets eight month's membership for the same price as someone joining at the start. It also means membership is rolling, so instead of a massive flood (hopefully!) of renewals, which can be a bureaucratic nightmare, the renewals flow in constantly over 12 months, making it easier to process them. The downside is that the database and members register need to be kept updated – it's easier to have a flat register which lists all the members at the start and gets added to with new members than maintain a rolling register that sees people joining and leaving throughout the year. Ultimately, each Trust must choose what it feels is best, both in terms of making it easier to join and retain members, and conversely, what it also feels it can manage to process internally in a manageable way.

Who can attend the AGM?

Each Trust can decide whether it wants to have open or closed meetings. Many Trusts piggy-back an AGM either before or after something which is a bigger crowd puller – maybe a fans forum with the manager or players. It makes sense to have meetings that non-members will find interesting, as it helps recruit new members. But if there's Trust business on the night – be it a normal General meeting or the AGM – and non-members might be present, it's important that members are given some way of identifying themselves as distinct when it comes to voting. One way is to give members a piece of card when they arrive, then have their name checked off a list. Non-members won't have a card and so any hands going up without a card don't get counted on votes. Non-members are normally also not allowed to speak at AGMs.

If Trusts have a closed meeting, people still need to be signed in to be sure that only members have got into the meeting – whilst closed meetings might seem off-putting to the non-member, they are occasionally necessary if there's a major issue that needs a decision, and it's important to make sure that the meeting isn't hijacked and only open to members who have a right to be there.

Sending out notice

General meetings need 14 days notice – see Rule 35 of the Model Rules for a Football Community Mutual (updated version). The notice must obviously give the date, time and location of the meeting. If members need to bring proof of membership, or ID, this also needs to be on the meeting notice.

With an AGM, certain things will automatically be on the agenda, such as the result of the elections and the accounts, but they still need to be on the notice. If there's a proposal to appoint auditors, then the notice needs to state who the auditors will be.

It's also usual for various officers to give a report of the last 12 months – the Chair and the Treasurer are the main two. This gives a chance for debate and for members to give feedback to the board.

If there are any other proposals on the agenda, they need to be stated in advance – you can't have a situation where people turn up to a meeting and then find out on the night that an important resolution has been tabled that no-one has seen before. Members need to know in advance so they can find out more about a resolution – or even exercise their democratic right not to turn up having seen what's on the agenda!

This applies to resolutions tabled by the board and by members – but members need to know what the procedure is before submitting motions. The usual process is for a motion to be sent to the Secretary who then decides whether it's 'in order' (i.e., does it ask the Trust to do something that is legal and is not against the constitution?) and usually liaises with the Chair. This means that the motion needs to be submitted some time before the notice goes out, so it can be ruled in order and then appear on the notice. The Trust needs to let members know this in good time so they are aware of deadlines for submitting resolutions.

Any resolution, be it proposed by members or by the Trust board, should also have any supporting documents attached to it. Occasionally, some of this documentation may be commercially sensitive, or involve a large amount of paperwork which adds extra cost in terms of printing and posting the notice, so it's possible to send out a shorter document that sets out as much detail as possible, and perhaps refers people onto the Trust website where the full document can be accessed. For example, the Trust may have come up with a 20 page, three-year development plan. This is perhaps best hosted on the Trust website, with the notice referring to its existence for those members who want to know more. If this route is taken though, it's important to make sure people who aren't online can get copies themselves if they're interested, and that they know how and from whom they can get such documents.

1.26

Audited accounts

As a corporate body, the Trust must make sure that its accounts are true and fair; the management accounts dealing with cash-flow are necessary internally, so the people making decisions know what the current state of play is. But when it comes to the accounts submitted to the members at the AGM and subsequently filed to the Financial Services Authority, they need to have been audited – verified that they are true and fair.

This needs to be done by someone who hasn't been involved in the preparation of the accounts, or involved in any transactions that have taken place. The auditors are there to make sure that what members and the FSA see is what really happened and moreover, what really happened was done in accordance with the law, with what members have decided in meetings and what the board have decided in their meetings. The auditor provides comfort to the members that, in their opinion, the accounts have been prepared in a correct manner.

Accounts

An IPS Trust must keep proper books of its transactions, assets and liabilities in order to give a true and fair view of the state of the affairs of the Trust and to explain its transactions. It must also establish and maintain a satisfactory system of control of its books of account, cash holdings and all receipts and remittances. This means that Trusts need to have systems in place to make sure that they know who's able to spend money, who's able to bank money and who's keeping track of it all. In most Trusts, that will be the treasurer – but the treasurer won't be at every event, and won't be responsible for everything; so Trusts need to make sure that at events it organises, there are procedures in place and that someone is responsible for collecting the money and for getting it to the treasurer.

Ultimately, the easier it is to show what's happened, financially speaking, to the Trust over the last year, the easier it is for the auditor. It is of course easier to make sure mistakes aren't made if procedures are in place along the way. So having those systems in place has a double benefit – the Treasurer is able to do their job and make sure that things are properly accounted, and that at the end of the year, the auditors can check this with much greater ease.

Who are the auditors?

Each year, the Trust must appoint one (or more) qualified auditor(s) to audit its accounts and balance sheet for that year. A qualified auditor must normally be a member of one or more of either:

- The Institute of Chartered Accountants in England and Wales;
- The Institute of Chartered Accountants of Scotland;
- The Association of Certified Accountants;
- The Institute of Chartered Accountants in Ireland; and
- any other body of accountants established in the United Kingdom and for the time being recognised by the Secretary of State for the purposes of the Companies Act 1985 s 389(1)(a);
- A person is also a qualified auditor if he is for the time being authorised by the Secretary of State under the Companies Act 1985 s389(1)(b), as being a person with similar qualifications obtained outside the United Kingdom

Who can't be an auditor?

A Trust member can be an auditor, as long as they are professionally qualified as above, and as long as they aren't:

- A Trust board member or employee
- Someone who is a partner of a Trust board member or employee

Appointing and removing the auditor

At the Trust's first AGM, auditors must be appointed, and they must meet the criteria above. That person remains the auditor unless:

- A Trust general meeting decides to appoint someone else or decides to not use the person again.
- The auditor gives notice in writing that they don't wish to carry on as the Trust's auditor.
- The person currently acting as auditor no longer meets the conditions above – for example, they may have been co-opted onto the Trust board to play a more active role in the organisation.
- They have ceased to act as auditor of the Trust by reason of incapacity.

Each AGM should appoint an auditor, even if it is a matter of re-appointing the existing one.

Should the auditor be paid?

This is a decision for the Trust board. Ultimately, they may decide that getting a clean bill of health is an important thing to do – getting a reputable firm to do the Audit is a way of demonstrating the probity and transparency of the organisation. It's a useful strategy as a Trust can demonstrate to all and sundry that it is a professional, disciplined and focussed organisation when dealing with third parties, such as potential corporate funders and public bodies. If Trusts want people to give them money – be they members offering £10 membership or local authorities giving the Trust £50,000 in grants – the more easily Trusts can demonstrate that they are above board and a safe pair of hands, the better.

Many smaller Trusts might not want to spend the money on these fees, given the size of the job. If there's not a huge amount of money flowing through the organisation, then it might be a sizeable percentage of the overall sum. In this case, a Trust member who meets the criteria above to do, at a special rate or even for free. Ultimately, as they are a professionally qualified person, their reputation is at stake - and indeed their livelihood – if they get it wrong.

Another idea is to perhaps get a Trust member from a nearby Trust to do the audit and vice-versa – both organisations get a cheaper or even free audit, and as the auditors aren't members of the Trust themselves or supporters of the club, they are a step removed and it might be easier to demonstrate their independence to members and to outside bodies.

In both these cases though, as such a person is automatically re-appointed, it's important to find out if they want to continue, and if not, pass a resolution in good time to make sure that the accounts for next year can be audited. In the case of an auditor role becoming vacant between AGMs, an appointment can be made by the Trust board.

What the auditors must put in their report

The auditors of a registered Trust must make a report to the Trust on the accounts examined by them, and on the revenue account or accounts and the balance sheet for the year of account in respect of which they are appointed. The report must state whether the revenue account or accounts and the balance sheet for that year comply with the statutory requirements as to keeping accounts; and whether, in the auditors' opinion:

- the revenue account or accounts give a true and fair view, in accordance with those requirements, of the income and expenditure of the Trust as a whole for that year of account, and that accounts which deal with a particular business conducted by the Trust give a true and fair view, in accordance with those requirements, of the Trust's income and expenditure in respect of that business for that year; and
- the balance sheet gives a true and fair view, in accordance with those requirements, of the state of the affairs of the Trust as at the end of that year of account.

The auditors' duties

In preparing their report, the auditors have a duty to carry out any investigations that they need to undertake to enable them to form an opinion on whether the Trust has kept proper books and maintained a satisfactory system of control over its transactions, and whether the revenue account or accounts, the other accounts (if any) to which the report relates, and the balance sheet are in agreement with the books. If the auditors are not satisfied on any of these matters, they must state that fact in their report; and if they fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, that fact also must be stated in their report.

The auditors' rights

Every auditor of an IPS Trust have a right of access at all times to the Trust's books, deeds and accounts and to all other documents relating to it, and is entitled to seek explanations and information from the officers on any matters they think necessary for the performance of their duties. The auditors are also entitled to attend any general meetings and to receive all notices of meetings and any supporting documents that any member of the Trust is entitled to receive. They're also entitled to speak on any part of the business at any meeting they attend that concerns them as auditors.

Publishing the auditors' report

As said above, an IPS Trust can't publish any revenue account or balance sheet unless it has been properly audited for that financial year (i.e., as auditors are appointed a year in advance, the auditors appointed at the previous AGM should audit the accounts for the year just gone). Those accounts must have a report stating whether, in their opinion, the accounts comply with the relevant statutory requirements, and the accounts must also be signed by the secretary and two Trust board members acting on behalf of the entire board. Finally, Every IPS Trust must keep a copy of the last published accounts and the auditors report, displayed at all times in a prominent position at the registered office.

Why have elections?

Elections are crucial to maintaining the democracy of Supporters' Trusts. The democratic aspect of a Trust is one of its key characteristics. Elections therefore have to be conducted professionally - which takes planning and work. They must not only be free of interference and fair to all candidates but crucially, they must be seen to be so. Trusts must communicate with members and make sure they understand the election process. For example, your Trust might have a debate about the number of people who are needed to propose a candidate for elections, but unless members are given some idea of why a number is chosen, it leaves room for doubts to be cast on the integrity of the process.

Other benefits of elections

Elections also offer the opportunity to communicate with Trust members. Members will be getting letters as part of the election every year, so as long as things are timetabled correctly, the mail out can be used to do other things – e.g. surveying members about future developments of the Trust or maybe holding referenda on major decisions. Trusts can also make elections an event, e.g. by using the local media to become part of the process. The sports or news editor of a local newspaper could be persuaded to print candidate statements and photos.

The principles underpinning free and fair elections:

- Election administration must be non-partisan and neutral
- The election must be designed to serve members
- The election must be transparent - and seen to be so

Putting the principles into practice

Get a set of rules

Having a set of election rules that every member can see, and every candidate can understand, is a vital first step in holding a free and fair election. Election rules are not the easiest things to write - or read. An example of election rules, used by the Dons Trust, can be found in **Appendix 5**. These can be adapted to each Trust's needs. Those rules then need to be agreed by the Trust Committee, and at the next opportunity, approved by the members since they are the rules governing the election to their Committee.

Get a returning officer

The returning officer must be impartial, which makes it difficult to use someone known to some of the candidates. Below are some ideas for people who can fulfil the returning officer role:

- The **Secretary of a Trust** that is an Industrial and Provident Society is entitled to act as Returning Officer - as long as the Secretary isn't a candidate.
- Your **local authority** might be able to help in suggesting names of people who might be prepared to act as returning officer for the Trust.
- Use a **specialist third party**. There used to be two competing companies in the field, but they now co-operate. Election.com provides Internet-only election services, and Electoral Reform Ballot Services provides all other election services. Both companies are independent experts with experience of running elections for councils, trade unions, political parties and others. They both charge for their services, but obtaining a quote is free. Outsourcing doesn't mean losing control of the process - Trusts set the framework for the elections and give them a specification – and the company manages the process. And remember, Supporters Direct grants to Trusts could be used to pay 50% of any costs incurred. However, using a third party for smaller Trusts, at a cost of nearly £2 per member, uses a sizeable chunk of member subscriptions. Whilst the administrative burden for larger Trusts means that there's a saving in terms of volunteer time and resources, this might not be the best option for smaller Trusts.

- Another alternative is to ask the officers of **another nearby club's Supporters' Trust**. The Swindon Town Supporters' Trust came to an arrangement with the Gas Trust at Bristol Rovers, and felt this was a great opportunity for Trusts to help each other, while achieving a cost effective solution. As long as the process is seen to be totally independent of the candidates, this could be a blueprint for small Trust elections that keeps much needed funds in the hands of those that need them.
- **Staff at Supporters Direct** have volunteered in the past to help with elections. We can't run the election itself, but we've counted elections in the past as independent people.

The mechanics of the election

How long does the process take?

Typically, the process takes between six and ten weeks. Trusts need to work back from the AGM to be able to announce the results of the election for the committee then.

The first step is to circulate a notification to members that there is to be an election, and also send the nomination procedure. This should be done about nine weeks before the AGM. Allow three weeks for nominations to be put forward and then close nominations six weeks before the AGM. A week later, candidate manifestos and ballots can be sent out. If four weeks are allowed for members to return ballots, this leaves a week before the AGM to count the ballots. This timetable can obviously be tweaked depending on local circumstances.

In terms of nominations, candidates need to send the election organiser a manifesto that is sent out with the ballot papers. Setting a word limit keeps the cost down and also ensures a level playing field. This is where contacts with the local media might come in useful - maybe they could assist by putting candidate manifestoes in the local newspaper as well. This makes the point that the Trust is open and democratic to a wide audience, not just those who are already members.

For example:

Action	Timing
Canvass nominations for elected posts	AGM -56 days
Receive nominations for elected posts	AGM -42 days
Postal ballot papers issued to all members and notice of AGM	AGM -28 days
Ballot results received	AGM -21 days
Ballot results announced	AGM
AGM	Within 6 months of the end of the financial year
Nominations for appointed posts & board officers	Post AGM
Annual board meeting - election of Chair, appointment of Secretary and Treasurer	First Board meeting – within 14 days of the AGM
Appointment of co-opted members	Second Board meeting – within 28 days of First Board Meeting
Announcement to membership of full board & officers	Within 14 days of Second Board Meeting

How many people need to propose a candidate?

Electoral Reform Ballot Services have recommended that most organisations they work with have between 3-6 people nominating. Basically, it's a balance between making it not too easy to become a candidate – it should require a bit of effort so the candidate has to demonstrate some application - but not be so hard as to become a serious impediment to anyone wanting to stand. See the sample nomination form in **Appendix 6**.

How many members of the committee should be elected and how many co-opted?

Any Trust that is an Industrial and Provident Society must have a majority of the Trust board elected by the membership. Trusts can elect every board member, or instead elect two thirds of the full committee. The co-optees are there either to represent other groups – local businesses, the council, the community, other supporters' groups - or to fill in the Trust's skills base - for example, a lawyer or accountant. The key thing is that the Board Membership Policy should make clear what the criteria for co-optees are, so the Trust can demonstrate what skills or constituency co-optees are there to represent.

What do we call the people on the board? Do they have job titles?

Trusts can either have elections directly for certain posts like Vice Chair, Treasurer, Club Liaison Officer, etc, or wait until the committee have been elected, and then allocate people and elect the Chair according to the skill sets of those elected. See section 2.2 further on in this Handbook for more detail on this.

What system will your Trust use?

Trusts can either use preference voting, or straight first-past-the-post. The advantages of either can be debated. Many Trusts have used preference voting because it means that every member of the committee is there because at least 50% +1 of the members voted for every one of them - as opposed to the first-past the post system, where candidates could be elected on quite small percentages of the membership.

Preference system. Say there are 20 candidates for 10 positions on the committee. You vote for your first preference with a 1, your second with a 2 and so on. You then count all the times people get a 1, and if no one has 50%+1 (i.e., a majority of members), the person with the least votes is eliminated. You take the pile of votes for the person who has just been eliminated, and see who people who voted for that person put as number 2 on the list of preferences. As their first preference candidate is no longer in the race, you 'give' their votes to whoever the voter wanted next. So, you transfer all the votes for the second placed candidates on those ballots and put them in the pile of votes that those people had already from the first round.

You then count the new piles - all the first preference votes that candidates have received, and all the additional second preferences they've received - and keep repeating the process until you have people who go over the 50% + 1. Once someone has gone through this barrier, you also reallocate their second preferences according to a formula. You eventually end up with 10 people all getting a majority. It sounds complicated, but it isn't in practice. You simply vote in order of preference. A completed ballot paper would look like this:

Vote for your most preferred candidate by writing a 1 next to their name. If you wish, you can also put a 2 against your second favoured candidate, a 3 against your third and so on.	
Bloggs	1
Smith	2
Jones	
Green	3

Some people worry that the system is too complicated and that either people will be put off voting, or that many people will incorrectly complete the ballot paper. This isn't supported by experience though - in elections both in Trusts and in other organisations, there's no discernible difference between the number of spoilt ballots with preference or other systems. Counting isn't any more time consuming or labour intensive than the first-past-the-post method. Supporters Direct can also provide software to help make this job very easy.

First past the post. Again, say there are 20 candidates for 10 posts. Each voter has 10 crosses to fill out. Anyone ballot papers with more than 10 crosses is spoilt. You add up all the crosses for each person and the top 10 go through. The ballot paper would look like this:

Vote for the candidates by putting a X next to their name. Don't vote for more than 3 candidates.	
Bloggs	X
Smith	X
Jones	
Green	X

The advantages here are that it's very simple and familiar, as it's how most people vote for their councillor or MP.

The downside is that each ballot has up to 10 votes on it, which is monotonous for the counters, and can lead to mistakes being made. Candidates can also be successful with a low percentage of the electorate's vote.

Part Two

Running a Trust

Part One of this Handbook is dedicated to the issues involved in getting a Trust off the ground, and follows the chronology of the Supporters Direct three stage model. We have therefore covered holding an open meeting to first discuss the Trust idea, organising a working group, choosing a constitution, launching the Trust and steering towards the first AGM and elections.

Part Two of this Handbook is dedicated to the issues involved in keeping a Trust running. It covers how Trusts can organise effectively, increase membership, get involved in local activities, and fundraise. Part Two also deals with how properly to run an IPS Trust, acquire a collective shareholding, and exercise the influence this can bring.

2.1.

Current – 06/06/03

Organisation

2.1.1.

Business plans

What is a business plan?

It's easy to get caught up in the worry that writing a business plan is going to be too complicated and time-consuming. However, a plan is simply a way of thinking about how the Trust is going to get from where it is now, to where it wants to be.

A business plan is essentially a map that describes how a business is going to succeed and what you need to do to ensure that it does. Of course, if Trusts are approaching potential investors, they may well need a 25-page plan with supporting schedules and financial figures. However, if a Trust is already running and just needs to be managed better, that amount of detail probably isn't necessary. It is better to have any sort of plan than no plan at all, so Trusts can start with a two or three page plan, which can be evaluated and developed on an ongoing basis.

It is probably useful to distinguish that there are **two** types of business plans – external and internal. **External business plans** are written for people outside the organisation, such as an investor or a bank manager. An **internal business plan** is shorter, and more practical, and requires less management time to complete. Internal plans are also far more focussed on problem solving and are action-orientated.

What are the benefits of a business plan?

The benefits of having an internal business plan include:

- Defining clearly what you want the Trust to achieve and the direction you want it to take
- Being clear about what is getting in the way of the Trust's progress, so that you can work out how to eliminate or work around these issues
- Understanding how all the different areas of a Trust's activities are contributing to its ultimate goals
- Helping you assess the strategies the Trust is using, and whether or not they are working
- Developing an implementation plan so that Trusts can get going on all the things necessary to make them more successful
- Having a clear idea of the strategic direction of the Trust that can be easily explained to members, potential members and elected officers

What should go in a business plan?

An excellent example of what comprises a business plan, the Dover Athletic Trust's plan includes sections on:

1. **Commercial Strategy**
Business strengths, weaknesses, goals (such as advertising, sponsorship), strategy, budget and position in the market place
2. **Management Structure**
Club board, board responsibility, aims (financial, commercial, playing)
3. **Financial Overview**
Criteria, income, expenses, overheads, cash flow, future projections
4. **Current Board Projections**

Having a business plan is a key to the success of any business. A Trust is born out of a desire to improve something, to fix the failings of the current situation or to advance the growth of something – usually fan influence; and all Trusts have aims and objectives as laid out in their constitutions. A business plan can help to establish these aims, organise and motivate members, and also further enhances the credibility of the Trust to the outside world.

Business plans also need monitoring and evaluating. Trusts need to identify when they have achieved their initial goals, and set new targets. It is vital, to view business planning as an ongoing process, and build reviews of the plan into the Trust's annual cycle.

For more information, see <http://www.internalbusinessplan.co.uk>

2.1.2.

Trust calendar

A Trust calendar is another tool that allows a Trust to plan ahead and organise itself appropriately.

As well as acting as a log for diary dates of business and social events organised by or concerning the Trust, it also allows the Trust to plan a strategy for the year ahead. This can also be communicated to members, so they know when to expect to be contacted regarding AGMs, members' meetings and other events.

A Trust calendar can be used to log the following:

- Members' meetings
- Committee meetings
- Directors' meetings (if appropriate)
- Social events
- Trust/club AGM deadlines & dates
- Subscription renewals
- Newsletter deadlines & dates

2.1.3.

Open forums

Trusts are recommended to hold open forums for all supporters at least once every six weeks during the season, and in the close season whenever circumstances dictate. These need not be restricted to Trust members - experience shows that they can be fertile recruiting ground for new members. Trusts should avoid becoming, or appearing to be, a clique or an elite group of supporters.

The subject matter of open forums should be topical, and dictated by the audience rather than the organizers. To maximise the interest for all, they can include discussion of the football side, not just issues of club politics, though prevailing circumstances at the club will determine which has the higher priority at any particular meeting.

It is essential that the Chair and officers of the Trust, and any elected director representatives, should attend open forums whenever possible, and be available to answer questions before and after as well as during the meetings. Guest speakers can include players, the manager, coaching staff, other directors of the club, non-playing staff and even the Match Commander from the local police force. Interest is sustained by a varied and balanced programme throughout the year, which also puts the Trust at the heart and the hub of the supporters' movement.

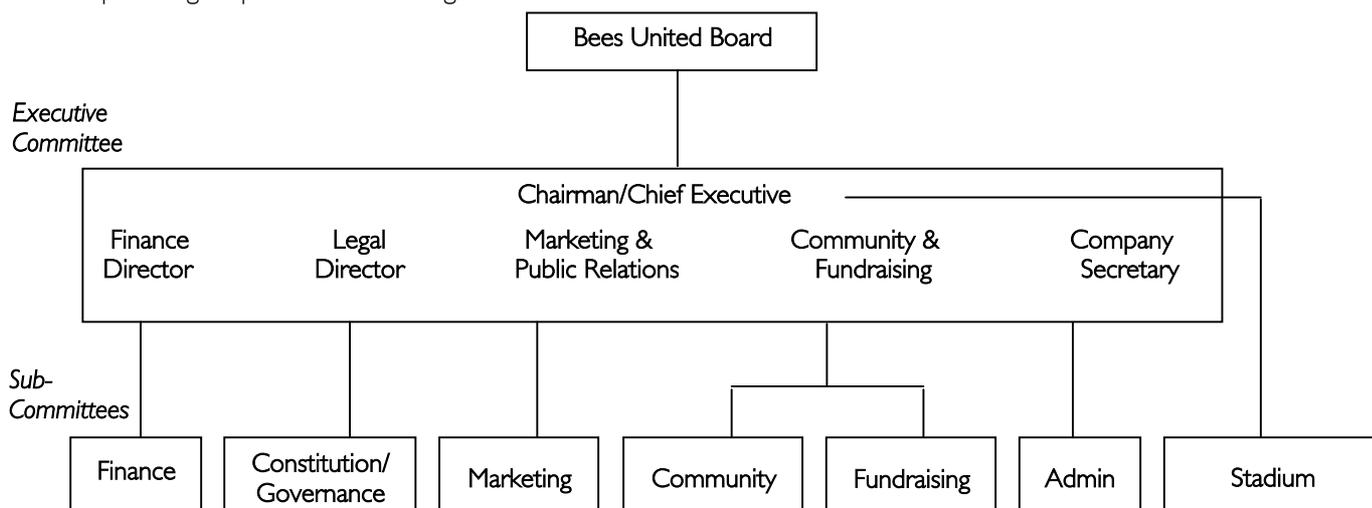
A clear code of confidentiality should be defined and made known at an early stage. Certain subjects are taboo: players wages and contracts, and pending transfer negotiations in or out, are obvious examples. This code will have the benefit that all other subjects not excluded can be discussed openly and truthfully, and confidence in the Trust and its processes will thereby be increased.

Open forums contribute greatly to the social life of the Trust. Friendships are made and sustained, an “*esprit de corps*” is created, and new activists are identified. Above all, members know that they are fully involved and not taken for granted, and the Trust board cannot be accused of acting in isolation.

2.1.4. Organising sub-committees

The key to how effective a Supporters' Trust can be is how the board and its sub-committees operate and relate to each other. Good management and communication between different sections of the board ensures that not only does your Trust become more efficient and organised, it also assumes more credibility amongst members and interested onlookers.

Below are two excellent examples of the structured relationships between the different components of a board, at very different Trusts. At **Bees United**, the Brentford Supporters' Trust, clearly defined sub-committees have a responsibility to feed information back into specific areas of the Trust board. The different board officers then feed back to the Chairman at board meetings, minimising the workload of the central board in keeping up with the activities by spreading responsibilities amongst board members.



Authority structure

- The Bees United board retains all decision-making in relation to strategy, policy, financing, approving budgets and unbudgeted expenditure.
- The board delegates operational budgets and day-to-day operational decision making to the executive committee
- Executive committee members are appointed from the elected board members by the Chairman acting in an executive capacity (i.e. as Chief Executive).

Communications

- The executive committee submits a written report to the board, including reports from each of the sub-committees, to be issued with board papers five days prior to the board meetings.
- Minutes of executive committee meetings are issued to all Bees United board members within 5 days of the meeting having taken place.

Membership of sub-committees

- The number and remit of sub-committees is fixed, irrespective of personnel.
- Each sub-committee is chaired by an executive committee member.

Enfield Town Supporters' Society

The Trust assumes the day-to-day running of the football club, the boards of both the Trust and the football club maintain an informed overview of sub-committee responsibilities, remit and action. In terms of the Trust, periods between meetings are clearly defined as is the role and remit of each individual committee.

Areas such as communications, community development and finance – of key importance to the Trust and the football club – have clear guidelines to assist them in their work, as well as proving extremely useful to new committee members, who are able to become instantly familiar with the role of the committee they are on, instead of having to learn as they go. Some of the committees used at Enfield Town:

Ground committee - Meetings when necessary

Remit: To establish a ground for Enfield Town FC in the Borough of Enfield & deal with issues arising from ground share with Brimsdown Rovers FC

Football, community, & society development committee - Monthly Meetings

Remit:

1. To organise football in the community schemes on behalf of Enfield Town FC;
2. To liaise with the organisers of the proposed teams for boys, women and girls of Enfield Town FC;
3. Maintain and develop links between Enfield Town FC and the "external community" including Supporters Direct, the Co-operative Group, and sport development officers of the local authority;
4. To provide a formal focus for the "internal" community including the Supporters Club and the Junior Enfield Town Supporters (JETS).

Press, promotions, & communications - Meetings when necessary

Remit: To produce match reports and news items for local & national media, to produce a match day programme, & to raise funds for both Enfield Town Supporters' Society & Enfield Town FC Ltd

Finance - Fortnightly meetings

Remit: To control and administer finances and to prepare monthly management accounts and budget forecasts.

It may also be worthwhile to have one board member act as 'Project Manager' or 'Sub-committee manager' – someone whose specific purpose is to oversee, encourage and report on the activity of Trust sub-committees.

2.1.5.

Raising The Profile Of The Trust

Look for media opportunities

Keep a check on things the Trust is doing that might interest the local media, and use it as a means of communication between the Trust and potential members. Building up a good relationship with the press can see a Trust become recognised as 'the voice of the fans' and as being truly representative – this will attract more new members.

Some ideas:

- Promote public meetings/launch events
- Promote club/Trust anniversaries
- Publicise landmarks, like the Trust's 100/1000/10,000th member
- Has the Trust helped any local or community groups?
- Has the Trust signed up any high profile or celebrity members?
- Has the Trust or any of its members done something unusual?
- Has the Trust been involved in any charitable or community-based work?

A detailed section on how Trusts can use the media can be found later in this Handbook in section 2.5.

Communication

Stay in touch with Trust members. Use websites, email groups and newsletters to let members know about Trust activity. Find out what members want from their Trust. Ask for regular feedback. Hold meetings and forums for members and non-members, and use these as recruitment opportunities.

Run campaigns

A Trust doesn't need to be a huge organisation to run a campaign. A Trust will find that it can get lots of free airtime from a local radio station if it runs an interesting campaign that strikes a chord. Trusts might also find sympathetic printers and designers to get involved in a local poster campaign. Local newspapers may also support a campaign, depending on the issue.

Stress the inclusivity

Show Trust members how much they are valued, and highlight the importance of having a Trust with a large membership. Stress the collective influence of a Trust and make non-members feel as though they are missing out by not being part of it.

Get involved in the community

Local businesses and community groups can add value to Trusts, and mutually beneficial partnerships and relationships can be established. It needn't be money that Trusts give. Trusts might simply give some time to help other local groups. Look for opportunities where the Trust and a local group mutually benefits from each other's involvement. For more details of Trust involvement in local communities, see section 2.6 later in this Handbook.

Look for sponsorship opportunities

Appropriate sponsorship can help to create partnerships that will benefit Trusts. Be clear about the way in which a sponsorship deal will help the Trust reinforce its existing brand (or build it) with key audiences. If the Trust is going to try to reach a new audience, think through the other ways in which this can be supported - through leaflets, letters, press work and so on.

Word of mouth

Spread the word at matches, in pubs and on Internet forums – make people interested, get them involved, even if they are initially sceptical. Trusts might find this is one of the most important methods for raising their profile, and it is where the skills of Trust activists really come into play. Every Trust needs people who are prepared to argue the Trust's point with others, go out and sign up friends, and hand out leaflets in ticket queues. Trust activists need good campaigning skills to do this, and be comfortable dealing face to face with people from all walks of life.

Show some teeth

Don't be afraid to challenge the club on an issue Trust members feel strongly about. It is important at all times to stress the independence of the Trust, which means congratulating the club when it gets things right, but not being afraid to disagree with it and call for change when it gets it wrong.

2.1.6.

Membership drive

- How to get members
- What to do with them once the Trust has them.

One of the key strengths of an effective Supporters' Trust is its membership. Not only does more members equal more membership subscriptions, it also, crucially, means more credibility – credibility with the club, with other supporters' groups, with local councils and businesses and with the media.

Sadly, the biggest boost for membership is usually crisis – as Trusts at Leicester City, Chesterfield and York City can testify, amongst others. This is probably because 'crisis' clubs receive more headlines and more attention, and so the urgency and profile of the situation is elevated. However, the key functions of a Supporters' Trust are to increase supporter involvement and influence in football clubs, but this message can often get lost and will probably be the biggest hurdle in attracting members. This is simply because a generation of fans has

been conditioned into being afraid of challenging or even communicating with the hierarchy at the club, through years of marginalisation and a lack of accountability.

Members will be attracted through a good mix of communication, publicity, and clearly stated aims and objectives. Getting the Trust in the papers, on the radio and television also helps.

Publicity material

In the first instance, publicising the existence of the Trust, along with its aims and objectives and its independence is crucial. Trusts should consider producing flyers, posters, leaflets, brochures – and distribute them as widely as possible. Whilst most Trusts are keen to incorporate club colours into any flyers, Trust publicity should be distinct from the club's, indicating the Trust's independence.

Make membership meaningful

It is a fact that when people join an organisation or club, they quite often want to see something for their subscriptions. The benefits of becoming a member of a Supporters' Trust are obvious – increasing the influence of fans, greater democracy and inclusivity, a robust constitution, able to operate as a strong community business, etc. Emphasise that this is a chance to become a real stakeholder in your football club, as opposed to an emotional investor who also is the first port of call when the club needs a financial injection, but gets absolutely nothing back in terms of tangible benefits or gratitude.

Use the links the Trust has built up in the local press. Ask for a weekly column in the local paper, and for a membership form to be printed alongside it and in the sports pinks at the weekend. Strategically positioning the Trust as the voice of the fans by clever self-promotion and an eagerness to become involved in discussions with the club will see journalists come to the Trust – this will attract members, who often want to see the mettle of the organisation before handing over their subscription fees. Again, on issues of independence, Trusts may decide that a regular column in a fanzine is preferable to a column in the club programme.

Making aims clear, and carrying them out

Also, be sure that the Trust is committed to carrying out **all** of its aims and objectives – don't neglect the community ethics and responsibilities the Trust has committed itself to, because it will raise the Trust's profile, and attract members.

Making it 'real' – on-pitch effects/benefits

Some Trusts have managed to recruit managers, players, ex-players and even the club chairman as members, which brings good publicity but also gives the chance to emphasise that these members, irrespective of their position within the club, still have only one vote, just as any other member would. It also puts the Trust under the noses of supporters, even on the pitch, and arouses interest. These sorts of membership initiatives should not only raise the profile of the Trust, but also help remind the club that they have a responsibility to establish and build upon partnerships with their supporters and the wider community.

Inviting critics to join, get involved

Inevitably, when the idea of a Trust is first mooted, and even at times throughout its existence, there will be critics. Some will be more vocal than others, and everyone is entitled to their opinion, but often, critics are happiest standing outside of the Trust waiting for it to make a wrong decision, or simply complaining because the Trust does not have the same opinion as they do on certain issues.

The obvious response, and most useful, is to invite the critic to join up and use their vote, even stand for election, if they feel that the current Trust executive are not doing a good job. A good membership organisation often needs conflicting views and debate, as Trust memberships will rarely agree 100 per cent on most things, and the minority may often stay silent.

Obviously, some critics are only vocal in order to gain some self-publicity, and often their credibility diminishes. However, if a critic is making valid points, invite them to get involved and

learn more about the aims and constitution of the Trust and what other Supporters' Trusts are doing – often it is easy for fans to be fairly insular and unwilling to recognise that Supporters' Trusts are part of a wider movement within football. Be willing to answer questions and be honest.

Show the Trust to be representative

Some non-members will want to see the Trust 'prove itself' before they become members – so it is essential that the Trust board carries out its duties to act as representatives of its members effectively. The more openness, accountability and willingness to communicate a Trust demonstrates, the more it will appeal to those who were initially sceptical or simply wanted to know what they were joining and how it would work in practice.

Member relations are extremely important, since how the membership is managed is at the core of the Trust's operation and success. The way in which the key core values of the Trust are replicated through the way in which members interact with the Trust determines whether it has a successful future. Regular newsletters, forums and members meetings are important in ensuring openness.

In other mutual organisations, especially consumer co-ops, only a minority of customers or users are actually members. In Trust terms, it is rare that the vast majority of the clubs supporters' are part of their respective Trust, certainly in the early stages of many Trusts. There is also the perennial issue about the extent to which members on the Trust board represent other members, and ultimately, other fans of the club. However, these are elected officers empowered by the members and are accountable to and, indeed, removable by those members.

This membership issue is important since any co-operative or mutual enterprise needs to operate effectively on two fronts - for ethical reasons, to be geared towards accurately gauging and reflecting member demand and opinion; and for social reasons, for as many members and non-members as possible to see the social and community benefits of a Trust.

2.1.7.

Junior membership

Supporters' Trusts are as much about encouraging future generations of fans as they are about gaining influence for the current generation. Junior Trust members are the Trust officers of the future, so the sooner they are involved and playing a part, the better – it also raises the profile of the Trust and highlights the community-minded aspect of a Supporters' Trust.

Examples of Junior Involvement in Trusts:

The Dons Trust

One prime example of junior member involvement is the Dons Trust and its Junior Dons Matchday Academy.

The Academy runs at every Saturday home match day from 11.30 am at the Kingsmeadow athletics arena, next to AFC Wimbledon's current home ground.

Youngsters are invited to join in the structured coaching and participate in mini games with the AFC Wimbledon manager, players and qualified coaches at a cost of £5 per session or £4 for season ticket holders.

Academy children are automatically granted free admission to the game afterwards and are invited to take part in half time activity on the pitch. There are also opportunities to represent AFC Wimbledon at junior level, in the academy-selected AFC Dons Under 9's. The Dons Trust also consults Junior Dons about their organisation and how it fits in with both the Trust and with AFC Wimbledon.

Dover Athletic Supporters' Trust

At Dover Athletic, the Trust organised a competition asking local school children to design their logo, picking the winner at the official launch and giving away prizes in different age categories. The response was excellent and stood out as an example of how to involve juniors from the very beginning.

Swindon Town Supporters' Trust (Trust STFC)

In April 2002, Trust STFC sponsored a 6-a-side tournament in conjunction with the Swindon Town FC Football in the Community office - the Trust STFC Community Challenge Cup - which was held at the County Ground. The day consisted of two separate competitions for Under-10 and Under-12 teams.

Each team entered was given a country competing in the 2002 World Cup and were challenged to be the best turned out and supported team. Once they had arrived in their team colours, the teams got to run out through the tunnel and onto the pitch.

In all, the Community Office raised over £1,400 from the event to continue their work in promoting football in the Swindon community.

Constitutional Issues

2.2.1

IPS Secretary

The Secretary of an IPS is much more than just a minute taker. Whilst the Secretary does keep the minutes and convenes meetings, they also have another set of tasks.

The Secretary doesn't have to be elected – and they don't have to be a voting member of the Trust board. However, every Trust needs one. Some Trusts have appointed someone who works as a secretary, as that person has the skills needed. Others have looked at the skills portfolio of those people who have been elected and allocated the Secretary role to whoever best fits the profile.

Even if the Trust Secretary isn't a full voting member of the board, they have to attend the meetings. The reason why some Trusts don't have their Secretary on the board is because of their other function – to act as the 'conscience' of the organisation.

The Secretary is there to protect the members' interests; they are in effect there to see that the constitution is followed properly and that the Trust is functioning properly. This can take several forms:

- Are the board doing things properly according to the constitution, or what members have instructed them to do at meetings? In this regard, they are the person who should be most familiar with the constitution, and any issues about interpreting the constitution should always be resolved after hearing the advice of the Secretary first.
- Are the board taking the appropriate advice? For example, if they are proposing to sign a major contract, have they sought legal advice to protect the Trust's interests in case things go wrong?

If the Secretary feels that these things aren't being done, then they must remedy the situation. In the latter case, they can use Trust money to get the professional advice they feel the board needs. They can also write to all members voicing their concerns if they feel that bad decisions are about to be made, or that the rules aren't being followed. Indeed, these aren't optional – the Secretary has to do these things if they feel it necessary, as they are the person who is thinking about the member's interests, and those of the Trust. Whilst theoretically everyone on the Trust board is also bound to uphold the rules and do things in the best interests of the Trust, in the course of the day-to-day operation, differences of opinion, strategy and tactics will naturally occur. The board will normally debate these things and agree a way forward, but if the Secretary thinks this process is flawed, or the outcome will be bad for the Trust, they must remedy it, either by getting the process back on track, or by going over the heads of the board and straight to members.

If the members are notified of problems, they then have two choices – to ignore it, or to take the action they are entitled to under the Constitution, such as calling a meeting to stop the board, or holding the board to account. If they choose not to, then as owners of the Trust they have that prerogative – but the Secretary has done their job by allowing them to make that judgement.

As a named officer, the Secretary is responsible for many aspects of Trust business – keeping the membership register up to date, making sure documents get the seal applied – as well as the 'common sense' aspects of the Secretary's role – the minute taking and sending out notices etc. However, whilst they are ultimately responsible for these to the members, they don't have to do all of these things. They can delegate membership to a specific Membership Secretary or membership team, for example, or delegate producing a newsletter to a publicity team. All they must do is make sure that whoever is delegated does the job properly.

2.2.2

IPS Chair

The Chair's formal role is to chair board meetings and General Members' Meetings. The board appoints the Chair collectively, and this can take several forms:

- The board could have an election amongst themselves;
- The board could have a specific election for the Chair of the Trust;
- The board could agree that whoever finishes top of the ballot for the general board election is named as Chair.

The Chair presents the annual report to the AGM on behalf of the board, and is in many respects a public face of the organisation, often quoted in the media. However, like the Secretary, the Chair doesn't have to do everything – just make sure that someone is doing it. A Chair must be prepared to delegate, but also take ultimate responsibility for the Trust – they of course do this in conjunction with the Secretary.

The Chair also sets the tone of the organisation internally. If the Trust has a strategy or business plan, then the Chair is the person who should be ensuring that targets are met and activity promised gets done. They should be the person who ensures that others fulfil their responsibilities properly. Ultimately, the full board can do this, but the Chair is the 'centre' of the hub – they should be keeping things ticking over properly outside of board meetings.

Some Trusts that have managed to gain a Trust director on the board of their football club also make this person the Chair of the Trust (or vice-versa). This needs to be carefully thought through. As a responsible officer, the Chair has duties to the Trust and the members. However, as a director, they also have responsibilities to the club, and it might be best for all concerned that they cease to be Chair so as not to give rise to any conflicts of interest. Furthermore, there is also an issue that the Trust might not want to concentrate power and publicity in the hands on one person – it can unbalance relationships on the board of the Trust and give rise to personality issues. Also, the Trust doesn't want to be perceived as a one person operation – Trusts are a team effort, and sharing responsibilities will reinforce this.

2.2.3

IPS Treasurer

The Treasurer is there to ensure that the Trust knows its financial position at any one time, that money gets spent as it should, and that income is properly banked. The Treasurer will also be one of the signatories of the Trust chequebook.

The Treasurer has to pay invoices and other small outgoings, and will also advise on major expenditure. However, to avoid the situation whereby small amounts have to be approved by the board, it's a good idea to get a financial protocol in place – for example, that the Treasurer is able to pay small amounts of money without bringing it to the board for approval and instead just require it to be reported back. Larger amounts need to come before the board, and even larger amounts need to be approved by the members in a meeting.

Like the other officers, the Treasurer is ultimately responsible for their area of work, but doesn't need to do it all. For example, the Trust could have a membership renewal desk at a game that is staffed by others – the Treasurer doesn't need to be there to receive all cheques, but needs to make sure that whoever is receiving the money handles it properly and either pays it in to the right account within a certain time period, or perhaps gets the money back to the Treasurer.

The Treasurer will also liaise with the auditors in their work, and needs to ensure that the information about the finances is easily accessible – this helps the Treasurer, the board and the auditors.

The executive board

Many people when reading the rules wonder why there are references to an executive board and a Chief Executive; it all sounds a bit grandiose when a Trust is starting up. The reason it's in there is that the Trust is built for growth. It might be a volunteer-run body at the start, and might continue that way for several years. But things can change very quickly in football, and the advantage of this feature of the rules means that the Trust can react quickly.

The Executive board and the CEO are not mandatory positions – Trusts don't have to have them. Most Trusts won't, as ultimately, they either can't afford one, or don't see the need.

But what if the Trust ends up taking over the club? Or sets up a subsidiary to run the Football in the Community Scheme? If the Trust employs people, then what works for a voluntary organisation suddenly may not be so appropriate.

If staff are involved, then they need to be allowed to get on with their job – a monthly Trust board meeting isn't always the most appropriate forum to supervise the work of the staff employed. Or, if the Trust takes over the club or another company, then although the Trust isn't employing people directly, it is responsible for an organisation that needs to keep ticking over and needs to be supervised by the Trust. Again, monthly board Meetings of the Trust are too far apart and many things need decisions made on a much shorter timescale. Chesterfield Supporters' Society used this method when the club was in financial crisis, as the Trust needed people at the club on a regular basis to make urgent decisions, and later, to liaise with the Administrator. The advantage of having the executive board in the Rules meant that instead of having to convene a members' meeting and pass an amendment to the constitution, all the necessary structures were already there waiting to be used.

In most organisations that employ staff, the board sets the overall tone and policy – maybe setting the strategic priorities and the budget – and the staff are there to implement those plans. The executive board is there to allow that to happen at the Trust, where the day-to-day management and supervision of staff is undertaken by the executive board, working to the overall direction of the elected Trust board. It's basically a way of making sure that the staff can get on with the job, and the Trust board is able to exercise accountability over the staff on behalf of the members whose money will probably be paying for them.

It's important only to use an executive board when the situation demands it. If the Trust doesn't have staff, there isn't much point, as the proper place to decide what happens is the full Trust board. Having an Executive board can create suspicion amongst other board members, so it's important only to use it when there's a need.

When deciding whether a Trust needs an executive board, it needs to consider the following:

- Is the Trust responsible for things that need decisions to be made on a regular and shorter timescale than monthly meetings allow? Have things gone awry because a proper decision wasn't made in time?
- Does the Trust employ staff?
- Is the Trust responsible for significant sums of money, or for employing people through owning the club or a company that manages certain areas of activity at the club, such as merchandise, or catering?

Sub-committees

Trusts may not find it necessary to establish an executive board, but setting up sub-committees can be a very effective way of organising specific areas of Trust activity. See section 2.1.4 earlier in this Handbook for examples of sub-committee organisation at Brentford Supporters' Trust and Enfield Town Supporters' Society.

Chief Executive and staff

Some Trusts – notably Bees United (Brentford) and The Owls Trust (Sheffield Wednesday) have appointed staff to manage the day-to-day role of the organisation. Whether Trusts do this or not will ultimately depend on the finances – at Sheffield Wednesday, the Trust was able to access grants from public bodies to finance staff. Other Trusts might have enough regular income and workload to justify the need for someone to do the day-to-day administration.

Whilst ultimately most Trusts don't exist to employ people, there is a trade-off when Trusts start raising significant sums of money or generating a lot of administrative work. It's all very well relying on volunteers, but what if those volunteers aren't up to the job? Or what if they become temporarily unable to do the job through other commitments?

Trusts ultimately have a choice to make – instead of looking at a part-time administrative salary as money lost, it could instead be seen as money saved in the long run. Having someone to deal promptly with enquiries, membership, commercial and corporate liaison, etc. can bring in more money than the person actually costs. Obviously, different circumstances at each Trust will require different responses, but when looking at whether Trusts could or should employ someone, the following checklist might prove helpful:

- How long can the Trust conceivably afford to pay someone? Is it just a year, depending on how much extra the Trust can bring in? This is important when advertising the post and giving someone a contract – the Trust must make sure that the contract only commits it to what it can afford. If that's one year, or six months, then the contract needs to say that.
- Will the person bring value to the organisation? Many voluntary organisations find that when they appoint a member of staff, instead of doing new things, the people who previously did things in their spare time wind down, the staff member just ends up doing what was done for free before. This isn't necessarily a bad thing – having someone professionally doing these jobs can be a benefit – but the Trust needs to be clear about what they expect to gain from employing someone. If it's to professionalise the administration, then fine – but if it's to develop new fundraising ideas, those doing a voluntary job need to know that the staff member isn't there to replace them and end up as a dumping ground for other tasks.
- Who will manage the staff member? It's important for accountability to members that a Trust board member or group of board members check the progress of a staff member to ensure they do the job they're employed to do as well as possible. It's also important to staff that they know who their line manager on the Trust board is and what their work programme is. The Trust gets much less value from a member of staff who feels isolated or ends up picking up everything else that isn't being done, instead of having defined areas of activity.
- Has the Trust got the system in place to make sure wages are paid and tax and NI contributions are handled? Does the contract protect both the Trust and the staff member? It's important to take legal advice here - spending a few hundred pounds on this at the start could save a lot more if things go wrong and the Trust ends up at an Industrial Tribunal because the proper procedures weren't in place, leaving the Trust exposed.

2.2.5.

Insurance, indemnity and liability for Trust board members

It is important that members of Trust boards and executive boards appreciate that they have various duties and responsibilities to the Trust whether or not their role is in an executive capacity (e.g. as Chief Executive) or as a non-executive member. These obligations are addressed, in part, by any terms of engagement, and the Rules of the Trust. In addition, there is a raft of obligations assumed under general company law. Board members are in a position of trust and as such they owe fiduciary duties to the Trust. This means that they must act in good faith and in the interest of the Trust and must also act honestly and diligently. Particular aspects of the fiduciary duties include the following:

- Board members should not make a secret profit – they must ensure that they do not allow their personal interests and those of the Trust to conflict. Any personal dealings with the Trust need to be disclosed to the board and, where appropriate, ratified by the board and/or the members.

Total assets from last Annual Return (£'000)	Periodic fee 2001/02 (£)	Periodic fee 2002/03 (£)	Rebate or additional periodic fee (£)
0 to 50	80	60	(50)
>50 to 100	80	100	(35)
>100 to 250	80	150	(10)
>250 to 1000	80	200	15
>1000	80	370	95

The documents the FSA need are:

- The audited accounts approved by the AGM as a true and accurate record of the past year's financial dealing
- Notification of any changes to the registered address of the Trust
- Notification of any changes to the name and address of the Secretary
- Details of the names and addresses of the Trust's board. Unlike companies, Trusts don't have to notify the FSA whenever there's a change, and only report details of the board once a year.

The Secretary is the person who is responsible for filing these documents. Failure to submit a return by the due date is an offence and may result in prosecution. The relevant forms that need to be filled in and sent off are available from Supporters Direct or the FSA directly. If your Trust has any queries about this, contact your Development Officer at Supporters Direct.

The address of the Financial Services Authority is:

The Financial Services Authority
Returns & Statistics Section
Intelligence & Records
9th Floor, 25 The North Colonnade
Canary Wharf
London E14 5HS

Annual Returns Queries: Telephone 020 7676 4914/4918

2.2.8

Amending the constitution

The board or any member of the Trust can propose changes to the constitution. Some Trusts review their constitution each year as part of their cycle of activity to make sure it works in the way they want it to and to make any changes if necessary. As the Model Rules are a template, it is entirely possible that your Trust will find its circumstances require the rules to be changed to reflect that. Whilst this is the idea behind making the initial amendments when forming the Trust, these amendments are based on what people think might be needed. Ultimately though, there's no substitute for examining the way the constitution operates in the light of experience, so each Trust should be reviewing the constitution on a regular basis.

The Model Rules have specific thresholds for changing the constitution. There's a fine balance between allowing the constitution to be changed, and making sure that it's not changed too often. As the governing framework of the organisation, the constitution is there to help, not hinder. It should stop certain things being done that would be detrimental to the Trust, whilst allowing the board of the Trust to operate and get things done.

Constitutions are never perfect documents though – they are all about balance. For example, the ability of the board to make decisions is balanced by the ability of members to overrule them, or restrict that power to make sure that the members take really important decisions. There's no solution that will always work, as the way things operate in practice is governed by the people involved – the board and the members – and the circumstances prevailing at the time.

However, if Trusts want to alter the constitution and move the balance in certain directions, this is possible. Certain clauses can be amended by a 75% vote at a meeting, but other clauses need a much higher threshold – not only a 75% majority but also a certain percentage of the Trust's members need to vote on it too. These special clauses relate to the rules on being a not-for-profit organisation and changing the objectives of the Trust.

In order to change the constitution, a resolution needs to be passed at a properly convened members meeting and that resolution needs to have been circulated with the agenda sent out to members. If passed, the resolution is then sent to the IPS section of the Financial Services Authority, who check it over to make sure the resolution is allowed under the law relating to an IPS. They can also check that everything was done properly – that notices were sent out and that the meeting was properly convened and that only members voted, etc. Once they've done that, it becomes a valid constitutional change. However, until they do it, it isn't a valid change – this is an advantage of the IPS structure in that the FSA are a further check on the Trust being subverted or changed from its original purpose. If members genuinely wish that to happen, it can – but if there is any issue relating to whether it's really what members want, or if there are doubts over the way the process was handled, the FSA can step in and overrule the change until it is done properly.

2.2.9.

Trust Seal

As an IPS Supporters' Trust is a corporate body, it needs to be able to prove and indemnify its official documents as a way of protecting against forgeries. This is done through a Trust Seal.

The Trust Seal is basically a stamp – it's a handheld machine that embosses documents and in so doing, certifies that the document is official. Things like Share Certificates, Annual Returns and contracts must have the Seal on them in order to prove to members or third parties that the document they have is official, and to also prove to the Trust that any document put in front of them is not a forgery.

The Seal must have the official name of the Trust on it – if Trusts want to add a logo to the stamp, it will cost extra. There are specialist companies who can make the Trust Seal – a couple which Trusts have used are:

- **Corpex:** http://www.corpexnet.com/seals/f_index.html
- **City Company Seals:** <http://www.citycoseals.co.uk/home.cfm>

The Seal is a hangover from the Victorian origin of the IPS – which itself dates from even further back, with the stamp of authentication used on official documents and letters to certify that the sender was indeed the King, or an Official of the State. Within the IPS world, there's been discussion of amending the IPS legal framework to remove the need for a stamp – until then though, all Trusts must have one.

Strategy

A successful Supporters' Trust will be a successful fundraiser. Ordinarily, the Trust will need to raise significant amounts of money in order to achieve the objectives of the Trust as laid out in the IPS constitution. Yet fundraising often remains one of the more daunting tasks of the average Trust.

Raising the amounts required to purchase a significant shareholding in the football club, securing the election of a supporter-director to the board, and achieving objectives such as branching out into local communities are certainly challenges, and often thought about with apprehension and trepidation. How on earth can a group of volunteers hope to raise the sums required to put the plan into action?

There is a wide and varied selection of fundraising techniques. Indeed, imagination and a creative mind is required when it comes to encouraging people to part with their hard earned cash. So what should the strategy be for both new and established Supporters' Trusts in this area?

Clearly any fundraising strategy is a means to an end. It is not the money itself that is important, but what can be achieved with it. Some questions that will need answering are: What are the priorities? How should resources be allocated? What are the ultimate objectives? The Trust should be able to answer these questions in order to develop an appropriate strategy and fundraise effectively.

Vision

The vision of the organisation is vital to the fundraising task. When approaching individuals and organisations for funds, the Trust should be able to articulate that vision effectively, and also be able to give a concise and effective account of what the funds will be used to achieve. People want to give in order to make a difference. If there is a clear articulation of what their donation will be used to achieve, then the case for support becomes much stronger.

Environment

It is also important to consider the broader environment in which the Trust is operating. What are the strengths and weaknesses of the organisation? Where do its most lucrative opportunities lie, and are there any potential threats to an effective fundraising initiative? No two Trusts operate in the same environment, and this initial analysis could prove the most effective usage of time in any fundraising effort.

A simple PEST (Political, Economic, Sociological and Technological) analysis should also prove fruitful. Assessment of these environmental factors should engender some valuable information and resources that the Trust can tap into in its fundraising effort. This might include the local business environment, initiatives that can be developed in association with local authorities, and the opportunities that may be available through technological advance, such as web-based fundraising strategies.

Targets

It is absolutely vital to identify the key targets of the fundraising effort. *Action Planning*, a professional organisation dedicated to assisting the voluntary sector to raise money, estimates that in any single campaign 80% of the income will come from individuals, and 20% of the donors will provide 80% of the total. Of that 20%, a single donor will usually provide 10% of the overall total. Identification of potentially lucrative targets will therefore greatly assist the Trust in its fundraising effort.

The Trust should identify what fundraising options are available, and be able to develop a plan of action. Any plan should be manageable, and broken down into areas of individual responsibility and an exposition made of all the costs involved. Whilst it is important for the Trust to be ambitious, it is also important to balance the amounts of money required with the amounts that it is possible to be made. What might appear to be a mountain, in terms of the money required, can be achieved through a number of smaller initiatives. For example, if the fundraising target is £60,000 over one year, it could be achieved through 500 people donating £10 a month or six events raising £10,000 each, or a combination of the two.

The Trust also needs to organise its own human resources effectively. Ideally the Trust Committee, or the membership, should include fundraising expertise. A fundraising sub-committee can be formed with a core group of individuals with the skills required for an effective fundraising effort. Individuals can then focus on their strengths and passions, whether it be through specific activities and events or types of approaches.

Regular donations and standing orders

Many Trusts have found that the core of their fundraising effort comes through regular donations via standing order. This has been the case at Brentford, Swansea, Carlisle, Watford and Leicester, where each Trust has generated a regular and high-level income stream.

The membership drive, either at the formation of the Trust, or at a later date, provides the ideal opportunity to encourage regular donations through standing order. Application forms can be designed so as to encourage both one-off donations, and also to enable members to pay their membership fee through a monthly standing order with a minimum amount. Not only does this enable the Trust to generate regular income, it also has the benefit of automatically renewing membership. This enables the Trust to minimise administrative costs, and also has the advantage of not being too labour intensive. The money rolls into the Trust bank account on a regular basis, without the Trust committee members needing to work too hard.

Events

The events-based approach is also proving a highly valuable method of Trust fundraising. Whilst more labour intensive than securing funds through regular donations by standing order, the successful organisation of events can generate large amounts of money. Events have varied from sponsored walks and quiz nights, to sportsman's dinners, to large-scale public meetings. Not only does an events-based approach help make valuable additions to Trust funds, it also helps raise the profile of the organisation within both the support base and in the wider community.

Summary

- Create the vision
- Develop the case for support
- Break down the funding requirement
- Identify potential donors
- Why will people give, and for what end?
- How might people give?
- Identify the skills required to organise the fundraising effort
- Unless Trusts ask, nothing will be received. It will be necessary to take a confident and even audacious approach.

Examples of Trust fundraising activities

Swansea City – The Swans' Trust

The Swans Trust has had a large degree of success in its fundraising efforts. Launched on the 27th August 2001, an early decision was taken to set the membership fee at £5. It was agreed that strength would come through numbers and that the financial rewards would follow. With over 1,000 members, this has indeed become the case.

In total the Trust has raised over £90,000. Of this money raised, over £50,000 has been invested in shares and another £10,000 invested in shares linked to a loan-player scheme. The Swans' Trust has specialised in fundraising through specific events. On top of the depressingly familiar bucket collections, the Trust has organised a range of one-off events that have gone a long way to building the financial weight of the organisation. The 2002 Christmas raffle, with a first prize of £1,000, raised £5,250. The previous raffle with the first prize a car raised over £12,000. **Trusts should be aware that a licence is required to organise raffles.** The Swans' Trust used the licence held by the club, but it can be arranged through application to the local council. (As a licence names the promoter however, using a club's licence might not always be appropriate. It might be unclear to Trust members where money raised goes to.) The launch meeting auction raised a further £3,500 with items of club memorabilia the main attraction.

The Swans' Trust also offer an excellent example of linking a fundraising initiative to a specific scheme, so that donors know exactly what the money will be spent on. The Trust wished to raise £10,000 for shares linked to a loan player scheme. The scheme targeted £5 a week for 13 weeks from 150 individuals in order to raise the money required. The scheme exceeded expectation and the Trust raised a total of £25,000 with the hope that this might be increased to £28,000.

On top of this the Trust has regular donations coming in through membership fees and standing orders, and the Trust hope to increase the amounts raised through the regular donations of members. Finally, the fact that the contributions of single individuals can make a defining contribution to Supporters' Trusts is illustrated perfectly by one specific example. A fifteen-year old Swansea fan raised over £2,000 alone, through a sponsored bike ride of over forty miles from Swansea to Cardiff.

Brentford – Bees United

Bees United was launched in April 2001 and has had a very substantial degree of fundraising success. The Trust now has over £150,000 in the bank, and can call on another £100,000 in pledges should it be required.

The Trust has raised the money through a combination of events and regular donations. The Trust organised a sponsored walk to Wycombe, raising over £6,000, and a match at the club's home, Griffin Park, was arranged between two fanzines (*Beesotted* and *Hey Jude*), raising over £9,000. Each player involved raised money through sponsorship. An entrance fee of £5 was charged and over 600 were in attendance. Bees United has also made effective use of the loan note scheme (see section 2.3.1 below).

By far the most effective fundraising initiatives have come through regular donations and standing orders. The Trust is currently generating £6,000 a month through this method, with over 500 members donating. The system allows individuals to donate a minimum of £1.25 a month to cover the annual membership. All those donating automatically become members of Bees United and this has the advantage of minimising administration costs. With the rolling donations, memberships are automatically renewed. This helps retain a high degree of loyalty from members and also has the advantage of minimising administrative costs, such as the printing of application forms and associated mailing costs. In a not-for-profit organisation, the minimisation of administrative costs can make a tangible difference to the amounts available to achieve organisational objectives. One of the key aspects to the money raised by Bees United is the heavy involvement of the Brentford fanzines (*Hey Jude*, *Beesotted*, and *Thome in the Side*) and the Brentford Independent Association of Supporters. These organisations have arranged the majority of the fundraising events, demonstrating perfectly the benefits of the separate and distinct organisations, with different purposes, working together for the benefit of all supporters.

Watford

The Watford Supporters' Trust raised over £40,000 in its first six months. The Trust has been able to invest 25% in a new share issue at the club, and the majority of this was raised through membership and regular donations by direct debit.

The Trust has used a wide and varied selection of other techniques to maintain and increase funds. This has included bucket collections on match days, collections and raffles at members' meetings, Christmas parties and developing a range of Trust merchandise including t-shirts and a book, written by supporters.

The Trust has utilised the online auction site eBay (<http://www.ebay.com>) to sell items of Watford memorabilia, with a link from the Trust website. They have also been successful in attracting corporate sponsorship and all membership cards are sponsored. Additionally, a number of companies have donated raffle prizes. The Trust has also utilised the 'events' based approach, organising a sponsored walk, from Brighton to Watford, which has raised over £1,000.

Carlisle United - CCUIST

At Carlisle much of the effort in the first year was directed towards protests and demos in order to achieve a change in ownership. CCUIST has had success from both the 'events' approach, but also mainly through the securing of regular donations with direct debit.

The events which were most successful in raising funds were 'Golf Days' involving former players, a Christmas buffet and dance with live music, to which a host of former players were invited, and raffles and auctions of merchandise and memorabilia at every occasion.

Like Swansea, CCUIST charges only £5 per annum for membership and this money covers administrative expenses. Some 80% of the Trust's income is raised through regular small donations from individuals. This is collected by credit card or standing order at £13 per month. The balance has been raised by larger one-off donations from individuals (10%) and by donations from businesses and local government (10%). CCUIST raised £110,000 from this combination of sources, and hopes to raise around £130,000 with more regular donations coming in.

The biggest problem that CCUIST faced in raising the first tranche of money was a universal suspicion of donating anything towards the club whilst it was under the previous ownership. The ownership has since changed and CCUIST have purchased an initial shareholding of 20% of the issued share capital for £400,000. The initial £130,000 will be paid up front and the balance is due within three years. CCUIST aims to raise the £270,000 balance by extending and expanding the provisions described above. In particular the Trust will seek to maintain and increase the regular donations over the next three years. The target is to collect £1 per week from 2000 individuals (or £2 from 1000 etc.) collected monthly over three years.

In addition, the Trust plans to seek larger annual donations over a four-year period (40 donations at £2,500 a year would raise £400,000) from local businesses, groups of businesses (for example, all the local pubs together), local government and charitable and sporting foundations. The Trust also plans to seek larger donations from wealthier individuals.

Organising raffles – Trust requirements

Supporters' Trusts should be aware of the regulations concerning the sale of raffle tickets to members and the general public. Small-scale raffles to a private audience, with no cash prizes, may usually be conducted without a licence. However, should a Trust wish to sell tickets to a wider audience, with money prizes included, then the Trust would be considered to be running a lottery and would need to register with the local council under the Lotteries and Amusements Act 1976. A small registration fee is incurred, an individual is nominated as a promoter, and a registration number is provided. After the lottery, the promoter must provide a return to the council within three months regarding the expenses, prizes and balance of the proceeds. It is likely that most football clubs will already be registered and legally entitled to run lotteries in order to raise money for the football club. Should the Trust have a working relationship with the club, the Trust may be able to gain permission from the club to use its registration to run a lottery in aid of the Trust.

If you wish to run a raffle and the value of tickets on sale will exceed £20,000, or if the sale from other raffles within the same calendar year exceeds £250,000, then you must register with the Gaming Board for Great Britain. Until you register you cannot sell any tickets.

For further information on the Gaming Board and registration please visit <http://www.gbgb.org.uk/lotlaw.html> or write to the following address, enclosing an outline of the lottery you wish to run:

The Gaming Board for Great Britain
Berkshire House
168-173 High Holborn
London
WC1V 7AA

Telephone 0207 306 6200.

If you are still unsure whether you need to register, please telephone Supporters Direct.

Online fundraising

During the dot.com boom, it was possible to earn good money just for showing banner adverts on a website as advertisers poured money into this new advertising medium. The subsequent downturn has meant that companies advertising online are now much more careful about how they spend their money. Companies now rarely pay organisations just to display a banner advert, and most online advertising available to small and medium sized websites is now performance-based, so one needs to know the tricks of the trade to get the most out of this kind of advertising. Trusts are unlikely to earn a fortune from website advertising, but if done well it can help generate a regular income. Jeff Fidler from the Foxes Trust at Leicester City has written a comprehensive article on using the web for fundraising, available at <http://www.foxestrust.com/advertising.htm>

Jeff is happy to any questions on website advertising - contact jeff@foxestrust.com

York City Supporters' Trust

Their fundraising campaign was aided by having a credit card payment facility. People who couldn't get to events were able to donate online. The link to the Trust's web donations facility was also forwarded to various email groups and message boards, resulting in the Trust receiving donations from over 60 countries.

Affinity marketing

This is where the Trust acts as an agent and either makes its website a portal for online services, or gets members to sign up to a service such as telecoms or electricity, for which the Trust gets a 'finder's fee'. It also gets a percentage of the 'spend' of each person who uses the service through the Trust.

The advantages of this are clear – instead of getting people to donate explicitly, the Trust gets a cut of people's normal spending. That means it's a relatively 'painless' fundraiser, as the person doing the spending doesn't feel they are spending any more than usual. However, the downside is the initial setup work can be onerous – effectively, the Trust is doing the job a company would previously have done itself.

Furthermore, these schemes tend to exist in crowded marketplaces. The chances are that many potential users are already signed up to similar services and can't migrate to the Trust's preferred offering. Also, Trusts may find many of the service providers offering them affinity marketing opportunities are new companies, who have a tendency to disappear. These companies are trying to establish a foothold in a market where many others have already been operating - and so the Trust may find that they do lots of work only to find the whole thing comes to nothing. This is not to say Trusts shouldn't investigate these ideas – just that the credibility of the companies involved should be investigated. Trusts should carefully evaluate whether these opportunities will generate significant revenue over time to justify the effort put in.

A number of Supporters' Trusts have utilised a loan note scheme, formulated by Cobbetts Solicitors, as a means to raise the necessary funds to purchase a shareholding in their football club. Whilst there are many ways of raising funds to support the objectives of a Supporters' Trust, the loan note scheme provides a useful means by which to generate the larger sums that may be necessary to purchase a shareholding. The scheme also allows the Trust to invest in the club so that supporters collectively can be significant players in the club's future and ensure a shareholding for the supporters in perpetuity.

What is the Loan Note Scheme?

The loan note scheme has been a key fundraising tool for Supporters' Trusts. The scheme operates by individual supporters loaning the Trust money to invest in the football club or the holding company. The proceeds are invested into the football club, either through the acquisition of share capital or the provision of secured loan finance, or a combination of both. The scheme is only open to members of the respective Supporters' Trust in accordance with the terms and conditions of the loan fund.

Any shares purchased are owned collectively by the Trust for the benefit of all members and not just the noteholders. The loan does not give the noteholder any greater ownership of the club than any other member of the Trust, irrespective of whether or not they are loan fund noteholders. The concept of collective ownership is intended to give the community the benefit of owning (or part-owning) its local football club.

How much can be put in?

This has varied from club to club. At the Crystal Palace and Brentford Trusts, the minimum level of subscription to the loan note scheme is £1000. Further loans can then be made in multiples of £1000. At the Swindon Town Trust the minimum amount is £250, with further loans permissible in multiples of £250. Individual Trusts will have to gauge the local circumstances in deciding what is realisable and what will maximise financial return.

What happens to the money?

To ensure good practice, Supporters Direct recommends that the funds raised by the loan note scheme are protected by being held in a separate Trust bank account until opportunities to invest in the club become available. The Trust board decides when to invest the funds. This may be dependent on a number of variables, including the class and price of the shares offered and the amount of money raised. The Trust board may seek to gain representation on the board of the club to guarantee that the supporters will have a say in its future. However, the investment will only be made if the loan note holders vote to approve the transaction.

The decision to approve the investment of funds raised by the loan notes can be made in one of two ways. The decision can be made on a fully democratic basis with each loan note holder having one vote, irrespective of the investment made. This method has the benefit of promoting democracy and ensuring that each note holder has an equal say in the use of the monies raised. Alternatively, the number of votes exercised can be allocated on the basis of the value of the loan note held. At Bees United, the Supporters' Trust at Brentford, a noteholder has one vote for a holding of £1000 or more loan notes; two votes for a holding of £5000 or more; three votes for a holding of £10,000 or more; four votes for a holding of £50,000 or more, and five votes for a holding of £100,000 or more. This method has the benefit of encouraging the note holder to contribute a larger amount to the loan note scheme. The proposed investment may then be put to a vote of all members for approval before any money is actually committed.

Will I get a Return from my investment?

There is no interest paid on the loan notes. The funds generated by the scheme will be invested in the football club or its holding company and there should be procedures in place by which loans may be repaid at some point in the future.

However, there is no guarantee that any of the money invested will be repaid by the Trust. Repayment will be dependent on the funds available to the Trust and will be less likely if it is possible to purchase a shareholding in the football club. Trusts have allowed loan fund noteholders to apply annually for the loan to be repaid. If the Trust board decides that the money is available to repay any of these loans, it will decide which loans to repay or if a percentage of all loans will be repaid. However, the Trust is unlikely to receive dividends from the investment in club shares and this in turn limits the opportunity for the Trust to repay loan note holders their investment. The Trust should never be under any obligation to repay loans.

Loan for a Loan scheme

Some Trusts have made an arrangement with the Co-operative Bank called the 'Loan for a Loan' scheme. The bank will lend supporters a minimum of £1000, subject to eligibility criteria. Individuals will then be able to lend all or part of the money to the Trust. The arrangement is a private one between the individual and the Co-operative Bank.

2.3.2

Other schemes

There are clearly a variety of sources that Trusts can approach to raise their own funds. Another option that Trusts can investigate are local grant making trusts. Many organisations exist that will donate funds for causes related to local community objectives, and Supporters' Trusts, as not-for-profit, community based organisations may be able to gain access to such organisations and their benefits. *The Directory of Grant Making Trusts: 2003-04* by Dave Casson, Alan French, Dave Griffiths, John Smythe, and Tom Traynor, and published by the Charities Aid Foundation, should be available for reference in most local libraries. The publication gives information based on local areas and also references which grant-making organisations service specific interests.

Funding is also available directly from Supporters Direct. Please see **Appendix 7** for the Supporters Direct Funding Policy. There are also a number of potential sources of funding for Supporters' Trusts from the Co-operative Movement. Please see **Appendix 8** for further details.

It is important to keep an up-to-date database of names and organisations that have donated to the Trust. This can be a valuable resource when the Trust undertakes future fundraising events.

The development of a formal marketing plan for a Supporters' Trust is essential. Supporters' Trusts must be prepared to face a continually changing football environment, and to prepare quickly for the unexpected - negative and positive. Your club might enter into administration, or the Chairman might decide to move ground, or build a new stadium. This marketing plan has been designed to provide Supporters' Trusts with a guide to planning formats.

The situation analysis – where we are now

Trusts should summarise all the information available to them that has a bearing on the services they can offer. This includes information such as market trends, and any constraints or economic factors which may affect the establishment of the Trust.

Objectives – where we want to go

The aims and objectives of the Supporters' Trust should be clear and concise. A list of objectives used by some Supporters' Trusts can be found in **Appendix 9**. The objectives must be specific and realistic.

The marketing mix – how we plan to get there

1. **Place** - The place is the geographical area the Supporters' Trust aims to recruit members from, which should be specified from the start and can be expanded at a later stage. This can also include potential membership from overseas.
2. **Product** - The different 'products' that a Trust can and cannot provide its members and their benefits should be defined. The key 'product' of a Trust is that it is a democratic vehicle for collective influence on the football club. The product potential members are being asked to buy into is increased communication between the supporters and officials of their football club, and collective ownership of a stake in the club. Being clear about these key products should help recruit more members.
3. **Physical evidence** - Marketing research to identify the needs of members is essential. A supporters' survey to hand out on match days is a good way of gathering data. Please ask your Development Officer at Supporters Direct for examples of supporters' surveys used by other Supporters' Trusts.
4. **Price** - It is important to price membership fees correctly. As stated in the Introduction, we recommend that membership should not normally cost more than a match-day ticket, apart from corporate membership, which can differ depending on the type of businesses in the area. Your Development Officer at Supporters Direct can advise Trusts on sliding scales for corporate membership depending on the size of the organisation, as can other Trusts.

Membership should be categorised to include all members of the community. Membership forms should be designed to include the ability for a member to pay by direct debit and to give a donation.

For example:

Category	Explanation	Price
Individual Membership	Average membership – non concessionary	£10
Family Membership	Where two members or more of a family wish to join the Trust	£20
Concessionary	Junior/Students/OAP fees	£5
Supporters' club member (where there is a separate supporters' club)	Discounted fee for members of supporters' clubs. The difference in individual membership and that offered to the supporters' club member can be given to the supporters' club member, or the £2 discount could go straight to the supporters' club	£8
Corporate	Businesses can be offered membership at a one off yearly fee and in return for the Supporters' Trust advertising their logo on the Trust's promotional literature	£100 (or a sliding scale, please ask a Development Officer at Supporters Direct for advice)
Life Membership		Between £100 and £500

5. Process - Supporters' Trusts can promote their products in a variety of ways including:

- Newsletters and other publications, including leaflets distributed to members and supporters on match-days and 'roadshows'.
- Supporters' Trust website
- Football club website and message boards
- Football club match-day programme (if possible)
- Fanzines and other supporters' literature
- Football Ground display boards (if possible)
- Match day point of contact (perhaps a stall or office at the ground, or a regular spot in a local pub or shopping centre)
- Advertising through local businesses/schools and local youth organisations
- Advertising in the local newspaper
- Making a video to be shown on match-days or at Trust events
- Arranging fans forums, or ex-player evenings
- Arranging community events such as fun runs, and jumble sales
- Working with the club's Football in the Community Officer.
- Regular e-mails to members
- Regular membership meetings

6. People - A Supporters' Trust should try and target the following people for membership, support or funding:

- Regular match goers
- Occasional match goers (including those who live overseas)
- Members of supporters' clubs (with the permission of the supporters' club)
- Local youth team leaders
- Councillors
- MPs
- Local businessmen
- Employees and officers of the football club and schemes associated with the club, such as the Football in the Community scheme
- Players
- Ex-players
- Famous people associated with the club
- Headteachers and/or school children
- Local and national media

Performance audit – evaluating the Trust's marketing strategy

Targets should be set and an audit should be established for monitoring the Trust's performance in reaching its objectives. Performance can be audited in terms of membership and financial performance. Monitoring of the Trust's performance towards achievement of key marketing objectives is important. This will identify any problems or highlight avenues worth pursuing.

Using the media effectively

Using the media

It can be surprisingly easy to get local media coverage, but Trusts need to be realistic about what is possible. To be successful, Trusts need lots of PIT: Planning – Imagination – Targeting.

Who are the local media?

Get to know the media that operate in the Trust's area.

- Local daily and/or weekly newspapers – paid-for and free-sheets, produced by the council
- Local football/sports magazines, regional magazines, free newsletters published by community development associations etc
- Local BBC radio and commercial stations
- Regional commercial and BBC television stations.

Getting to know them

Local newspapers

Buy the newspapers – make a note of who is responsible for writing what. You will notice there are only a few journalists working on each paper, so the same names keep cropping up, especially in the sports section.

Free papers produced by the council usually carry information about where they are produced and a lot of the news is sourced from the larger regional newspapers.

Other publications

Other publications vary from area to area. Some towns and cities have a magazine especially dedicated to the football club. Don't forget, the match-day programme and fanzine are also influential parts of the local media specifically relating to the Trust's cause.

Radio

Listen to your local radio stations, and find out who the different presenters and producers are. Information about which stations cover the Trust's area should be in your local paper or library or listed under Broadcasting Services in the Yellow Pages.

Television

Watch the local and regional television programmes - the credits will give you names of producers and researchers. Regional news is usually after the national news programmes and the presenters often trail other local broadcasts such as current affairs and social action programmes. Or look in listings magazines, or phone the television companies to find out what is showing when. You'll find their numbers under Broadcasting Services in the Yellow Pages.

What do they want?

Once you have found out more about the media in your area, think about the potential story you want to get covered, whether it is a launch, a one-off event or even an open meeting. Anything to do with the local football club will be of interest to the local media.

Sports editors are not the Trust's only option – potential or existing members may read any or all sections of the newspaper, or tune in to all kinds of programmes. Target programmes or publications that deal with community issues.

How to get what you want

Media people are human. It helps if you address them by name and can talk positively about something they have done in the past. So the research described above can pay off.

It may sound obvious, but a newspaper must contain news – something new to interest readers, about local people, places and events. Anything to do with the football club and its supporters is almost certainly of interest to the compilers of newspaper sports pages or community sections.

Results from a run-of-the-mill local event probably are not news – unless there is something unusual about them.

Keep a record

Aside from the personal satisfaction, keeping a record of the coverage the Trust gets is useful for planning future activities and impressing potential sponsors. It also acts as a chronological lifeline of the Trust and allows you to refer to things you have said in the past.

How and when to make contact

Deadlines depend on which type of media your Trust is targeting. Journalists are usually busy and however good a story is, it may get lost if you approach them in the wrong way or at the wrong time. Make sure you know when deadlines are and plan around them. If you make arrangements to supply a story for a particular date – **stick to your promise**. Nothing infuriates a sub-editor more than having to hold up a page while he waits for late copy. Don't forget, your story/press release will need editing to fit, and pictures will need sizing, etc.

News releases

A news release should be sent about seven to ten days ahead of the date you want to see it published, so that it gets in the daily diary or forward planner. If you want a journalist to attend an event, and have made sure there will be something newsworthy for them to see when they do, check by phone that it is in the diary, and find out who is covering it. The decision about whether to cover will be made at the beginning of the day in question.

Most newspaper and popular magazine editors receive huge amounts of press releases every day. The more professional and interesting Trusts can make press releases, the greater the chances of having them published.

Tips for writing a press release:

Write a headline that presents a major benefit

The headline should summarize what the press release is about. Editors are so busy they will often decide, just by looking at the headline, whether to use it or toss it in the bin.

Use a one-page press release

Confine Trust releases to one page only. Short, one-page stories stand a better chance of being published. If your release needs two pages, put m/f (more follows) at the bottom of the first page, and (continued) plus the title of your press release on the second page. Write the word "ENDS" to indicate further information (e.g. contacts) is for the reporter only.

Keep your message short

Try to tell the Trust's story in the first two paragraphs of the release. Do not use more than 30 words per paragraph. While you may include additional information in the next two or three paragraphs, the chances are your press release will be cut after the first two.

Use double spacing throughout

Use double spacing throughout. Keep sentences short. Write tight. Edit the story after you have written it and cut out all unnecessary words. Allow an extra wide right margin for editorial notes.

Write it as 'hard' news

The Trust's story has to be newsworthy. Avoid superlatives. Confine yourself to the facts. Don't keep repeating and plugging the Trust name at every opportunity. Use white paper and plain, readable type.

Include an interesting quote

Make sure that the quote is from someone who holds an important position within the Trust.

Include contact details at the end

Your name, Trust name and phone number are best placed at the bottom of the release. Also include a word count. Editors can choose not to read it unless they intend running the story.

Send releases to a named individual

It's best to send Trust press releases to a named individual rather than just to the editor. Consider telephoning the newspapers or magazines that are most important to the Trust. Tell the receptionist you want to send a press release to the editor or features editor, and ask for the name of the appropriate individual.

Your Trust's finished press release may read like this:

Tips on how to make news

Football Supporters trying to increase the power of supporters at their clubs were given tips on how to deal with the Media during a training session yesterday (Thursday 22 May 2003).

Representatives from ten Supporters' Trusts attended a training session held by Supporters Direct at their offices in Clerkenwell, London.

The aim was to help those involved in publicising the work of Trusts to understand the needs of journalists and to improve their confidence and skills in relations with the Media, including how to write news releases, how to respond to a journalist's request for information and how to complain if a newspaper, radio or TV station makes a mistake.

Simon Binns, a Development Officer for Supporters Direct, said: "One of the main points of the session was that contact with a journalist presents an opportunity to say something positive about the Trust's role and should not be seen as a threat."

"Many of the more experienced staff who took part also contributed to the training session."

Ms [Your Name], Press Officer for the [Your Trust], was one of the supporters involved.

She said: "We found it very useful to be able to ask questions about relations with the Media in a relaxed setting in the knowledge that what we said would not appear in the paper tomorrow.

"What we learned will help us be more confident in dealing with reporters in future, which will mean we get our message across to the public more effectively."

ENDS

Further information: Your Name, Your position and Organisation, Your contact details

Features

These are longer articles, which are not news, but are of general interest. They do not usually have such tight deadlines, but the editor will have mapped out in advance, sometimes weeks ahead, the issues and topics they are planning to cover. A direct approach to the features editor or a features journalist, by phone or in person, is a good idea. They need good topics as much as the Trust needs coverage, so be confident.

Newspaper/magazine interviews

- Be proactive and draw up a contact list, deciding who to target with a press release.
- Chase reporters up, phone them, and interest them in the Trust's story.
- If interested, they may interview you in person, over the phone or at a press conference.
- Try to plan ahead with what the Trust wants to say, remembering to be positive.
- Ask for time to prepare a response, check the reporter's deadline.
- If a photographer is coming, think about your appearance and a good location.
- If the Trust can't get coverage, write about an issue or event to the letters page of the local paper.

Once you have made contact, keep developing the Trust's message or image.

Radio and television programmes

Before approaching regional TV or local radio, think about their different requirements. Again, it sounds obvious but for successful radio you need good sounds, and for television you need something interesting to look at.

Contact the producer of the relevant programme as soon as possible to discuss your idea. For both television and radio there will be regular planning meetings where ideas are discussed. Find out when these happen, and make certain you talk to the producer or researcher beforehand. Invite a reporter to come along to any Trust event. He or she could record a feature including interviews and sound bites from Trust representatives.

How to be interviewed

Radio and television reporters, if they are interested in the Trust's story, are likely to want to interview someone. Whoever gets the job, they need to feel supported, with someone else to go along too, if needed.

General interview techniques

- Plan answers with key messages that would cover supplementary questions.
- Arrive early for an interview, and be well prepared and relaxed.
- Never say "no comment". It makes the Trust appear as though it has something to hide.
- If the story is negative, try to make each answer end on a positive note.
- Don't lie, guess or give out inaccurate facts – somebody will always catch you out.
- If you don't know an answer, say you don't have the details and make another point.
- Stand your ground and refute incorrect statements.
- Don't agree to an "off-the-record" discussion, unless you trust the reporter well.

Radio interviews

- A presenter or reporter will chat to you off-air first, to talk things through and give you a general overview of what they want to cover.
- They should always warn you if they are recording an interview.
- Be prepared for different kinds of interviews:
 - On locations, using portable recording equipment/outside broadcast facilities.
 - From home/office/other location over the telephone.
 - In the main studio, "head-to-head" with the presenter/reporter.
 - In a remote studio, "down the line" with the presenter/reporter.
- Make sure you know if you are live or being pre-recorded.
- How long are you on for?
- Make each answer strong and concise as a longer interview is often edited for bulletins.
- If you want to make a point, lead the interviewer. Don't wait to be asked.
- Be confident, and keep calm.
- If you fluff (and if you're not live), then don't be afraid to ask to try again.
- Get your message across as soon as possible.
- Speak in short sentences, so the meaning isn't changed during editing.
- If you can't answer, don't. And don't be afraid to admit it.

Television interviews

- Think about your appearance, and dress accordingly.
- Put your hands in front of you or to the side, not behind your back, or your jacket will gape.
- For interviews with a reporter, look at them, not the camera.
- For "down the line" interviews with the main studio, look directly at the camera.
- Don't make any unguarded comments near microphones - they may be on.
- For the majority of interviews the most important thing to remember is to be clear about the Trust's message, and stick to it.

When a journalist asks for a comment your Trust is being given an opportunity:

- To put forward your Trust's views on a subject;
- To put the record straight;
- To point out relevant information that might otherwise be ignored or omitted;
- To throw an entirely different light on a story, perhaps by putting it in context.

Your Trust is being given an opportunity to influence what appears in the news and, more importantly, how it is perceived. Not to be given that opportunity is bad journalism. Not to respond is a wasted opportunity.

A Media Directory can be found in **Appendix 10**.

Trust action in the community

This section describes what Supporters' Trusts need to do to be effective in the wider community. An essential component of their community strategy rests with the Trust's ability to build partnerships with major stakeholders at the club and beyond.

Constitutionally, as Industrial and Provident Societies, Supporters' Trusts exist for the benefit of the local community. The first two objects in the Model Rules for a Football Community Mutual clearly indicate this:

To strengthen the bonds between the Club and the community which it serves and to represent the interests of the community in the running of the club

To benefit present and future members of the community served by the Club by promoting encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement

Other parts of the constitution also oblige Trusts to reach out into the community. Trust boards must also co-opt members in order not only to raise the collective skills profile of the Trust but also to ensure stakeholders from the wider community are represented. So for instance, the following would all be eligible (subject to the Board Membership Policy) to be invited to serve the Trust: representatives from the local authority; local businesses; the Sports Council; the Chamber of Commerce; and someone from the Football in the Community project.

This section provides details, ideas and examples of good practice about how Trusts can put these constitutional obligations into action and build the foundations for a significant and lasting impact in the community.

2.6.1

The Football in the Community Scheme

Firstly, all Supporters' Trusts are encouraged to make contact with the Football in the Community Scheme at their respective club. Making an early initial contact can minimise any concern that the Trust may be 'treading on the toes' of an already established community programme. Trust work in the community should be aimed at complementing the organisations that already exist, and certainly not as an attempt to replace the invaluable work that is being done on a daily basis.

The Football in the Community Scheme began in 1985, with some pilot projects at clubs mainly in the North West. By 1992, over 80 of the 92 clubs in the four divisions had their own independent scheme, and there is now blanket coverage, with a few larger non-league clubs also having schemes of their own.

The expansion of the scheme in the early nineties owed much to the injection of substantial funding by the Football Trust (now the Football Foundation). There has also been national private sector sponsorship that is distributed equally to the 92 schemes, but does not extend to non-league schemes, which have to find their own sponsorship. The objectives of the scheme are: -

- 1) To encourage more people to watch and/or to play football (especially children)
- 2) To encourage more people to become interested and support their local football team by forging closer links with them
- 3) To improve the image of the game
- 4) To improve atmosphere at matches
- 5) To improve behaviour of players and spectators

A reading of these objectives makes the relevance of the scheme to Supporters' Trusts immediately obvious. Trusts are set up as societies for community benefit ("Benecomms"), and as such are committed to strengthening the bonds between club and community. There is therefore no more natural activity for Trusts to become involved in than supporting this scheme. This is already happening in a number of ways: -

- a) At a number of clubs, the Trust's elected representative on the club board is Chair of the Football in the Community Forum, which is the local management committee for the scheme at their club.
- b) At an increasing number of clubs, Trust members act as volunteer helpers on scheme activities, supplementing the limited professional and coaching staff that the schemes can afford; (under recent legislation, where work is with children, this may involve police checks).
- c) At several clubs, notably Swindon Town, Trusts have organised football competitions and other fund-raising events to raise money for their local scheme, which have been much appreciated, as funds are always tight.

Involvement of Trusts in the Football in the Community Scheme is currently in its infancy, but is expected to spread and expand considerably over the years, and is greatly to be encouraged.

The Chief Administrator of Football in the Community, Roger Reade, says:

"Everybody plays their part in supporting and developing the game, and the idea of supporters being allowed and encouraged to play a bigger part is terrific. Fans have a genuine long-term interest in their clubs, so it seems entirely appropriate for them to have not only the opportunity to play a part in Supporters' Trusts, but also to have ownership of a significant shareholding in the club. Supporters' Trusts are now instrumentally involved in specific work with existing supporters, and in encouraging new support amongst 'would be' supporters. Supporters are even involved in building and upgrading facilities. At Swansea, for example, the Swans' Trust was integral to development of improved toilets and facilities for disabled supporters.

In addition, Supporters' Trusts are looking to play a part in promoting closer links with local communities. Already, a number of very positive links have been initiated. This is encouraging, as all clubs, not just those with financial difficulties, need to build and improve their relationship with the community. The club-community relationship is a two-way street. No longer can clubs expect to be supported by the local community without being seen to be more actively involved in putting something back.

Nearly every professional club now has an active and successful Football in the Community scheme, which has specific aims to encourage more people to play and to watch football. In addition, lots of schemes are now working in partnership or in 'alliances' with local community groups and associations in many different and diverse initiatives. In partnership, we are frequently addressing the issue of 'social exclusion' and helping to develop new, positive and rewarding experiences for people, which help to show the local football club in a new light.

*The first step down this particular road is better communication. **Supporters' Trusts should make contact with their club and the Football in the Community scheme with a view to discussing what community links can be explored and developed in partnership**, in order to ensure that duplication of activity does not occur. So, to all of you who are involved with Supporters' Trusts, get in touch with your local club and their Football in the Community Officer. In the meantime, to all of you who are so actively involved in the Supporters' Trust movement, keep up the good work!"*

For further information about Football in the Community, please contact your club Community Officer (contact your Supporters Direct Development Officer for contact details), or:

Roger Reade
Chief Administrator
The Community Programme in Professional Football
11 Oxford Court
Bishopsgate
Manchester
M2 3WQ

Tel No: 0161 236 0583
Fax No: 0161 236 4459

Trusts based in Scotland do not have the benefit of being able to link up to a co-ordinated Football in the Community programme as none currently exists north of the border. However the SPFA have recently been piloting a similar type of scheme, and it may be that this will open up opportunities to work together with Trusts to deliver these benefits.

As well as building links with the Football in the Community initiative, Supporters' Trusts can play a role in building positive and constructive links with the communities, and specifically the residents, who live in close vicinity to football stadia. The relationships between clubs and local communities and residents has often been strained, with the added irony that many local residents are in fact supporters, who have, for one reason or another, become disillusioned with the relationship with the local football club.

The organisational infrastructure now enables Trusts and residents to communicate with each other. Established in 1991, the Federation of Stadium Communities (FSC) aims to improve the quality of life of communities that exist in the shadow of sports stadia, and the organisation has contacts with residents groups at most Football League and Premier League clubs. There may, of course, be occasions where the interests of the local football club and the residents may be diametrically opposed. Those supporters not living within the close vicinity of the ground are more likely to align with the interests of the football club. Supporters who are also residents may have divided loyalties. However, on a great many issues, the supporters have the potential to act as a bridge between the residential community and the football club. Residents and Supporters' Trusts might also share common interests such as anti-racism initiatives.

It is now generally accepted that football stadia can bring tangible benefits to local communities and supporters. Clubs and communities can work together to identify areas of need, and explore the opportunities that are available. One example of good practice, that benefits club, supporters and communities alike, has occurred in Sheffield. The FSC's Donna Woodhouse explains:

"Sheffield United FC have recognised that the success of future development proposals would be greatly assisted by the goodwill of the community. Consequently, when the club devised proposals for an extensive development in and around the stadium, they consulted with community representatives from a very early stage. The community-club partnership submitted successful funding applications to a number of bodies to part-finance the development, with United providing matched-funding for the £3.6 million project.

Underpinning the partnership's initiatives was the 'Joint Action for Jobs' policy. Targets for local recruitment were set and a number of local residents were offered employment during the construction phase. Part of the development was the building of the Blades Enterprise Centre, which currently employs a manager, a community economic development officer and other administrative staff. The centre encourages business start-ups from the local area, particularly the ethnic minority community of the neighbourhood. The centre also assists local residents to find employment through the creation of a job-matching scheme, where residents are invited to have their details posted on an 'Employment Wanted' board at the centre. The centre also circulates their Curriculum Vitae to selected local businesses and similar enterprise centres throughout Sheffield.

Additionally, the recently opened Community Hall was built as part of the development and is being leased by the Sharrow Community Forum at a peppercorn rent for the next ten years. The hall will be used by community groups, at discounted rates, for meetings, fundraisers and other events. The redevelopment of the ground also included plans for traffic management schemes and the environmental enhancement of the streets bordering the stadium, which are due to be implemented by early 2003."

See Supporters Direct Newsletter Issue 9 for more details.

Contact: The Federation of Stadium Communities (FSC), Haywood House, 160 Moorland, Burslem, Stoke on Trent, Staffordshire, ST6 1EB. Telephone: 01782 790606. Website: <http://www.f-s-c.co.uk>

2.6.3. Examples of good practice in the community

Building strong relationships with other organisations and stakeholders can play a positive role in Trust community work. Here are some examples of Trusts working both independently and with other organisations in order to develop their profile and engage in community work:

Swindon Town – Trust STFC

Trust STFC has recognised that achieving the community objectives as laid out in the constitution is of vital importance to the future of the organisation and the football club. With a growing number of local youngsters growing up to support teams outside the locale, it was felt that helping to develop a positive relationship with youngsters in the Swindon area would have a positive effect for the football club, and cultivate local support for the club.

Trust STFC, in conjunction with the Swindon Town FC Football in the Community Scheme, organised a six-a-side tournament, detailed in section 2.1.7 earlier in this Handbook.

Cambridge United - Cambridge Fans United

Cambridge Fans United has been active in developing its role as a serious investor in the football club. The Trust has also spent time concentrating on the community objectives laid out in its constitution, undertaking a variety of different initiatives. CFU runs an annual youth tournament and family fun day. In two years it has doubled in size with over 700 local children from Under 8s to Under 16s taking part. The Trust organises the event and the council provides the venue and pitches free of charge. The club provides footballs and first team players to present cups and sign autographs. Club scouts also attend, and a number of young players have been taken on to the club's youth academy.

Local companies are also invited to sponsor perpetual shields. To take maximum advantage of this captive audience, the club agrees to designate a league match as a Youth Tournament game and each child taking part, plus team managers, get free tickets. Parents are also entitled to a discounted match ticket and the shields are presented at half-time. In 2002, CFU helped raise the attendance by over 500 and it is hoped that a proportion of the first-time spectators attending will return to the Abbey Stadium.

All the profit from the event is re-invested into community-based schemes. In 2002, CFU donated to Football in the Community, CUFC youth development, Cambridge Ladies football team and also helped send the Cambridge United youth team to play a game in the FA Youth Cup.

CFU has raised money, through various sponsored events, on behalf of the Garland Appeal and the local Special Care Baby Unit, and support has also been given through leafleting on behalf of Cancer Research. The Trust has also organised a campaign entitled 'Oi! Ref! Where's your glasses?' collecting old spectacles on behalf of the elderly.

Leyton Orient – Leyton Orient Fans' Trust

The Leyton Orient Fans' Trust (LOFT) has been working closely with the club in an attempt to widen support for Orient within the local community. A working group was formed to tackle the problem of lack of local support for Orient, reporting back to the club with findings. The club was interested in the ideas raised, and has taken up some of LOFT's recommendations, including involvement with the local Leisure Saver Scheme, and promoting the club more directly to students through freshers' fairs. Reduced season tickets are offered to students and under-18s, with each student signing up receiving a free ticket. Over 350 individuals signed up to the initiative, the majority of these from local further education colleges. LOFT was pleased to see that the idea of an Orient ticket appealed to most people, irrespective of gender or race.

Steve Dawson, Chief Executive of the club, said, "*The club welcomes the help of LOFT in any initiatives that are constructive. This particular project, which is still in its early stages, shows that LOFT can give the club much needed practical help in strengthening the club's supporter base within the locality. The club recognises that encouraging young local supporters to watch live football at Brisbane Road is the key to its future success. Both the Supporters' Club and LOFT have a significant role in helping the Club to promote the extremely good value Junior Season Tickets and other initiatives that the Club have been operating for several years. We look forward to developing our relationship with LOFT over the coming months.*"

There has also been a wide range of community initiatives undertaken by many Trusts across the country. Here are some further examples:

Lincoln City Supporters' Trust organised a march through the City centre to spread the message that the club was in administration and facing possible extinction. The march was part of a wider campaign of mobilising people in the community in order to save their club including, a massively successful seat sponsorship initiative for £10 a seat (raising some £95,000); an online auction of club merchandise and kit (raising nearly £50,000); and targeting local stores for further Trust promotion.

At **Chesterfield**, the Trust initiated 'School Day Saturday'. Local junior schools are invited to sell discounted adult-child tickets, with a £1 donation going to the school per ticket as a way of a thank you. Over 30 schools are regularly involved. The scheme generates funds for both club and schools and introduces a new generation of supporters to the club. Free places have also been organised for mascots at away games. The Trust has also revitalised the girl's Centre of Excellence, which had been chronically underused.

At **Enfield Town** there are plans to implement a Football in the Community programme in the London Borough of Enfield, in partnership with the Borough and supported by the Middlesex County FA. The club are currently working with the Football Foundation in order to launch the scheme.

The **Dulwich Hamlet Supporters' Trust** capitalised on the high volume of traffic passing through the adjacent Sainsbury's to set up a 'campaigning stall'. This helped spread news of the Trust and also promote the role of the club in the community. This proved to be an effective method of raising the Trust's profile and membership, and also helped build links with the supermarket.

At Swansea City, the **Swans Trust** funded the installation of the club's first fully equipped disabled toilet. The number of disabled supporters attending games at the Vetch Field has since doubled. The Trust arranges for those with disabilities to attend the games free of charge, and the Trust is also involved in developing positive links with various disability groups in the area. The improvement of disabled facilities was also a key objective of the **Northampton Town Supporters' Trust**, which facilitated the installation of six Sennheiser Units to assist visually impaired spectators with match commentaries.

For further information on the Northampton Town Supporters' Trust initiatives, please see the Supporters Direct Research Paper *Fresh Players, New Tactics: Lessons from the Northampton Town Supporters' Trust*, available on the Supporters Direct website at <http://www.supporters-direct.org/englandwales/library.htm>

2.6.4

Partnerships with local authorities

The Local Authority is a key player in the football club, and so it should be for the Trust. Many clubs and fans are sceptical of getting involved with the council; they may see the council as unhelpful to the club, or be worried about being seen to be 'political'. One of the problems for the relationship between the club and the Trust is the amount of misunderstanding that surrounds the issue. It's therefore probably good to dispel some of those myths first about what councils can't do before concentrating on what they can do.

Why can't the council help us more?

As far as the council is concerned, the club is essentially just another business. An important business in the life of the community doubtless, but if the council gives extra help to the club, every other business in difficulty could claim to be treated unfairly. Furthermore, councils can also fall foul of the voters – for every taxpayer who's a fan, there's as likely four or five who aren't, and would object to their money going to help a football club. Add into this mix the reality of declining budgets, rising tax bills and competing priorities – education, social services etc – and it's clear that a council's position is potentially compromised.

Several councils have been heavily involved in their clubs and have suffered for it; at Halifax in the mid 1980s, the council became a majority owner of the club, and was penalised for this, both by the Government of the day, who felt it to be a waste of resources, and by voters, who objected to the club receiving special treatment. More councils have become involved as landlords of the football club and found that they end up being owed significant funds in rent

that just hasn't been paid, which creates a political problem as large as the financial hole in the accounts – does the council call in the debt and potentially liquidate the club, or risk falling foul of voters who object to closing schools whilst writing off unpaid rent from a badly run private concern?

Football is an environment with a history of financial instability. Councils are loathe to become involved as they are governed by the rules laid down by the Audit Commission and the Government on what are and are not legitimate areas for them to spend money on.

Against this background, it is important to remember there is still a great deal of scope for effective partnerships between the club and the council; given the often turbulent history of these relationships, the Trust can be an ideal bridge between the two.

Why is the Trust ideally placed?

The Trust, unlike the club, isn't a private business set up to make a profit. The fact remains that if the club does well financially, a small group of shareholders make a profit – and the Council doesn't exist to help small groups make a profit.

However, the Trust is set up as a community benefit organisation. It's there to build bridges between the community and the club and to use the power of football for the good of the community. Furthermore, as a not-for-profit organisation, it can't personally enrich anyone. It's a natural partner for the council in this respect.

Still, given that history, the Trust might have work to do to convince the council. They will probably want the Trust to prove itself first; they don't want to commit time and money to an organisation about which they know little, and have little idea of the calibre of the people working within it. The onus will be on the Trust to prove itself through doing good things in advance that impress the local authority.

The importance of the club can be overstated but the club can point to clear economic impacts and potential to dovetail with key council targets as set by central government and be a boost to the council's efforts. At the moment, the club will probably treat the local community and the council with a cursory recognition, so the Trust's 'added-value' is to assist the club in keeping such aims in mind and being the linking point between the council, community and club.

What can a council do?

The council can be a great facilitator, and although it can't provide lots of money, can provide support in kind that can be more valuable. Their officers can access grants from other bodies – European funding and central government regeneration funds for example. Becoming part of the partnerships that get this money can be very lucrative. The club is unlikely to be able to tap into these sources themselves – not least since most private companies are ineligible for grants. But, by becoming really part of the local community they can make sure that some of the money that is flowing into the area comes to the club. Of course, such grants come with strings, but those strings will ultimately benefit the club by cementing its place in the community.

Councils also have targets for areas like leisure that they have committed to achieve – for example, they may want to get more people in the area playing sport, so the club could have a role in that. These targets will be in the council's Best Value Performance Plan, which should be available on the council's website and is usually available from the council's offices and from libraries. Find out what they have committed to, and see if there is a role for the club – or the Trust – in helping the council achieve these targets. There will probably be funding available for helping to achieve targets, so Trusts could become service providers to Councils.

What can you do together?

Sport in the community

Councils have targets about improving health in their areas, and sport is one way to do this. Getting people involved in sport is a good council policy, and the club has a role here. Football is 'sexier' than a Council, and people are more likely to sign up to keep fit and be healthy with courses with the club than the Council. If the club hasn't developed schemes like this already, this could be an area for the Trust to work on with the club.

Regeneration

Sport has a role here, especially where new grounds are concerned. Even so, the importance of a club to the local economy is something the council wants to preserve – match day income for local shops, making public transport viable, match day employment, club employment, associated contractors - all jobs that would be lost if the club wasn't there. It also brings non-residents to the area around 20 times a year and so it provides a shop window, putting the area on the map.

Cohesive communities

Clubs are a great focus for engendering a sense of a wider community that leads to lots of benefits. Of course, it's not going to cut crime in itself, but most of the initiatives used in things like regeneration, New Deal for Communities, and Community Safety all use the nebulous word community, but often have difficulty giving this word more concrete wider expression. Football clubs don't have any trouble here, and are perhaps the most visible sign of a community.

Some clubs have gone beyond this remit and become full players in the life of their local community, making their facilities part of local adult education provision. Watford FC have an adult education centre located under a stand at Vicarage Road and make the state-of-the-art facilities available to local schools and colleges. Leeds United have piloted a programme where students who have been excluded from other schools in the LEA are taught using football as a key tool in curriculum delivery. The results from the project indicate that students achieved the highest grade increase of any similar project in the country.

Crucially, the success of partnership arrangements where football clubs and councils have come together depend on the goodwill between club the Council and other parties. Problems surrounding ground ownership, management and maintenance have created difficult working relationships that make achieving these wider goals difficult. Furthermore, the problems facing many clubs make their focus exclusively related to the short-term playing field matters, and in that sense, community programmes are a luxury for clubs with less pressing matters. However, part of the problem with many clubs is simply that not enough people pay to watch them, and whilst community programmes are difficult to measure, they represent the best long-term strategy to maintain and increase attendances.

Stadiums

A brief survey of the involvement of local authorities in stadia shows that due to their often central location and the financial history of their tenants, authorities have stepped in to prevent the assets being abused or sold for private development. For example, both Nottingham's football grounds are owned by the council, as is Swindon Town's stadium. In many cases, this has been to save the ground from being sold to developers, or to provide cash injection to the club. In others, the council is ultimately responsible by a bequest that sets the land aside for sporting use only.

There are some interesting developments however that are of use here, where local authorities have been involved in partnerships that have been designed to minimise risk whilst maximising community benefit.

Examples of local authority involvement in football stadia

Case Study - Rochdale

Here, the football club had a ground that urgently needed capital work undertaking, but didn't have the resources; conversely, the Rugby League club had negotiated the sale of its stadium and had capital sums available. The council brokered a deal which saw the creation of a stadium company in which the clubs each owned 45.5 % of the equity and the council held the remaining 9%. The Rugby League club's stake was accounted for by the transfer of the funds from the sale of their ground, and the football club's stake from relinquishing 100% control of the stadium.

In terms of operating, the company undertakes some activities collectively for both clubs, such as ground staff, whilst the clubs themselves handle others. Each club has a lease with the company for playing fixtures at the stadium, for which they pay a sum to the company.

One difficulty here is that whilst the council can act as 'honest broker' in disputes, operationally, the clubs are responsible for much of the activity that can occasionally create tensions. Furthermore, given the parlous cash-flow of most sporting enterprises, the company has no mechanism to recover arrears save for the ultimate option of revoking the lease of the club in question. Whilst this option has legal foundation, it is politically difficult to carry through, and so there is no 'control' on the tenants and goodwill on the part of those clubs is essential. Whilst that goodwill is normally there, in times of cash shortages, such as after heavy weather leading to postponements, the clubs can effectively default on payments, as the only sanction would be for the council to ally with the other club in forcing resolution ultimately through the courts.

Case Study - Northampton

The club had needed a new ground for over 60 years, and in 1993 the council began work on the Sixfields Community Stadium. The council provided funds for this, and the anchor tenant is the local football club. The stadium is managed by a third party, which operates ticketing, catering and bars, and takes the revenue from those activities. The club pays rent according to a sliding scale dependent on attendances.

In order to guarantee the club's intentions, the council inserted a clause in the lease which stipulated that the Supporters' Trust - without the efforts of which the club would have gone into liquidation 12 months previously - must maintain its position of having at least one elected supporter director, with full director responsibilities. The council's reasoning was two-fold; primarily, it was felt to be an outcome that mutually benefited all parties. The supporters, as stakeholders, had a right to be involved in the management and running of the club. Furthermore, as a community based group, the Trust was more likely to take seriously the designation of a 'Community Stadium' and would work to make sure that the stadium didn't come to be seen solely as the home ground of the club.

In this the Trust were successful, and through their efforts, the club became the first to have an equal opportunities' policy in British football, and won national recognition for their anti-racist activities and their inclusive policies with local ethnic groups and with disabled supporters.

The second reason for the Trust's role being insisted upon lay in the past record of the club. The club had previously been close to extinction through what could at best be termed mismanagement, and at worst sharp practice. The council was concerned that the club did not abuse its position and the generosity of the council in building the stadium by reverting to being a badly run private concern with poor standards of governance. The Trust director was there to act as an advocate for the better organisation of the club and to ensure that the classic aspects of small club mismanagement did not re-appear. The council also insist upon an observer representative of their own on the board.

A final aspect of the lease that is helpful in the light of other experience is that the gate money initially comes to the council, which then re-apportions it to the club, having deducted the appropriate fee. As a result, the council has a mechanism to ensure that the club does not build up large arrears that are politically difficult to recover.

Partnership with local co-operative groups

Trusts can forge links with their local Co-operative Group and apply for the Community Dividend Fund. As part of the Co-op Group's philosophy that it is part of the community and actively contributes to the wellbeing of the communities it serves, it operates the scheme to help local organisations with start up costs for new initiatives. Organisations may apply for grants of between £100 and £5,000 and applications are continually considered, as there is no closing date. Details should be available from your local Co-op store.

The **Community Dividend** supports various projects according to the following criteria:

- Grants of between £100 and £5,000
- Projects that fulfil needs in local communities of a voluntary, self help, co-operative or not-for-profit nature
- Projects of a long term benefit to a sector of the local community, either by the provision of equipment or a physical benefit to the group, or by way of training or providing education
- Projects that target disadvantaged groups or areas within the community
- Projects addressing community issues such as health, safety, poverty relief, and that show imagination in their approach

As a general rule applications will not generally be considered for running costs such as wages and room hire or for one-off events such as fun days/trips. Equally, applications will not be considered which only benefit an individual. See **Appendix 8** for further details.

This is another natural area for the involvement of Supporters' Trusts.

The UK's first Supporters' Trust at **Northampton Town** pioneered this work by convening an Anti-Racism Working Party at the club in 1995. The original object was to help re-launch the "Let's Kick Racism out of Football" campaign as "Kick it Out" at a local level; but having achieved this, the Working Party could see the need for continuing action. It expanded its membership to include representatives from Northampton Borough Council, the Sixfields Stadium management company, the local Racial Equality Council, Northamptonshire Police, the Scarman Centre at the University of Leicester, Middlesex University, the British Asian Association, Northamptonshire County Council, Kick it Out, Northampton Town Football in the Community, and Nationwide Building Society, as well as the club and the Trust.

The next project the group set itself was to draft an Equal Opportunities Policy for the football club. The board of directors adopted this unanimously in October 1996, and then in public on the pitch at a home match in January 1997. This was the first Equal Opportunities Policy to be adopted by a football club in this country, though others have followed suit since, having been referred to Northampton by the Football League or the Football Association.

This Working Party continues, and has achieved several other major projects, including running the first-ever County Conference on Anti-Racism in Football, involving the County FA and the local leagues as well as the professional clubs and interested agencies. In 1999, the Working Party commissioned a memorial at the ground to Walter Tull, the club's first black player (1911 – 14) and only the second black professional player in football history. This memorial is surrounded by a garden area where the ashes of those supporters who request it may be interred. This was officially dedicated in July 1999.

The Anti-Racism work at Northampton was also carried through into the Football in the Community Scheme, (also chaired by the Trust), which carried out a successful initiative for the Bangladeshi youth in the town in collaboration with the local Mosque and Muslim Community Centre; reaching out to a community who for various reasons had little contact with local football. Several adult members achieved FA coaching qualifications through the scheme, which has now become an autonomous part of local community life.

The Northampton example is quoted at length to show what can be done, and because there is no doubt that without the Trust, none of these things would have happened. Sad to say, these are not items which figure prominently on the agendas of traditional football club boards of directors, and it is up to Trusts to promote them, under their community benefit objects. Lack of resources is often quoted as an excuse for inaction by some clubs, but this reveals the low priority that they attach to the issue. Signing up to a policy is one thing, but action to deal with the problem is another.

For advice on anti-racism campaigning and action, please contact

Piara Powar at:
Kick It Out, Unit 3,
1-4 Christina Street,
London,
EC2A 4PA.

Tel: 020 7684 4884
Fax No: 020 7684 4885
Website address: <http://www.kickitout.org>

Shareholding, AGM and Board Strategies

2.7.1.

Acquiring a collective shareholding

2.7.1.1

PLC share schemes

For those clubs that are listed on one or other of the Stock Exchanges – see the box on the next page – it is at least a fairly simple matter for supporters, or a Supporters' Trust, to acquire shares in the club. Also, it is most likely the case that individual supporters will already own shares in the club.

The first thing your Trust may wish to do, therefore, is get a copy of the company share register. Every company must have a share register and it is the responsibility of the company secretary to ensure that it is kept up to date. Any shareholder is legally entitled to inspect the register without charge. Shareholders are also entitled to request a copy of the register. The club is required to produce this within 10 days of receiving the instruction.

Inspecting the share register should give you some idea of what proportion of shares are currently in the hands of supporters. It will also enable you to write to all shareholders, letting them know of the Trust, and urging them to join. A comprehensive guide to identifying and tracing existing shareholders at your club can be found in **Appendix 13** of this Handbook.

As for purchasing shares, this can be done by the Trust to be owned by the Trust, or it could be done by the Trust on behalf of its members, with those members maintaining their ownership of the shares, even if the shares are held in a collective account until such time as anyone withdraws their shares. The advantage of holding the shares collectively is of course that they can then be voted collectively.

Shareholders United at Manchester United has a monthly share-buying scheme. Trust members take out monthly standing orders for £10 a month upwards. Each month a single purchase of shares is made on behalf of the several hundred members who have signed up for the scheme, amounting currently to around £10,000 worth of shares a month. These are then held on behalf of the individual members, within a single account, administered by Manchester United PLCs stockbrokers. It would be equally possible to run such a scheme through any stockbroker.

Further details are available from <http://www.shareholdersunited.org>

London Stock Exchange (LSE)	Alternative Investment Market (AIM)	OFEX (A way of trading shares without being on the full market)
Aston Villa	Aberdeen	Arsenal
Celtic*	Birmingham City	Bradford
Leeds Sporting (Leeds United)	Charlton Athletic	Gillingham
Heart of Midlothian	Chelsea Village	Manchester City
Leicester City	Nottingham Forest	Rangers
Manchester United	Preston North End	
Millwall Holdings	Watford	
Newcastle United	West Bromwich Albion	
Sheffield United		
Southampton Leisure		
Sunderland		
Tottenham Hotspur		

* Celtic shares were listed on AIM until September 1998

The definition of a transfer for the purpose of this section is where one shareholder wishes to pass their holding in the football club to another person or organisation for no payment. This is clearly useful for Supporters' Trusts seeking to acquire a collective shareholding.

Essentially this is not a complicated process, although there are one or two technicalities to be aware of. A shareholder should have a valid share certificate *in their possession* before starting the transfer process. If the shareholder holds the certificate electronically with a stockbroker they will most likely understand how to enact the transfer themselves. However their broker will be able to advise them if there is any doubt. There is also a different procedure for Public and Private companies, as described below.

Public companies (PLC)

Certificated (paper) shares in a publicly quoted company can be transferred simply by using a "Stock Transfer Form" which is available from stockbrokers, company registrars, and legal stationers. They should also be available online, and many online stockbrokers will have this form on their site in downloadable form. Electronically held shares are simple to transfer, and the broker will act on their client's instructions.

Paper certificates

Assuming the shares are held in certificate form the process is simple. The shareholder fills in the Stock Transfer Form and sends this along with the certificate to the Registrar. The Registrar will alter their records accordingly and issue a new certificate to the new owner, i.e. the Supporters' Trust.

Lost certificates

If the shareholder has lost their certificate they will need to apply for a "Letter of Indemnity" and receive a new certificate before starting the transfer process. There will normally be a charge for acquiring a new certificate, but this will be explained by the Registrar.

Electronic holdings (Nominee or CREST accounts)

If the shareholder who is initiating the transfer holds the stock in electronic form (rather than having an actual share certificate) they will need to speak to their stockbroker about the transfer process. It should be very straightforward and the broker will handle the transfer on instruction from the shareholder.

Receiving the shares

The above advice has been given on the assumption that the Trust will receive shares in paper form. If the Trust has its own Nominee or CREST account in order to hold shares electronically they should consult their own broker to ensure the transfer goes smoothly and to give the correct guidance to the shareholder who is transferring the shares.

Timing

A paper-to-paper transfer should take between two and four weeks. Any longer than this and the Registrars will need to be contacted. Any transfer involving an electronic account should take less than two weeks, and a transfer between two electronic accounts could be done in a matter of days.

Hints and advice

Be aware that the Stock Transfer form is double-sided and will need to be completed in full. The form must be signed and the certificate enclosed.

PLCs will normally employ a separate company to act as the Registrar of their share list, therefore the transfer will be with the Registrar rather than the PLC itself. The registrar's name should appear on the share certificate but it is subject to change over time. In order to get the correct registrar either telephone the company, a friendly stockbroking office or search online at

one of the many financial websites. The name of the registrar will normally be listed under the basic company information on these sites.

At the time of writing the three main registrars are Lloyds TSB, Computershare and Capita IRG. They each have multiple offices and each office handles different companies. Therefore before speaking about a particular transfer, ensure you are speaking to the right office.

As the transfer is going to an unconnected third party there may be a charge made in respect of stamp duty, although the actual transfer is free. This is something to check with the registrar before going ahead with the transfer.

Private companies (Ltd.)

Private companies are more like Industrial & Provident Societies, in that the Secretary deals with the share register and therefore share transfers. There is no stock market for shares in these companies and they generally cannot advertise their shares for sale.

The transfer of shares is dictated by the Articles of Association of the company. Therefore the starting point of any transfer is either a quick read of the latest set of Articles or a conversation with the Company Secretary.

There may be clauses in the Articles that allow the present directors to look for a buyer for any shares or to have the power to stop any transfer. Therefore in order to know what rights a shareholder has, it is essential to consult the Articles.

If transfers can be completed they will need to be initiated by the shareholder and executed through the company secretary. It may be that the company has a standard form for this, which would make it easier for the Trust to co-ordinate a large amount of transfers at once. If not it may be worthwhile creating a form with all the essential details on it and working with the company secretary to ensure they will accept transfers on this form.

The vast majority of transfers will involve paper certificates, so shareholders should ensure they have these before trying to transfer them. If the certificate is lost then the company may charge a fee for issuing a new one.

Remember that the share register will prove who owns shares and how many they own. This document is available on request, as mentioned in the previous section.

The length of time to complete the transfer is variable. However the company secretary should not create unnecessary delays in carrying this task out. Unless the Articles state a period of time before the process is started, we would suggest that one month is ample time for the whole process to be completed.

2.7.1.3

New share issues

Most companies issue share capital in order to start their business. Football clubs may issue new shares as a means to raise money. The main concerns for Trusts will be when clubs issue new shares in this way.

The rules and regulations and therefore the consequences are different for Public and Private companies.

Public companies (PLC)

When a company initially offers its shares to the public and seeks a stock market listing it is called an Initial Public Offering (IPO), or flotation. The company will publish a prospectus to describe the business and what it is intending to do with the money it raises.

Subsequently the company may seek to bring in more money (capital) in order to expand the business, buy another business or asset, or to help lower other debts. The company cannot however keep raising money without regard to the rights of the current shareholders, or indeed without their authority.

In order to raise more finance a public company must pass a special resolution. This gives the present shareholders an opportunity to vote on whether they are happy for a further issue of shares to go ahead.

Should the resolution be passed the money will typically be raised through a "rights issue" although sometimes it will be done with a "placing".

Rights issue

A rights issue is where the company tries to raise more money by offering existing shareholders the chance to buy more shares. They are typically offered at a significant discount to existing shares, therefore the price of shares often falls on the announcement of a rights issue.

Shareholders can opt to buy the new shares in order to retain the same percentage ownership in the company. Alternatively they can trade their rights (the chance to buy the new shares) to someone else via the stock market, buy some shares and sell some rights, or they can do nothing at all.

Without going into the consequences of each strategy, it is enough simply to state that if the shareholder does NOT take up their rights then their percentage ownership of the company will reduce.

The company offers these new shares at a discount as an incentive to current shareholders to buy them. This does not necessarily mean it is a good deal, as the price will stabilise to reflect the new, cheaper shares once they are in circulation.

Placing

Rather than seeking applications from the public for shares, the broker or issuing house looks for clients, such as wealthy individuals and financial institutions, who are willing to buy large numbers of the new shares at a fixed price.

If the company plans to issue new shares as a placing it needs to get the authority of its shareholders to allow it to do so. If they agree to waive their pre-emption rights (the right to buy new shares in proportion to their current shareholding), then the company may go ahead with a placing.

Private companies (Ltd.)

The new issue of shares in a private company is determined by the Articles of Association and may be subject to similar pre-emption rights. In other words existing shareholders may have the right to maintain their shareholding in any new issue of shares.

There may be an opportunity for the shareholders to waive their pre-emption rights by voting on a resolution that would clear the way for shares to be taken up disproportionately to the existing shareholding.

It can often be the case that resolutions on the issue of new shares or the waiving of pre-emption rights can have a time-dated element to them. For instance a resolution could be passed that would allow the company the right to issue more shares at any time within the next five years. At the end of this period the rules revert to those contained in the Articles of Association and the directors would have to seek authority, by way of a resolution, in order to issue more shares.

It should also be noted that as private companies cannot advertise their shares for purchase by the general public it is generally current shareholders who buy up new shares. This can lead to individuals concentrating their control over time, unless information on new issues is disseminated by word of mouth. This would be especially true where pre-emption rights had been waived.

Costs of issuing new shares

While it may seem straightforward for both public and private companies to issue new stock, in reality it can be a costly business. Therefore not every pound raised in such a venture will end up in the bank.

Advisors will have to be paid, there may be an underwriting fee to consider - especially for public companies - and ultimately there are the costs associated with administering the whole process. Therefore companies are unlikely to go through the process unless there is a real need for the capital injection.

Unfortunately, given the different sizes and company types of football clubs it is difficult to quote the rough cost of issuing new shares, although a rights issue aimed at raising £2million may see around 4% of the money raised being taken up in costs. This percentage would most likely reduce for larger issues.

However, rights issues are still a cheap way for public companies to raise additional finance as they avoid many of the costs associated with a brand new issue of shares, such as a prospectus, press advertising, and large underwriting fees. It is also worth remembering that the ability of existing shareholders to trade their rights on to others without buying the new shares also makes this attractive to both the company and many investors.

In reality private companies will rarely use a rights issue for this same reason. As there is no public market for private shares the investor would get little value from a rights issue and the company may be left with a significant amount of unsold shares.

2.7.1.4

Proxy voting

Article 372 (1) of the *Companies Act* outlines the legal right to proxy vote on behalf of shareholders in a company:

- 'Any member of a company entitled to attend and vote at a meeting of it is entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him; and in the case of a private company a proxy appointed to attend and vote instead of a member also has the right to speak at the meeting.'

Proxy voting is potentially a very important activity at football clubs where significant numbers of supporters hold individual shareholdings in the football club. This is because one of the primary objectives of a Supporters' Trust is to act as a vehicle of the collective will of the supporters of the club through mobilising shareholder power. This can be achieved by:

- The Trust buying shares in the club in its own name on behalf of supporters.
- The Trust seeking to act as a proxy voter for individual shareholders.

The latter can be achieved at a PLC in two ways.

- By using the proxy voting form, which all PLCs must produce for their AGM, listing the agenda of business.
- The Trust can produce their own proxy voting forms whereby Trust members who are shareholders in the club automatically transfer their proxies to the Trust by virtue of membership of the Trust (see the box on the Watford Supporters' Trust on the next page).

In the case of the former, shareholders simply score out the phrase 'Chairman of the Meeting', to whom the proxy is typically allocated to, and insert below in the space provided the words 'The [name] Supporters' Trust'. The standard allocation by PLCs of the proxy voting rights to the company chairman demonstrates the fact that there is nothing exceptional about the use of proxy voting. It is an entirely routine procedure. What is not typical is where shareholder groups other than the chairman of the company, in this case Supporters' Trusts, seek to take on the role of proxy. But while not typical, it is an entirely legal and legitimate activity.

Having allocated their proxy to the Trust, the shareholder then simply posts the completed form to the football club's share registrar. By doing this, the shareholder is making the Supporters' Trust their proxy voter rather than the chairman of the PLC. The shareholder can either leave the voting intention boxes blank for completion by the Trust in line with Trust policy previously established by a postal ballot, or complete them, thus compelling the Trust to vote in a particular manner. Though clearly if the Trust member asked for the Trust to vote in a manner contrary to established Trust policy, this would run contrary to the spirit of Trust membership. However, there is nothing to stop a member doing this, unless the Trust rules forbid it.

In the case where the Trust produces its own proxy voting form, the proxy voting rights are automatically wielded by the Trust representative at the AGM in line with Trust policy. It should be obvious in this case that it is therefore vital that the Trust achieves a democratic mandate from its members for its voting decisions at the company AGM via a ballot of its members.

WATFORD SUPPORTERS LIMITED

(hereafter referred to as "WATFORD SUPPORTERS' TRUST")

I / We (name(s) in full).....

Of

Being (a) member(s) of Watford Leisure PLC, hereby appoint a proxy to vote on my/our behalf at any Annual General Meeting or Extraordinary General Meeting, or any adjournment of such meetings. This proxy shall relate to any meetings held within one year from today.

My / Our proxy shall be a duly authorised representative of Watford Supporters' Trust.

I/We authorise the above proxy to vote on all resolutions, or on any other matter

Properly coming before the meeting, in accordance with the objectives and policies of Watford Supporters' Trust.

Signature

Date

The Chairman of the Watford Supporters' Trust, Harry Rowson, says:

"In order to represent the supporters' views to the club, the Trust needs as many shareholder votes as possible. Giving the Trust a proxy over one's votes goes a long way in helping to achieve this. Even the smallest shareholdings, when grouped together, can exert influence on the future of the club on behalf of fans.

At the club's Annual General Meeting in December 2002, the Trust had available approximately 18 million votes from 430 members who had granted proxies. This ensured that with the exception of those directors present, the Watford Supporters' Trust held the largest vote at that meeting."

Granting a proxy vote to the Trust does not affect the ownership of shares. Shareholders continue to own their shares, and receive any dividends or any benefits associated with share ownership. Voting rites do not equate to ownership of the shares.

There is a real potential for shareholder activism by Supporters' Trusts to improve the quality of the management of their clubs by holding them to proper account and enforcing best practice standards of corporate governance. This is particularly the case given that many company secretaries of football companies are not meeting best practice guidelines, or in some cases even basic statutory requirements, as they relate to the facilitation of the exercise of shareholder rights. How these rights can be utilised is the subject of this section, which specifically addresses:

- Using the football club AGM as a forum for soliciting information from the club directors.
- Raising independent resolutions at your club AGM.

This draws on various best practice documents to illustrate how Trusts can achieve this. Notably this section draws on the Stock Exchange's Committee on Corporate Governance *Combined Code on Corporate Governance* (or CCCG; see section 3.3 later in this Handbook), and in the Institute of Chartered Secretaries & Administrators' (ICSA) *Guide to Best Practice for Annual General Meetings* (1998). The former is the key benchmarking document for evaluating standards of corporate governance at Stock Exchange quoted companies. At the end of April 2003 eighteen English clubs and four Scottish clubs had Stock Exchange quotations. In any case most of the *Combined Code* recommendations could equally be applied to private companies, which would cover the rest of Britain's football clubs.

The company AGM

Timing

A key forum for the exercise of shareholder rights is the company Annual General Meeting (AGM). Section 366 of the *Companies Act* requires all public companies to hold such a meeting. *Pensions & Investment Research Consultants* highlight three reasons why the company AGM is a key forum for exercising good corporate governance:

- It is vital that shareholders have a formal means to hold company boards to account for the stewardship of the company's businesses.
- The AGM should also enable shareholders to make representations on a range of governance matters for discussion and approval by their fellow owners.
- It should be seen as a democratic mechanism for a company board to secure a shareholder mandate for key policy proposals and practical matters on the way the company is governed.

(From PIRC (2000) *The AGM: A Focus for Shareholder Involvement – PIRC's response to the consultation document from the Company Law Review Steering Group on Company General Meetings and Shareholder Communication*. London: Pensions Investment Research Consultants).

All shareholders have a right to attend their company's AGM. Indeed, the board have a duty to make the AGM accessible. This is made clear both in the Stock Exchange's CCCG, and in the ICSA *Guide*.

If a Stock Exchange listed PLC fails to comply with any aspect of the *Combined Code* then they must report this in their Annual Report. Such lapses should be a legitimate source of questioning of club directors by Supporters' Trust representatives seeking to improve the standards of corporate governance at their club.

In the case of football companies, where there are large numbers of supporters who are small shareholders likely to be at their workplace during normal working hours, it is clearly not convenient to hold the company AGM other than at weekends or in the evenings. For clubs to hold their company AGMs during working hours clearly discriminates against small shareholders and makes it more difficult to exercise their rights. Supporters' Trusts should lobby their clubs to hold the company AGM at a convenient time. That this can be achieved even at the biggest clubs is illustrated in the case of Celtic PLC. Following the putting down of an independent

resolution to the 2001 AGM (see below) by the Celtic Trust requesting that future AGMs be held on a Saturday, Celtic moved their AGM to a Saturday in response.

Similarly, Shareholders United at Manchester United submitted a resolution to this effect for the 2000 AGM. They were persuaded by the board to withdraw their resolution on the grounds that this and the other matters contained within the resolution could be resolved through discussion. However, the board subsequently responded that they would not move the AGM to a weekend, as the institutional investors would not like it. This was despite the fact that many institutional investors do not attend the AGM as Manchester United PLC chooses to brief them privately.

Location

As important as timing in running an effective AGM is the issue of location. An obvious convenient location is the football club ground, and indeed this is typically the main venue for football company AGMs - though this is not always the case. For example, in December 2000 Newcastle United PLC held their AGM in the City of London early in the morning. The board argued that this was to make it easier for institutional investors to attend the meeting. Supporter groups argued that the real motive was to make it more difficult for large numbers of shareholding supporters to attend the meeting. Previous AGMs had witnessed hundreds of shareholding supporters in attendance, many of whom had raised difficult questions for the board of the PLC. A group of independent Newcastle United shareholders in the process of forming a Supporters' Trust had also managed to have a resolution put on the AGM agenda paper calling on the PLC to support the establishment of a Supporters' Trust.

Supporters' Trusts should be arguing strongly for the company AGM to be held at a location easily accessible to the majority of supporter-shareholders.

Duration of the AGM

A key purpose of the AGM is the exchange of information between directors and shareholders. In order for this to happen the AGM must have the format of a proper working meeting, with a reasonable amount of time set aside for questions and discussion. At far too many football clubs the AGM has degenerated over time into a simple 15-minute formal review of business held solely to meet the legal requirements of the *Companies Act*.

Supporters' Trusts should lobby aggressively for the AGM to be a proper working meeting where shareholders have ample opportunity to raise issues of concern. Conversely, for progressive administrative managers of clubs, the AGM offers an ideal opportunity to communicate to shareholding supporters the previous year's achievements and plans for the future. Club directors should be encouraged to view the AGM in this positive way, as an opportunity to build trust and support with shareholders and fans, and not just as a legal obligation to be dispensed with in the minimum time.

Access by the press

In the spirit of openness, clubs should be encouraged to invite the press, particularly locally-based media, to the company AGM. This has the added benefit for Trusts in that their work on behalf of the broader supporter base then gets a wider audience in the local area when the proceedings are reported. This is an example of how Supporters' Trusts can learn from the campaigning activities of environmental campaigners. The latter routinely buy small batches of shares in large companies, which allows them to attend the AGM. They can then use this platform to address questions to the company management in the expectation that this will then be reported to a wider audience by the press. Given that much of the business of an AGM is often routine and uneventful, or will already have been disclosed to the media in the company Annual Report, the company AGM offers one of the few occasions where the press will be pre-disposed to listening to and reporting the Trust agenda. This is because it will typically be the most newsworthy aspect of the proceedings.

A formal presentation by the board of the football club and questions from the floor

A key indicator of the effectiveness of any AGM as a vehicle for communicating information to shareholders is whether or not a formal presentation is made by the board directors on key issues. Football supporters have rightly complained about the secretive approach of many, if not the vast majority of, club directors to disclosing information to supporters. One of the 'Principles of Good Governance' outlined in the *Combined Code* is 'Constructive Use of the AGM':

- 'Boards should use the AGM to communicate with private investors and encourage their participation'

Similarly the ICSA state that:

- 'We attach great importance to boards maintaining an active and constructive shareholder communications policy, both by following the minimum requirements of the *Companies Act* 1985 and by voluntarily maintaining principles of best practice in the handling of shareholder affairs. *It is best practice* for all boards to provide adequate time for shareholder questions at AGMs. Although there is no right under the *Companies Act* (1985) for shareholders to raise questions at the AGM, they do have a right at common law to debate matters, which are the business of the meeting. It is through that route that shareholders normally raise questions with the management.' (*Emphasis in original*).

Evidence from surveys conducted by the Birkbeck Football Governance Research Centre for their Research Paper 2001/02 for Supporters Direct, *The State of the Game: The Corporate Governance of Football Clubs 2001* indicates that most supporter groups are not availing themselves of the opportunity to raise their concerns via a question at the AGM. This may be because they do not yet own any shares. Purchasing even a token number of shares should be a top priority for a Supporters' Trust, as ownership will convey the all-important right to ask questions in a public forum.

Obviously, choosing a focused and clearly expressed question is important. One of the difficulties experienced by representatives of Trusts at the AGMs of major football PLCs such as Celtic and Manchester United is where the debate degenerates into general, and often emotional, discussion on team-related issues such as the merits of the transfer policy, or even of team selection. Clearly, where the team manager is present at the AGM, to some extent such questions are inevitable. Yet these questions might be more appropriately dealt with at a fans' forum. The company AGM is really not the appropriate forum for such issues; its purpose relates to the financial and administrative performance of the company. Where such questions dominate, the net result is that the directors are put under very little pressure to explain the company's policy on more fundamental issues – such as the financial management of the club, ticketing policy etc. – and are effectively let 'off the hook'. Supporters' Trust representatives need to remember that they will often be dealing with quite skilled public speakers, who are well versed in public relations, and in deflecting criticism in particular. Questions asked need to be topical, tightly focused and clearly expressed. Many Trust representatives feel that questions by shareholders are treated dismissively by football club directors. Again, the most effective way to counter this is to keep all questions as tightly focused as possible.

2.7.2.1

Submitting resolutions to a PLC AGM

Independent shareholder resolutions

Where supporters feel that general questions at the AGM are likely to be ignored, it is possible for them to put their question on a more formal basis. This can be achieved by raising an independent resolution on a topic of particular interest for inclusion on the agenda of the football club AGM.

Basic requirements for raising a resolution

A resolution is an agreement or decision made by the directors or members (shareholders) of a company. In order for the resolution to become binding on the directors and shareholders, it must first be considered as a resolution at a general meeting of the company and affirmed by a vote of shareholders. The process by which a resolution is submitted to a company AGM is governed by Section 376 of the *Companies Act 1985*. The Act applies equally to private limited companies and Stock Exchange quoted companies. Before laying out the key tasks to be carried out when seeking to submit a resolution, it is useful to first outline the key elements addressed in Section 376:

- A company has a duty to give to members of the company entitled to receive notice of the next AGM (e.g. all shareholders) notice of any resolution which may be properly moved.
- The number of members (shareholders) necessary for such a requisition is either not less than 100 members (holding shares in the company in which there has been paid up an average sum, per member, of not less than £100), or any number representing not less than one twentieth of the total voting rights of all the members.
- A company is not bound to give notice of a resolution or to circulate a statement unless:
 - i) A copy of the requisition signed by the requisitionists (by at least 100 shareholders) is deposited at the registered office of the company.
 - ii) This must be done not less than six weeks before the meeting if it is the AGM (different rules apply to EGMs).
 - iii) There is deposited with the requisition a sum reasonably sufficient to meet the cost of expenses and giving effect to it.

This means that a company can charge for the circulation of a resolution and its statement, but this would be highly unusual. Certainly in the cases of the resolutions requisitioned by Shareholders United at the Manchester United PLC AGMs in 1999 and 2002 and the Newcastle United Supporters' Trust at the Newcastle United PLC AGM in December 2000, no charge was made. Celtic did make a charge of £250 when the Celtic Trust submitted four resolutions in 2001 (see below), but a club seeking to be obstructive could in theory attempt to levy a much higher charge for the cost. This would, however, be generally regarded as extremely bad practice. Certainly if any supporters' group is threatened with this they should consult Supporters Direct for advice.

Resolutions proposed at the 2001 Celtic PLC Annual General Meeting by the Celtic Trust pursuant to Section 376 *Companies Act 1985*

Resolution 11 requests that the Company instigate a programme of consultation with supporters' organisations, including quarterly meetings between board members and representatives of the Celtic Trust.

Resolution 12 requests the directors to set up a consultation process to facilitate the appointment to the board of a representative of supporters/small shareholders.

Resolution 13 requests all future general meetings of the Company called by the board are held on a Saturday or a Sunday at Celtic Park, Glasgow.

Resolution 14 requests the directors to carry out a consultation exercise with supporters' organisations on the design of all future Celtic first team playing strips prior to their introduction.

Exercising your rights as shareholders to requisition a resolution can be an important tool through which to enhance standards of corporate governance at your club. Two good examples of this occurred at Manchester United and Sheffield Wednesday. Shareholders United put down a resolution to the 1999 Manchester United PLC AGM asking the PLC to establish a dividend re-investment scheme. The PLC subsequently introduced the scheme. In 1998, with the club in financial crisis, a Sheffield Wednesday Shareholders Association was formed. Tolerated very reluctantly at first, the group tabled a motion of no confidence in the then board of directors at an extraordinary general meeting (EGM). This proved the catalyst for a number

of changes at the club, including the introduction of new shareholders and board members, and the formation of a Supporters' Trust — The Owls Trust — which now holds an approximately 8 per cent shareholding in the club.

Nevertheless, when deciding to submit a resolution, it is important to be aware that boards of directors tend to regard this as a direct challenge to their judgement and authority. However, there is no excuse for this negative attitude from the board. As *Pensions and Investment Research Consultants* observe:

- '...shareholder resolutions are an integral part of the corporate governance process. They enable shareholders to take the initiative on issues which directors may be unwilling to address or where directors may face a conflict of interest...
- ...shareholder resolutions provide shareholders with a mechanism through which they can address other members of the company, and they allow shareholders to focus on a particular area of concern without the wholesale challenge of voting against directors or selling their shares...
- ...PIRC does not view shareholder resolutions as a no-confidence vote in the board (unless that is specified) but judges them on the merits of the specific issue addressed...
- ...we consider that the current regulations on the requisitioning of resolutions are unnecessarily burdensome, and therefore in general support resolutions which seek to waive imposition of costs on requisitionists'.

(From PIRC (March 2001). *PIRC's Shareholder Voting Guidelines 2001*. London: Pensions & Investment Research Consultants).

Submitting a resolution – the importance of obtaining a copy of the company share register

As outlined above, a Supporters' Trust wishing to submit a resolution will require the support of at least 100 shareholders, or 5% of the total voting rights. A Trust should therefore:

- Ascertain how many of its members are shareholders in the football club company in their own right. The most effective way to do this is to have a section on the Trust membership application form requesting this information.
- Secure a copy of the share register of the company that owns the football club.

It is important to note that any shares held in common by the Trust will count as only one shareholding. Similarly, it is important to note that those who hold their shares in a nominee account at a stockbrokers, for ease of sale purposes, not only give up the voting rights associated with these shares as they pass to the nominee account holder, but also give up the right to requisition a resolution.

Section 356.1 of the *Companies Act* stipulates that all companies must keep a register of shareholders names that 'shall during business hours [section 356.2 stipulates that this should be for a period of at least two hours] be open to the inspection of any member [shareholder] of the company without charge, and of any other person on payment of the appropriate charge.' Sections 356.3 and 356.4 stipulate that any shareholder must be sent a copy of the register within 10 days of request. However, companies may charge up to the statutory rate for sending out a copy (currently £2.50 for the first 100 entries, £20 for the next 1000 entries and £15 for every subsequent 1000).

In other words, the *Companies Act* clearly states that shareholders have a clear right to see a copy of the shareholders' register. This is not a privilege but a right of any shareholder. Obtaining a copy of the shareholders' register should be a top priority for all Supporters' Trusts, not just in circumstances where they wish to raise an independent resolution. The shareholders' register will reveal who the true owners of the club are. In many cases those who purport to control the club may not even have a majority shareholding, but are able to exercise effective control by virtue of the fact that other shareholders are unaware of their own holding, or unaware of the existence of other shareholders. One of the benefits of the Supporters' Trust raising an independent resolution is that it provides a vehicle to mobilise wider shareholder interest in rejuvenating the club. At many clubs it is not unusual for shares to have been unused for years without the owners being aware that they are indeed shareholders, the original owner

having long since died. Details on attempting to trace and acquire these potential 'lost shares' in your club can be found in **Appendix 13**.

Supporters' Trust representatives should not be put off by claims that they are not entitled to such information. Often the reason for such disinformation simply reflects the significant confusion that exists in many football companies regarding their wider responsibilities to minority shareholders. For example, in the case of Everton FC, in 1999 a group of shareholders was involved in an attempt to force an extraordinary general meeting (EGM). But for some time they were stymied in exercising their perfectly legal rights by the club, in part because key administrative figures in the company appeared confused about their obligations to minority shareholders.

Drafting and submitting the resolution

Given the negative attitude of most boards to resolutions from supporters, it is vital that the resolution requisition form is drafted correctly and that Trust members complete the forms in the correct manner.

Those signing the form need to provide five key pieces of information on it:

1. Name: it is helpful that the name listed is exactly as on the football company register - a common error is to list a middle name on the share register but not on the requisition form.
2. Address: the address on the requisition form needs to be the same as on the share register.
3. Number of shares held.
4. Signature.
5. Date of signing.

Provided these forms are submitted in their proper form and in good time, the club should circulate the resolution to all shareholders prior to the AGM. It is possible that the club secretary will raise some objection to the wording of the resolution. In some cases there may be a legitimate objection, although in other cases such objections have been made quite wrongly. For example, in the case of Celtic PLC, when the Celtic Trust first submitted its resolutions it was initially argued by Celtic PLC's share registrars, Computershare, that the issues raised were not suitable for an AGM (see box on facing page). Following correspondence with the Celtic Trust's legal representatives, both Celtic and Computershare agreed to accept the resolutions as valid. This illustrates the value in having effective legal advice and representation when submitting independent resolutions. In this regard it is important to note the rights enshrined in the *Companies Act* cannot be overturned by items included in a company's Memorandum & Articles. *Companies Act* provisions take precedent. This is stipulated in Section 376 of the 1985 Companies Act, clause 376 (6), which reads as follows:

- 'The business which may be dealt with at an annual general meeting includes any resolution of which notice is given in accordance with this section; and for purposes of this subsection notice is deemed to have been so given notwithstanding the accidental omission, in giving it, of one or more members. This has effect notwithstanding anything in the company's articles.'

It is clearly best to get the wording of the resolutions agreed with the company secretary before embarking on the collection of signatures. If you feel that the club is being obstructive then please feel free to consult Supporters Direct for legal or other advice, whether on the wording of resolutions or any other aspect. One aim of Supporters' Trusts, and indeed of Supporters Direct, is to achieve representation on club boards through elected directors. This may therefore be an appropriate subject for a resolution to the AGM.

Calling for a poll

It is also important to note that while the resolutions may appear on the AGM agenda paper this is not a guarantee that a vote will be called. A poll needs to be formally called, as outlined by Article 373 of the *Companies Act*. This can be called by any five shareholders (in the case of Celtic the secretary of the Trust was able to call for a poll as the proxy representative of more than five shareholders); or by a shareholder representing not less than one tenth of the total voting rights of all the shareholders having the right to vote at the meeting.

Typically the final poll will show a large majority in favour of the directors of the company, as they will be able to draw on the support of major shareholders. However, as in the case of Celtic, and at Aston Villa in 2000, the Trust can win the hand vote at the meeting that normally precedes the formal poll. In terms of gaining positive publicity for the Trust, this can be very helpful as it demonstrates that the Trust is able to win the support of those present at the AGM and able to hear the respective arguments for and against the resolutions.

The Celtic Trust resolution-raising process at the 2001 Celtic PLC AGM

An example of how the independent resolution-raising process and associated proxy voting process can be used by a Trust to exercise some influence over its club's policy making process is provided by the Celtic Trust at the 2001 Celtic PLC AGM. The Celtic Trust was the first Supporters' Trust incorporated as an Industrial & Provident Society to utilise this process.

From its establishment the Celtic Trust had sought to establish a positive working relationship with the board of Celtic PLC. However, the initial response of the Celtic board was hostile. Apart from one brief meeting with PLC Chairman Brian Quinn prior to the September 2000 PLC AGM, the company essentially ignored the Trust.

In March 2001 the Trust took the decision to submit a number of resolutions to the Celtic PLC AGM. The motives of the Trust were as follows. The AGM is a public occasion; the agenda for which would have to be communicated to all 18,000 shareholders. It thus offered an ideal opportunity for the Trust to communicate its manifesto to the wider Celtic shareholder body. Secondly, the AGM is the ultimate source of authority of the company. As such it offered the opportunity for the Trust to hold the directors of Celtic accountable on key issues of concern for Trust members. Thirdly it offered the opportunity to open up a line of communication with the board of the PLC.

The four resolution topics emerged from the process outlined overleaf (see box above for details of the resolutions):

- **March 2001** – a meeting was held of Trust members to agree resolutions.
- **May 2001** – resolutions were submitted to Trust members in a postal ballot.
- **June 2001** – members were asked to complete a resolution requisition form.
- **June 2001** – initially personnel at Celtic PLCs registrar Computershare argued that the resolutions were of a nature that could only be discussed at an Extraordinary General Meeting (EGM). However, following correspondence with solicitors representing the Celtic Trust, both Celtic PLC and Computershare accepted that the resolutions proposed by the Trust were valid business for the AGM.
- **Late July 2001** – completed requisition forms were submitted.
- **Early August 2001** – Celtic PLCs company secretary wrote to the Trust secretary confirming that the resolutions were accepted as properly raised and were placed on the PLC AGM agenda.
- **Mid-August 2001** – Celtic PLC posted to all shareholders its Annual Report & Accounts, the AGM agenda paper, and a supporting statement recommending that shareholders should vote against the Celtic Trust's resolutions. The Celtic Trust was unable to include its own supporting statement for fear of incurring significant cost.
- **Late August** – the Celtic Trust wrote to members explaining the mechanics of transferring their proxy votes to the Trust.
- **Late August** – the Trust secretary wrote to the PLC company secretary advising who would be voting the proxies of Trust members, and advised that he would be calling for a show of hands on the day of the AGM.
- **8th September** – the Celtic Trust AGM was addressed by Celtic PLC CEO Ian McLeod who urged the Trust to withdraw its resolutions. Trust members voted to withdraw Resolution 11 after Celtic PLC agreed to regular meetings, thus meeting the substance of the resolution.
- **15th September** - the Celtic PLC AGM. The meeting was dominated by a debate on the three outstanding Trust resolutions. The Trust achieved an average vote of 677,000 or approximately 3.3 per cent of the shares cast (although a majority of shareholders present on the day backed the Trust's resolutions).

As a result of submitting these resolutions Celtic PLC has established quarterly meetings with the Trust and a generally cordial channel of communication and discussion has been established.

Conclusion

Company law confers on shareholders certain clearly defined rights. Up to now football supporters have tended to be unaware of the potential influence that the exercise of these rights can offer. However, this influence is potentially very significant if supporters are prepared to pool their influence in a Trust structure. The club's AGM offers a real opportunity to bring this influence to bear in a very public way.

2.7.3

Strategies at a Private Limited Company football club AGM

In contrast with the highly structured and publicly accountable nature of PLC AGMs, you are likely to find a greater diversity and informality at the AGMs of Private Limited Companies. Nonetheless, there are rules that should be adhered to, and representatives of the Trust's shareholding should be there to ensure that they are. The first step is to obtain a copy of the club's Memorandum and Articles of Association, and to familiarize yourself with its provisions concerning AGMs.

At worst, a club may not have held an AGM for several years, and Annual Returns and Accounts may not have been submitted to Companies House. Although this constitutes a breach of Company Law (see **Appendix 13**), Companies House is not an effective regulator because of the many millions of companies registered in the UK, and low staffing levels.

Unlike PLCs, shares in Private Limited Companies are often not available for purchase, and can usually only be obtained with the board's approval. This means that the board, if they wish, can exclude individuals or groups from the AGM by denying them shares.

Also, it is not infrequent in the football industry for one person to hold over 75% of the shares, and therefore have ultimate control over all decisions. This does not, however, preclude Trusts who hold shares from using the AGM to ask important or awkward questions and insisting upon answers, as well as gaining publicity. This is covered in greater detail in the previous section of this Handbook.

Some private company football clubs have a policy of only notifying shareholders who hold more than a certain number of shares of the AGM. Cost of administration and postage is usually cited as the reason for doing this, but it can have the effect of excluding a large number of small shareholders who are entitled to be present, if they have missed the general advertisement in the small ads of the local paper. The Trust may therefore wish to publicise the AGM themselves if they want to ensure the maximum attendance of small shareholders, perhaps to back a resolution.

All shareholders are entitled to a copy of the Annual Report and Accounts. If the club operates a policy of restricted notification as described above, first ask the club for a copy. If you do not receive one, complain to Companies House and contact your Development Officer at Supporters Direct, who will download a copy and send it to you.

Lastly, encourage the local press to attend the AGM if there are any particular items or business for which the Trust wants publicity.

2.7.4

Negotiating board representation

The normal way of becoming a director of a football club that is a Private Limited Company is to invest in a shareholding, but many companies have people on the board for other expertise they have or particular skills they possess. At a football club, one such 'skill' is representing supporters' views. It is important to remember that you don't need to own a single share to be on the board of a football club, though it is the norm. Even so, at clubs with a majority shareholder, other directors may be business associates of that shareholder who don't

necessarily own shares themselves. However, when it comes to owning shares, as would apply to an individual or a Trust, there is usually an 'asking price'. Where an individual or controlling group owns a club, there is often a reluctance to dilute or share their power with others. This will, however, vary according to the financial health of the club concerned, or perhaps the individual or Trust.

In desperate times, a club or owner may be willing to make an advantageous offer to a Trust. Also, (but more rarely), the club may be far-sighted enough to see that there are advantages beyond the financial in bringing the fans "on board", and make an offer even when there is no immediate crisis.

Trusts with the ambition of boardroom representation should emphasise to the club the non-financial as well as financial advantages. These are many. The relationship between club and supporters changes from "us and them" to "we're all in this together". It makes fans less likely to blame the board for adversities, because of the element of partnership. Communication both ways is improved, and greater understanding among supporters of the constraints under which the board operates leads to fewer demands for increased expenditure to "buy" success. Issues of sustainability move up the agenda. Also, a reservoir of talent, goodwill and effort on a voluntary basis becomes available to the club, which can augment the limited professional resources the club may be able to afford.

When supporters are on the board, issues such as anti-racism, equal opportunities and access for the disabled can be highlighted more easily. The club can become a flagship for these issues within a high-profile industry, thus strengthening the bonds between the club and the whole community, not just the fans. This can lead to new partnerships with the Local Authority, to the benefit of both. At Northampton Town, a new council-built stadium was delivered on this basis. (See section 2.6.4 earlier for details).

The Trust can also provide a boost to the Football in the Community Scheme, both financially and in terms of voluntary personnel. At Luton, Swindon and Northampton among others, the benefits of this are already apparent. As for the financial and commercial benefits, gates tend to increase where Trusts are involved at boardroom level, and with them sales of merchandise increase proportionately. At Northampton, average gates have more than doubled since the Trust came in, even when results are poor. The Trust also brings an additional revenue stream through voluntary fundraising, which is incentivised and stimulated when shares are made available for purchase by the Trust.

It is therefore very much in the interests of the club to involve the Trust at shareholder and director level, whether or not it is in crisis. These arguments should be promoted both privately and publicly. As illustrated at Rotherham United, they can and do prevail even in what appeared unpromising territory. (See box in section 1.12 earlier in this Handbook).

There have been instances where an "associate" or "honorary" directorship has been offered to a Trust or supporters' club. These offers should be treated with caution, but not dismissed out of hand. In some instances, they prove a stepping-stone to a full directorship, but more often than not it is a token gesture designed to head off the demand for a proper position. It can create an invidious situation for the individual concerned, involving responsibility without power. Some have found that they are excluded from all or part of board meetings, and denied important information. They can be unjustly blamed by Trust members and other supporters if things go wrong, when they have had no power to effect change or influence decisions. This can be the worst of both worlds.

If such a position is offered, Trusts are advised to make sure that they know how and at what cost it can be converted into a full directorship later. If the club fail to answer this question, it is an indication that they may have no real intention of allowing the Trust a proper directorship, and might be indulging in tokenism.

Lastly, it is essential that a Trust director is democratically elected and not hand-picked by the club board. Clubs often raise the fear that an unsuitable, unrepresentative or indiscreet person could be elected by a “packed” meeting. This can be effectively answered in two ways: firstly, by always holding the election by postal ballot; and secondly, by restricting the candidacy to those who have already served the Trust as elected officers or committee members. For longer-established Trusts, a minimum time in an elected position, say two years, can be stipulated. But there is no substitute for democratic election, and the position of the director is weakened both in the eyes of the club and Trust members if they are simply “appointed”. If the club is reluctant for an election to be held, or to accept its results, the signs are that they are looking for a “yes-man” rather than an effective director.

Some of the arguments often used against having supporter directors are:

- Confidentiality – the club board discusses matters of great importance and commercial confidentiality, and can't trust an elected supporter director to honour this, as they report back to the people who elected them.

This argument is a common one, but the ways to respond include:

A Trust director is a legal director of the club, and is therefore bound by the same rules as every other director. The fact that they are elected is irrelevant in this regard. Whilst the members might demand certain information, it's up to the Trust to manage expectations of what is and isn't publicly available to members. As for the supporter director revealing confidential matters, there is no reason why they are any more likely to do this than an existing director. Supporter directors will only publicise information in the public domain. Other things, such as player wages, are subject to normal practice of confidentiality. If the club board doesn't buy that argument, Trusts have to campaign on the grounds that they are being treated like unruly children who can't be trusted, when the board makes far less stringent checks on wealthy individuals who might be invited to invest and join the board. Trusts need to press their professionalism and probity, and stress they are a serious organisation that could bring added value to the management of the club.

- The club can't allow specific stakeholders to be represented on the board, as legally, the board is there to represent all shareholders, not just fans or a small group of shareholders.

If that argument is taken to its logical conclusion, then no director would be allowed to have any shareholding. The key is a good balance on the board, between shareholders and non-shareholders, executive and non-executive, and so on. It is standard practice to ensure that companies have a balanced board to ensure decisions are made in the best possible interests of the company, rather than the interests of one group. Independent directors also bring the skills and experience from whatever walk of life they have operated in to the benefit of the club. In addition, the best interests of shareholders are served by a solvent company. That means more people coming into the club as customers. Arguably, a better dialogue between club and supporters could have this effect.

- The Trust doesn't have any shares, or doesn't own enough to justify board membership. Alternatively, the Trust hasn't put in as much money as other directors.

The arguments above suffice again here – Trusts not having a shareholding could be seen as a benefit, rather than hindrance. Or, Trusts can argue they represent the supporters, who contribute a significant proportion of the club's finances every year.

The two major objectives of a Supporters' Trust are to acquire, and thereafter maximise, a shareholding within the club, and to obtain elected representation on the club's board of directors. This may be a single directorship or may develop into a controlling interest in the club. This section is directed at those who have succeeded in getting at least one directorship.

The newly-elected board member will soon discover that every club situation is unique. The board may be under the total control of a single owner who has over 75 per cent of the shares. In a private limited company, this renders all other board members powerless other than through the goodwill of the owner, who is usually but not invariably the chairman. In these circumstances, board meetings may be infrequent, meaningless or both; but if the owner/chairman has the club at heart and has management skills, he or she will seek to involve other board members by a process of delegation of specific areas of responsibility. This creates a much healthier atmosphere than the arid dictatorship occasionally encountered.

Healthier still, in human terms if not financially, is the situation where no board member has a majority shareholding. This makes dialogue and consensus obligatory, and is likely to improve the quality of decision-making except where one rigid alliance holds control. In the more fluid situation, the newly-elected board member would be well advised to spend the first few weeks making and building positive and constructive relationships with fellow directors. This should include ascertaining their specific areas of interest and expertise, and establishing areas of common ground for future co-operation. One director may be particularly keen on youth development, another on commercial issues, and so on. The Supporters' Trust will have views on all areas of the club's life, and it is their representative's duty to express and promote these views within the board. At the same time, it needs to be remembered that the representative also has the duty to convey the views of the board to the supporters, and thereby promote two-way communication. The representative must earn respect and credibility both within the Trust and within the board, if he or she is to function effectively; and this requires interpersonal skills as well as knowledge, commitment and expertise. You must be a good listener as well as a talker, and give due weight to views other than your own.

So far we have used the word 'representative', and it is important to observe the distinction between representative and delegate. A delegate, at worst, is a mere mouthpiece for the views of others. A Company Director should never be only that, because he or she has a legal duty to use their judgment to promote whatever is best for the company. Also, a mere mouthpiece is never likely to earn or acquire the respect of fellow directors, and hence become effective. Sometimes it will be necessary to stick to a principle even at the cost of personal popularity, whether with the other directors or with Trust members. But short-term unpopularity can become long-term respect if the representative makes sure to explain and justify the stance adopted in terms of its benefit to the football club. Populism is not enough.

In the long term, this turns out to be a process of mutual education for the board and the fans, dismantling the shallow and easy prejudices which each may have had for each other when there was no proper process of communication. Boardroom snobbery should be an early casualty of this process, though this depends on the intelligence and calibre of other directors. Equally, supporters should be given the opportunity in regular open meetings to learn in detail about the constraints under which the board operates. Fans may wish to see the team improved, but not at the cost of the club's solvency and stability. A board and supporter body educated in this way will find it much easier to work in constructive partnership than before.

An elected director will, of course, find it easier to operate effectively if he or she has a colleague who can be relied upon to second any proposition. The lone elected director will have to forge a variety of alliances with others on particular subjects if the views of the Trust are to be taken on board by the club.

It is above all essential that an elected director never forgets where he or she has come from. The oft-repeated story of the director seduced by boardroom status and privileges is unfortunately true in some cases. To avoid this happening - or appearing to happen - it is essential that an elected director holds regular open meetings with the fans. Also, especially on matchdays, it is crucial for the director to balance time spent with fellow directors and with supporters, before, during and after the game. Matchday behaviour is highly visible, so you will neglect this at your peril. To spend all one's time with supporters is to neglect important informal discussions in the boardroom that often lead to decisions, so it is your duty to be there (appropriately dressed). But to be there all the time is equally unwise and will soon lead to widespread adverse comment.

Confidentiality is a key issue, and one that often causes traditional directors to fear or resist the concept of elected supporters' representatives. This fear is largely groundless, as the intellectual and professional calibre to be found within the supporter base of any club, whether large or small, substantially exceeds that which exists in the boardroom. But of course the pressure for disclosure on the fans' representative is greater. It is never legitimate to discuss players' wages and contracts, or impending transfers in or out, in public; but issues of general policy or the club's overall budget are, and should be, common currency. There are grey areas, and if you are ever in doubt, please do not hesitate to contact Supporters Direct.

It may occasionally be necessary to use the local press or media to highlight matters of principle or the mass view of supporters if the board prove totally unreceptive. This should, however, only ever be pursued as a last resort where all available internal methods of negotiation have been tried and failed.

The role of the elected director is, in the words of the Prayer Book, an 'honourable estate', and if carried out effectively and with integrity will have a beneficial effect stretching to all concerns of the club. These benefits should be equally apparent to directors and supporters alike. Here are a few suggestions which, while not relevant in every case, are worth considering by any newly-elected director.

- You should add value to the board. Identify and make available to them your own areas of expertise. You may be pleasantly surprised at how much responsibility you are given on the board's behalf. Areas of particular interest and relevance to supporters might include equal opportunities, anti-racism, access for disabled supporters, and Football in the Community. These represent whole areas of the club's life which often attract very little interest from traditional directors, but which can bind the club into its community and thus reposition and enhance its public profile to the benefit of all, as well as recruiting a new generation of fans.
- Every club, large and small, has an army of staff and volunteers who, for decades in many cases, have given their time free or at a pittance to facilitate matchday organisation simply for the love of the club. They are frequently ignored or taken for granted by the directors. Everyone likes their efforts to be appreciated, so spend some time every matchday with stewards, programme sellers, etc. and make sure they know their contribution is valued by the club. Travel to away games can be an issue. You may be given the opportunity to travel on the team coach, but may be reluctant to be thought to be accepting 'freebies'. Do not reject this opportunity. It is important that the players and the manager know that the supporters' representative is an important figure in the club, and it will help you to get player guests to come to Trust meetings and functions if you get to know them personally. At the same time, do not trade on your position. Only go sometimes, and travel at least as often on the supporters' coach, paying your way. The fans will appreciate the opportunities for the one-to-one discussions that this time provides.

With these and, no doubt, many other thoughts in mind, you will be an able and effective member of the Trust and the club. It may take up 10-20 hours a week of your own voluntary time, but you will enjoy it, and the genuine appreciation you receive will keep you going when tired or jaded.

Supporters Direct has drawn up a Code of Conduct for directors, available in **Appendix 12** of this Handbook.

Part Three

Contexts

3.1

Current – 06/06/03

Corporate governance: a guide for supporters

The aim of this part of the Handbook is to provide a wider context to the strategies outlined in the previous section on acquiring a collective shareholding and exerting influence in the boards of football clubs. This section deals with supporters' wider rights as stakeholders and shareholders, and sets out the minimum that supporters can expect. Some clubs with enlightened corporate governance practices may go beyond the minimum requirements set out by company law, consumer law, codes of corporate governance and the regulatory requirements of the football authorities. A benevolent owner or director may be willing to listen to the views of supporters and invite a supporter elected director onto the board. However, influence that is granted as a result of goodwill, rather than as of right, may soon evaporate when opinions differ. While benevolence is welcome, it is not a substitute for legal rights or regulatory requirements that cannot be taken away at the discretion of an owner or director, or by a change in control or ownership of the company.

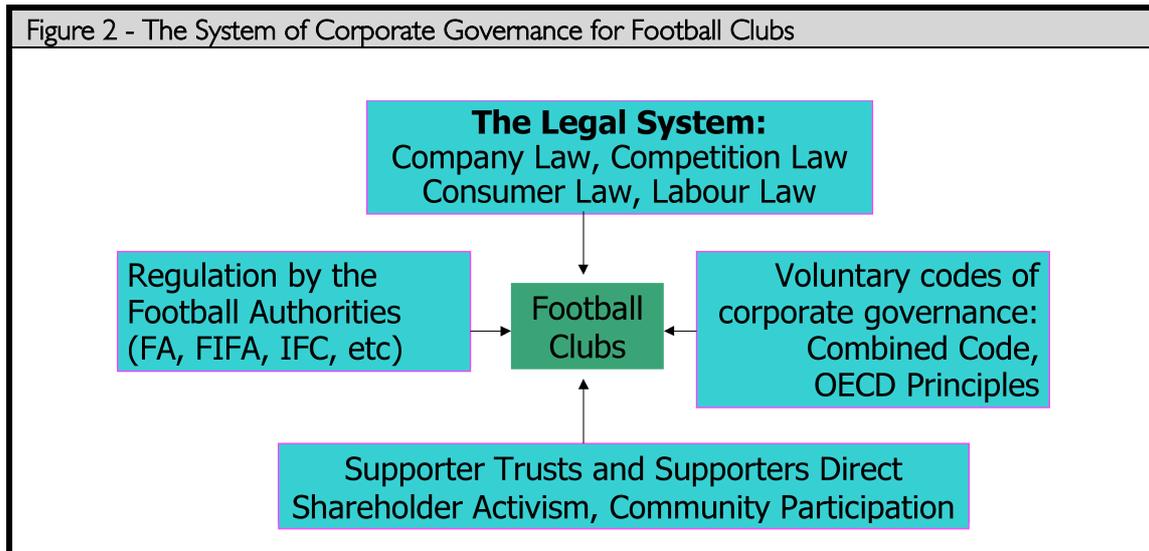
The system of corporate governance sets out the rights of shareholders and other stakeholders. Understanding the system of corporate governance is therefore essential to enabling supporters to have more influence on how their club is run. Before setting out the system and how it can be of benefit to users, it is important to note that good corporate governance is good not just for supporters, but also for companies and clubs. Research and experience has shown that poor governance – lack of transparency, failure to disclose accurate information and/or listen to shareholders and customers – is associated with poor corporate performance. Supporters can play a positive role in their clubs with the effect of promoting good governance and good performance. Both the supporters and the club have much to gain.

What is corporate governance?

Corporate governance concerns all factors that govern the way companies are run. Football clubs are typically registered as companies and therefore their operation is directly determined by the system of corporate governance. The system of corporate governance encompasses the system of laws, codes and regulations that influence and constrain company behaviour. This includes setting the objectives of a company and defining the rights and roles of different participants in an organisation – the shareholders, the board of directors, employees and other stakeholders – and the relationships between them. In the case of football, two important sets of stakeholders are football supporters and the local communities in which football clubs are based. Corporate governance structures are important because they directly influence how owners, directors, managers, players, supporters and the local community interact to determine company/club strategy and the way in which the company or club behaves in its quest to meet its objectives.

The system of corporate governance is made up of a wide range of laws, regulations and codes that govern the behaviour of different participants in a club and therefore the behaviour of the club itself. The point of all these regulations is to safeguard the rights and interests of shareholders and other stakeholders. Good corporate governance systems aim to ensure high levels of transparency, accountability, competency and corporate responsibility, all of which are essential to good corporate performance. The collapse of Enron in the United States in 2002 provides an example of a failure of corporate governance caused by lack of transparency, conflicts of interest, poor auditing and failure of executive and non-executive directors to disclose the true financial state of the company to shareholders.

Figure 2 - The System of Corporate Governance for Football Clubs



How can the system of corporate governance help supporters?

The system of corporate governance is designed to ensure minimum standards of corporate behaviour and to protect the interests of shareholders and stakeholders. The system of corporate governance is therefore of direct help to supporters as key stakeholders. It is also of relevance to shareholder supporters. Share ownership gives supporters additional rights, and these include rights to information about the club, the right to vote at meetings and the right to put resolutions to meetings. How the rights of stakeholders and shareholders might be exercised to exert influence over a club is discussed in detail below.

As can be seen from Figure 2 rights are bestowed by four mechanisms:

1. Legal rights defined by company, consumer and competition law
2. Rights enshrined in Codes of Corporate Governance
3. Regulations set out by the Football Authorities
4. Shareholder activism and Community Participation

Company law

Most football clubs are incorporated as public or private companies. Company law regulates how companies are incorporated, how they are run and what rights are afforded to shareholders. All registered companies must submit a document called the Memorandum and Articles of Association (M&A) to Companies House.

The M&A of a club provide basic information on how the club is incorporated. Attaining a copy of this document is essential in order to understand how a club is run. If you are a shareholder in the club, the club is obliged to send you a copy of the M&A for a nominal fee of not more than 5 pence (set by law). Most companies do not charge shareholders for copies of their memorandum and articles of association. Companies House will also provide copies to non-shareholders for a small fee. If you experience any difficulty obtaining the M&A you should contact Supporters Direct.

3.2.1

Memorandum and Articles of Association & Company Objects

In order for a company to be set up, two or more people must put their names to a memorandum of association, comply with the Companies Act and register the company at Companies House. The M&A specifies the type of company, (for example, limited liability, public or private), the objects of the company (its objectives), information about share capital, and its governance structure. The box below lists the information that is contained in the M&A.

What's in the M&A?

The following may be included in the M&A (depending on company type):

- Company type
- Objects
- Members
- Authorised share capital
- Allotment of shares
- Transfer and transmission of shares
- Appointment and removal of directors
- Directors' powers
- Meetings of directors
- Directors' remuneration, expenses and other interests
- Meetings of members, including:
 - business to be transacted
 - quorum requirements
 - the exercise of voting rights
 - appointment of proxies
- General administrative requirements
 - Notices
 - Minutes
 - Winding-up
- Financial Administration requirements
 - Accounts
 - Dividends

Company objects (Objectives)

Companies are required to specify their objectives in their M&A. Most football clubs whose shares are *not* traded on share markets have a number of non-commercial objectives including sporting objectives, charitable objectives and community objectives. Finding out about the full range of club objectives as specified in the memorandum can help supporters put their case to the board. If supporters' objectives fall under any of the objects listed in the memorandum, supporters cannot be fobbed off by owners or directors with the excuse that their objectives are not in line with those of the club.

A number of football clubs that floated on the stock market have become wholly owned subsidiaries of holding companies that have purely commercial objectives so it is important to check the memorandum of the club. If the club is a subsidiary of another company it is also important to check the memorandum of its holding company. See the next section (3.2.2) for more on holding companies.

3.2.2

Shares & ownership of football clubs

The M&A shows whether the company is guaranteed by shares, how much share capital the company is authorised to issue (the amount of share capital actually issued is shown in the company's Annual Return), the rights pertaining to different types of shares, restrictions on transmitting shares (transferring ownership in the case of death or bankruptcy, rather than buying or selling shares), entitlements to new issues and rights of veto on share issues. If your club is a public limited company *and* its shares are listed on the London Stock Exchange (LSE) it is also bound by LSE rules including the Combined Code of Corporate Governance (see section 3.3 below).

Finding out who owns the company: The share register

As detailed in section 2.7 in this Handbook, all companies that issue shares are required to keep an up-to-date share register that lists the names and addresses of all shareholders and the number and type of shares owned. Companies are obliged to allow any shareholder to inspect the register without charge. They are also obliged by law to send a copy to any shareholder who requests it within 10 working days. However, companies may charge up to the statutory rate for sending out a copy (currently £2.50 for the first 100 entries, £20 for the next 1000 entries and £15 for every subsequent 1000).

Companies are required to submit an up-to-date copy of their share register in the Annual Return, and copies are available from Companies House for a small fee. However, depending when the company last submitted its annual return, the register held at Companies House could be up to a year out of date. It is best to obtain the most up-to-date register from the club whenever possible. If you have difficulty obtaining a copy of the share register from the club, Supporters Direct can help you get a copy from Companies House.

Share ownership rights

Owning a share in a company gives the holder of that share certain rights, including the right to vote on resolutions at shareholder meetings, such as the Annual General Meeting (AGM) or an Extraordinary General Meeting (EGM). A list of share ownership rights is shown in the box below. Using these rights can help supporters gain an effective voice in their club.

Share ownership rights

A shareholding, however small, gives the shareholder a stake in the company and various entitlements resulting from this. These include the right to:

- (a) Requisition general meetings (subject to having the relevant shareholding qualification);
- (b) Requisition resolutions (subject to having the appropriate shareholding qualification);
- (c) Inspect various company registers (including those relating to share ownership, mortgages, directors and directors' interests);
- (d) Inspect directors' service contracts or a summary of their terms;
- (e) Inspect the register of substantial interests in shares (public companies only);
- (f) Inspect minutes of general meetings;
- (g) Inspect contracts (or written memorandum of terms) relating to the purchase by the company of its own shares and any variations thereof;
- (h) Not be unfairly prejudiced as a shareholder;
- (i) Attend and vote at shareholder meetings;
- (j) Receipt of the annual accounts;
- (k) Apply to the DTI to investigate the affairs of the company and/or its membership, (although generally the Secretary of State has the discretion whether or not to undertake an investigation).

Pooling voting rights: creating a voice

Generally speaking, voting rights are directly proportional to the number of ordinary shares a person holds. There are exceptions to this for different classes of shares, which should be detailed in the M&A. An individual football supporter usually only holds a small number of shares. Individual supporters therefore have little influence. However, collectively the share ownership of football supporters at a club typically places the supporters amongst the top ten largest shareholders. Supporters who wish to gain an effective voice in their club may wish to consolidate (or pool) their voting rights by transferring votes to their Supporters' Trust by proxy. (See section 2.7.1.4 earlier in this Handbook for details on how the Watford Supporters' Trust have done this). To ensure democracy, such a measure should be accompanied by the establishment of a mechanism via which a Supporters' Trust can ballot its members so that it can cast the proxy votes according to the views of the majority of its members. The *Model Rules for a Football Community Mutual* available from Supporters Direct allow for the use of proxy. Supporters Direct can also advise on the use of ballots and provide names of organisations that Trusts can use to ballot memberships in an efficient and transparent way (see section 1.27, earlier in this Handbook).

Holding companies

Many clubs now have holding companies – companies which either own 100% or a majority of the shares in the company. These have been created for several reasons:

Flotation - FA Rules used to prevent the payment of a dividend on football club shares, so when clubs began to float on public quoted markets in the mid 1980s, instead of the club itself being floated, the club would become a wholly owned subsidiary of another company which would then be floated. So, shares wouldn't be sold in the club itself, but in the company that owned the club.

Protection - If a club goes into administration or liquidation, then the insolvency practitioner could sell the assets of the club – including the ground – to pay off the creditors who are owed money. As a result, the club could lose long-standing assets and the ground could end up as housing, often seen as the best way to realise the value of the land.

However, if the ground is owned by a holding company and the club goes into liquidation, then the ground is protected, as it is owned by a company that isn't in liquidation. As football clubs are often technically insolvent, it can be seen as a wise strategy.

Furthermore, the club has many other lines of activity that don't solely relate to football; it might have a catering or hospitality operation, which if it went into liquidation, could drag the club into difficulties. Setting up a holding company structure could enable the various activities to stand-alone as independent businesses – if they prosper, the club ultimately gets the benefit, as the whole operation is wholly owned by the club's holding company. However, if the offshoot companies fall into difficulty, the club simply loses its catering operation and has to find a third party to manage it, or set up a new one.

Asset stripping - This looks similar to protection; indeed it's usually undertaken with the above as the rationale. However it exposes a club to the risk of losing its major assets. If the club is a separate company, and the holding company owns the land, then if the club goes into liquidation, the holding company is left with a valuable piece of land and no longer has a football club to play on it. If the club was allowed to run up debts deliberately, it could bring the club into liquidation, leaving the holding company free to develop the land at huge profit.

Alternatively, the holding company could sell the football club and retain the land; a club without any major tangible assets is obviously worth less, but the holding company would not sell the club for a profit – more to release the club from their control. They would then be able to evict the club and develop the land.

The danger then comes down to the nature of the agreements between the club and the holding company, and the motives of the people who are running both.

As regards the motivations, only close scrutiny of the people running the club will guide on this. Contracts are a little different. A club that owns its own land, or owns a long lease on the land, 'enjoys' usage of its own property. However, once a holding company becomes involved, the situation changes. The club has to have a lease in place between the two companies – even if those companies are owned by the same people.

That lease will determine how secure the club is – i.e., how long can the club continue to play there? It will also detail what the club has to pay in rent, and what it is responsible for; does it have to maintain the ground and pay for the improvements, and does it have to provide the catering and the staff on match days? Does it get the revenue from the bars and the catering?

All these things are vital to know; in a club that owns its ground, these things are part of what the club does. In a holding company situation, these issues have to have some contract behind them. Depending on the lease, the club can move from a stable situation to a very unfavourable one. For example, it can be in a situation where it pays a large sum each year in rent, and only gets the revenue on match days but not from the conferences and events held during the week.

This is particularly attractive in today's climate given the financial difficulties many clubs are in. The football side of the business is often run at a loss and it is difficult to generate any profit whatsoever and give a return on the investment. However, a holding company structure allows owners to set up companies that are more likely to generate revenue, leaving the football side to the supporters or others who want to be involved in this aspect. Catering, hospitality and the stadium itself can be let at a fixed price to the club, and if the club cannot pay, then that is the responsibility of the club. It can be an attractive revenue raiser for the holding company – but potentially disastrous for the club. The club can't move anywhere else, and may not be able to provide its own services cheaper, as the holding company that owns the stadium may prevent the club from providing its own services under the terms of the lease.

The key aspect will always be the motivation of the people running the club, and most club owners fight shy of announcing their intentions. So how do Trusts guard against it?

Own shares

If you or your Trust has shares in the club, any attempt to transfer assets into a holding company will have to go to the shareholders first. Of course, with a large majority, existing owners can force through the proposals in most cases, but at least you are forewarned and can start researching.

Owning shares in the holding company (often, shares in the club are swapped for shares in the holding company) means you can analyse the accounts and see how much money the club is paying out the holding company.

Get information on your club and its ground

Supporters Direct can help access information on your club and ground from Companies House and the Land Registry. See the next section (3.2.3) of this Handbook for more information on these services.

Ask the right questions

Ultimately, the main weapon Trusts have is publicity – asset stripping of a club will be a big local news story. However, because of this, people attempting to asset strip a club will often go to great lengths to cover their tracks, making the Trust's task difficult. Trusts might be able to prove that the arrangements being proposed aren't good for the club, but the key documents are often confidential to the clubs and the holding company, and you may not be able to get hold of them. Instead, it might be more useful to ask simple and reasonable questions and challenge the club to answer them. If they can't, alarm bells should start ringing and you can go public with your fears – the proof, such as it is, is the club's failure to re-assure.

Such questions are:

- If creditors can't liquidate the land upon winding up of the club, the vehicle for finance must be the holding company, as they have the asset that can secure any loans. This means that it must make loans to the club - under what terms will those loans be made? If they are made at above a market rate, it becomes a way for the holding company to take money legally out of the club under the much more palatable heading of debt servicing.
- Is there a veto of sale of the land / holding company?

These are questions people at clubs that have been asset stripped wish they had asked at the time. It is not scaremongering, just asking sensible questions about the mechanics in the light of experiences at clubs like Brighton and York. Ultimately, if the people at the club have the best interests of the club at heart, they can make sure that vetoes on the sale of the land can be given to the club – they own both, so can make this happen. The argument against this is that whilst those people are in charge of both, everything will be OK. It may ultimately be a matter for the future, but taking the argument at face value still leaves the problem of the subsequent owners of a holding company. If future owners have less than honorable intentions, they won't provide for the club's security. The people in charge now can do this though, and it is worth asking them to do so – there is no reason for them not to, if they have the best interests of the club at heart.

Trusts may well be accused of being anti-board, but can use the argument that since the holding company is separate, the owners of it could sell to an unscrupulous character and so the terms of the lease and the terms of loans could be altered unilaterally to the detriment of the club. Trusts can use the line that they wouldn't dream of accusing the current owners of wanting to do this - but if someone makes an offer the current owners can't refuse, and if the safeguards aren't in place, then supporters could be left high and dry. Therefore, whilst the people running the club may well have its best interests at heart, it's important to get safeguards in place now, as a future owner who turns out to be not what everyone thought will be the only victor.

How safe is your ground? A checklist for supporters

Supporters concerned about the future security of their football club at their ground, particularly in relation to the existence of, or proposal to agree, a Sale and Leaseback scheme, may wish to pose the following questions:

- To whom does the freehold and the ground currently belong?
- To whom might the freehold and ground be sold?
- Does the current/prospective ground owner have a role in the management of the football club?
- How much would any proposed sale and leaseback raise?
- What is the length of the lease?
- Is there an option to renew the lease?
- How much would the cost of the rent be?
- What rights of tenure does the club have?
- How would these costs compare to existing commitments (e.g. loan repayments)?
- Could the cost of the rent be increased? How much? Under what circumstances?
- Does the club have a right to repurchase the freehold and stadium should it wish? And at what price?
- Can the club afford to pay the rent and save to re-purchase the freehold?
- What would the implications be if the club defaults on lease payments?
- How would any cash injection from a sale and leaseback be invested?
- What assets can the club secure loans against in the future?
- If the club is planning to relocate, has it identified and secured a new site?
- How successfully have other local clubs been in relocating?
- Does the club have a strategic plan for long-term financial health?

3.2.3

Finding out information about your club and its ground

The Memorandum and Articles of Association of a company can be used to find out much; see section 3.2.1 for more details on the type of information that can be found.

The London Stock Exchange, Alternative Investment Market or OFEX, or the Soccer Investor website at <http://www.soccerinvestor.com>, can be used to find out if a club's shares are traded on a share market.

Companies House Information

Supporters Direct Development Officers can access information about football clubs from Companies House, and check whether the club secretary is complying with Company Law by submitting the required documents. In particular, the Share Register, Annual Returns, Annual Accounts, the Memorandum and Articles of Association and the details on Director Appointments may be useful to Trusts. Please contact a Supporters Direct Development Officer if you would like any of this information. Information for Scottish companies is also handled by Companies House.

Understanding football club accounts

All Football League clubs are organised as Limited Companies.

Companies are required to file accounts annually with Companies House (<http://www.companieshouse.org.uk>). Additionally, a company is required to file a return at Companies House, each year, listing its directors and shareholders. A register of the company's mortgages and charges is also maintained at Companies House.

Many Premiership clubs are listed companies and will publish a detailed annual report on their club's finances. League clubs will generally file the minimum information required by law.

Typically the annual accounts will be organised as follows:

- Chairman's Statement
- Directors Report
- Auditors Report
- Profit and Loss Report
- Balance Sheet
- Cash Flow Statement
- Notes to the accounts

Chairman's Statement

Although not mandatory, few chairmen pass up this opportunity to pontificate on the state of the game, the recent season and the season to come.

Directors' Report

This is a statutory report, stating the directors' responsibility for preparing accounts, and listing the directors and their interests in the club's shares.

Auditors' Report

Required for companies with a turnover in excess of £1 million. This report gives the auditors' opinion on whether the accounts give a true and fair view of the company's affairs. Look out for any qualifications of the auditors' opinion, as this is a strong indicator of potential problems.

Profit and Loss Account

This is a summary of the club's financial results for the period, with a comparative column for the prior period.

Operating Profit or Loss is the key indicator of stability. The operating profit or loss is a guide as to what to expect in future years without any transfer income and before interest costs.

Profit on sale of fixed assets includes income from player transfers. Income from this source cannot be relied upon in future years.

Interest costs are also important for football clubs. In the current climate of low interest costs many clubs are able to borrow at around 6%. If borrowing rates start to rise to say 8% these costs can be expected to rise by 25%. Hence the importance of bringing down borrowings when players are sold or the club makes a profit.

Balance Sheet

The balance sheet is basically a statement of what the club owns and the amounts it owes.

Net Current Assets (Liabilities) is an important figure to the banks. If this is positive the club can expect to meet its immediate liabilities. If this is negative the club may have to rely on bank borrowings to meet its obligations in the coming year.

Net Assets (Liabilities) – A positive figure means the value of the club's assets are greater than its debts. Negative equity is a sign of insolvency.

Cash Flow Statement

This report reconciles the profit or loss for the year with the amount in the bank, or against the overdraft.

Notes to the Accounts

The notes are probably of most interest to supporters and the following items are usually worth reviewing:

Operating Profit or Loss – This note includes the amount of directors' remuneration.

Staff Costs – The principal expense for most clubs. A ratio of staff costs to turnover in excess of 70% is considered by many commentators to be an unsustainable level of expenditure.

Intangible Fixed Assets – The estimated value of the players' contacts can be found here.

Tangible Fixed Assets – The original cost or current value of the ground or lease together with stands and other assets of a permanent nature are detailed in this note.

Creditors – Amounts due within one year. Loans from directors are often included in this category, together with the bank overdraft and other debts payable on demand. Deferred income within this heading usually refers to amounts received for season tickets, or TV income in respect of the next season.

Creditors – Amounts due after one year. Long-term debts, principally mortgages, are included here and followed by an analysis of debt maturity showing when the amounts are due for payment.

Share Capital – The number and type of shares in issue, at face value.

Related Party Transactions – Transactions with directors, their companies or other related parties.

Understanding Insolvency

What is insolvency?

A company or individual is said to be insolvent if they either do not have enough assets to cover their debts (i.e. the value of assets is less than the amount of the liabilities), or are unable to pay their debts as they fall due.

Options under insolvency / bankruptcy

Once a company or individual has become insolvent, there are several courses of action open under the Insolvency Act 1986:

Procedure	What does it mean?
Administration (see below)	Moratorium by creditors to allow company to restructure
Company Voluntary Arrangement (CVA)	Voluntary Arrangement between the company and its creditors - supervised by an insolvency practitioner
Receivership	Appointment of receiver under a charge or debenture to recover a creditor's funding (usually a bank)
Liquidation	Winding up a company voluntarily or through the courts
Dissolution	Dissolution of a company

Understanding Administration

Administration is a route of rescue when a company is insolvent (*unable to pay debts owed*). One of the main aims of the Insolvency Act 1986 is *"the survival of the company and any part of its undertaking as a going concern"*. This is to allow businesses to be rescued or at least allow a company to realise assets in a better way than liquidation (which is the final stage of insolvency, when all other routes are closed).

Administration happens if a creditor(s) – someone owed money – is not willing to accept the terms of repayment offered by a business, and as a result they may petition the courts for a **Winding up Order**. The Insolvency Act says the creditor(s) will have to satisfy the court that the football club *"is or is likely to become unable to pay its debts"* and that an order *"would be likely to achieve one or more of the purposes set out"* (Insolvency Act 1986).

To obtain an order the creditors must have prepared an independent report on the company's affairs as part of the application. It is unlikely that creditors will be allowed sufficient access to the company's affairs to enable this to be carried out. Therefore, the directors are the ones who normally present the petition for an administration.

Administrators do not have to consult supporters, but a good idea is for supporters to form one body, whose spokesman can ask for an early meeting with the administrator and request details of his proposals (i.e., is it the intention to trade for a period and return the club to the existing ownership, or to sell the assets of the club?) An approach like this could be of assistance and could crystallise the administrator's mind on the appropriate route. In fact s/he may be interested in disposing of the assets to a properly constituted group (a Supporters' Trust for example) representing the supporters, provided they offer a realistic price based on his/her own valuation of the club.

It is important to remember, however, that the administrator can be faced with a lot of problems that the supporters may be unaware of, including dealing with the Football Association and the respective league, and possibly the Professional Football Association in respect of players' wages and contracts.

Assuming that the administration objectives have been met, the administrator will apply for his release, and this should leave the club in whichever guise it emerges as a solvent entity able to trade on.

What can Supporters' Trusts do?

Unfortunately, a lot of Trusts are born out of a response or reaction to financial crisis, such as insolvency or administration. However, this does tend to mean more members, more quickly. What it also means is that the club is in a position which means it is more inclined towards, indeed often reliant on, discussions and ideas from supporters' groups. A Supporters' Trust, if able to raise members and funds quickly, has a real opportunity to acquire or increase its stake in the club. Purchasing shares, offering a financial rescue package, negotiating with administrators and creditors, local businesses and local authorities – all of these options are available to a Trust. At clubs such as Bradford City and Leicester City, administration was the catalyst for increased

dialogue between the club and the fans, via the Trusts, as the realisation for a need to rebuild new partnerships transpired.

Essentially, a Trust is constituted to act as any other consortium would – enlisting support from potential investors, asking for details regarding the accounts and liabilities, etc – but crucially, can act as a check on the administrator, whose task is to ensure the best possible solution for the club and its future.

Land Registry information

Supporters Direct can access a great deal of information about football clubs and the grounds on which they play on from the Land Registry. The service is free of charge to Trusts, so get in touch with your Supporters Direct Development Officer to find out more. Having detailed background information on whether and how your club owns the ground can put your Trust in a powerful position, helping you to become more informed and ready to take the initiative if the security of the ground is called into question at any time. Finding out who owns the land and the terms of that ownership status is very useful. It may be the land is 'covenanted' and can't be used for housing – this means that the potential to develop the land for more profitable uses is much lower. It may also be that agreements on the land are filed with the Land Registry, and so you can see what the terms of the lease are.

Provided the ground is registered with the Land Registry's index map, your Development Officer can obtain three vital pieces of information:

The **Property Register** describes the land and estate comprised in the title including the leasehold and/or freehold details; the official address; an A3 ordnance survey map of the land owned; any rights of way; and details on covenants.

The **Proprietorship Register** specifies the class of the title and owner's details including the proprietor's address and, if applicable, the company registration number; any valuation of land (and the date this was provided); and any restrictions on the disposal of the land.

The **Charges Register** details any mortgages, debentures and further charges on the land.

In Scotland the land register is managed by an Executive Agency of the Scottish Parliament called the Registers of Scotland (<http://www.ros.gov.uk>). This agency has the responsibility for the Register of Sasines, which covers land transactions back to 1617, and the Land Register, the modern equivalent. The map-based Land Register should cover all of Scotland by the end of 2003.

The information available is similar to that in England and Wales, although there appears to be more coverage and therefore less likelihood of information being unavailable. Ownership, covenants and charges are all available, with an online account-only system giving easier access.

3.2.4

The officers of a company: directors, secretaries and the board

Football club shareholders should check that the club is being run in an open and transparent way, and in the interests of shareholders. A starting point is to ensure that the club has the right number of officers; that their appointment and/or election complies with company law (and in the case of PLCs listed on the London Stock Exchange, the Combined Code of Corporate Governance); that there are no conflicts of interest; and that the company has appointed a Company Secretary.

Private companies are required by law to have at least one director and one company secretary. Although it is not a legal requirement for the directors of private companies to be elected or to submit themselves for re-election at regular intervals, it is good practice and most companies submit directors for election every three years.

Public limited companies are required to have at least two directors and one company secretary. PLCs listed on the London Stock Exchange are required by the Combined Code of Corporate Governance to have a formal and transparent mechanism for the appointment of

new directors to the board, and to submit directors for re-election every three years. Shareholders are entitled to see copies of the service contracts of directors, and their terms of employment.

Types of directors

There are different types of directors:

Executive: a member of a company's board of directors who is also an employee of the company.

Non-executive: a director who is not employed by the company.

Independent non-executive: a non-executive director who is independent from the company and from other directors. For a non-executive director to be independent they must meet certain criteria, including not being affiliated with the company in any other capacity, and not having had an association with the company for more than 9 years.

Senior independent non-executive: the *Combined Code of Corporate Governance* requires that a senior independent non-executive director other than the chairman be identified to allow shareholders to raise issues in the event that they prefer not to do so with the chairman.

Associate or Divisional: technically, these are not statutory directors but senior employees who have been given this title for management and/or other operational purposes. The basis upon which directors are appointed is dealt with primarily by the Articles of Association. Ordinarily, directors are elected by shareholders by a simple majority or appointed by the existing board (but subject to re-election at the next AGM). Other than the basic restrictions set out below, anyone can be a director. For instance, unless otherwise stated in the company's Articles of Association or in a shareholders' agreement, there is no level of share ownership that automatically guarantees membership of the board. Minority shareholders/investors frequently require the right to have a director as a condition for their investment and such rights could be set out in the Articles or in a shareholders' agreement, but by default there is no legal requirement for directorial shareholding.

Restrictions that prevent someone becoming a director include:

- A person must not have been disqualified by a court from acting as a company director (courts may give special permission for some directors to continue to operate)
- The person must not be an undischarged bankrupt
- For a PLC listed on the stock exchange, a person must not be over the age of 70 unless specifically approved by a general meeting of the company.

Please note that the term 'Associate Director' is sometimes also used to describe a person who has been appointed on an honorary, non-voting basis as a way of acknowledging past services or financial contributions. It is not a 'real' directorship of the company, but is sometimes offered to a supporters' club or Trust representative. (See 2.7.4 above).

To be a real director of any company, with the full rights and responsibilities of the post, a Form 288a must have been completed, signed and sent in to Companies House. If Trusts are in any doubt as to whether their representative is a 'real' director, this is the acid test. This can be checked with Companies House by your Supporters Direct Development Officer.

Responsibilities of directors

The directors of a company are collectively responsible for running the company and complying with all relevant aspects of company law, including preparing and submitting audited accounts, holding AGMs and so on. Directors are also under obligation to act in good faith, to avoid conflicts of interest, and to disclose all interests in the company, for example, interests in contracts.

The company secretary

The company secretary (CS) is an officer of the company charged with the task of maintaining company records and providing copies to shareholders who request them. Supporters should approach the CS if they require information about the club.

Codes of corporate governance

The Combined Code of Corporate Governance

If your club is a PLC listed on the London Stock Exchange then it must comply with the Combined Code of Corporate Governance (CCCG). The code aims to protect shareholder interests and can be used to ensure that the voice of shareholder supporters is heard. The code is voluntary in the sense that companies must comply with all aspects of the code, or provide a public statement explaining each and every point of non-compliance. Since the code is widely regarded as best practice, the aim of this 'voluntary' set-up is to name and shame companies that are not using best practice. Shareholders can decide whether they are happy with an explanation or sell their shares. Of course, for football supporters, selling shares in their club is often not an option as their priority is to see that their club survives and prospers, rather than to make a financial return. Therefore it is important that supporter shareholders bring maximum pressure to bear to ensure that clubs comply with the combined code. If your club is not complying with the code, point this out to the Company Secretary, other large shareholders (identifiable from the share register), and the media.

While the CCCG is a *requirement* only for companies listed on the London Stock Exchange, it is widely regarded as best practice. Therefore, any company with shareholder interests would benefit from complying with it.

The OECD Principles of Corporate Governance

Another important code of corporate governance is *The Organization for Economic Cooperation and Development (OECD) Principles of Corporate Governance*. The OECD principles provide an international standard of corporate governance that has been endorsed by the 29 countries that make up the OECD.

The OECD principles explicitly recognise the rights of *stakeholders* (and not just shareholders):

'The governance framework should recognise that the interests of the corporation are served by recognising the interests of stakeholders and their contribution to the long-term success of the corporation.' OECD Principles of Corporate Governance, Section III, OECD, Paris.

The OECD principles are aimed primarily at companies whose shares are publicly traded on any market. However, the *Preamble* to the *Principles* states that, 'to the extent they are deemed applicable, they might also be a useful tool to improve corporate governance in non-traded companies, for example, privately held and state-owned enterprises.' (Preamble to the OECD Principles, OECD, Paris.)

Supporters' Trusts that do not own shares should use the OECD principles to put pressure on clubs to recognise the positive role that the Supporters' Trust (as a major legally constituted stakeholder) can play in shaping the long term success of the club.

A Supporters' Trust that owns shares should use the Combined Code and the associated guidance on internal control (known as the Turnbull guidance – see below).

Using the CCCG: A supporters' guide

Part 1 of the CCCG sets out the principles behind the code. Part 2 specifies the requirements of the code. Supporters' Trusts that have a shareholding should check that their club complies with all aspects of Part 2 of the code and the related Turnbull Guidance designed to ensure effective internal control/auditing and risk assessment. Supporters' Trusts should also have a grasp of the five sets of principles underlying the code, especially those concerning the role of institutional shareholders. A registered Trust that holds shares or pools the proxy votes on behalf of its members is an institutional shareholder, and as such is required by the code to monitor the corporate governance of the company, to cast proxy votes and to enter into dialogue with the board.

The Principles of the CCCG

There are five areas that make up the code:

The board of directors

This set of principles is designed to ensure that there are checks and balances on the power of members of the board of directors via: transparent mechanisms for appointing directors to the board; separation of powers between the Chair (who runs the board) and the Chief Executive Officer (who runs the business); the correct proportion of non-executive directors, including independent non-executives; and regular meetings to carry out business and sufficient information. The code requires every board to have a nominations committee to make recommendations on new directors. The nominations committee should have a majority of non-executive directors and be chaired by the chairman or a non-executive director.

Directors' pay

This set of principles is designed to ensure that directors' contracts and remuneration are subject to scrutiny, justifiable and related to performance. Every board must have a remuneration committee wholly comprising independent non-executive directors to make recommendations to the board on directors' pay. The committee should provide a written report to shareholders every year, and where appropriate the remuneration report should be subject to approval by the Annual General Meeting.

Relations with shareholders

Boards must use the AGM 'to communicate with private investors and encourage their participation.' (CCCG, Part 2, Section 1, C2). Shareholders should receive notice of the AGM and all papers, reports and proposed resolutions at least 20 days in advance of the meeting. Members of the Audit, Remuneration and Nomination Committees should be there to answer questions. 'Companies should count all proxy votes and, except where a poll is called, should indicate the level of the proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with by a show of hands.' (CCCG Part 2, Section 1 C.2.1).

Accountability and audit

The board should present a clear and accurate statement of the company's financial position and future outlook. There should be an audit committee with at least 3 non-executive directors. The board should review the effectiveness of the company's internal controls on an annual basis and report to shareholders. Either there should be an internal audit system or companies that do not have one should regularly review the need for one.

Institutional shareholders

Institutional shareholders have an obligation to ensure that the companies in which they hold shares use best practice corporate governance and that votes proxied to them are cast. Institutional shareholders should also be willing to enter into dialogue with the board.

Institutional shareholders, Supporters' Trusts and the CCCG

Supporters' Trusts with a shareholding should ensure that their club complies with all aspects of the CCCG. Under Part 2 section 1.C, companies are required to enter into dialogue with institutional shareholders (which includes Supporters' Trusts with share holdings). Equally, Trusts are under obligation to meet with the board.

"Companies should be ready, where practicable, to enter into a dialogue with institutional shareholders based on the mutual understanding of objectives." (CCCG, Part 2, Section 1, C.1)

"Institutional shareholders should be ready, where practicable, to enter into a dialogue with institutional shareholders based on the mutual understanding of objectives." (CCCG, Part 2, Section 2, E.2)

Where a Supporters' Trust holds the proxy votes of a number of shareholders, the club is required to meet with representatives from that group, and/or to address a Trust meeting and answer questions. A number of Supporter Trusts have successfully used this part of the code to establish regular meetings with members of the board. At Tottenham Hotspur, for example, the Vice Chairman of the club attended a question and answer session with members of the Tottenham Hotspur Supporters' Trust.

"Boards should use the AGM to communicate with private investors and encourage their participation." (CCCG, Part 1, Section 1 C.1).

The board should encourage participation at the AGM. As has been discussed earlier in this Handbook, at some clubs the Supporters' Trust has effectively used this part of the code to switch the day of the AGM to a weekend to allow supporter shareholders to attend. (See section 2.7.2.1).

As part of encouraging participation, the board should also welcome resolutions from institutional shareholders. Although there is not at present a legal requirement for companies to circulate shareholder resolutions free of charge, it is best practice to do so, and the 2001 Company Law Review recommended that the law be changed to require companies to do so. A number of football clubs have circulated resolutions from Supporters' Trusts free of charge.

"The board should appoint a senior independent non-executive director to whom concerns can be conveyed and name that director in the Annual Report." (CCCG, Part 2 Section 1, A 2.1).

The Supporters' Trust should find out who is the senior non-executive director and raise any concerns they have about the corporate governance of the club with them.

The Turnbull Guidance

The Turnbull Guidance (Turnbull Committee (1999), *Internal Control: Guidance for Directors on the Combined Code*, London: Institute of Chartered Accountants) was introduced to provide assistance to companies on the types of internal controls they should have in place to comply with the Accountability and Audit principles of the CCCG. The guidance requires the board of directors to consider: 'the nature and extent of the risks facing the company' (Turnbull Report, point 18), the chances of the risks actually occurring, the level of acceptable risk, measures to reduce risk and the cost of implementing such measures relative to their benefit.

The collapse of the ITV Digital contract, which left many football clubs in financial difficulty, provides an example of the importance of carrying out proper risk assessment. All too often when clubs face financial difficulty, it is the supporters who have to bail them out. If your Trust owns shares, ask to see the board's risk assessment of any major stream of revenue drying up.

Regulation by the football authorities

3.4.1

The FA

The FA are the governing body for English football – all clubs, no matter what level they play in, from the Premiership to Sunday morning football, must be registered with the FA, and all players must be registered with their teams. Any team not registered with the FA can't play in a league, so although the FA isn't responsible for the leagues in which teams play (and so isn't involved in so much depth in a club's affairs as the relevant league), they are a crucial part of the regulatory framework.

Lower level football is administered by the County FAs – volunteer-run bodies who administer football in each county. They will deal with punishments, suspensions and other disciplinary matters. Each County FA has one Councillor on the FA's Governing Council – the supreme governing body of the organisation.

Day-to-day governance at the FA is covered by the FA Main Board. The FA's board is the highest decision making authority of The Football Association, and is made up of twelve representatives, six from the professional game - four elected by the Premier League, two by the Football League, and six from the National Game - two elected at The FA's Summer meeting and the remaining four elected by members of the council not representing The Premier League or Football League. The FA's Chairman and Chief Executive are also members of the board.

The FA's main sanction over a club is to withdraw registration from the club and so render it ineligible to compete in any competition. It can also suspend players, officials and directors from involvement in the game for a set period, though the power is rarely used in the case of directors.

The FA also licenses leagues, and whilst leagues are responsible for their own activities, the FA retains the power to remove recognition of a league. Leagues below the Professional Leagues are managed by the National Game Board, whilst the Professional Game Board does likewise for the Premiership and the Football League.

Affairs that relate to competitions not run by the FA tend to be dealt with by the appropriate body in the first instance – for example, the relevant league tends to deal with matters first. However, the FA does have a wider remit with regard to finances.

The Financial Advisory Unit (FAU) is a relatively new development by the FA. It has a rolling programme of visits to all clubs in the top 6 tiers of football – i.e. from the Premiership to the first level below the Conference. It will be assessing whether the governance structures at football clubs are sound and whether their financial procedures are adequate. The FAU won't have the power to compel changes – but it will make recommendations in the form of a consultancy report to the directors of clubs. However, if the FAU finds irregularities, further investigations can be made by the FA's Compliance Unit, and if there is a case to answer, charges against individuals can be brought, and clubs can be collectively punished by a fine and/or points deduction.

The Football Association can be contacted at: The FA, 25 Soho Square, London W1D 4FA. Tel: 020 7745 4545, Fax 020 7745 4546, email info@thefa.com. Or see <http://www.thefa.com>

3.4.2

The Leagues

The main day-to-day focus of a club is the League programme, and so the major regulatory body for most club affairs is the relevant League.

The Premiership

The Premiership is governed by the 20 member clubs who each have one vote – 14 votes are needed to pass any policy or rules change.

The Football League

The League is governed by its 72 member clubs and its AGM, but interim matters are dealt with by the League Board, which has three representatives from the First Division, two from the Second Division and one from the Third Division, plus an independent Chair.

Both Leagues have similar sets of regulations on many matters, but they obviously vary in crucial areas. This isn't the place to go into detail on those regulations, but Supporters Direct have copies of each league's rules, so get in touch if you have a detailed query.

These regulations basically cover most aspects of a club's existence, such as:

- Player registrations and transfers
- Ground criteria and ground moves
- Dual interests and ownership
- Distribution of TV and other revenue
- Ticketing and away supporters

The FA Premier League, 11 Connaught Place, London W2 2ET. Telephone 020 7298 1600, Fax 020 7298 1601. Or see <http://www.premierleague.com>

The Football League, 11 Connaught Place, London W2 2ET. Telephone 0870 442 0 1888, Fax 0870 442 1188. email fl@football-league.co.uk or see <http://www.football-league.co.uk>

Other Leagues

Leagues below the professional game have similar functions. They too are owned by their member clubs in most cases, and have similar sets of regulations. Those specific regulations naturally differ, but they tend to cover the same areas.

The Football Conference can be contacted at: Riverside House, 14B High Street, Crayford, Kent DA1 4HG. Telephone 01322 411021.

A guide to the non-league pyramid can be found on the web at:

<http://www.footballpyramid.co.uk/>

3.4.3

The Independent Football Commission (IFC)

The IFC is a new addition to the governance structure of English football. It arose from the Football Task Force, set up in 1997 by the Government. The Task Force's final report, *Commercial Issues*, saw a split in the recommended solutions – the existing authorities favoured self-regulation, whereas the majority of Task Force members recommended a form of statutory regulation, with legal powers to compel the relevant bodies and clubs to comply.

The outcome was the formation of the IFC, a body to oversee self-regulation. The IFC has no power save the 'oxygen of publicity' according to its first Chairman, Professor Derek Fraser. The IFC approach is to 'name and shame' clubs and hope that by criticising them publicly, a club with poor policies will be forced to change its ways. However, there is no formal sanction available to the IFC.

It has seven members including its Chair, and is based at the University of Teesside in Middlesbrough.

The IFC has identified two strands of activity – complaints and issues.

Complaints

The IFC sits at the top of a hierarchy of complaints and is akin to a final Court of Appeal. A supporter or supporters' group with a grievance should first raise the issue with their club; if they are not satisfied with the answer, the next step is to go to the relevant League. If still not satisfied, the next level is to approach the FA, and if still dissatisfied, the IFC is the next and final level.

The IFC will process this on supporters' behalf – if initial complaints are sent to them, they will forward them to the club and arrange to notify the complainant of the response and ask if the complainant wants to proceed further. If yes, the IFC will pass it on to the next stage, and so on.

Once a complaint finally reaches the IFC, they will investigate and make recommendations for remedying the situation. Again, the IFC can't compel action, but it is hoped that should a finding go against a club or league, the resulting negative publicity will bring about a change.

Issues

The IFC will also investigate wider structural issues in football that may arise from customer service complaints. These matters will be dealt with by sub-committees of the IFC, who will look in detail at issues and investigate further. The IFC can make recommendations to the FA or to a particular League, but those bodies are under no obligation to implement them.

Customer Charters

The IFC will also assess the operation of club charters. Every club has a Charter that determines what its policy is on relationships with supporters, pricing and ticketing policy, and so on. This means there is a yardstick against which a club can be measured. The relevant league assesses the performance of their clubs and reports on how many complaints have been made. These reports are then assessed in turn by the IFC, who can make recommendations for how to improve the operation of the Charters. A problem here though is what is not specified in the Charters. For example, a club may have in its Charter that it responds to letters within two months. The Charter process can't compel the club to change this to a more reasonable two weeks, but instead can only assess how effective the club has been in dealing with letters within two months. The IFC could ultimately make a recommendation for the Charter to be changed, but there is no sanction they can apply in the event of a club ignoring any of its recommendations.

The Independent Football Commission, University of Teesside, Middlesbrough TS1 3BA.
Telephone 01642 342750, Fax 01642 342751, email contact@theifc.co.uk. Or see <http://www.theifc.co.uk>

3.4.4

Sport England

Sport England aren't specifically responsible for football matters, but they do have powers to object to sports grounds being turned into non-sporting facilities. Whilst the law was framed mainly to help stop the sale of school and other community pitches, the fact that a field is used for professional sport is irrelevant to the legal definition of a playing field, which solely relates to:

- 1) The size of a field - a football pitch is big enough to be considered
- 2) Whether or not sport is played on a field
- 3) Whether or not sport been played on the field within the last five years.

If all the above conditions are met, Sport England can object to sports grounds being turned into non-sporting facilities on the ground that the Town and Country Planning Act 1996 (and crucially, the Planning Guidance Note PPG 17) gives them the power to be a statutory objector. Sport England have said that they will only approve of plans to change the status of sports grounds that provide for replacement facilities of a comparable quality and accessibility in the nearby area.

Should a council give permission for a sports ground to be sold or turned into a non-sporting facility with Sport England still objecting, the application is automatically forwarded to the relevant regional Government Office, where the application is called in for examination by the Secretary of State, and sent to a Public Inquiry.

For the Planning guidance - used by councils to assess whether the permission sought is within the national planning framework - see:

<http://www.planning.odpm.gov.uk/ppg/ppg17/>

For Sport England's policy:

http://www.sportengland.org/whatwedo/places/sporting_future.htm

For more information on planning decisions that may be of use to cite as precedents, see the Sports Appeals database:

<http://www.sportsappeals.co.uk/>

3.4.5

Regulation in Scotland

Football in Scotland is governed by three separate organisations, each of whom have separate areas of responsibility. We will take these in turn, and at the end of this section provide an overview of the issues of having three regulatory bodies within such a small country.

Scottish Football Association (SFA)

The SFA Corporate Plan published in April 2002 states their strategic mission "is to promote, foster and develop football at all levels." Within this there are four strategic objectives, namely:

- Supporting Football Networks
- Modernising Regulation
- Encouraging Participation
- Building International Profile

As far as the regulatory objective is concerned, the SFA have identified four main areas they wish to modernise:

- Club Licensing
- National Player Registration
- Referees
- New Technology

While issues such as player registration and refereeing standards will be of some interest to the average fan, the area of most interest to Supporters' Trusts is that of club licensing.

The SFA is a member association of UEFA, and therefore is duty bound to implement strategies that are decided at the European as well as the domestic level. In regard to club licensing, the SFA have gone one stage further and will assist in piloting a scheme that aims to bring uniformity to regulations throughout Europe. However, each national association will be allowed to tweak the regulations to suit local conditions. This illustrates the difficulties in trying to implement one strategy on a pan-European basis.

Club licensing is intended to set minimum standards for stadia, financial reporting and coaching, and to include codes of best practice. Overall the SFA want to have a progressive approach to raising these standards, therefore initially the requirements are fairly basic, but over time they will become more rigorous. These standards are intended to gently nudge clubs into introducing modern financial practices, thereby addressing their financial stability.

Therefore, from a regulatory perspective, Supporters' Trusts know the SFA will have a significant say in the viability of their club. In order for a club to remain an SFA member they will have to comply with these regulations. Only time will tell if this scheme manages to achieve its lofty aims, but at the very least the SFA are taking a more proactive role. The SFA are

attempting to create a framework whereby clubs can prosper, and remedial action at failing clubs will be able to start much sooner than at present.

It should of course also be noted that the SFA's role extends well beyond the boundary of the 42 Scottish Premier League and Scottish Football League clubs. They also have ultimate responsibility for the rest of senior and junior non-league football, and the youth game - although many of the day-to-day tasks of running leagues for these levels of football are devolved to other affiliated associations.

Scottish Premier League (SPL)

The SPL's role in Scottish Football is simply to organise and run a league. They are given this authority by the SFA, and this confers the ability to decide the rules of the competition and the criteria for entry to the league. There is currently an arrangement whereby the winners of Scottish Football League's Division I are allowed entry to the SPL as long as they meet certain standards, which were agreed at the formation of the SPL in 1998.

Recently these criteria have come under severe scrutiny as various teams have come close to winning Division I but realised that they would not be promoted in the event of a championship win. In particular the SPL requires that member clubs should have 10,000 all-seated, all-covered stadia; that they should have some form of pitch protection; and that they have sole use of the playing facilities.

Therefore while the SFA has an overarching regulatory role, the SPL criteria have an equally strong effect on the policies of individual clubs. Each member club has one vote in the process of deciding SPL rules and policies.

It is also worth noting that within the SFA's proposed club licensing regulations, there is agreement with the rules and policies as laid down by both the SPL and the SFL. Therefore it could be argued that in certain areas the leagues decide the policy and the SFA merely rubber-stamps these decisions.

Scottish Football League (SFL)

The regulatory role of the SFL is similar to that of the SPL in that they have the authority to organise club competitions. The SFL currently provide three leagues and organise the League Cup competition.

Promotion and relegation is available between the three divisions, although no club can be relegated out of the SFL Division 3. Therefore there is no mechanism for growing clubs to gain entry to the SFL unless through expansion of the leagues, or through replacement of a liquidated club. Equally, a false bottom is put on the league by the lack of relegation for unsuccessful clubs.

The SFL and SPL agreed at the formation of the SPL to allow the winners of SFL Division I to be promoted to the SPL at the expense of the bottom club in the SPL, but only if they were to meet the criteria laid down by the SPL. The SPL also pays a sum of money to the SFL every year to compensate them for the loss of the top clubs in 1998.

In terms of regulation the SFL, like the SPL, takes a hands-off attitude to the internal affairs of individual clubs. Despite the fact that strong leagues are reliant on each club being solvent and sustainable, there is a reticence on the part of the leagues to take a stronger line, especially in terms of financial stability.

Complaints and Queries

Unlike England, Scotland does not have an independent body that can investigate complaints against individual clubs, leagues or associations. Therefore the first point of contact for problems is to discuss them with the club concerned.

However, too few clubs have a well-developed complaints procedure, and neither is there an across-the-board standard on customer service. This ultimately leads to a great deal of supporter dissatisfaction, which has no official channel to be heard.

If the individual club do not act on a complaint it is very difficult to force them into action. A Supporters' Trust can help to bring more moral pressure to bear on the issue, but there needs to be a willingness within both parties to communicate.

Realistically fans could take a complaint further and speak to the governing league or ultimately the SFA. However, unless there has been a breach of their rules it is unlikely they will get involved in a domestic matter.

Conclusion

The regulatory framework within Scottish football is relatively straightforward with the SFA sanctioning football games within Scotland. The SPL and SFL work independently of the SFA and devise rules and policies that they feel best fit their objectives, so long as they are within the rules of the game.

The picture is complicated by different tournaments being governed by different authorities, and because league clubs will have a membership of either the SPL or SFL *and* the SFA. This therefore may lead these organisations to pursue different objectives due to the different balance of members.

With no independent regulatory or complaints organisation, it falls to individual clubs to manage their own affairs with only minimal intervention from the three governing bodies. This also makes a joined-up complaints procedure almost impossible.

The one major change taking place is the introduction of UEFA instigated club licensing. This set of regulations will be the first time that measurable criteria will have been used to judge individual club performance.

APPENDICES

APPENDIX I

Current – 06/06/03

Model Agenda For The Stage I Open Meeting

1. Welcome from the Chair and introductions to head table - 5mins
2. Supporters Direct - philosophy and principles behind Supporters' Trusts and Supporters Direct- 20mins
3. Supporters Direct - the wider picture: what's happening around the country - 20mins
4. Speaker from another established Trust - what they have done? - 15mins
5. Coordinator - what the Trust can achieve at your club [take time to come up with suggestions for what the Trust can do - don't be controversial] - 20mins
6. Question and Answer Session - 20-30mins
7. Vote to go ahead to form a Trust and working party - 5mins
8. Sign up volunteers for the working party/steering committee and take donations

MODEL TRUST APPLICATION FORM

For the terms and conditions of: a) Trust; and b) The Trust Loan

Notes Issue, please contact our office at XXXXXX, or see our website at www.XXXX

Please complete only one form per person. Additional application forms may be obtained from the Trust's office or the Website.

Please note that it will take up to 4 weeks for us to process your application.

1. GENERAL DETAILS ABOUT YOURSELF

Surname _____ First Name _____ Mr/Mrs//Ms/Other _____

Address _____

_____ Postcode _____

Contact Telephone Number: _____

E-mail _____

Please tick here if you do not wish for the Trust to give your information to other companies who may contact you with details of their products and services []

2. MEMBERSHIP OF TRUST (Members must be 16 or over)

I wish to become a member of [registered trust name](trading as XXXX) in accordance with its Rules and enclose [fee], being the membership subscription until XXXX. Members must be aged 16 or over.

Signed _____ Date _____

I enclose the Membership fee:

3. LOAN OF MONEY TO THE TRUST

I wish to lend money (multiples of £XXXX only) to the [registered Trust name] (trading as XXXX) in accordance with the terms and conditions contained in the Loan Capital Instrument Constituting Unsecured Loan Notes Issue (contact our office for details). You must be a Trust member and aged 18 or over to make a loan to the Trust.

I wish to loan the sum of: £

4. DONATION OF MONEY TO THE TRUST

I wish to make a donation to the [registered name of Trust] (trading as XXXXX) in accordance with the objects of the Trust (contained within its rules) as the Trust Board, in its sole discretion, shall see fit.

I wish to donate the sum of: £

I would like to make donations by standing order, please send me a form **Yes/No**

5. TOTAL

Please send this form to Registered Trust Office Address accompanied by a cheque made payable to [Trust trading name], for the total of the three amounts contained in sections 2, 3 and 4. Please enter total amount in the box.

Signed _____ Date _____

TOTAL £

Continued Overleaf

6. DONATION OF EXISTING SHARES

I have (number) of shares in XXXX Football Club and wish to donate.....(number) of them to the registered Trust name (trading as XXXX). Please attach a copy of your share certificate if you have one.

Signed _____ Date _____

I wish to donate: Shares

7. PROXY VOTING RIGHTS FOR EXISTING SHARES

I have (number) of shares in XXXX Football Club and wish to give proxy voting rights for them to the [registered Trust name Limited] or its nominee.

Signed _____ Date _____

Warning Statement

The loan fund is launched specifically for the purpose of raising money for the acquisition of part of the issued share capital of XXXX Football Club. Investing in a football club is a risky business and, accordingly, the Trust does not expect to generate sufficient funds to redeem loans with any degree of certainty. The terms of the loan fund provide repayment of the loans only in very limited circumstances. Therefore, anyone lending money to the Trust under the loan fund should be aware that they are unlikely to see repayment of their loan in the short or medium term, if at all. For these reasons do not lend money to the Trust that you cannot afford to lose. If you are in any doubt as to the terms and conditions of the Loan Fund, please consult a solicitor, accountant or other professional advisor.

Trust Use Only

Date Application Received

Membership number

Trust Share Certificate mailed

Club Share Transfer completed

Club Share Proxy completed

MODEL BOARD MEMBERSHIP POLICY

.....
SUPPORTERS' SOCIETY LIMITED

BOARD MEMBERSHIP POLICY

Introduction

This document sets out the Board Membership Policy ofSupporters' Society Limited adopted pursuant to a resolution of the Society Board dated

The purpose of this policy is to ensure that:

- i) the Society board has the skills and experience which it needs to operate effectively;
- ii) the interests of the community served by the Society are adequately represented; and
- iii) the level of representation of different groups on the Society board strikes an appropriate balance having regard to their legitimate interest in the Society's affairs.

Election of members

The number of elected members of the Society board shall be limited to, who must always be an overall majority of the total membership of the board.

Eight weeks before the AGM in each year the Secretary shall invite nominations for candidates to replace those elected members of the society board who are resigning at the AGM. Each nomination form must bear the name and address of the candidate and be supported by the countersignature of two other members whose names and addresses must be disclosed. The nomination form must also bear a declaration by the candidate that he/she has not been convicted of any indictable offence (other than a spent conviction as defined by the Rehabilitation of Offenders Act 1974).

Candidates will be invited to submit with their nominations a written statement of no more than 500 words in support of their candidature [and the Secretary shall arrange to publish these statements on the Society's website.]

No later than four weeks before the AGM the Secretary shall circulate to the members ballot papers containing the names of all candidates whose nomination complies with this policy [together with the written statements submitted by candidates]. The ballot papers shall declare the number of vacancies and shall specify a date by which the completed ballot papers must be received at the Registered Office of the Society which shall be no later than 7 days before the AGM.

[The members shall be invited to vote for as many of the candidates as they wish in order of preference] OR

[Set out the Trust's preferred electoral procedure]

The Society Board may prior to any election nominate an independent person who is not an officer of the Society (but may be a member) to act as scrutineer and undertake the count of ballot papers. In the absence of such nomination the Secretary shall be responsible for counting the votes and announcing at the AGM the members elected to serve on the Society board in substitution for those resigning.

Co-opted members

The board shall have power to co-opt up to additional board members.

The co-optation of an additional member shall be by resolution at any meeting of the Society board at which two thirds of those present vote in favour.

In addition to the classes of people set out in rule [] of the Society's Rules there may be co-opted such people as the board may in its discretion think fit to ensure that the objects set out in Paragraph 1 above are met.

Any member co-opted shall be asked to sign a declaration that he/she has not been convicted of any indictable offence (other than a spent conviction as defined by the Rehabilitation of Offenders Act 1974).

Principles of Board Membership

All members of the Society Board, whether elected or otherwise, must be members of the Society.

Members of the Society Board must abide by decisions of the majority of them, and take all such steps as are necessary or desirable to give effect to such decisions. Society Board members are expected to adhere to the principles of collective responsibility. It shall be considered a disciplinary offence for a Society Board member to publicly criticise or to otherwise undermine any decision or policy of the board.

The Society Board may by majority vote determine that its members are not bound by collective responsibility in respect of any particular matter in which case the above shall not apply.

Society Board members shall not act in any way calculated to bring the Society into disrepute.

The Society shall maintain in force bank mandates which require that any cheque issued by the Society must bear the signature of at least two board members.

MODEL AGENDA FOR TRUST AGM

TRADING NAME OF THE TRUST

Registered name of the Trust

Registered Society Number

Annual General Meeting

Location

Date

Starting Time

Names of Trust board members

1. Apologies
2. Chair's Report – Overall report on Trust activities
3. Treasurer's Report – Audited Balance of Accounts
4. Secretary's Report – Membership
5. Appointment of Auditors
6. Election results
7. Business Plan Summary
8. Aims and objectives in the forthcoming year
9. Resolutions and/or Constitutional Amendments (if any)
10. Any Other Business
11. Question and Answer Session

MODEL RULES FOR TRUST ELECTIONS

These are the rules used by the Dons Trust:

**WIMBLEDON FOOTBALL CLUB
SUPPORTERS' SOCIETY LIMITED**
Election Rules Policy
Inaugural Elections – 2002

Introduction

1. This document constitutes the Election Rules, Regulations and Procedure and is drafted in accordance with existing constitution of the Wimbledon Football Club Supporters' Society Limited. The purpose of the Election Rules Policy is to ensure that the elections for Society board members are conducted in a democratic and unbiased manner in accordance with these rules and the Constitution. The Board Membership Policy is published separately.

2. Definitions:

AGM	Annual General Meeting
Dons Trust	Wimbledon Football Club Supporters' Society Limited
ERS	Electoral Reform Society
EWG	Elections Working Group
SB	Society Board (Steering Committee)
STV	Single Transferable Vote

Election Control

3. During the election period the EWG will ensure that the Election is run in accordance with the Election Rules Policy on behalf of the Dons Trust members.
4. The EWG will comprise of an odd number of members and any decisions taken will be by majority vote and recorded.
5. Members serving on the EWG shall be eligible to nominate candidates, vote and stand in the Elections.
6. Any EWG member standing as a candidate will not be: involved in the collation and publication of candidate manifestoes; eligible to vote on matters pertaining to candidate disqualification; or eligible to vote on any other matter which may influence the outcome of the Election.
7. Polling for the election is to be run by the ERS - an independent service provider, subject to these election rules. The results as determined by the ERS are final.
8. The election timetable is included in the Board Membership Policy publication.
9. Election details shall also be posted on the Dons Trust Website, "www.thedonstrust.org".
10. Polling results will be determined by ERS in line with the STV system as published.
11. The results will be announced at the AGM by a returning officer.

12. The EWG will verify that nominations are from members and check for 'multiple nominations'. If multiple nominations are found then the candidate that submitted their nomination form first shall be accepted. Thereafter a nomination form containing a further Candidate nomination by the same member will be rejected.

Eligibility & Nomination

13. Candidates must comply with eligibility and nomination procedure as set out in the Nominations publication.
14. It is the Candidate's responsibility to ensure their nominations are valid and submitted in accordance with the timetable. In the event of uncertainty, the decision of the EWG will be final.
15. In signing the form, candidates are bound by the terms and conditions of the election rules and regulations.
16. A signed letter of nomination from a member is an acceptable substitute for manuscript signature on a candidates' nomination form.
17. Specifically candidates are also self-certifying that they comply with the following two rules of the constitution:
18. Rule 58: No candidate can stand if they:
 - Have been a member of the Society board for 12 consecutive years;
 - Have been declared bankrupt or compounded with their creditors;
 - Are subject to a disqualification order made under the Company Directors Disqualification Act;
 - Have been convicted of an indictable offence (other than a spent conviction as defined by the Rehabilitation of Offenders Act 1974);
 - Are or may on the basis of medical evidence be suffering from mental disorder;
 - Fail to abide by any rules for the conduct of elections made by the Society board

Rule 72:

Save for the exceptions outlined in the constitution, no Society board member is to have any material financial interest personally or as a member of a firm or company or as a director or other officer of a business trading for profit or in any other way whatsoever in any contract or other transaction with the Society. For the purposes of this rule, an interest of a person who is connected with a Society board member shall be treated as an interest of the Society board member.

Election Rules

19. During the election the EWG, or interim SB members, cannot provide advice to voting members as to the suitability of any candidates on behalf of the Dons Trust. Any opinion, or advice provided, should be taken as provided in a personal capacity.
20. Candidates/complainants have the right of appeal to the EWG, and then through the complaints procedure detailed in Dons Trust Constitution.
21. Complaints after voting has closed shall be made in writing to the EWG not later than three working days after the close of poll.

22. All communication regarding Election Rules Policy should be addressed to the EWG, via e-mail at "election@thedonstrust.org", or by letter addressed to the EWG at the Dons Trust registered office.
23. Communication with ERS will be restricted to EWG members.
24. Should any Candidates contravene the election rules the EWG shall judge whether a disqualification shall apply. Notification will be to ERS prior to announcement of election results and subsequently to the elected SB.
25. The elected SB will decide what action, if appropriate, may be taken should disqualification occur.
26. Should the election not produce ten elected SB members the casual vacancy rules shall apply.
27. All Candidates shall leave their contact details with the EWG.

Manifestos and Campaigning

28. The EWG shall publish a Manifesto document based on Candidates' Manifestos submitted with the Nomination form.
29. The EWG will be responsible for circulation of the manifesto document with ballot papers.
30. On a membership-wide basis, campaigning will be restricted to this publication. No further Election campaigning material will be circulated to all members. Other than this personal campaigning is allowable.
31. All candidates can submit an election manifesto to the EWG by close of nominations. The candidate's name need not appear in these 100 words. Acronyms, pseudonyms, and slang will be at the discretion of the EWG.
32. All the candidate's manifestos are to be received in written form, typed, and proof read before issue. The number of words counted shall be decided using Microsoft Word.
33. If a candidate's manifesto has more than the permitted one hundred words, it will be truncated at 100 words and text will be inserted below stating: "The Candidate's Manifesto has exceeded the permitted one hundred words and has therefore been truncated".
34. Candidate's manifestos written in the third person shall be accepted.
35. Candidates and nominees can only put their real names on nomination documentation. No nicknames will be accepted.
36. A candidate's manifesto shall not contain the name of any of their nominators or any other candidate.
37. Candidates must not in their manifestos: make threats, insults, derogatory, abusive, racist, sexist, or homophobic statements, or references towards other candidates.

DIRECT FUNDING FROM SUPPORTERS DIRECT

Supporters Direct is a community initiative, and as such, encourages supporters groups to draw upon the resources of their local communities. Establishing a Supporters' Trust is a labour intensive undertaking, and will involve significant hours of unpaid work and asking for free or subsidised local services.

Supporters Direct provides significant services free of charge to supporters' groups that represent the opportunity for considerable savings. Services include legal advice and assistance, experienced advice and consultation, web advice and development, and networking opportunities.

In addition to the Supporters Direct free services we can provide a *proportion* of the costs involved in establishing and running a Supporters' Trust. By assisting with costs, we aim to help groups achieve things they are not able to using only their own local resources and personal commitment.

Criteria for eligibility for start-up funds

Funding will only be given to Supporters' Trusts that Supporters Direct is satisfied are seeking to achieve legitimate objectives - these include:

- **Influence** - the formation and running of representative bodies for supporters.
- **Ownership** - the acquisition of shares in the football club to pool the voting power of individual supporters to further the aims and objects of the Supporters' Trust.
- **Representation** - securing the democratic election of supporters' representatives to the boards of directors of individual football clubs.

Groups must also be:

- **Democratic** in their structures and in the way they run their affairs
- **Open** to all fans to join, at an affordable cost; and
- Broadly **representative** of supporters, and **inclusive** in their approach.

Funding will be:

- 50% of the costs submitted – **except for the costs of registration of an Industrial and Provident Society, which can be refunded 100% (up to a maximum of £1000)**
- Paid when approved by the board of directors of Supporters Direct
- The expenditure covered must be reimbursed solely by Supporters Direct - by submitting a claim, a group is agreeing not to attempt to obtain funding for the same items from another source, unless the claim is refused by Supporters Direct in full or in part.

Amount of Funds

- Funding will be limited to a maximum of £1000 per Supporters' Trust for costs including IPS registration.

Use of Funds

Examples of the types of costs that will be considered include:

- Postal ballots
- Large mail outs
- Hire costs of halls for public meetings

How to apply

Applications from supporters' groups to Supporters Direct are welcome. Please write to:

Simon Binns, Supporters Direct, 2nd Floor, 15 Bowling Green Lane, London EC1R 0BD

Please include all receipts (photocopies or originals) when submitting an application, and state why you believe that your Trust may be eligible for financial assistance. Please also give as clear as possible a breakdown of the Trust's costs.

Examples:

Scenario 1 - Group with no prior funding from Supporters Direct

Registers as an IPS – costs £250 – 100% reimbursement

Other costs – printing, room hire, postage – costs £800 – 50% reimbursement

Total costs - £1050 – Supporters Direct reimburse £650

Scenario 2 - Group with no prior funding from Supporters Direct

Registers as an IPS – costs £750 – 100% reimbursement

Other costs – printing, room hire, postage – costs £800 – 50% reimbursement, but as only £250 left to get to maximum of £1000, only £250 would be reimbursed.

Total costs - £1550 – Supporters Direct reimburse £1000

Scenario 3 - Group with prior funding from Supporters Direct

Group has previously received £500 from Supporters Direct. This included £125 for 50% of the registration for an IPS and £375 as 50% of £750 printing and room-hire costs.

This group can either apply for the remaining £125 of the registration costs plus up to 50% of another £750 of start-up costs. Alternatively, they can apply for another £500 to cover 50% of an extra £1000 costs.

POTENTIAL SOURCES OF FUNDING FROM WITHIN THE CO-OPERATIVE MOVEMENT

- The Co-operative Group
- Using the Community Dividend Fund for individual Trusts.
- Establishing a dividend number for individual Supporters' Trusts.
- Co-operative Action

The Co-operative Group

The Co-operative Group Limited is the largest consumer co-operative organisation in the world. The Co-operative Group operates across numerous business fields - including retail, travel, funerals, insurance and banking, but is best known by the public for its stores, and as part of the Co-operative Movement is one of the best known retail chains in the country.

The Co-operative Group operates over 1,000 stores throughout the UK and accounts for over 25 % of co-operative retail trade. Stores range from small community stores to the large supermarkets, each forming part of a large organisation that claims to be 'committed to high standards of service to customers **and to our position on key issues.**'

The Co-operative Group also claims "**The Co-op is part of the community and actively contributes to the well-being of the communities it serves.**"

The Community Dividend scheme – opportunities for Supporters' Trusts?

- How Supporters' Trusts can apply for a Community Dividend grant.
- Opportunities for a dedicated Trust dividend.

The Community Dividend Scheme is operated by Co-operative Group Limited. Every Co-op Dividend cardholder has the option to donate the odd pence from their twice-yearly payout of Dividend to the Co-op Community Dividend Fund. This is the fund from which awards are made to help improve the local community and community organisations.

The scheme is open to organisations/community groups operating in the trading area of the Co-operative Group, which only operates in certain areas. The relevant areas can be found by visiting <http://www.co-op.co.uk/dividend/>, which provides a breakdown of the regional societies and their trading areas. Alternatively contact 0161 834 1212 for more details.

All applications to the Dividend scheme are considered by a democratically elected regional Co-operative Group committee, responsible for the area in which the project will be located. Applications are considered on an ongoing basis and there is no 'closing date'. Organisations may apply for grants of between £100 and £5,000. It should be noted that some committees have a budget of less than £5,000 to cover all successful projects.

Maximum awards are rare, and grants of several hundred pounds are more common. However, applications from Industrial & Provident Societies, or other mutual organisations that are run on a not-for-profit basis, would seem to fit precisely into the category that the fund is designed for. Supporters Direct would therefore encourage Supporters' Trusts to make full use of this scheme by applying via their local Co-op society.

What type of project does the Community Dividend support?

The criteria for application stipulates that:

- Your project should fulfil a need in the local community and should be of a voluntary, self help, co-operative or not-for-profit nature.
- The project you are undertaking should be of long term benefit to a sector of the local community, either by the provision of equipment or a physical benefit to the group, or by way of training or providing education.
- Your project should target disadvantaged groups or areas within the community.
- Projects should seek to address community issues for example health, safety, and poverty relief, and show imagination in their approach.
- Applications will not generally be considered for running costs such as wages and room hire, or for one-off events.
- Applications will not be considered which only benefit an individual.

Essentially, the scheme seeks to help community groups that are based around the principles of self-help and mutuality.

Dedicated Supporters' Trust Dividend schemes

Separately, the Co-operative Group, as with almost all of the regional Co-op societies, nominates one or two charities to support each year by allocating them a separate 'divi' number that shoppers can quote instead of their own number if they wish to make a charitable contribution.

A Supporters' Trust could ask to be allocated a 'divi' number for shoppers to quote to make a contribution to the Trust. It would encourage football supporters to shop at their local co-operative store, as they would be actively donating to the Trust with each transaction. This would also have the potential to increase the Co-op's profile in the local community.

Examples of good relationships between Supporters' Trusts and Co-op societies exist at Chesterfield/Midlands Co-op and Lincoln City/Lincoln Co-op.

Co-operative Action

Co-operative Action is the trading name of the Co-operative Foundation, set up as a result of the recommendations of the Co-operative Commission.

Co-operative Action is a grant and loan-making body. The remit of Co-operative Action is the promotion of co-operative values, with the aim of making society more mutual, giving control back to people, and building up institutions and businesses based upon the principles laid down by the International Co-operative Alliance - those of mutual self-help, self-responsibility, democracy, equality, equity and solidarity.

The objectives of Co-operative Action are to benefit the community by:

- Developing and researching innovative ideas which provide co-operative, mutual or social enterprise solutions
- Providing support and assistance to communities throughout the UK to encourage the establishment and support for co-operative, mutual or social enterprise initiatives
- Assisting co-operative societies in relation to community strategy
- Promoting the values and principles of the co-operative and labour movements.

Co-operative Action will make grants towards enterprises and organisations which promote co-operative solutions.

Grants will be awarded for:

- Developing and supporting new or existing co-operative enterprises
- Promoting co-operative solutions and structures of all kinds and in all sections of the economy
- Research into co-operative structures and solutions
- Research into new forms of finance for co-operative enterprises.

Organisations eligible to apply will be an Industrial and Provident Society (IPS), Company Limited by Guarantee, Company Limited by Shares (a co-operative or company with a non-profit-distribution clause), Charitable Company or Industrial and Provident Society (Exempt Charity).

Co-operative Action does not support individuals or party political activity.

Grants will be a minimum of £5,000 and a maximum of £200,000.

All applicants for a grant will need to complete a Co-operative Action application form setting out a description of the project and answering key questions.

All applicants will also be required to send a budget showing how the money is to be spent, a copy of registration documents (e.g. the Memorandum and Articles of Association), a copy of the most recent audited accounts and annual report, a copy of the organisation's equal opportunities policy and letters of support from relevant organisations. At least one of these must be from a Consumer Co-operative Society, the Co-operative/Mutual Council or an organisation in the Labour or Trade Union Movements.

All applicant bodies will need to be incorporated bodies, and will send a copy of their most recent audited accounts with their application. New bodies should send a copy of their most recent management accounts.

Organisations applying for projects of £50,001 and above should submit a business plan which will include the following:

- The organisation's aims and objectives, and how the project fits into these
- A description of the project to be delivered and its aims and objectives
- An analysis of the need, and a survey of similar or related projects/work
- A workplan including objectives, methods of achievement, targets and outputs within a clear timetable
- Detail on how the achievements will be monitored
- A project management structure
- A budget (by year)
- A marketing/dissemination plan with dates
- A summary of the organisation's track record in delivering similar projects/work
- Staff requirements and the skills of the main people involved.

Applications without the stipulated documentation cannot be considered.

The validity of the project/organisation is judged by selection panels using the answers provided to the following questions:

- How will the project fulfil the objectives of Co-operative Action?
- What need is being met by the project?
- How are you working in partnership with other relevant organisations?
- What will be the outputs* of the project?

- What will be the outcomes** of the project?
- What do you expect the long term and lasting benefits of your project to be?
- How will you measure and assess whether you have been successful?
- How will you ensure others learn from your work?
- How will the project promote the values and principles of the Co-operative movement to a wider audience?
- How are you going to publicise Co-operative Action?
- How does your work link in with other members of the Co-operative, Trade Union or Labour movements?

*Outputs are usually tangible products of the project, e.g. a booklet, webpages, a conference, or new business structures developed.

**Outcomes are the effects of your work, e.g. enhanced business support and understanding, etc. Both outputs and outcomes should be measurable.

All successful applicants will sign an undertaking to:

- Make themselves available for publicity or follow-up visits
- Make links with the local Co-operative support organisation, Consumer Co-operative Society or Co-operative council/forum.
- Adhere to the monitoring and audit requirements of Co-operative Action.

The Co-operative Action grant scheme could be an effective funding mechanism for more established Trusts.

For more information on Co-operative Action, contact Jo Bird at the Co-operative Group - jo.bird@co-operativeaction.coop

SOME OF THE OBJECTS USED BY EXISTING TRUSTS

Sheffield Wednesday

- i) To strengthen the bonds between Sheffield Wednesday and the community which it serves, and to represent the interests of the community in the running of the club.
- ii) To benefit present and future members of the community served by Sheffield Wednesday by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement.
- iii) To encourage Sheffield Wednesday to take proper account of the interests of its supporters and of the community it serves in its decisions.
- iv) To encourage and promote the principle of support representation on the board of the club, and ultimately to be the vehicle for democratic elections to the board of Sheffield Wednesday.
- v) To provide a vehicle by which the wider social objectives set out by the Trust in its statement of principles might be achieved.

Leyton Orient

- i) To create an independent forum to raise the concerns of Leyton Orient supporters.
- ii) To gain more influence on how the club is run.
- iii) To create dialogue with all those concerned with the club's future, such as the Chairman, directors, club personnel, the official Supporters' club, Football in the Community, etc.
- iv) To promote Leyton Orient in the community that it serves.
- v) To represent a significant number of supporters of Leyton Orient and to publicise and promote the views of those supporters.
- vi) To seek the views and opinions of the supporters of Leyton Orient.
- vii) To acquire shares and voting rights in Leyton Orient Football Club, to enable the views of supporters to influence the decision-making of the directors.
- viii) To enable a democratically elected director representing the views of the supporters to be appointed to the board of Leyton Orient Football Club Ltd.
- ix) To raise money and donate it to club to be spent in such a way to promote the aims and objectives of LOFT and to the benefit of the local community and the supporters of Leyton Orient.
- x) To seek the views and opinions of the local community and promote the support of Leyton Orient.

Chester City

To have meaningful supporter representation at board level

- i) To make the club fully accountable to the supporters
- ii) To ensure the club meets the highest standards of business management
- iii) To ensure all profit is ploughed back into the club
- iv) To encourage youth and community programmes
- v) To return the club to its rightful position...in the Football League

Celtic

The operating principles of the Trust are founded on the philosophy of co-operation and its central values of equality, equity and mutual self-help. Specifically, the objects of the Trust are as follows:

- i) To encourage Celtic to take proper account of the interests of its supporters, and of the community it serves, in its decisions;
- ii) To strengthen the bonds between Celtic and the communities it serves, and to represent the interests of the community in the running of Celtic;
- iii) To benefit present and future members of the community served by Celtic by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement;
- iv) To encourage the club to support the community which it serves, and to honour the community objectives of the club's founders: in this regard the Trust accepts and supports the Social Mission statement of Celtic set out in its Charter;
- v) To promote support for Celtic financially and otherwise;
- vi) To buy and hold shares in Celtic;
- vii) To give supporters a greater opportunity to invest in Celtic;
- viii) To encourage and promote the principle of supporter representation on the board of Celtic, and ultimately to be the vehicle for democratic elections to the board

Brentford

The Society's objects are, either itself or through a subsidiary company or society trading for the benefit of the community and acting under its control:

- i) to strengthen the bonds between the club and the community which it serves, and to represent the interests of the community in the running of the club;
- ii) to benefit present and future members of the community served by the club by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement;
- iii) to provide and maintain facilities for the enjoyment of professional football;
- iv) to promote coaching schemes to develop the football skills of young people and to widen interest in football regardless of the sex or ethnic origin of those involved;
- v) to further the development of the game of football nationally and internationally, and the upholding of its rules.

Aylesbury United

- i) To promote support for Aylesbury United Football Club both financially and in any other ways, as wanted by the Trust's membership. The Trust would assist the AUFC board to secure the club's long term future in Aylesbury.
- ii) To put in place a system of communication between the Trust and the AUFC board so that the views and ideas of supporters have a hearing. Regular meetings with representatives of the board should take place so that key issues like ground improvements may then become a joint venture between the club and its supporters.
- iii) Buy and hold shares in Aylesbury United Football Club Limited when available on behalf of the Trust's membership, and to seek elected representative(s) to the club's board of directors.

Aberdeen

- i) Involvement of as many stakeholders in AFC as possible.
- ii) A means of significantly helping AFC via fund raising.
- iii) A means of allowing any supporter to take a tangible stake in AFC.
- iv) A means of giving members a significant say in the affairs of AFC.
- v) To raise the stake held in AFC by small shareholders.
- vi) The democratisation of AFC to the mutual benefit of all trustees and the club.
- vii) A means of investing directly in AFC in return for specially issued shares.
- viii) A partnership of individual and corporate stakeholders.
- ix) Closer involvement of the community in the club.
- x) A stronger and more successful club.

Chesterfield

The Society's objects are, either itself or through a subsidiary company or society trading for the benefit of the community and acting under its control:

- i) to strengthen the bonds between the club and the community which it serves, and to represent the interests of the community in the running of the club;
- ii) to benefit present and future members of the community served by the club by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement;
- iii) to encourage the club to take proper account of the interests of its supporters and of the community it serves in its decisions;
- iv) to encourage and promote the principle of supporter representation on the boards of the club, and ultimately to be the vehicle for democratic elections to the board;
- v) to seek to acquire a majority shareholding in the club in pursuance of the objects above;
- vi) such charitable purposes as the members in general meeting in their absolute discretion think fit.

Rotherham

- i) to develop and strengthen the bonds between Rotherham United Football Club and the local community and supporters, and to represent the interests of the community and supporters in the running of RUFC.
- ii) to promote the full, accountable, democratic and constructive involvement of the supporters in the running and direction of the club, including the principle of supporter representation on the board of RUFC.
- iii) to promote support for RUFC, and to encourage new support especially of young people and families.
- iv) to assist RUFC in any way agreed by Trust membership, including financially (especially in the pursuit of 2 above), in kind, and in developing partnerships to further the interests of RUFC .
- v) to develop links with the supporters of other clubs in the furtherance of the enjoyment of the game for fans of all ages.
- vi) to benefit present and future members of the community in Rotherham by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement.

Tottenham

The Society's objects are, either itself or through a subsidiary company or society trading for the benefit of the community and acting under its control:

- i) to strengthen the bonds and dialogue between Tottenham Hotspur Football Club and the supporters of the club, and to represent the interests of the supporters in the running of the club
- ii) to work for the footballing and financial success of the club, and to uphold and preserve the tradition and heritage of Tottenham Hotspur Football Club
- iii) to be a positive, inclusive, and broadly representative group; open, accessible and democratically run for all supporters of Tottenham Hotspur Football Club
- iv) to reach out to the global community of Tottenham Hotspur supporters and seek to unify the supporters of the club; for the Society to act as a medium of communication for supporters both amongst themselves and with the club
- v) to build up and develop a positive, proactive relationship with the owners and management of Tottenham Hotspur Football Club, and promote two-way dialogue between the club and its supporters on substantial issues; for example, stadium development, ticket prices, community relations, anti-racism initiatives, etc
- vi) to use subscriptions to the Society to collectively purchase shares in the club, and to enable existing supporter-shareholders' proxies to be transferred to the Society to formally create a significant supporters' stakeholding, for the benefit of shareholders, the club and the PLC
- vii) to strengthen the bonds between the club and the community which it serves, and to represent the interests of the community in the running of the club
- viii) to benefit present and future members of the community served by the Club by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement
- ix) to provide and maintain facilities for the enjoyment of professional football
- x) to promote coaching schemes to develop the football skills of local young people, and to widen local interest in football regardless of the sex or ethnic origin of those involved
- xi) to further the development of the game of football nationally and internationally, and the upholding of its rules.

Darlington:

- i) to strengthen the bonds between the club and the community in the Area, and to represent the interests of the community in the running of the club
- ii) to encourage Darlington Football Club to take proper account of the interests of its supporters, and of the community it serves, in its decisions
- iii) to encourage and promote the principle of supporter representation on the board of the club
- iv) To raise money and donate in such a way to promote the aims and objectives of the Trust and to the benefit of the local community and the supporters of the club
- v) To benefit present and future members of the community served by the club by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement.

MEDIA DIRECTORY

Supporter Groups

Post messages on an official or unofficial Internet message board for your football club to contact fellow supporters.

Contact existing supporters' groups at your club. Ask the club for contact details of official supporters' clubs, or contact the national supporters' groups:

England & Wales:

The Football Supporters Federation, PO Box 25874, London N5 1WR. <http://www.fsf.org.uk/>

Scotland:

Martin Rose, Chairman & Secretary, The Scottish Federation of Football Supporters' Clubs, 212 Terregles Avenue, Pollokshields, Glasgow, G41 4RR, tel 0141 427 1796. E-mail martin@mrose.fslife.co.uk

Approach your local authority

Approach your local authority; try the Leisure Services Department in the first instance. You should explain what you are trying to achieve and the benefits to the local community and see what support they are prepared to offer. You should approach 'members' (elected councillors) - such as the Chair of the Leisure Services Committee - and 'officers' (the Council officials) - such as the Director of Leisure Services.

Approach your local MP

Contact your local MP for support. You can find out who your local MP is by visiting <http://www.parliament.uk> or by writing to the House of Commons, London, SW1A 0AA. Telephone 020 7219 3000.

MSP's in Scotland can be located by searching <http://www.scottish.parliament.uk> or by writing to The Scottish Parliament, Edinburgh EH99 1SP. Telephone 0845 278 1999.

AM's in Wales can be located by searching <http://www.wales.gov.uk/index.htm> or by writing to National Assembly for Wales, Cardiff Bay, Cardiff CF99 1NA. Telephone 029 20 825111.

Media Contacts

Fanzines

Contact the fanzine or fanzines at your club. These can be found listed in the football magazine, *When Saturday Comes*, 17a Perseverance Works, 38 Kingsland Road, London E2 8DD. Telephone: 020 7729 1110, email: editorial@wsc.co.uk.

Fanzines are also listed at <http://www.onetouchfootball.com/links/fanzines/>

For Scottish fanzines see http://www.onetouchfootball.com/links/fanzines/scot_irish.html

Media personnel and situations change constantly. Before you make a formal approach, telephone and ask for the name of the person you should deal with.

England & Wales - National Daily Newspapers

Daily Mail

2 Derry Street
Kensington
London
W8 5TT
News editor 0207 918 6372
Sports editor 0207 938 7039

The Independent

1 Canada Square
Canary Wharf
London
E14 5DL
Tel 020 7293 2000
Fax 020 7293 2435
E-mail (News) news@independent.co.uk
E-mail (Sports) sport@independent.co.uk

Daily Star

245 Blackfriars Road
London
SE1 9UX
Tel 020 7928 8000
Fax 020 7620 1644
E-mail news.desk@express.co.uk

The Mirror

1 Canada Square
Canary Wharf
London
E14 5AP
Tel 020 7510 3000
Fax 020 7293 3843
E-mail mirromews@mgn.co.uk

Daily Telegraph

1 Canada Square
Canary Wharf
London
E14 5DT
Tel 020 7538 5000
Fax 020 7538 6242

The Morning Star

1 - 3 Ardleigh Street
London N1 4HS
Tel 020 7254 0033
Fax 020 7254 5950
E-mail morsta@geo2.poptel.org.uk

The Express

245 Blackfriars Road
London
SE1 9UX
Tel 020 7928 8000
Fax 020 7620 1654
E-mail (News) howard.smith@express.co.uk
E-mail (Sports) bill.bradshaw@express.co.uk

The Sun

1 Virginia Street
Wapping
London
E1 9BD
News editor 0207 782 4101
Sports editor 0207 782 4200
E-mail news@the-sun.co.uk

The Financial Times

1 Southwark Bridge
London
SE1 9HL
Tel 020 7873 3000
Fax 020 7873 3076
E-mail reader.enquiries@ft.com

The Times

1 Pennington Street
Wapping
London
E1 9XN
Tel 020 7782 5000
Fax 020 7488 3242
E-mail (Sports) alex.butler@sunday-times.co.uk

The Guardian

119 Farringdon Road
London
EC1R 3ER
Tel 020 7278 2332
Fax 020 7837 2114
E-mail football.editor@guardianunlimited.co.uk

Scotland – National Daily Newspapers

Scottish Daily Mail

200 Renfield Street
Glasgow
G2 3PR
Tel 0141 331 4700
Fax 0141 353 2892
E-mail e.barnes@dailymail.co.uk

Evening Times

200 Renfield Street
Glasgow
G2 3PR
Tel 0141 300 3000
Fax 0141 302 6699
E-mail hugh.boag@eveningtimes.co.uk

Daily Express

Park House
Park Circus Place
Glasgow
G3 6AF
Tel 0141 332 9600
Fax 0141 332 5448
E-mail tom.fullerton@express.co.uk

The Herald

200 Renfield Street
Glasgow
G2 3PR
Tel 0141 300 3000
Fax 0141 302 7171
E-mail news@theherald.co.uk

Evening News

Barclay House
108 Holyrood Road
Edinburgh
EH8 8AS
Tel 0131 620 8620
Fax 0131 620 8616
E-mail nbevans@scotsman.com

The Scotsman

Barclay House
108 Holyrood Road
Edinburgh
EH8 8AS
Tel 0131 620 8425
Fax 0131 620 8491
E-mail sfraser@scotsman.com

Daily Record

1 Central Quay
Glasgow
G3 8DA
Tel 0141 309 3000
Fax 0141 309 3707
E-mail t.hamilton@dailyrecord.co.uk

England & Wales - National Sunday Newspapers

Independent on Sunday

191 Marsh Hall
London
E14 9RS
Tel 020 7005 2000
Fax 020 7005 2999
E-mail (News) a.leigh@independent.co.uk
E-mail (Sports) p.newman@independent.co.uk

Mail on Sunday

2 Derry Street
Kensington
London
W8 5TT
Tel 020 7938 6000
Fax 020 7937 3745
E-mail (Sports) Russell.lanning@mailonsunday.co.uk

News of the World

1 Virginia Street
Wapping
London
E1 9XR
Tel 020 7782 4000
Fax 020 7782 4463

Sunday Mirror

1 Canada Square
Canary Wharf
London
E14 5AP
Tel 020 7293 3000
Fax 020 7293 3405
E-mail (News) news@sundaymirror.co.uk
E-mail (Sports) S.Mckenlay@sundaymirror.co.uk

Sunday Telegraph

1 Canada Square
Canary Wharf
London
E14 5DT
Tel 020 7538 5000
Fax 020 7538 6242
E-mail (News) stnews@telegraph.co.uk
E-mail (Sports) stsport@telegraph.co.uk

The Observer

119 Farringdon Road
London
EC1R 3ER
Tel 020 7278 2332
Fax 020 7837 2114
E-mail (News) home@observer.co.uk
E-mail (Sports) sports@observer.co.uk

The People

1 Canada Square
Canary Wharf
London
E14 5AP
Tel 020 7293 3000
Fax 020 7293 3810
E-mail (News) peoplenews@mgn.co.uk
E-mail (Sports) sport@people.co.uk

Express on Sunday

245 Blackfriars Road
London
SE1 9UX
Tel 020 7928 8000
Fax 020 7620 1654
E-mail (News) newsdesk@express.co.uk
E-mail (Sports) bill.bradshaw@express.co.uk

The Sunday Business

3 Waterhouse Square
142 Holborn
London
EC1N 2NP
Tel 020 7961 0000
Fax 020 7961 0102
E-mail (News) newsdesk@business.press.net

Sunday Times

1 Pennington Street
Wapping
London
E1 9XN
Tel 020 7782 5000
Fax 020 7782 5658
E-mail (News) newsdesk@sunday-times.co.uk
E-mail (Sports) sport@sunday-times.co.uk

Scotland - National Sunday Newspapers

Sunday Herald

200 Renfield Street
Glasgow
G2 3PR
Tel 0141 302 7800
Fax 0141 302 7809
E-mail douglas.fraser@sundayherald.com

Scotland on Sunday

Barclay House
108 Holyrood Road
Edinburgh
EH8 8AS
Tel 0131 620 8620
Fax 0131 620 8616
E-mail mmcleod@scotsman.com

Sunday Post

144 Port Dundas Road
Glasgow
G4 0HZ
Tel 0141 332 9933
Fax 0141 331 1595
E-mail mail@sundaypost.com

Sunday Mail

1 Central Quay
Glasgow
G3 8DA
Tel 0141 309 3000
Fax 0141 309 3587
E-mail k.mcallion@sundaymail.co.uk

England, Scotland & Wales - Radio Stations

BBC Radio

Broadcasting House
Portland Place
London W1A 1AA
Tel 020 7765 4575
E-mail info@bbc.co.uk

BBC Radio Scotland

Broadcasting House
Queen Margaret Drive
Glasgow
G12 8DG
Tel 0141 339 8844
Fax 0141 337 1402

TalkSport

PO Box 1089
London
SE1 8WQ
Tel 020 7959 7800
E-mail mparry@talksport.co.uk

Virgin

1 Golden Square
London
W1R 4DJ
Tel 020 7434 1215

England, Scotland & Wales - National TV Stations

BBC Television

Television Centre
Wood Lane
London
W12 7RJ
Telephone: 020 8743 8000
E-mail: info@bbc.co.uk

BBC Scotland

Broadcasting House
Queen Margaret Drive
Glasgow
G12 8DG
Tel 0141 339 8844
Fax 0141 337 1402
E-mail jane.franchi@bbc.co.uk

Channel 4

124 Horseferry Road
London
SW1P 2TX
Telephone: 020 7396 4444
E-mail: viewerenquiries@channel4.co.uk (your
press release will be passed to the appropriate
department)

Channel 5

22 Longacre
London
WC2E 9LY
Telephone: 0845 705 0505
E-mail: gtooffice@channel5.co.uk

BSkyB

6 Centaurs Business Park
Grant Way
Isleworth
Middlesex
TW7 5QD
Telephone: 020 7705 3000
E-mail news.plan@bskyb.com

ITN (ITV Early Evening News, Nightly News,
C4 News and Channel 5 News)
200 Grays Inn Road
London
WC1X 8XZ
Telephone: 020 7833 3000
E-mail: c3home@itn.co.uk

Press Agencies

Associated Press

12 Norwich Street
London
EC4A 1BP
Tel 020 7353 1515
Fax 020 7353 8118

Press Association

PA News Centre
292 Vauxhall Bridge Road
London
SW1V 1AA
Tel 020 7963 7000
Fax 020 7963 7192

Reuters

85 Fleet Street
London EC4P 4AJ
Tel 020 7250 1122
Fax 020 7542 4039

Football Press

When Saturday Comes

17a Perseverance Works
38 Kingsland Road
London
E2 8DD
020 7729 1110
e-mail editorial@wsc.co.uk

Four Four Two

Somerset House
Somerset Road
Teddington
Middlesex
TW11 8RT
Tel 020 8267 5338
Fax 020 8267 5354
e-mail 442@haynet.com

Football Websites

<http://www.football365.com/>
<http://www.fromtheterrace.co.uk/>

<http://www.rivals.net/>
<http://www.scottishfootball.com>

Local Media

There are too many local newspapers to list here. A good list can be found at:

<http://www.holdthefrontpage.co.uk/papers/onlineweeklyindex.shtml>

If you do not have easy access to the Internet please contact the Supporters Direct office and we will give you the contact details for your local weekly newspaper.

TAXATION TREATMENT OF FOOTBALL COMMUNITY MUTUALS

A. Corporation Tax

The information detailed below is a general overview of the corporation tax treatment of Football Community Mutuals and is in no way a definitive guide, which should be relied on when completing the necessary tax return. This overview is based on the assumption that the Mutual is registered as an Industrial and Provident Society (IPS) and its constitution is based on the Model Rules for a Football Community Mutual. The Inland Revenue produce a leaflet - Clubs, Societies and Voluntary Associations (IR46), which deals with the subject in slightly more detail, and includes an example of how to complete a corporation tax return.

1. Trading Income - general

IPs are treated as a corporate entity for tax purposes, and as a general rule they are normally liable to corporation tax in respect of their profits or surplus computed in accordance with normal rules applicable for companies. Certain rules apply specifically to IPs and have been detailed below as appropriate. The only time that trading income will be exempt from corporation tax is to the extent that it is deemed to be mutual trading.

2. Trading Income - Mutual trading

If the Trust is trading in such a way that its members and its customers are the same persons, the trade for tax purposes yields no profit or gains and therefore there will be no assessment to tax. In order that the Trust falls within this exemption, there has to be the necessary element of mutuality. In particular it is essential that the profits should be capable of coming back at some time and in some form to the person to whom the goods were sold or the services rendered.

It is unlikely that a Football Community Mutual will meet these requirements, as they are not capable of distributing any of their surplus to the members.

3. Types of Income

Detailed below are some of the most likely types of income that a Football Community Mutual may receive and the relevant taxation treatment.

- **Bank/Building Society Interest** – All interest received is chargeable to corporation tax and must be reported on a corporation tax return. Bank interest is usually paid gross, without the deduction of tax. Building Society interest is normally paid after tax has been deducted. It is possible, however, to complete a declaration confirming that the Trust is a company for corporation tax purposes. This declaration will enable the building society to pay interest without the deduction of tax.
- **Sales to members** – This is likely to constitute trading, and as a general rule the profit on sales (income less allowable deductions) to members will be taxable. A special rule applies if the Trust makes no sales to non-members.

- **Sales to non-members** – Again this is likely to constitute trading, and the Trust will be liable to tax on the profit made on sales to non-members.
- **Donations** – Donations of money are not taxable. In addition the sale of donated goods, providing the goods have not been significantly changed before the sale, also not liable to corporation tax.
- **Fundraising** – Fundraising for a charity generally falls outside the scope of corporation tax by virtue of an Inland Revenue concession. However, it is unlikely that a Football Community Mutual will fall within this concession. Accordingly, it is necessary to follow the requirements below to ensure that at least part of the money raised will be exempt from corporation tax.

It is open for the organisers to set a basic minimum charge for an event, which will be taxable. For certain types of events the Inland Revenue require a minimum basic charge. In the case of films, concerts, sporting fixture or similar events the minimum charge, which is taxable, must not be less than the usual price for the particular seats at a normal commercial event of the same type. In the case of dances, dinners and similar functions the basic minimum charge is not less than the costs incurred in arranging the event.

Supplementary voluntary donations will not be taxable if the following criteria are met:

- publicity material states that anyone paying the minimum will be admitted without further charge;
 - additional payment does not secure an additional benefit; and
 - a further contribution is ultimately left to the ticket holders discretion.
- **Members' subscriptions** – General subscriptions or contributions made by individual members are not taxable.

4. Expenses

Day-to-day running expenses usually met from members' subscriptions are not taken into account when calculating the corporation tax liability. Expenses incurred in earning a profit from trading are allowable deductions for taxation purposes.

5. Trading losses

Football Community Mutuals will be granted special treatment in respect of the offset of tax losses.

6. Share and Loan payments

Share interest or loan interest will not be treated as a distribution providing that the Trust makes a return to the Inland Revenue within 3 months of the end of an accounting period, giving the names and addresses of all persons to whom share or loan interest amounting to more than £15 has been paid without the deduction of tax.

B. VAT

This area of VAT is extremely complex and accordingly this is only intended to provide an overview of the situation, and not give any specific or definitive VAT advice.

It is first necessary to establish whether the Trust will need to be registered for VAT purposes. It may be that there will be a compulsory requirement to register; alternatively, it may be that the Trust decides to become voluntarily registered.

In order to be registered for VAT, the Trust will need to be making supplies in the course of their business, so one needs to establish whether or not the Trust is carrying on a business.

1. **Business activities**

Non-business activities fall outside the scope of VAT and are those activities not concerned predominately with the making of supplies for a consideration. These will include activities such as the granting of free admissions to a Trust's premises for non-members or providing free literature to non-members. Provision by a Trust of facilities or tangible benefits available to its members for a subscription are deemed to be a business. There are very few circumstances where a subscription will not be regarded as business income.

Case law has established a business test for VAT purposes, and whilst it is not appropriate to discuss the detail of this here, it is sufficient to say that the activities have to be conducted on a regular basis and on sound business/ commercial principles, broadly for a consideration (monetary or non-monetary).

2. **Non-profit making**

Certain types of income can qualify for exemption from VAT where the Trust is a non-profit making body. An important indicator in establishing if the Trust is non-profit making is whether its constitution precludes any distribution of profits or surpluses of income over expenditure to members, shareholders or other persons. In the absence of such a clause in the constitution, HM Customs & Excise are likely to accept that a body is non-profit making if it can be shown that in practice it does not distribute its profits - for example by reference to prior year accounts.

If a Trust is non-profit making it will not be wholly exempt from VAT, but will receive special VAT treatment if it falls within one of the types of organisations specified in the relevant legislation. The most relevant types of organisations in the present case are bodies of a philanthropic or civic nature, which have objects of a public nature.

A philanthropic body is defined as a body that does good work for the direct benefit of the general community or a particular section of the community, or is designed to promote the well being of mankind. A civic body is one, which has objects, which promote rights and duties of citizens in matters of public interest and public affairs, and whose objects do not solely or mainly benefit its members.

In order to obtain the special VAT treatment, it would be necessary to satisfy HM Customs & Excise that a Trust falls within either of these definitions.

3. **Types of supply**

Assuming that the IPS is either registered for VAT or intending to become registered, it is necessary to consider the type of VATable supplies that it may make.

- **Subscriptions** - Subscription income is liable to VAT at the standard rate unless it falls within the exemption in 2 above. Some of the subscription money could be zero-rated, e.g. when part of the subscription paid relates to the provision of a publication. Where some of the benefits of membership are identifiable supplies of zero-rated or exempt goods and services, the subscription may be apportioned.

- **Entry/Admission fees** – will be a standard rated supply for VAT purposes and it will be necessary to charge VAT at 17.5% standard rate. Such fees will not be VATable if the amount is a true donation and the person would be admitted without making a payment.
- **Provision of food and drink** – will be standard rated for both members and guests. Food will only be exempt to the extent that it is 'cold' and provided for consumption off premises.
- **Fundraising events** – This will be a taxable supply for VAT purposes unless the Trust is deemed to be a qualifying body under the necessary legislation it is likely to be treated as a taxable supply for VAT purposes.
- **Donations** – Donations will only be outside the scope of VAT if they are given entirely voluntarily and on the basis that the donor will be receiving nothing in return.
- **Supplies by Trusts falling within 2 above** – Supplies to members will be exempt from VAT, provided they are available without payment (other than subscription), and that they are referable only to the aims of the organisation. There are several exemptions to this rule, including: right of admission where non-members pay; supplies for which an additional charge is made; and supplies to non-members.

Fundraising events will also be exempt from VAT, providing the event is organised exclusively for its own benefit, or the event is organised for an exclusively charitable purpose.

It will only be necessary to charge VAT if the Trust makes taxable supplies in the year which exceeds the threshold for the tax year (£55,000 for 2002/03 for illustrative purposes). In these circumstances, the Trust will be required to register for VAT. Taxable supplies are all supplies (examples above), which are not exempt from VAT. The value of a supply is determined by the consideration given for it.

CODE OF CONDUCT FOR FOOTBALL CLUB DIRECTORS

PREAMBLE

This document has been drawn up to assist supporter-elected directors to clearly outline their dual mandate from both supporters, who hold them accountable as their representative on the club board, and their fellow club directors. All directors, the supporter-director included, also have a responsibility to shareholders and the wider framework of company law.

Whilst many of the provisions of this Code of conduct relate to a supporter-director's specific dual mandate, the Code also seeks to guide all directors of the club in relationships with the supporters and each other. As ultimately all directors are collectively responsible for the good governance and solvency of the club, this Code is intended to be signed by all directors. The underlying principles of the Code are to make the board of directors an effective mechanism for overseeing the direction, strategy and performance of the club. This is also the board's key function in Law.

1. The person(s) chosen by the Trust's members to serve on the board of directors of the football club ('the supporter director') will :
 - (i) Be a paid up member of the Trust.
 - (ii) Be an elected member of the Trust board nominated by its members or directly elected by the members of the Trust in accordance with the electoral procedure adopted by the Trust.
 - (iii) Abide by the majority vote of the Trust board [or Trust membership] so far as their duties to the club allow.
 - (iv) Submit to re-election/re-appointment every [] years in accordance with the policy of the Trust.
 - (v) not be obliged to disclose the following information to club directors or officials without the express permission of the Trust board :
 - a The Trust's financial position, including individual members' contributions, assets, and levels of income.
 - b Matters deemed confidential by the Trust board.
 - (vi) If required to do so by the Trust, represent the Trust in association with the club board in their dealings with football authorities, local and central government.
2. The club will:
 - (i) Give adequate notice of all board meetings and ensure that the supporter director is provided with sufficient information to enable him/her to participate on an equal footing with other directors.
 - (ii) Ensure that the supporter director is entitled to the benefit of any indemnity and/or directors liability insurance enjoyed by other directors through the club.

- (iii) Not unreasonably restrict the supporter director in reporting back to the Trust the deliberations and decisions of the board of directors, and the matters to be discussed at forthcoming meetings of the board. This will enable the supporter director to canvass the views of the Trust board, subject to the provisions outlined below, that are incumbent on all directors.

3. All directors undertake to:

- (i) Abide by the club's memorandum and articles of association, and to any regulatory code adopted by the club.
- (ii) Abide by the responsibilities of directors as laid down in the relevant statutes, and any regulatory code adopted by the club.
- (iii) Accept the majority vote of the board and work on a principle of collective responsibility, whereby all decisions of the board properly reached shall be deemed to be club policy. As such, it is incumbent upon all directors to represent that policy faithfully both in respect of their duties and responsibilities within the club and to external parties, unless the board vote to suspend operation of this policy in a particular matter.
- (iv) Not disclose any confidential information to any other person without the prior authority of the board of directors.
- (v) Devote sufficient time and attention to the club to fulfil their duties as a director.
- (vi) Attend meetings of the club board, and not be absent without good reason.
- (vii) Not receive remuneration from the club except re-imbursement of reasonable expenses, including travelling expenses, while conducting business for the benefit of the club, other than via an open and published remuneration policy operative at the club.
- (viii) Represent the club in their dealings with football authorities, local and central government.
- (ix) Declare all personal or material interests where there may be a conflict of interests to the board. For the avoidance of doubt, a director's interest shall be deemed to include interests of members of his/her family, or interests of those with whom a director has an existing interest.
- (x) Not be subject to a bankruptcy order or have in place a composition with their creditors;
- (xi) Not be subject to a disqualification order made under the Company Directors Disqualification Act;
- (xii) Not have a conviction for an indictable offence (other than a spent conviction as defined by the Rehabilitation of Offenders Act 1974);
- (xiii) Not be, on the basis of medical evidence, suffering from mental disorder.

IDENTIFYING AND TRACING SHAREHOLDERS AT YOUR CLUB

The objective of this Appendix is to establish how a Supporters' Trust can identify and locate existing shareholders in their club, with a view to acquiring their shareholding or proxies. The first step in this process is the identification of the existing shareholders. When this is done, an approach to them in an attempt to obtain their relevant shareholding or proxies can be made.

Identification of Existing Shareholders

The Companies Act 1985 sets out detailed rules relating to the accurate and proper recording of the details of shareholders of every registered company. Companies are required to record the identity of their shareholders in two ways, namely in the Annual Return and in the Register of Members.

Annual Return

The Annual Return is a snapshot of information about a company, its directors and shareholders.

The legislation relating to Annual Returns is contained in sections 363 to 365 of the 1985 Companies Act as amended. Section 363 requires every company to deliver an Annual Return to Companies House on a yearly basis, thus ensuring that accurate information, as at the date of that return, is centrally held and available for inspection.

The Annual Return must be signed by a director or a secretary to the company and must contain information including:

- 1) The name of the company
- 2) Its registered number
- 3) The type of company, for example, public or private
- 4) The registered office address for the company
- 5) The name and address of the company secretary
- 6) The name, address, date of birth, nationality and business occupation of all company directors
- 7) The nominal value of total issued share capital
- 8) The names and addresses of all shareholders and the number of shares they hold

A company with share capital must provide a full list of members on:

- Its first Annual Return following incorporation
- Every third Annual Return after it has provided a full list

The intervening two Annual Returns need only report changes to shareholder information that have taken place during that year – that is, shares transferred and particulars relating to shareholders who have become members, or who have ceased to be members.

Thus, to comply with Companies Act guidelines the latest 'full list' Annual Return together with any subsequent Annual Returns should show the position at the date of the last return with regard to the shareholders of the company.

This information can be obtained from Companies House by your Supporters Direct Development Officer.

Penalties for failure to complete the Annual Return correctly

If an annual return is not properly completed and/or forwarded on time to Companies House then the company, and every director, secretary or 'shadow director' is guilty of an offence and liable to a fine, on summary conviction, not exceeding the statutory maximum (from 1 October 1992, £5000).

Furthermore, a conviction after continued contravention carries a daily default fine up to one-tenth of this statutory maximum.

Please note that it is a defence for a director or secretary to show that he/she took all reasonable steps to avoid the commission or continuation of the offence, although it is not a defence to state that another person was required to make the Annual Return.

Register of Members

Detailed rules set out in sections 352 to 362 of, and Schedule 14 to, the Companies Act 1985 require every company to keep a register of the names of those who own shares in it. This register must show the names and addresses of every shareholder together with the number of shares held by each of them. The Register is the definitive list of the members of a company at any one time. Even if a member has purported to transfer his/her shares, until the transfer is duly stamped (by the Inland Revenue Stamp Office) and the Register has been updated, the legal ownership of the shares remains with the original member, and it is they who are entitled to attend and vote at general meetings. This register is thus of fundamental importance in giving publicity to the identity of the shareholders of the company.

The Register of Members, together with the latest Annual Return filed at Companies House should be the starting point of any investigation into the identity and location of existing shareholders.

Availability of the Information on the Register

As one purpose of the register is publicity, it must be readily available for inspection. It should therefore be kept either at the company's registered office or, if it is to be kept elsewhere, a notice must be sent to the Registrar of companies specifying where it is to be kept.

The Secretary of State for Trade and Industry has made specific regulations setting out how share register information must be made available, namely the Companies (Inspection on Copying of Registers, Indices and Documents) Regulations 1991. Taken together with the inspection rights included in section 356 of the Companies Act 1985, these Regulations require the register to be available for inspection between 9 a.m. and 5 p.m. on each business day (or in any event, for at least 2 hours during that period).

Existing shareholders have free access to the register, and non-shareholders may be required to pay a small fee (£2.50 for each hour or part thereof during which the right of inspection is exercised).

Any person can obtain a copy of the register. Upon receiving such a request, the company must dispatch a copy within ten days. Copying fees are: £2.50 for the first 100 entries in the register, £20 for the next 1000 and thereafter, £15 for every subsequent 1,000 entries.

Should you require a copy of the register of members, and if the relevant company is a private company, the enquiry should be addressed to the Secretary of the company. If the company is a public limited company, the enquiry should be addressed to the Registrar.

Accuracy of the Register

The Register of Members **must** be altered when any change of the membership occurs. Except in the case of companies whose shares are publicly traded, all alterations of the register require the authorisation of the board of directors and so will not always be made immediately upon the necessary information being communicated to the company.

Please note that there is no actual time limit within which the Register of Members must be amended following any changes. However, the company and every officer who is in default will be liable to a fine if they do not comply with the obligation to maintain changes as set out in the Companies Act.

Penalties for Failure to Accurately Update the Register of Members

Failure to comply with the various requirements relating to the proper maintenance of the Register of Members is punishable by fines, which may be imposed on the company and every officer who is in default.

Default is also a criminal offence that is punishable by imprisonment.

Rectification of the Register

The Register of Members can also be rectified by an application to court. The Companies Act provides a mode of rectifying the Register by application to the court in two classes of cases.

1. Where the name of any person is without sufficient cause entered in or omitted.
2. Where default is made or unnecessary delay takes place in entering on the Register the fact of any person having ceased to be a member.

Section 359(2) of the Act provides that the court can either refuse an application to correct the Register or order rectification. The court's power of rectification is therefore entirely discretionary.

Application to the court can be made by any person, whether an existing member or not.

The procedure for making an application under the Act is initiated by the issue of a claim form pursuant to the Civil Procedure Rules. The application is normally made to the Companies Court, but may be made to any judge of the Chancery Division.

Please note that, due to the fact that rectification involves the commencement of court proceedings, it is likely to prove both time-consuming and costly. However, although this may be prohibitive, it does not necessarily render the exercise useless. In certain circumstances a complete overhaul of the Register may be the only mechanism available to obtain the correct details of the existing shareholders of a company.

Tracing Missing Persons

Even if the names of shareholders identified from the Annual Return and/or Register of Members are correct, Trusts may be faced with a further problem of trying to locate the individual;

- (a) because they have changed addresses and not informed the company or;
- (b) they have died and the shares have passed to a beneficiary who has not informed the company.

There are a number of options available as to how to trace an individual, and the sources listed below should provide guidance.

The Electoral Register

By using the address attributed to the shareholders, the relevant electoral register could be searched. These can be found in local reference libraries or county record offices, and can help you establish how long a person lived at that address. The disappearance of a name from the register means that they have moved home, married or died.

Marriage Indexes

It may be worthwhile to search the General Register Office's marriage indexes (at the Family Records Centre in London, or locally). The marriage certificates should have an address that you can check in the electoral registers.

Death Indexes and Wills

If you suspect that the person that you are looking for may have died, try checking the General Register Office's Death Indexes. These can be seen on the ground floor at the Family Records Centre, but many county record offices and local libraries hold a set of the General Register Office's indexes on microfiche. It is also worth trying the Indexes to Wills, kept at the Principal Probate Registry Search Room, First Avenue House, 42-49 High Holborn, London, WC1V 6NP.

Records of Name Changes

As most name changes are done by deed poll, through a solicitor, no centralised records are kept unless the change of name was enrolled at the High Court. (In recent years only a small proportion of changes have been enrolled).

Information about changes of names enrolled in the last five years can be obtained by writing to the Royal Courts of Justice, Room 81, Strand, London EC2. Enrolled changes in name over five years old are held by the Public Record Office, whose number is 020 8392 5200.

Traceline

Traceline is a non-profit making service providing assistance in tracing the whereabouts of persons in England and Wales. Should a person being sought have died, Traceline will advise how to obtain a copy of the death registration details.

Should the person be alive, Traceline may offer permission to forward a letter from you.

After identifying the location of the individual sought, Traceline will inform the individual that a letter is being held at the Traceline office. It is then up to the individual to decide on whether or not they want to establish contact.

It should be noted that Traceline predominantly acts in cases where individuals are trying to re-establish contact between family or friends who have lost touch, and will only act when it is clearly in the interests of the person being sought.

The Traceline fee is payable in two parts. The fee for processing of the application and a comprehensive search is £27.50. This is non-refundable in the event of an unsuccessful search. If the search is successful, the fee for offering to forward the letter is an additional £22.50.

Traceline is based in Southport and can be contacted on 0151 471 4811.

Incasso

Based in Leeds, Incasso is the Specialist Debt Recovery Division of Cobbetts Solicitors. Incasso offers a tracing service that operates on a no-success no-fee basis.

Incasso has the facilities to quickly search a number of databases in order to identify the location of an individual. The fee for establishing the location is £40, but this will be repaid in full should the trace prove unsuccessful.

For further information on this service, please contact the Incasso Trace Manager, Simon Armitage on 0113 288 5228.

Conclusion

The first step to take is to obtain the most up-to-date full list of members held at Companies House. This should be considered alongside the print-out of the Register of Members obtained from the secretary of the individual company.

If the Annual Return is being completed correctly and the Registers of Members kept up to date, this will provide you with the information necessary to identify and locate the existing shareholders.

If however you suspect the information is not being correctly maintained, bearing in mind the relevant penalties, it is suggested that you write to the secretary of the individual companies, voicing your concern over the inaccurate information contained in the Annual Return and the Register of Members.

In addition to fully explaining why you want to obtain up-to-date information about the shareholders, the letter should remind them of their statutory duties to accurately record the names and addresses of the shareholders. You may also suggest that you are prepared to inform Companies House of their failures should they not update the Register and accurately complete the next Annual Return.

Should you feel that the names of the shareholders are correct but their addresses are wrong, or believe that someone had died, you should consider the use of the sources identified above with regard to the tracing of individuals.

The last course of action that should be considered is an application to court for the rectification of the register. As this could prove to be a lengthy and costly process, without any guarantee that the court will order the rectification of the register, it is suggested that it is used very much as a last resort.