

## **Reforms to the governance of the World Schools Debating Championships Limited**

### **Summary of proposals**

1. Rename the two committees of WSDC Ltd the debates committee and finance committee;
2. Separate the company's AGM and the tournament's Council meeting;
3. Appoint the ESU as company secretary.

### **Clarifying our terminology**

The phrase "The World Schools Debating Championships" means two different things. As a plural, they are a series of schools debating tournaments held all around the world sharing a common set of rules of guidelines, and to a certain extent a common identity. As a singular, it is the organisation that together comprises the participants and hosts of those tournaments, sets the rules and guidelines, and controls their identity.

In the second of these senses the World Schools Debating Championships has a corporate legal personality, separate from and additional to the personalities of the organisations and people who are its members and officers. It is the structure of this body, a private company limited by guarantee and registered in England and Wales as The World Schools Debating Championships Limited with company number 6666449, with which this paper is solely concerned.

### **The memorandum, the articles and the rules**

Three documents are relevant to the governance of the organisation. The memorandum of association creates the company and tells us what it is for, and what it may do as a legal entity. The articles of association elaborate how the business of the company must be carried on, and lays down the powers and responsibilities of the directors to do that. Both these documents are legally binding and are held by Companies House, which is that part of the British government charged with regulating companies. We can change them, but should do so only advisedly, as changes must be compatible with English law (primarily the Companies Act 2006, but any other relevant legislation too) and must be approved by Companies House, on payment of a filing fee.

The by-laws of the company, which we call the rules, do not carry the same legal weight. We make them ourselves and may amend them as we see fit (in the manner described in the articles). That said, their application *may* be subject to judgement or interpretation by the courts in the event of a civil suit being taken against the company or its officers.

It is the rules that provide much of the basis for the structures of World Schools with which we became familiar before incorporation, and which are still at the heart of the day-to-day business of the organisation. For the purposes of this paper I am going to take the memorandum and articles, drafted as they were with considerations of legal compatibility, good practice and eventual charitable registration in mind, to be immutable. I am going to recommend changes to the rules (by-laws) where I think that they would clarify or improve the governance of the company.

### **Members**

A company limited by guarantee, rather than having shareholders, has members. They are, in an equivalent way to shareholders, the owners of the company. The differences are that all our

members have equal voting rights, and as members of a company bound by its articles to be charitable, they may not receive any portion of the company's income as a dividend.

Members may be natural persons or incorporated bodies. Where they are incorporated bodies they may appoint natural persons, as and when they see fit and with no restrictions, to represent them in meetings of the members. The rules state that members should be admitted (by the directors) such that each member, and no more than one member, corresponds to each entity (nation) that is permitted to enter a team into one of the annual tournaments that together make up the World Schools Debating Championships. It is not an absolute requirement that there is a formal link between a member and the adults accompanying a national team, but in most cases there will be. To use shorthand terms of reference that are not strictly in the rules but are clearer ways of conveying its spirit, the directors may 'change' a 'nation's' membership, by removing an existing member and admitting a new one with the intention that both the old and the new member will be considered to represent a particular nation that has recently entered, or is about to enter, an annual tournament.

The articles require that the members elect the board of directors, and that is therefore their most important role, legally. The rules also describe processes for their own amendment which involve ballots of the membership. The authority for such processes comes from the rules themselves, which are in turn given their general authority by the directors, who adopt them as bylaws pursuant to the articles. Ultimately, therefore, control of the organisation flows from the members to the directors.

### **Representation of members**

Members are currently represented at an AGM that takes place at each annual tournament (and would have to, if two successive annual tournaments were held more than fifteen months apart, be held electronically). Where the member is an institution, they must appoint a natural person who happens to be at the tournament to represent them. Where the member is already a natural person they must either: attend the tournament; resign in favour of a person who is attending the tournament; or lose their representation.

The AGM of the company is currently coincidental with a meeting of the World Schools Debating Council, a body whose membership is coincidental with the membership of the company. As participants at a company AGM those attendees at Council who are entitled to do so discharge their governance functions by electing the directors and voting on any other resolutions relevant to the content of the articles. As members of Council the same people also elect what is currently called the Executive Committee, and vote on bids to host the annual tournament and proposals to change the debating rules. The Council is also currently charged with resolving disputes between a member and the executive committee, though to my knowledge this procedure has never been used and it is not clear in what circumstances it would be.

### **The Board of Directors**

The board of directors are those people charged with conducting the business of the company. They have power to make agreements and spend money on behalf of the company, and are responsible for ensuring that the company meets its legal obligations. The directors must ultimately approve the membership of the company and its bylaws, but they may do so acting on advice from other bodies, such as committees, to which they may also delegate some or all of their powers if those bodies include at least two directors. The powers of the directors of WSDC Ltd are described in the articles and are based on common standards for our type of company.

## **The company secretary**

Private companies are not required to have company secretaries, though they may if they so choose. A company secretary is the person (natural or corporate) responsible for: maintaining the company's registered office for formal communications and as the depository of the members' register; submitting legally required information to Companies House (and, where appropriate, the Charity Commission); and ensuring that board meetings and the AGM are held with reasonable notice and are recorded (though they do not necessarily have to discharge either of these responsibilities themselves). The board may ask the company secretary to take on additional administrative roles, especially where they are related to physical presence at the company's registered address, such as acting as a signatory or ensuring compliance with a variety of pieces of legislation, like the requirement to prominently display the name of a company at its registered address. It is common for companies to use a corporate entity, perhaps a bank, accountants or law firm, as their company secretary as well as their registered address. That corporate body would be responsible for ensuring that some real person issues notices of meetings and takes minutes at them, but that person could be either an employee or a corporate company secretary, an officer of the company, a director, or a third party.

## **The Development Board**

The development board is the clearest example of a committee established by the directors, as described above, consisting of directors and others, to which the directors may delegate some of their powers—in this case, the powers of managing the staff, finances and premises of the organisation, and its relationships with alumni and sponsors. It allows us to recruit more expertise in relevant sectors than is possible on the board, because of the limitations to the board's numbers.

## **The Executive Committee**

The executive committee, which was established before WSDC Ltd, represents the views and interests of those adults who attend the tournament, and through them the student participants. It concerns itself with producing guidelines to the hosts on the smooth running of the tournaments, amendments to the rules, and support to individuals or nations who need it, either to enter for the first time or to overcome problems they may face in entering. None of this requires any of the powers of the directors to be delegated, and so it is not necessary that a director sit on the executive committee. Rather, the committee acts as a way for those discussions that are raised at Council meetings and that are pertinent to the tournament may continue throughout the year.

## **Clarifying roles: recommendations**

Although it is to be hoped that the above descriptions make it clear what the structures of governance in WSDC Ltd are, and how they work, it is far from certain that this understanding is widespread, in part because of the slow evolution of the organisation from Council alone, to Council and Executive, to incorporation.

I propose three major changes to clarify what the structures of WSDC are and how they work.

1. **Rename committees to reflect their work.** The two committees we currently have, the Executive and the Development Board, have rather opaque and misleading names (especially the Executive, which does not in fact perform executive functions of the charity, or the tournament). They should be renamed the debates committee and the finance committee respectively. That would make their roles and their relationship to the directors

clearer. In the same way that it is required that the finance committee includes directors, perhaps it should be forbidden that the debates committee contain a director, so as to clarify the very different nature of its work, and the separate mandate it has from elections of the membership/Council.

2. **Separate the Council meeting at the tournament from the AGM of the company.** The requirements of the AGM, primarily electing directors and passing binding resolutions as to the general governance of the charity, are quite different from the usual business of the Council, electing the debates committee and considering changes to the debating rules. Separating the two allows for better representation of, and discussion amongst, the corporate members on issues of high-level governance, and frees up more Council time for discussion of debating issues. The Council then in effect becomes a 'committee of the whole', rather as legislatures can meet not in their capacity as sovereign decision makers but as a bodies charged with making amendments within a specific area of competence.
3. **Appoint the English-Speaking Union as corporate company secretary.** I will be standing down as company secretary when I leave the ESU (2 December 2009) and at that point we will need, if not a new company secretary, at least someone who is prepared to maintain our presence at our registered office (currently the same address as the headquarters of the ESU in London). The ESU has offered to continue to support us as it has in the past, offering not only its building but also the time of a paid professional charged as part of their full-time job with carrying out the tasks of a company secretary: giving notice of meetings and keeping minutes of them; maintaining the members' register; submitting legally required information to Companies House, etc.

## **Conclusion**

If these changes are accepted in principle, the detailed changes to the rules can be drafted in full and submitted to the membership of the charity for approval. In any case, recent discussions have highlighted a number of ambiguities in the rules that need to be clarified, so a through detailed redrafting may be necessary. The broad changes proposed don't so much change that way that WSDC Ltd is governed as streamline it, and I would suggest that they, and a detailed combing of the rules, are necessary for the continued smooth operation of the organisation.