

RFU's Corporate Governance Review Consultation Document

Consolidated Conclusions of Advisory
Groups

Contents

Page	Heading
3	Preface
5	Points for Consultation on the Composition of the Board
13	The Composition of Council
22	The Exercise of decision making powers within the RFU
27	Other matters relating to the Board
29	Other matters relating to Council & Council meetings
33	Members in General Meeting
37	Committees
41	Procedural Summary

Preface

The law firm, Slaughter & May delivered a Report on its Review of Governance for the Rugby Football Union in November 2011. It contained detailed recommendations relating to various elements of the governance of the RFU.

The RFU Council met to decide how to proceed with the Report. A Steering Group was set up to manage the RFU's response. A number of recommendations addressed in the Report, relating to membership of the RFU and ticketing arrangements, were decided to be outside the scope of the Steering Group's work. Around 35 of the recommendations were deemed to be best practice matters and easily able to be adopted without formal debate and have been introduced in recent months.

The RFU Council decided to consult with Members of the RFU on the remaining recommendations, to elicit the views of the Game whether and to what extent the recommendations should be adopted. To assist to filter the recommendations and to give them some Rugby context, five Advisory Groups, comprising members of Council, members of the Board and members from Constituent Bodies and Rugby Clubs were asked to review the recommendations to decide which should go forward to consultation. Each Advisory Group looked at a different part of the report and the recommendations were grouped into those dealing with the Composition of Council, the Powers of Council, the Role and Composition of the Board, the powers of Members in General Meeting and the role and reporting lines of committees.

This Consultation Document represents the consolidated outcomes of the five Advisory Groups. No editing of their conclusions has taken place but repetitions have been omitted and the output has been reorganised into a logical narrative order which is easy to follow.

This Consultation Document contains the points for consultation only, expressed as principles. No attempt has been made to draft in detail nor are the deliberations of the Advisory Groups set out. There is a summary at the end of which proposals would, if accepted, require a Rule change which would have to be approved by a resolution of 2/3 of the Members of the RFU in a General Meeting.

As a Club or Constituent Body member or representative, you are invited to attend one of 12 Consultation meetings being held around the country to discuss these potential changes and contribute your views. The most significant of these proposals will be formally presented to you at these meetings, and we aim to create a discussion which encourages you to express your views about any or all of them. Each meeting will be attended by either the RFU Chairman or RFU Chief Executive.

Please note that the RFU Council has not discussed or debated this document in detail. It will do so in a special RFU Council meeting at the end of the consultation meetings at which it will decide on the next steps. So, for now, no assumption should be made that the RFU Council approves any of the recommendations. Your views are sought and will inform the RFU Council's debate.

After the consultation meetings, the RFU Council will debate the feedback from the meetings at its regular meeting in April 2013 and at a Special Meeting in May 2013. If any proposals are to go

forward, then Rule Changes can be considered at a Special General Meeting to be arranged in Autumn 2013.

Points for Consultation on the Composition of the Board

Intention:	To improve the operational efficiency of the Board
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1. Composition of the Board

Intention:	How the Board of the RFU might be composed.
Current position:	The Board comprises the President, the Chairman, the CEO, the CFO, one further Executive Director, three or four members of Council, one of the RFU's IRB representatives, the Chairs of the PGB, CGB & Governance Standing Committee (ex officio), and three independent non-executive directors (two of whom are co-opted to the Board).
Rationale:	The Advisory Group agreed with the recommendation of Slaughter & May that the Board should be slightly restructured to ensure that it conforms to best practice for Sporting Bodies. Slaughter and May had advised that there should be three Independent Non-Executive Directors. As a condition of funding Sport England have indicated that it will require in the future that at least 25% of the Board – and ideally 1/3 – are independent. The Advisory Group was concerned to ensure that Board Members are of the highest quality and calibre. The Advisory Group also wanted to ensure an 'appropriate balance' of groups on the Board so that no single party can dominate the Board and its decision making. Consultation is also sought on who should appoint or approve the appointment of the Independent Directors, with the options set out below in square brackets.

For Consultation:

Whether the Board should comprise 12 Members

	1. Chairman
	2. Member of Council
Three members of Council elected by open election and manifesto.	3. Member of Council
	4. Member of Council specifically elected to serve as IRB Representative

Ex-Officio appointments of Committee Chairs	5.	Chair of the CGB
	6.	Chair of the PGB
	7.	Chair of the Committee with responsibility to Council for the Regulation and Governance of the Game (currently, this person is the Chair of the Governance Standing Committee).
Executive Directors	8.	CEO
	9.	CFO
	10.	One other member of the Senior Executive Team approved by the Board.
Independent Directors appointed by [Council/Members in General Meeting] on the recommendation of the Board Nominations Committee]	11.	Independent Director
	12.	Independent Director
In addition, the Chairman shall have the power to recommend to the Members in General Meeting the appointment of one additional independent non-Executive Director if it is felt independent skills and expertise are lacking from the Board. Currently, the Chairman of England 2015 and one of the other two INEDs occupy this position.		

2. Chairman of the Board

Intention:	To suggest who can be the Chairman of the Board and how he is appointed.
Current position:	The Chairman of the Board is elected from the Members of Council and the Privilege Members. The Chairman may be nominated by the Council or the Members and is elected by the Members at the General meeting.
Rationale:	Views are sought on whether the position of Chairman of the Board should come from outside Council and the Privilege Members and puts for consultation a slight change to how the Chairman of the Board is appointed. The objective is to ensure that the highest quality of candidate is available for selection as Chairman.

For Consultation:	The Chairman of the Board should be elected by the Council by way of an open election and manifesto. The Chairman can come from any part of the game or be independent, subject to an appropriate nominations process. The Chairman's appointment as a Director shall be ratified by the Members in General Meeting.
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3. The President

Intention:	To remove the President as a Board Member but to enable him to attend Board Meetings.
Current position:	The President is currently also on the Board.
Rationale:	The Advisory Group agreed with the recommendation on the basis that it is part of the process of clarifying the roles of the President, the [Speaker/Chairman of Council] (which is a later recommendation) and the Chairman of the Board. The intention is to make the role of the President ambassadorial only.

For Consultation:	The President should not be a member of the Board, but shall have the right to attend meetings without having a vote.
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4. Appointment of the RFU's two representatives to the IRB

Intention:	To review who would have the responsibility for electing or appointing the RFU's representatives to the IRB
Current position:	The RFU's representatives to the IRB are appointed by Council. They must be appointed from members of Council (including those co-opted to the Council). One of these is appointed to the Board ex officio.
Rationale:	Two different Advisory Groups considered recommendations regarding the IRB representatives as it fell in two different parts of the Slaughter & May Report. The Advisory Groups came up with slightly different proposals. Therefore, there are alternative proposals on which Members' views are sought. Slaughter and May proposed that the IRB Representatives should be appointed by the CEO, and that one should always be the CEO.

For Consultation:	<p>(a) Of the two representatives to the IRB, one shall be elected by Council (as suggested in proposal 4) and shall serve on the Board, and the other shall be the CEO.</p> <p>Or:</p> <p>(b) Both representatives to the IRB shall be elected by Council, with one being specifically elected to serve on the Board (as suggested</p>
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	in proposal 4).
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5. Representatives of the RFU on International Bodies

Intention:	To confirm whether the Board should continue to have the responsibility to appoint those persons who represent the RFU on international bodies other than the IRB.
Current position:	Council appoints the IRB Representatives. The Board appoints all the other representatives to international bodies such as the Six Nations, ERC, British Lions and FIRA.
Rationale:	The Advisory Group felt the appointment of the other representatives was a matter that should continue to be properly decided by the Board as it concerned the RFU's relations with international bodies. Slaughter and May had advised that the RFU CEO should appoint all the international representatives.

For Consultation:	It should be for the Board to determine whether the same person or people should represent the RFU at the IRB and the Six Nations, British Lions.
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6. Appointment of the Chairman of the Community Game Board (CGB)

Intention:	To determine which body would have the responsibility to elect the Chairman of the CGB
Current position:	The Chairman of the CGB is appointed by Council on the recommendation of the Nominations Standing Committee, and is an ex officio member of the Board
Rationale:	The Slaughter & May suggestion was that the CGB should select its own chairman. This suggestion appeared in three different parts of the report and so three different Advisory Groups considered the same recommendation. The Advisory Groups came up with slightly different outcomes. Therefore, there are three different proposals on which Member's views are sought, although in all three, the CGB Chair would remain an ex officio member of the Board.

For Consultation:	(a) The CGB Chairman shall be elected by Council, following a recommendation from the Nominations Standing Committee. The CGB Chairman can be from anywhere within or outside the game. He should be an <i>ex officio</i> member of the Board.
	Or
	(b) The CGB should select its own chairman, rather than having a chairman imposed on it by Council. He should be an <i>ex officio</i> member of the Board.
	Or
	(c) The CGB Chairman shall be elected by Council from amongst the members of Council. He should be an <i>ex officio</i> member of the Board.

Procedural Note:	If any of these proposals are approved, it will require a number of small changes to the Rules, which will need to be approved by a vote of members in a General Meeting.
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7. The Appointment of the Chairman of the Professional Game Board (PGB)

Intention:	To confirm the arrangements for appointing the Chairman of the PGB.
Current position:	The PGB is a committee governed by the Heads of Agreement between the RFU, PRL and the Premiership Clubs under which the RFU Board of Directors has the power to appoint the Chairman. He can be appointed from among the Council Members or outside. He is a member of the Board ex-officio.
Rationale:	The Advisory Group supported the existing arrangements for appointing the chairman of the PGB from as broad a pool of candidates as possible.

For Consultation:	The chairman of the PGB should be appointed by the Board on the recommendation of the Nominations Standing Committee. He should be an <i>ex officio</i> member of the Board.
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8. Procedure for elections to the Board

Intention:	To ensure that elections to the Board are open and transparent
Current position:	It is not clear that all elections to the Board are open or that candidates put forward their rationale for wanting to be elected.
Rationale:	The Advisory Group agreed to consult on the suggestion that all elections within the RFU should be open and transparent.

For Consultation:	The procedure for elections to the Board should be by way of open election and manifesto. It should be approved by Council and published on the RFU's website.
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9. & 10. Maximum Term limits for Board members

Intention:	To elicit views on individual term limits for Board members in individual positions and an upper limit on any individual serving on the Board
Current position:	Some Board members are elected annually, and have an upper term limit whilst the ex officio seats for the Chairs of Committees/Game Boards do not have any upper term limit.
Rationale:	The Advisory Group felt that annual elections were not appropriate, but also wanted to clarify upper term limits for Board members, to enable the Board to be refreshed from time to time with new talent and to prevent individuals for serving on the Board for excessive periods. It should be noted that a different Advisory Group did not support maximum term limits for Council members, whilst yet another suggested term limits for serving on the CGB. Slaughter and May had proposed that they should serve three year terms but that they should only serve for a maximum of three terms. In this Consultation, your views are welcome on these or other periods.

For Consultation:	9. Members of the Board should be elected for fixed terms and the RFU wishes to consult as to whether the maximum terms set out below are appropriate.
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	<p>i) Chairman – Two year term, maximum of two terms. Once the Chairman has completed his maximum terms, he cannot be reappointed to the Board in any other position</p> <p>ii) Board Members elected by Council or ex officio from Council – two year term, maximum of two terms in individual position.</p> <p>iii) Independent Non-Executive Directors – Two year term, maximum of two terms</p> <p>10. No non-Executive Board member may serve in any individual role for more than four years. In addition, no person may serve for more than eight years on the Board in total, unless such person is elected to Chairman at the end of another term, in which case the Chairman can then serve for another maximum of four years.</p>
Example	<p><i>[By way of example, a Board member elected by Council may serve a maximum of four years. He could then become Chairman of, say, the CGB, in which capacity he could serve as an ex officio member of the Board for a maximum of a further four years. The only way such a person could stay on the Board then would be if he were elected Chairman, in which capacity he could serve for a maximum further four years.]</i></p>

11. Suggestion for when Term Limits should be introduced

Intention:	To suggest how and when term limits should begin to apply
Rationale:	The Advisory Group felt that term limits should be introduced immediately, but has two different views to consult members on, both designed to ensure that the Board does not suffer changes in an excessive number of Directors at the same time.

For Consultation:	<p>Board term limits should be implemented immediately and</p> <p>Either</p> <p>(a) have retrospective effect,</p> <p>and/or</p> <p>(b) be staggered to avoid synchronous appointment/re-appointment cycle for the whole Board.</p>
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12. Ratification of Appointments to the Board

Intention:	To give the Members powers in relation to Board appointments
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For Consultation:	The appointment of each member of the Board should be ratified by member clubs at the subsequent AGM.
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13. Board Meetings

Intention:	To encourage greater interaction between Board members and members of clubs and CB's
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For Consultation:	Meetings of the Board should be held as often as necessary. Board members should be willing to attend road shows with members of the game so as to improve open accessibility between participants and the RFU.
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The composition of Council

14. A range of options for the composition of Council

Intention:	To put forward for consultation a selection of options for how Council might be composed.
Current position:	Council is currently composed of 60 members, occupying 62 positions. 35 members represent Constituent Bodies, 7 members represent Schools and Student bodies, there are 4 presidential roles, 3 representing the Armed Forces, 3 representing Clubs, 2 IRB representatives, 2 National Representatives, 1 co-opted member, 1 representative each for the Referees, Players, and Women & Girls, the Chairman and CEO.
Rationale:	<p>The Advisory Group considering the composition of Council believed that the Slaughter & May recommendations were founded on an underlying belief that the Council should be more operationally efficient in order to discharge its roles and responsibilities. The Advisory Group agreed with the underlying belief, but did not agree that the proposals put forward by Slaughter & May and /or reducing it in size to say 45 members are necessarily the best way to achieve this efficiency.</p> <p>There are four broad approaches to improving the operational efficiency of the Council, three of which are based primarily upon reducing its size. The views of members are sought on which, if any, of these compositions would be acceptable.</p> <p>It should be noted that the Advisory Group preferred by a majority options ii and iii</p>
For Consultation:	<p>i. No substantial change to the current composition of the Council, and no change to the route to Council for each member. Council remains approximately the same size, and operational efficiency is improved by reform to the Council's procedures, protocols and decision-making (in the manner set out in paragraphs 30 to 35).</p> <p>ii. Each body which currently elects to Council is entitled to elect only one member. This reduces the size of the Council to approximately that recommended in the report, with the proportion of representatives elected by Clubs maintained at a minimum of 55%. Those affected are Gloucestershire, Lancashire, Middlesex, North Midlands, Notts, Lincs & Derbyshire, Surrey, Yorkshire, ERFUSU, and Students RFU.</p>

	<p>iii. Each body which currently elects to Council is entitled to elect only one member, but a form of weighted voting on Council is devised to reflect the size of each body's membership. No view is expressed on the form of that weighting, which would have to be determined. This reduces the size of the Council to approximately that recommended in the report, with the proportion of representatives elected by Clubs maintained at a minimum of 55%.</p> <p>iv. A smaller Council is made up of representatives elected directly from the Club game through a new regional structure and elections, and these representatives should comprise a minimum of 55% of Council members. The exact size of Council and its regional sub-structure is to be determined. We wish to consult on the <i>general</i> principle of electing representatives to Council from the club game via regional structures, rather than through geographic Constituent Bodies, alongside the options set out above.</p>
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15. Diversity on Council

Intention:	A suggestion for how greater diversity on Council could be achieved to allow underrepresented groups to be represented on Council
Current position:	There are no current Rules addressing diversity in terms of gender and race representation.

For Consultation:	In all four of these options, the need to promote diversity on Council by ensuring representation for under-represented groups can and should be addressed through the mechanism of co-option.
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16. Co-options to Council

Intention:	That Council uses its power to co-opt members to help enhance diversity and skill sets on Council.
Current position:	Council has the power to co-opt individuals to the Council.
Rationale:	The Advisory Group agreed to consult on the suggestion that co-option could be used judiciously to enhance diversity and to enhance the skill sets on Council.

For Consultation:	<p>Council should have the power to co-opt up to five additional members to Council. This process should be managed by the [Speaker/Chairman] of Council (see proposal 20).</p> <p>In addition however if Council elected one or more of its members to be an IRB Representative that such IRB representative should remain a member of Council and the body by whom that person was elected or appointed to Council should have the right (but not the obligation) to elect or appoint a new Council member.</p>
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17. Future Changes to Council Composition

Intention:	To ensure that Members in General Meeting continue to make the decision on changes to the Composition of Council
Current position:	The Composition of Council is contained in the Rules so any change would require a resolution of Members in General Meeting

For Consultation:	Any proposal to change the Composition of Council should be approved as a change to the Rules by a special resolution of the member clubs in general meeting.
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18. Role of Nominations Standing Committee in Council Elections

Intention:	To give the Nominations Standing Committee a role in elections to the Council
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For Consultation:	As part of any election process, the Nominations Standing Committee should provide guidance to candidates and member clubs on the skill sets required on Council.
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19. Procedure for elections to Council

Intention:	To ensure that elections to Council are open and transparent
Rationale:	The Advisory Group agreed to consult on the suggestion that all elections within the RFU should be open and transparent.

For Consultation:	Any elections to Council should be by way of an open election and manifesto and votes should be cast by secret ballot. There should be a consistent set of minimum standards for all elections to Council.
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20. Chairman of Council

Intention:	To consider whether the RFU should create a new role of Chairman of Council, but expressed as a "Speaker" of Council or whether the President should continue to chair Council Meetings.
Current position:	The President currently serves as the Chair of Council meetings
Rationale:	The Advisory Group agreed to consult on the suggestion that, as part of clarifying the roles of Board and Council, Council should have its own "Leader", whose role should include chairing Council meetings. As part of this, the role of the President would become ambassadorial only. Slaughter and May felt that the important role of Chairman of the Council should not be undertaken by someone with a demanding ceremonial or ambassadorial role or other significant responsibilities within the RFU.

For Consultation:	Should there be a new role of Chairman of Council? If so, it is preferred that this person should be known as the "Speaker of Council". The [Speaker/Chairman] would be elected by Council from amongst its members. The [Speaker/Chairman] of Council would not hold any other office and the President would not be eligible to also serve as [Speaker/Chairman] of Council.
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21 & 22. Role and Terms of Reference for [Speaker/Chairman] of Council

Intention:	To set out a clear role and terms of reference for the [Speaker/Chairman] of Council if it is agreed to create that role.
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Current Position:	The responsibilities set out as terms of reference for the [speaker/Chairman] are all (except for (vii) and (viii)) currently carried out by the President with the assistance of Council Services.
Rationale:	The Advisory Group agreed to consult on the detail of the role of a new [Speaker/Chairman], so as to clarify this role against the role of the Chairman of the Board.

For Consultation:	<p>21. The role of the [Speaker/Chairman] of Council is to ensure that the business of Council is efficiently undertaken and reported and in particular that all Council meetings are effectively planned, managed and reported.</p> <p>22. It is suggested that the Terms of Reference for the [Speaker/Chairman] of Council are as follows:</p> <ol style="list-style-type: none"> I. Produce and maintain in conjunction with the Chief Executive and Chairman of the Board a two year rolling Council agenda plan, linked to the major policy issues in the Strategic Plan and annual Business Plan. II. Plan each Council meeting in detail, including the distribution of the relevant papers, liaison with each agenda item 'owner' and coordination of the debate. III. Obtain from the Chairman of the Board on a timely basis such information as is properly required to enable the Council to fulfil its role in holding the Board to account in the fulfilment of its business in managing the affairs of the Union in accordance with its rules. IV. Chair each Council meeting in accordance with Council Standing Orders. V. Coordinate the preparation and distribution of Council minutes and other reports. VI. Be the principal point of contact with Council members in relation to the business of Council and liaise with Council members on a regular basis on the effectiveness of Council meetings and any potential improvements thereof. VII. Having consulted with members of Council to make recommendation to the Nominations panel in relation to co-options to Council and in particular to ensure consideration is given to the diversity of Council, the proper representation of under-represented groups and that Council has amongst its
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	members the full range of skill sets required to fulfil its role.
	VIII. Produce a report for the RFU annual report on the performance of Council in the season.

23. Support for [Speaker/Chairman] of Council

Intention:	To ensure that the [Speaker/Chairman] of Council has executive support in carrying out the role
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For Consultation:	The [Speaker/Chairman] of Council should be supported by a secretary, who could be a member of the executive with another executive role, but who would in his capacity as secretary of Council report directly to the [Speaker/Chairman] of Council.
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24. Members of Council holding other offices

Intention:	To limit the other offices that can be held by members of Council
Current position:	There is currently no limit on the other offices which can be held by Council members other than Past Presidents who are restricted from holding office.
Rationale:	The basis of this point for consultation is to widen the pool of Council members who could hold other offices by limiting the number which can be held by each Council member.

For Consultation:	<p>It is proposed that no member of Council should hold more than one major office save where that major office carries "automatic" membership of the Board.</p> <p>The only further exception should be that one council member who is also a member of the Board and a Six Nations representative may be permitted, if nominated, to also be an IRB representative. For clarity this exception would only be permitted for one of the two IRB representatives.</p> <p>Major Offices defined as President/ Vice Presidents/ Chairman of Board/</p>
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	Chairman of PGB/ Chairman of CGB/ Chairman of Governance/ Chairman of Nominations/ [Speaker/Chairman] of Council/ 6 Nations Rep/ IRB Rep/ ERC Board Member.
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25. Term of office for members of Council

Intention:	To make a change to the terms of office of members of Council.
Current position:	Council members are elected annually.
Rationale:	The Advisory Group agreed to consult on the suggestion that members of Council should have continuity in office and should be elected for three year terms. The Group did not agree with a related suggestion that there should be a maximum term limit of three terms for members of Council to serve.

For Consultation:	Members of Council should be elected or appointed for three year terms, save where the body electing or appointing that Council Member resolves that the Council member should stand down, in which case and following such a resolution, a new representative may be elected or appointed.
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26. Term of Office for [Speaker/Chairman] of Council

Intention:	To put in place procedures and term limits for the [Speaker/Chairman] of Council. Slaughter and May had recommended that the Speaker/Chairman should be elected for three years and should serve for no more than two terms.
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For Consultation:	The [Speaker/Chairman] of Council should be elected by Council by way of an open election and manifesto for a two year term, but should not serve more than two consecutive terms. He should be subject to removal (as [Speaker/Chairman] but not from Council) by way of a resolution of Council.
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27. President, Senior Vice-President and Junior Vice-President

Intention:	To clarify the election, term limits and procedural rules relating to the President and the two Vice-Presidents
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For Consultation:	The President, Senior Vice-President, and Junior Vice-President should be approved for submission to the Members by Council from among its own members and they should be elected by the Members by way of open election and manifesto. Their term of office should be limited to one year and after expiry of their term, they should be required to wait five years before being eligible again for election to any of the presidential roles (other than in the case of the Senior Vice-President and Junior Vice-President 'moving up the chain'). The body that the Council Member represents shall appoint a new Council Member for the Senior Vice President and President but is not permitted to do so for Junior Vice President.
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28. The Role of the President

Intention:	To seek views on a new ambassadorial role for the President
Rationale:	The Advisory Group agreed to consult on the suggestion that the role of President should become ambassadorial only, as part of the clarification of the roles between the Board, Council and members

For Consultation:	The President will continue to chair general meetings of member clubs, but the presidential roles should be otherwise ceremonial and ambassadorial only.
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29. Past President

Intention:	To remove the office of past President as a Council member
Current position:	The Past president is a member of Council
Rationale:	The Advisory Group agreed to consult on this suggestion , which was part of an overall set of recommendations designed to make Council more representative

For Consultation:	The office of Past President should not confer <i>ex officio</i> membership of Council.
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The Exercise of Decision Making Powers within the RFU

30. The respective powers of Board and Council

Intention:	To clarify the decision making responsibilities between Board and Council
Rationale:	To improve the operational efficiency of the Board and Council and to clarify their respective roles and powers. Paragraphs 30-32 are all intended to achieve this effect.

For Consultation:	The general power to manage the RFU is vested in the Board. The Board should exercise all powers of the RFU, subject to specific and precise reservations to Council as set out in paragraph 34 and to the members in general meeting.
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31. Terms of Reference of the Board

Intention:	To abolish the Board's terms of reference
Current position:	The Board's Terms of Reference are contained in the Handbook. They are contractual in nature and can be amended by Council
Rationale:	The Advisory Group agreed to consult on this proposal, based on the suggestion that the current Terms of Reference complicate the decision making powers. The intention is to clarify the roles and responsibilities by removing detailed provisions.

For Consultation:	The "terms of reference" for the Board should be abolished. The Board of Directors should set a formal schedule of matters which require a decision of the full Board and of the levels of authority which can be delegated to the Executive.
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32. The Function of Council

Intention:	To have a clear statement of the function of Council in relation to the Board
Current position:	The Powers of Council are in Rule 13 but there is no clear statement of the function of Council. Council has the power to receive reports from the Chairman of the Board, the CEO and the CFO for the purposes of holding the Board to account for the management of the affairs of the Union.
Rationale:	The Advisory Group felt that it was helpful and necessary to have a clear statement of the function of Council in relation to the Board. Slaughter and May felt that Council's primary function should be to monitor and oversee the Board on behalf of the member clubs and that Council's role should be one of oversight and Council should not therefore carry out executive functions.

For Consultation:	Council's function is to hold the Board to account on behalf of the member clubs.
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33. Other general functions of Council

Intention:	To state certain other "functions" which are carried out by Council although the powers of Council are clearly set out.
Current position:	There is no statement in the Rules of other functions of Council
Rationale:	The Advisory Group agreed with the suggestion that it would be helpful to state certain other general functions of Council, as well as the specific reserved powers set out in paragraph 34.

For Consultation:	Other general functions of Council are: to provide a forum for reasonable and responsible debate among stakeholders; to provide the benefit of its wisdom and advice as and when appropriate; to provide a pool of candidates to fill certain positions; and to act as an ambassador to disseminate the RFU's strategic vision, helping to ensure that all stakeholders understand and support a shared vision for the development of the game and of the RFU as an organisation.
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34. Powers Reserved to Council

Intention:	To have a clear statement of which powers of the Union are reserved by the Board to Council
Current position:	The Rules (Rule 13) currently set out the powers which may be exercised by Council
Rationale:	The Advisory Group agreed to consult on the following list of reserved powers for Council which are in addition to the general power to hold the Board to account. The majority of the existing powers in Rule 13 are proposed to be retained, but, with only a few exceptions, where the power was “to determine” a matter, that should change to “to approve”, making clear that the setting of the strategy is with the Board, and the approval with Council. In power (x), there is a an alternative based on a proposal elsewhere on the number of council appointments to the CGB.

For Consultation:	<p>The Council, to enable it to fulfil its functions on behalf of the Members of the Union, in addition to holding the Board to account, shall have the following powers reserved to it by the Board:</p> <ul style="list-style-type: none"> (i) the power to approve all new or changes to existing policies in respect of the playing, governance and regulation of the game and to pass resolutions and regulations under Rule 4.13 (ii) the power to approve the strategic plan. [Note: Developing the strategy of the RFU should be the responsibility of the executive, under the supervision of the Board. The strategic plan should cover a longer period as well as high-level KPIs and a broad allocation of resources.] (iii) The annual business plan and budget should be presented to Council for information before final Board approval. (iv) the power to [approve/determine] all policy relating to the distribution [and pricing] of all tickets for rugby union matches at Twickenham (including debentures), and of tickets supplied to the RFU by other National Unions for away matches involving England representative rugby union teams; (v) the power to elect the Chairman of the Board of Directors; (vi) the power to approve for submission to the Members, nominations for the posts of President, Senior Vice President, and Junior Vice President (vii) the power to appoint the [Speaker/Chairman] of the Council; (viii) the power to approve the recommendation for the posts of
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chairmen and membership of the Community Game Board and the Committee responsible for governance and regulation of the game (currently the Governance Committee) and any sub-committees of the same and any standing committees;

(ix) the power to elect three members of the Board from among the members of Council, one of whom will be specifically elected as an IRB Representative;

(x) the power to elect

Either

(a) seven members of the CGB from among the members of Council;

Or

(b) five members of the CGB from among the members of Council and the power to appoint a further two members of the CGB who are independent and come from outside the RFU

(xi) the power to co-opt up to five additional members to serve on the Council either for general or special purposes and with or without voting rights;

(xii) the power to approve the allocation of Clubs to Constituent Bodies and/or National Representative Bodies as appropriate;

(xiii) the power to determine the criteria for membership of voting Members and of non-voting members of the Union;

(xiv) the power to refuse or admit a Club to membership of the Union, which powers may be delegated to a Committee;

(xv) the power to remove a Member of the Board who has been appointed or elected to the Board by Council;

(xvi) the power to approve any method proposed by any Constituent Body or National Representative Body for electing or appointing their representative(s) to Council; *(It is noted that this currently covered by RFU Regulation 19.)*

(xvii) the power to approve a change in the terms of reference or composition of the Nominations Standing Committees, Remuneration Panel, Audit Committee and CGB;

(xviii) the power to approve a change of name;

(xix) the power to approve a proposal to wind up the RFU or to convert it

	<p>from a co-operative society to another body corporate;</p> <p>(xx) the power to approve a change in the objects of the RFU;</p> <p>(xxi) the power to approve a proposal to borrow more than 75% of the borrowing limit set out in the Rules;</p> <p>(xxii) the power to approve any significant transaction or related-party transaction that would require member approval under the Listing Rules (adapted with necessary modifications).</p>
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35. Access to Board minutes

Intention:	To set out procedures in relation to Board minutes which enable Council to hold the Board to account.
Current Position:	Detailed Board Minutes are prepared for Board Members and headlines setting out the business conducted by the Board are sent to Council Members shortly after each Board meeting.
Rationale:	The Advisory Group felt that the Council needed to see Board minutes to hold the Board to account but wanted to take account of confidentiality and the potential time lag between the meeting and approval of the minutes.

For Consultation:	<p>Council shall be entitled to receive approved minutes of Board meetings to enable Council to hold the Board to account. It is acknowledged that appropriate redactions may be made to Board minutes before circulation, to protect commercial sensitivity or employee confidentiality. In order to provide timely information to Council, the [Speaker/Chairman] of Council shall be entitled to see the minutes of Board meetings in draft form and shall be entitled to circulate headlines from such draft minutes to Council and raise any matters raised by Council members on such headlines with the Chairman of the Board. Furthermore, Council should not have an automatic right to access the RFU's books and records.</p>
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Other Matters Relating to the Board	
Intention:	To propose for consultation procedures in relation to the Board and executive which conform to best practice in Corporate Governance.
Rationale:	The Advisory Group agreed that a number of recommendations relating to best practice in corporate governance should be adopted by the RFU and wanted to put these for consultation.

36. Remuneration policies

Intention:	To ensure remuneration policies conform to best practice in corporate governance.
Current Position:	The Remuneration Panel strives to follow best practice in this regard.
Rationale:	The UK Corporate Governance Code deals with matters such as transparency of remuneration, bonuses to be paid for success, and not having excessive termination payments.

For Consultation:	The RFU should pay close attention to the recommendations of the UK Corporate Governance Code in so far as it deals with the remuneration policy applying to executives (including executive directors).
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37. to 43. Other Corporate Governance good practice matters

For Consultation:	<p>37. The current terms of reference for the Remuneration Panel should be revised in line with the ICSA model terms of reference, and approved by the Board and published.</p> <p>38. Breaches of confidence should be vigilantly pursued and sanctions should be imposed which could be removal from office, (and regulations should be put in place to cover Council members) or termination of employment on anyone found guilty of leaking confidential information. Appropriate appeals procedures should be in place.</p> <p>A media policy should be introduced, with one applying to Board members and staff and one applying to Council members.</p> <p>39. Officers and employees of the RFU should not retain for their own</p>
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benefit any remuneration which they derive by reason of their office or employment (for example remuneration received by the RFU representative on the IRB from the IRB). Benefits which cannot be accounted for in this manner should be disclosed to and authorised by the Board.

40. The Regulations should set out all other matters (e.g. administration of the game). The Board shall have the power to propose amendments to the Regulations to Council

41. The objects of the RFU, set out in the Rules, should be reviewed as necessary

42. The borrowing limit set out in the Rules should be reviewed in line with best practice to be expressed as a number.

43. The Rules contain an indemnity in favour of a broad range of current and former officers and employees, which goes far beyond what would be permitted under the Companies Act if the RFU was a company. It should be reviewed having regard to best practice for listed companies.

Other Matters Relating to Council and Council Meetings	
Intention:	To put out for consultation certain procedures relating to Council concerning information to be presented to Council, induction, appraisal, alternates and voting.
Rationale:	The Advisory Group agreed that a number of recommendations relating to good practice for Council meetings should be adopted by the RFU and wanted to put these for consultation.

44 & 45. Reports to be presented to Council

Intention:	To have a clear statement of what reports Council should receive.
Current position:	The Council does by existing practice receive reports from key executives and officials.
Rationale:	The Advisory Group felt that the statement below was helpful and did not differ materially from existing practice.

For Consultation:	<p>44. Council should receive quarterly written reports from the CEO, CFO, and the chairmen of the PGB and CGB, which should be circulated with the Council Pack. These officers should attend all Council meetings to answer related questions from Council. The senior executive team should present to Council on a rotating basis.</p> <p>45. The auditors should present to Council annually.</p>
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46. The Duties of a Member of Council

Intention:	To set out the responsibility of a member of Council.
Current position:	There is no provision in the Rules for where a member of Council owes their primary duty but as a matter of law, given the nature of the powers that Council Members have, they must when acting as a Council Member exercise their powers in the best interests of the RFU as a whole rather than simply considering the interests of those they represent. As a matter of law they owe a fiduciary duty to the RFU when acting as a Council

	Member. When acting as a member of a CB Committee they would in that role act in the best interests of the CB as a whole. Slaughter and May had proposed that the Rules should make it clear that the Council Members primary duty was to the RFU as a whole. ,
Rationale:	The Advisory Group made a change to the Slaughter & May recommendation and wanted to obtain the Game's view on the fact that a Member of Council owes a duty to both the RFU and the body that elected or appointed them.

For Consultation:	Members of Council owe a duty of loyalty to the RFU and to the body or group which appointed or elected them.
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47. Induction & Training for Council members

Intention:	To put in place training & induction for Council members
Current position:	New Council Members receive a detailed whole day induction when appointed.
Rationale:	The Advisory Group agreed to consult on the suggestion that there should continue to be specific training and induction to assist Council members.

For Consultation:	All members of Council should undertake a tailored induction and training programme developed by the [Speaker/Chairman] of Council in conjunction with the Nominations Standing Committee. Specific additional induction and training programmes should also be undertaken for all other roles (e.g. the Senior Vice-President, member of the Board and member of the PGB).
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48. Council Member's appraisals

Intention:	To put in place performance appraisals for members of Council.
Current position:	Council Members do not receive any form of appraisal.
Rationale:	Two different advisory groups felt that it was important to introduce performance appraisals; particularly in there was no upper time limit on Council members serving on Council. It was felt that this would be a good activity to be led by the [Speaker/Chairman] of Council

For Consultation:	A system for appraising the performance and contribution of members of Council (including the President, Senior Vice-President and Junior Vice-President, in relation to these specific roles) should be developed by the [Speaker/Chairman] of Council in conjunction with the Nominations Standing Committee. The [Speaker/Chairman] of Council should also be appraised.
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49. Regularity and Quorum for Council meetings

Intention:	To review the regularity and quorum for Council meetings.
Current position:	The Standing Orders of Council set out matters relating to the conduct of meetings

For Consultation:	Council should meet quarterly, but <i>ad hoc</i> meetings may be convened by the Board or by the [Speaker/Chairman] of Council where necessary. The quorum for Council meetings should be one third of its members.
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50. Alternates for Council members

Intention:	To make it clear that alternates would be permitted for Council members
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Current position:	Alternates are currently permitted for certain categories of Council Member.
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For Consultation:	Council shall be entitled to appoint alternates. In the event of a lengthy incapacity of a Council appointed Board member, Council shall reserve the right to replace such Member.
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51. Voting at Council

Intention:	To open up voting at Council meetings
Current Position:	The way in which a Council Member votes on all ballots is available to all members of the Union to see other than elections of individuals to particular posts which are by secret ballot.
Rationale:	The Advisory Group agreed with the recommendation that voting at Council should be opened up to public record.

For Consultation:	All voting at Council (including for elections to other posts) should be by way of open ballot. A record of voting decisions should be published on the RFU's website.
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Members in General Meeting	
Intention:	To set out and clarify certain powers of members in a General Meeting and some procedural issues
Rationale:	The Advisory Group did not agree with a number of the recommendations put forward in the Slaughter & May report. Those which they did wish to put forward for consultation are set out below.

52. Clubs' decision on how to vote

Intention:	To make a recommendation on how member clubs decide how to vote
Current position:	Not all member clubs have provisions on how they decide to vote at the RFU
Rationale:	The Advisory Group agreed with the suggestion that Clubs' constitutions should address how they vote at the RFU.

For Consultation:	Member clubs should be required to set out in their constitution a reasonable method for deciding how to exercise their votes as members of the RFU.
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53. Proxies

Intention:	To state the rights of proxies at General Meetings.
Current position:	Proxies are currently permitted to vote in a Poll
Rationale:	This was part of a wider set of proposals relating to General meetings. The Advisory Group agreed with this as it involved no change.

For Consultation:	Proxies should be entitled to vote on a poll. Voting records should be kept and published on the RFU's website.
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54. Broadening access to the AGM

Intention:	To make the AGM more accessible to members
Current position:	All AGM's are usually held in Twickenham
Rationale:	Slaughter & May recommended that the AGM should move around the country and be webcast to make it more accessible to members. The Advisory Group wishes to hear members' views on this.

For Consultation:	Ideally, there should be a discussion on whether the location for the AGM should be able to be varied. Council should be asked to express its opinion on whether a webcast of each meeting should also be provided.
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55 & 56. Broadening the powers of Members in General Meeting

Intention:	To broaden the powers of members in General meeting.
Current position:	The business to be conducted at an AGM is set out in the Rules
Rationale:	The Advisory Group agreed to propose that the following additional powers should be set out in the Rules relating to AGM's. It should be noted that the power set out in 56(ii) relates to a proposal which was rejected by a different Advisory Group and so would not be applicable.

For Consultation:	55. Changes should be made to the powers of the member clubs in general meeting to align them more closely with best practice for listed companies. In particular, standing items of business at each AGM should include: (i) an advisory vote on the remuneration report to include the RFU's policy on benefits and expenses for
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	<p>Council and Board; (ii) ratifying the appointment of members of the Board taking office since the last AGM and re-electing retiring members of the Board; and (iii) approving the auditors' remuneration.</p>
	<p>56. Member clubs should also be given the following additional powers to exercise in general meeting: (i) as a special resolution, the power to direct the Board to take, or to refrain from taking, specified action; (ii) Where Council can veto a referral by the Board, the members by ordinary resolution have the power to override that veto; (iii) as an ordinary resolution, the power to remove a member of the Board (but not as a member of Council), on special notice; and (iv) the power to call a vote of no confidence in a member of the Board.</p>

57. Privilege Membership

Intention:	To open a discussion on privilege membership
Current position:	Privilege membership is provided for in the Rules and Council determines what rights and benefits are made available to Privilege Members.
Rationale:	The Advisory Group did not agree with the recommendation to do away with privilege membership but felt that a debate on different levels was required.

For Consultation:	Privilege membership should be retained but Council should consider different levels of membership. The criteria and policy should be approved by Members. Members should also be entitled to nominate candidates for privilege membership.
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58. Asset Lock

Intention:	To protect the RFU's assets from dissipation in the event of a winding up
Current position:	On a winding up, the surplus assets of the RFU, except those in the Museum of Rugby, are appropriated or divided amongst its members as Council sees as fair and reasonable. The RFU would need to take detailed tax advice on any proposal to change the current position to avoid

	jeopardising the RFU's mutual trading position.
Rationale:	To reflect normal provisions relating to volunteer led organisations.

For Consultation:	Consideration should be given to the means by which an 'asset lock' could be introduced to protect the RFU's profits and surplus assets from dissipation.
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59. Organisation of RFU Rulebook

Intention:	To make suggestions on the better organisation of the RFU constitution
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For Consultation:	The Rules should set out all provisions relating to the governance of the RFU as an organisation. (Some of the content of the Regulations and Council Standing Orders should therefore be moved into the Rules.)
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Procedural Note:	This would require some tidying up and reorganisation of the Rules, the Standing Orders and the Regulations, which would need to be approved by a resolution of members in General Meeting (in relation to the Rules) and of Council (in relation to the Regulations and Standing Orders).
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Committees

60. The Continuation of the RFU's Committees

Intention:	To seek the views of the game on what role Committees should play in the governance of the RFU
Rationale:	The Slaughter & May report recommended abolishing all of the RFU's committees other than the CGB, the PGB, the Nominations Standing Committee, the Remuneration Panel and the Audit Committee. The PGB is a contractual body formed by a "Heads of Agreement" and outside the scope of this process. The Advisory Group did not agree with this proposal but felt that the question of committees should be discussed with the Game as part of the Whole Game consultation. They want to know whether this would help to ensure efficient and effective decision making.

For Consultation:	<p>The views of the game are sought on whether the RFU should consider abolishing all of its committees other than the CGB, the PGB, the Nominations Standing Committee, the Remuneration Panel and the Audit Committee.</p> <p>The RFU should then examine alternative forms of gathering evidence and opinion using experts from the wider rugby community to ensure efficient and effective decision making.</p>
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61. Remuneration & Audit and Risk Panels and Nominations Standing Committee

Intention:	To make recommendations about the reporting lines of these committees.
Rationale:	The recommendation was that these committees should be committees of the Board. The Advisory Groups suggest that two Nominations Committees should be in place, one for Council (as now) and one for the Board.

For Consultation:	The Remuneration Panel and the Audit and Risk Panel should continue to be committees of the Board and not committees of Council (i.e. their
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	<p>members should be appointed by the Board but can come from anywhere within or outside the game). They should adopt revised terms of reference in line with best practice for listed companies (including as regards their composition, procedures, duties, reporting responsibilities, and delegated powers (if any).</p> <p>Consideration should be given to the existence of two Nominations committees, one reporting to the Board which would deal with appointments made by the Board and one reporting to Council which would deal with the appointments made by Council.</p>
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62-65. Reporting Line and Procedures for Community Game Board (CGB)

Intention:	To set out a clear remit and procedures for the CGB.
Current position:	The composition is determined by the Council. The reporting lines and remit are determined by the Council on the recommendation of the Board.
Rationale:	The Advisory Group agreed to consult on a range of proposals which clarified the role of the CGB as a committee of the Board with delegated responsibilities. It also proposes that the CGB should take the lead in monitoring and promoting diversity of representation within the game.

For Consultation:	<p>62. The terms of reference for the CGB should set out the process for appointing or electing its members, its procedures, duties and reporting responsibilities, and the powers delegated to it by the Board, to which it should report and be accountable.</p> <p>63. The CGB should be a committee exercising executive powers delegated to it by the Board (to which it would report and be accountable) on clear terms of reference approved from time to time by Council. Its composition should also be adjusted slightly to align it with its Intentions and raison d'être. A more representative body would also be able more credibly to exercise delegated powers. It will also function as a body responsible for day-to-day monitoring and oversight of the community game and for disseminating the RFU's strategic vision for the community game.</p> <p>64. If there is any voting deadlock at a meeting of the CGB, then the chairman of the CGB should have a casting vote.</p> <p>65. The chairman of the CGB should prepare an annual report on its</p>
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	<p>activities for the year for inclusion as part of the RFU's annual report. The purpose of this report would be to inform member clubs and to help them assess the performance of the CGB during the year. In particular, it should include information about the RFU's Intentions with regard to participation by under-represented groups, including women, ethnic minorities and people with disabilities, and the progress it has made in achieving them, inviting appropriate stakeholder representatives to participate in that discussion.</p>
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66 & 67. Membership and Term Limits for CGB

Intention:	To put out for consultation membership and term limits for members of the CGB.
Rationale:	The Advisory Group wanted to maintain a majority of members of the CGB as volunteers, but to consult on the option for two volunteer members to be independent. They also wanted to consult on the view that one member should be female, as they believe that the CGB should give diverse representation in the game. The Advisory Group also felt that there should be upper term limits so as to give opportunities for the membership to be refreshed. These term limits should be read alongside the proposals for term limits for Board members (Paras 9-10) and for members of Council (Paras 25 & 26).

For Consultation:	<p>66. There should be seven volunteer members, [of whom two may be independent and be appointed from outside the RFU] and five members of the Executive on the CGB. If possible one voting member of the CGB should be female. There should also be a member with knowledge and experience of the women's game. In any event the CGB should take responsibility for driving diverse representation throughout the game.</p> <p>67. Members of the CGB who are elected by Council should serve three year terms, subject to a maximum of three consecutive terms. They should, however, be liable to be removed from the CGB by a resolution of Council or through the ordinary disciplinary procedures. They should also automatically lose their seat on the CGB if they lose their seat on Council. Other members of the CGB (i.e. not elected by Council) should be liable to be removed by a resolution of the Board.</p>
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68 & 69. Chairmanship of Professional Game Board (PGB) and Relationship with the CGB

Intention:	To make a suggestion for a close relationship between the CGB and PGB
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For Consultation:	<p>68. The PGB should be given a 'permanent observer' seat on the CGB. This should be reserved for any member of the PGB who is appointed to the PGB by the clubs in Level 1 or Level 2. The observer should be entitled to attend and speak at the CGB, but should not vote. If and when the opportunity arises to review the contractual arrangements concerning the PGB, it may be appropriate for the RFU to seek to reciprocate this arrangement by providing for the CGB to be given a 'permanent observer' seat on the PGB.</p> <p>69. The chairman of the PGB should continue to be appointed by the Board but on the recommendation of the Board Nominations Committee.</p>
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Procedural Summary

**Which Points for Consultation would, if approved, require a Special Resolution to be approved by
2/3 of Members voting at a General Meeting**

Point for Consultation	Subject
1	Composition of the Board
2	Chairman of the Board
3	The President
5	Appointment of the RFU's two representatives to the IRB
6	Appointment of the Chairman of the CGB
9-11	Maximum term limits for Board members
12	Ratification of appointments to the Board
14	Options for the Composition of Council
25	Term of office for members of Council
27	President, Senior Vice President & Junior Vice President
29	Past President
30	The respective powers of Board and Council
32	The function of Council
33	Other general functions of Council
34	Powers reserved to Council
46	The duties of a member of Council
50	Alternates for Council members
55-56	Broadening the powers of members in General Meeting
58	Asset lock
59	Organisation of RFU Rulebook

