



Proposed Constitution Changes

Any amendment to the Constitution of the Club require the consent of at least two thirds of the Members voting at a General Meeting. Amendments to the Constitution shall only be valid once registered with the Financial Conduct Authority (“FCA”).

Amendment to Section 4.b

The Club is a society registered with the FCA under the Cooperative and Community Benefit Societies Act 2014 (the “Act”). The Act sets out in section 14 a list of issues the rules or constitution for such a society should address.

S14.8 of the Act states that the rules of a society should address:

8. Borrowing powers etc Determination whether the society may contract loans or receive moneys on deposit subject to the provisions of this Act from members or others, and if so under what conditions, under what security, and to what limits of amount.

Section 4.b of the Constitution sets out the borrowing permitted by the Club but it does not set a limit on borrowing. The amendment shown in 4.b is therefore an addition of a borrowing limit to comply with the Act. The proposed £100m (one hundred million pounds) is a recommendation by the Board that gives sufficient headroom to borrow without requiring future amendments to the Constitution. As a reminder the Club currently has no long term debt or short term financing.

Amendment to section 10.3

The Katherine Newton KC report in to allegations of historic racism at the Club (“KNKC Report”) included recommendation 10:

Recommendation 10: *Amendment to the Club’s 2022 Constitution and Rules to allow for the CEO to co-opt Board members in order to meet the Club’s diversity targets and to comply with the 2020 ECB County Governance Framework’s (‘CGF’) requirements for Effective and Inclusive Boards.*

Historically, the Club's Board has been overwhelmingly White and male.

The CGF requirements for Effective and Inclusive Boards provide that:

- (i) Each organisation shall adopt a target of, and take all appropriate actions to encourage, a minimum of 30% of each gender on its Board;*
- (ii) Each organisation shall adopt, and take all appropriate actions to encourage, a target for BAME diversity on its Board that reflects its local communities and population demographics; and*
- (iii) Each organisation shall commit to and identify appropriate actions to progressing towards greater diversity in general on its Board including but not limited to gender, ethnic diversity, age, disability, social background and skills, showing consideration for its local demographics and own priority activity.*

In June 2022, the Club produced a Governance Action Plan, the first objective of which was to identify and appoint a new Board of Directors to take over from the interim Board. The Governance Action Plan said in terms that the Club was, 'committed to ensuring that this new Board reflects appropriate skills, experience and diversity to meet the needs of the Club and satisfy our Board diversity targets. As part of this recruitment process, we will also look to appoint a new Chair.'

The Club utilised the services of an external executive search specialist (Perrett Laver) to assist in finding suitably diverse candidates.

The Club's 2022 Constitution also provided for a more thorough, transparent and objective election process than the 2018 iteration of the Constitution. Section 10.1 of the 2022 Constitution stipulated that the Board should comprise up to nine Members elected at an AGM. Following the Club's AGM on 23 November 2022, 8 out of 9 Board Members were new members; four Board members were female and two were from an ethnic minority background (although one of these individuals stood down in February 2023.)

Whilst progress has been made in changing the demographic profile of the Club's Board, the 2022 Constitution, as presently drafted, does not allow for the co-option of additional suitable individuals in order to achieve a more diverse and inclusive Board. This should be rectified. The Constitution should, therefore, be amended to expressly provide that the CEO shall have the power to co-opt additional Board



members in order to meet the Club's diversity targets and to comply with the requirements of the ECB's CGF.

The proposed amendment to 10.3 gives powers to co-opt additional Board members as recommended by the KNKC Report. However, under this amendment that power is granted to the Board rather than the CEO as recommended. It is the Board's view that any such appointment shouldn't been in the gift of an individual but should rather be subject to the collective scrutiny of the Board. It is the Board's view this deviation from the KNKC Report does not dilute the intent or the effectiveness of the action.

