

Welsh Pony and Cob Society

*Cymdeithas y Merlod a'r Cobiau Cymreig*

Consultant's Review

Report to Council, 6 July 2006

Pamela Woods LLB MInstLM  
Management Matters  
27 June 2006

Welsh Pony and Cob Society

*Cymdeithas y Merlod a'r Cobiau Cymreig*

Consultant's Review and Report

Contents

1. Introduction to the Report
2. Objectives, status, scope and methodology of the Review
3. Executive summary
4. Internal and external context
  - 4.1 Internal context
  - 4.2 External context
5. Consultation with primary stakeholders
6. Key issues arising from the Review
  - 6.2.1 Internal Relationships
  - 6.2.2 Role, Conduct and Procedures of Council
  - 6.2.3 Implementation of Strategic Objectives
  - 6.2.4 Functional Observations
7. Consultant's findings, recommendations and conclusions

Appendices:

- I Executive summary
- II Members' consultation questionnaire, analysis and comments
- III Staff consultation questionnaire and comments
- IV Trustees' Discussion Day programme and comments
- V Chart for implementation of recommendations on governance

The mission of the Welsh Pony and Cob Society is to be the leading breed society in influence, reputation and educational provision by:

- ◆ Encouraging the breeding, improvement and integrity of the Welsh Breeds, ensuring that they remain integral to the culture of Wales
- ◆ Educating in the use, management and versatility of the Welsh Breeds
- ◆ Promoting the welfare of horses and ponies

## 1. Introduction to the Report

- 1.1 This review of management and governance was commissioned by the Council of the Welsh Pony and Cob Society (WPCS) on the advice of the Charity Commission following an unsettled and damaging period for the Society.
- 1.2 The purpose of the review is to report and make such recommendations as will:
- ◆ Ensure that WPCS operates within legal requirements and good practice guidelines
  - ◆ Enable WPCS to carry forward its corporate objectives
  - ◆ Re-establish trust and stability within WPCS
- 1.3 It is not an evaluation of the operational management of the Society, although reference is made to relevant issues that arose in the course of the review.

## 2. Objectives, Status, Approach and Methodology of the Review

- 2.1 The objectives of the review are as follows:
- ◆ Analyse the strengths, weaknesses and risks of current management and governance structures
  - ◆ Define future management and governance requirements so as to ensure that its operational, strategic and legal obligations are fully and effectively met
  - ◆ Recommend revised management and governance structures
  - ◆ Identify how these changes might best be implemented
  - ◆ Complete the review and report by 6 July 2006
- 2.2 The primary stakeholders in the review are WPCS members, staff and Council itself and it is on them that the report will have the most direct impact. A number of secondary stakeholders, such as the Charity

Commission and other regulatory and legislative bodies, owners of Welsh Breeds, animal welfare organisations and other equine societies will also have a close interest in the outcome of the review.

2.3 Given the Society's troubled and discordant recent history, Council has invited an independent consultant to carry out the review and make recommendations for further action.

2.4 The consultant, Pamela Woods, has been a senior manager within a large national charity and has had many years' experience of management, development and governance both at local and regional level. She has also worked in strategic, operational and human resources roles on the Boards of a range of external organisations. Her previous work has included many structural and governance reviews and she has a detailed understanding of the requirements that law and good practice place upon charitable companies. Now working as a free-lance consultant, she is completely independent of all parties within WPCS and has no interests within the equine world.

2.5 Her *approach* to this review has been to engage primary stakeholders in a process they can trust and accept, even if it does not have all the outcomes they would personally choose. Key features are:

- ◆ Clear agreement with officers of the parameters of the consultant's task, setting boundaries and finalizing objectives
- ◆ Operation as an independent consultant, yet with regard to the agreed mission, vision, values and strategic objectives of WPCS
- ◆ Openness and transparency within an inclusive process
- ◆ Maintenance of confidentiality through a process of non-attributable feedback
- ◆ Honesty and realism about the task and its possible outcomes
- ◆ An understanding of WPCS' recent history whilst reinforcing the need to move on
- ◆ Empathy with the sensitivity of past, current and future events and processes, and the impact they have on individuals

2.6 The consultant's *methodology* was consistent with studies of this type and included use of:

- ◆ Desk research using all available sources
- ◆ Structured meetings with staff and Council, recorded on a non-attributable basis
- ◆ Feedback from members from a variety of sources: a random postal sample, an invitation on the WPCS web-site, comments in the recent

online survey and views expressed at the round of consultation events concerning the new Business Plan

- ◆ Minutes of Council and General Meetings
- ◆ Correspondence
- ◆ Problem solving and organisational models
- ◆ Qualitative analysis of current roles, functions and structures
- ◆ Future needs and aspirations, particularly as stated in the Business Plan
- ◆ Study of models that enable organisational objectives to be met in the future

2.7 The *resources* used included:

- ◆ Legal requirements and compliance standards with particular reference to the Charity Commission and the National Occupational Standards for Trustees of charitable companies
- ◆ Good practice guidelines on the best use of management resources and Trustee skills
- ◆ Models for achieving the appropriate balance between management and governance powers and responsibilities
- ◆ Good employment practice
- ◆ Use of analytical tools and management models
- ◆ Knowledge base of WPCS members, staff and Council
- ◆ Other leading charities' structures and procedures
- ◆ Experience of carrying out similar reviews

2.7 Reference to *Trustees* means *members of Council* and the terms are interchangeable for the purpose of this report. Although Trustees are, at the same time, members of WPCS, *members* in this context should be taken to refer to registered members who are not Trustees. *Staff* means employees of the Society, whose task is to carry out WPCS policy and operations. *Stakeholders* or *primary stakeholders* means those people with a direct interest in the Society: members, staff and Trustees. *WPCS, the Welsh Pony and Cob Society* and *the Society* are all interchangeable terms for the organization.

### 3. Executive Summary

The Executive Summary is attached at Appendix I.

### 4. Internal and External Context

#### 4.1 *Internal Context:*

- ◆ The Welsh Pony and Cob Society (WPCS), founded in 1901, is the largest native equine breed society in the United Kingdom. It has a membership of about 8000, drawn from Wales, the rest of the UK and many countries overseas; as such it combines international status with historic Welsh roots.
- ◆ Constitutionally WPCS is a registered charity and a limited company. It is bound by both charity and company law and is subject to scrutiny by the Charity Commission and Companies House. It has a governing Council of 35 Trustees and an operational staff group of 18, led by the Chief Officer and Secretary in a combined post.
- ◆ WPCS is financed in the main by members' subscriptions and fees for services, plus sponsorship and other occasional donations.
- ◆ Its strategic objectives, recently agreed in a new Business Plan, are to:
  - improve its own infrastructure and become a quality organisation
  - raise the visibility of Welsh equine breeds through effective communication and educational support
  - ensure high standards in quality and integrity, including the welfare of equines.
  
- ◆ The Society's activities include publication of the WPCS stud book, promotion of the breed, assessment of approved judges for showing and issue of equine passports. Some welfare work and educational initiatives are also carried out on a smaller scale.
- ◆ The primary stakeholders share great pride in the history, heritage and physical attributes of Welsh ponies and cobs and demonstrate a collective commitment to ensuring the integrity of the breed standards.
- ◆ A new Business Plan, clarifying the mission, vision, values and strategic objectives has been well received by members and has provided an essential infrastructure from which to prioritise and operate.
- ◆ However, in recent years a number of serious issues and allegations have severely unsettled the organisation, culminating in legal action by a member and an out of court settlement. An earlier case for alleged unfair dismissal of a senior employee was also settled before reaching a hearing. These events have been costly to the organisation in terms of money, reputation and internal discord.
- ◆ WPCS' difficulties over the past several years appear to be characterised by the breakdown of Council's authority and credibility amongst sections of the membership, with questions about conflict of

interest, lack of transparency and poor decision-making causing considerable concern. Factions have arisen within Council and the Society as a whole and members, Trustees and staff have felt undermined and devalued.

- ◆ Council members have, over many years, managed issues closely and this has resulted in a confusion of staff and Trustee roles within the Society. Some issues are discussed in minute detail, not only at Council but also at General Meetings, to the frustration of many.
- ◆ A recent attempt was made to address members' disquiet about tenure on Council by changing the Memorandum and Articles of Association. It was not supported partly through reluctance to change and partly because it was felt that piecemeal modification did not address the need for a more robust strategic infrastructure.
- ◆ There has also been significant turnover within the staff group during the period in question, although this has stabilised recently following the appointment of a new Chief Officer 14 months ago. Some employees experienced stress related illness, exacerbated by the need to cover unfilled posts, a backlog in processing the Stud Books and new legal requirements for equine passports resulting in a greatly increased workload at that time. It is some time since staffing functions, technology and operating procedures were reviewed in terms of the Society's current needs.
- ◆ The WPCS' headquarters are sited in an historic building in Aberystwyth and whilst there have been recent improvements, the physical structure of the building inhibits further change and undermines staff members' ability to work as a team rather than in individual units.

## **4.2 External Context**

- ◆ WPCS has come to the notice of the Charity Commission over the last few years and there have been 28 representations about the conduct of the Society, some of them formal complaints, made to the Commission since 1999.
- ◆ The recent issue of legal proceedings by a member, resolved in an out of court settlement, prompted the Charity Commission to "strongly advise" WPCS to commission an independent review of the Society's management and governance as an alternative to the Commission's reconsideration of a formal enquiry into the charity.
- ◆ Publicity about the case and associated matters has been widespread and there are fears that this has damaged WPCS' reputation within the equine world.
- ◆ At the same time, in an increasingly competitive business environment, some members feel that they would receive better

services and support from other sources and there has been talk of setting up a new organisation dedicated to Welsh Breeds. The Society can no longer rely on the unalloyed loyalty of the membership, particularly when serious allegations of lack of probity and accountability are being made against the governing body.

- ◆ The general public and the media have taken an increasing interest, in recent times, in the conduct of all organisations, expecting them to operate with integrity within ethical standards and any real or perceived departure from this norm inevitably excites unwelcome interest. WPCS is no exception.
- ◆ Further sources of external pressure are the legislative and regulatory requirements exacted by domestic and European Parliaments. There are concerns that WPCS continues to be distracted by internal issues and that its Council's structures and procedures do not provide a sound basis for debate about and implementation of new policies affecting the Welsh Breeds.

## 5. Consultation with Primary Stakeholders

Consultation with the primary stakeholders formed an essential element of the preparation and research on which the review and recommendations are based, hence the detail in which the feedback has been reported. Stakeholders' views helped to place a context onto written materials and their respective experiences of WPCS, in whatever role, provided an important dimension and substantiated anecdote.

It was essential that people felt that they could comment openly without fear of recrimination and also that the consultant was seen to operate in a transparent manner, providing opportunities for views from all parties to be made known. Group and one-to-one discussions with staff and written responses from members were sought on the basis that none of the comments made by participants would be personally attributable to individuals, preserving their anonymity. Similarly, in the discussion with Council, Trustees were assured that contributors to the debate would not be identified by name.

The consultant is indebted to members, staff and Trustees for their frankness and honesty about their experience of and aspirations for the Welsh Pony and Cob Society.

A full digest of comments arising from the consultation can be found at Appendices II, III and IV and it is strongly recommended that these are read in detail. The following are a summary of the main themes to emerge from the consultation:

## 5.1 Members of the Society

5.1.1 It was clearly impossible to consult all 8000 members within the time and resources available and so this part of the consultation took three main forms:

- ◆ A questionnaire was posted to every 20<sup>th</sup> member on the register in a random sample of 5% of the membership
- ◆ An item was posted on the website, inviting responses to the same questionnaire
- ◆ Feedback on governance issues was extracted from the recent on-line survey and Business Plan consultation events

5.1.2 Whilst the questionnaire responses were not great in number, see Appendix II for sample questionnaire and analysis, many common themes emerged. It would be difficult to overstate the degree of anger and regret felt by many respondents when describing what they felt about the recent governance of the Society. Many of the phrases and descriptions used here are the respondents' own words:

- ◆ *Strengths and benefits of WPCS and its Council:*
  - The overall size and international nature of the membership is a great strength; a passion for the breed and a commitment to preserving its integrity is a strong motivating factor and of considerable value
  - WPCS has helped with practical and administrative issues and has provided a forum for networking
  - Council has tried to modernise of late
- ◆ *Challenges to the success of WPCS and the effectiveness of Council:*
  - The necessity to pay money out of charitable funds to settle cases that were badly brought
  - Trustees not acting in a professional manner to proper standards
  - Loss of good reputation in the equine world
  - Strong perception that Council is a closed-shop and that self interest is some Trustees' motivating force
  - Decisions made secretly by Council without proper consultation; many decisions made unfairly and without due process
  - Council is an authoritarian body, not accountable to anyone

- Conflicts of interest arise from showing and judging by people who are also Trustees
- Some Trustees feel that they have the unquestioned right to govern but are stifling progress and the influx of new ideas
- A lot of time wasted in Council meetings by discussing issues in minute detail, some of which are the preserve of staff
- Some members also commented adversely on the standard of service they had received from staff

◆ *Expectations of Council:*

- Put the interests of the breed before Trustees' personal position
- Council should deal fairly and openly with members
- Competency, efficiency and leadership also emerged as important
- Council should have a more modern outlook; membership should be based on the skills required to do the job

◆ *Changes to Council that would benefit members:*

- The vast majority felt that Council should be reduced in size, with time limits placed on terms of office and that Trustees should represent a wider range of experience
- There should be no opportunity for suspicion of double standards
- Trustees should be elected for their skills in running a charitable company and this should be made clear at the nomination process
- Less time should be spent at General Meetings on minutiae and legal wrangling; similarly at Council meetings where Trustees become involved in too much detail
- Complaints and disciplinary issues should be dealt with using procedures that are fair and understood by all
- Communication with the members should be improved

5.1.3 The Chief Officer recently carried out an on-line survey of members and also held series of consultation meetings to discuss the new Business Plan where members also commented on WPCS' governance. Their responses have been made available on a non-attributable basis to the consultant and they largely reinforce those in the questionnaires:

◆ *Positive feedback:*

- The consultation on the Business plan was well received
- The past history of the Society is an important reference point for WPCS

◆ *Critical feedback:*

- Council is too big; it needs to include a better cross section of members and be more accountable; it should be more open and transparent in its dealings
- There are too many opportunities for self-promotion and working in Trustees' own interest
- Council is stuck in the past with a reluctance to move forward, accept change and embrace new ideas
- Council is not, as presently constituted, meeting the expectations of many members

5.1.4 A few members raised issues of an operational or technical nature, important to them but beyond the consultant's brief. These have been noted in the report at 6.2.4 Functional Observations.

## ***5.2 Staff of the Society***

5.2.1 The consultant spent a day at the WPCS offices, where staff, in their departmental groups, described their day to day work and office procedures. This helped to put the staffing structure and relationship with Trustees into context and to identify some of the practical issues that pose a challenge in the workplace.

5.2.2 Staff were then consulted, within the review's terms of reference, in two separate groups: the operational staff and the management team. The Chief Officer was interviewed on her own. The reason for this is that staff with dissimilar functions are likely to have different views on their relationship with and expectations of Council. All staff except one attended the discussions. A questionnaire, along the lines of that issued to members provided a structure to the discussions. See Appendix III.

5.2.3 Staff are clearly highly motivated by their work with equines and by Welsh ponies and cobs in particular. They did, however, express a considerable degree of frustration in their working relationship with their employing body, the WPCS Council. This is the staff response, much of it in their own words:

◆ *Strengths and benefits of WPCS and its Council:*

- The size, age, popularity and world-wide recognition of the breed
- One of the oldest Welsh institutions, instilling a sense of national pride
- The Society is served by a capable, conscientious and hardworking staff group

◆ *Challenges to the success of WPCS and the effectiveness of Council:*

- The Society has not taken a lead on important matters, such as passporting, microchipping and quality standards for animals; other societies are more proactive
- WPCS' need to accept past mistakes, learn from them and move on; break the cycle of mistake - review - blame - bloodletting - mistake
- Judging is not perceived to be impartial and this damages credibility
- Council makes rules that suit Trustees' own interests and not for the benefit of the Society
- Close relationships between Trustees and staff could lead to conflicts of interest
- Trustees' skills, experience and knowledge are not always appropriate to the task of governance or to the purpose of the sub-Committees
- Members and Trustees do not always understand the complexity of the staff's work
- Breaches of confidentiality have had an adverse impact on the Society as a whole and on individuals, including staff members
- Staff advice on matters before Council is not always sought nor acted on; Trustees sometimes give information and advice to members instead of directing operational issues to the staff
- Some Trustees and members are rude and unprofessional in their dealings with staff
- Staff's skills and knowledge are not valued by Council, their employing body; Council's communication with staff is poor
- The premises in which staff work are not suitable
- Information Technology in the office has not kept pace with current operational demands

◆ *Expectations of Council:*

- Trustees should not be rude to staff; they should understand and appreciate the work of staff and take a real interest in

what they do and how they do it; also provide better working conditions and act as responsible employers

- Clear and decisive leadership; not straying onto operational territory; respect and trust for staff to carry out Council's strategy
- Keep pace with modern expectations of Trustees
- Think and act in the interests of the whole membership and the Society
- Confidential Council business should not be discussed with members and rumours should be discouraged; complaints about staff should be made through the proper channels i.e. the Chief Officer in the first instance

◆ *Changes to Council that would benefit the staff's work:*

- More effective communication between Council and staff
- Clear and informed decisions, taking into account the professional advice of staff
- A better work environment in more appropriate premises and improved computer systems that meet today's needs
- Reduce the number of Trustees; limit tenure on Council, introduce a gap period and give new people with a range of skills and experience a chance to serve
- Avoid making operational decisions at Council and/or taking actions that compromise staff in their dealings with others

5.2.3 It is not unusual, in consultations of this kind, for operational and personnel issues to be raised that lie outside the parameters of the review. It is the consultant's view that these matters are of importance both to the staff and to the effective operation of the Society's business and they have been noted in the report at 6.2.4 Functional Observations.

### ***5.3 WPCS' Council***

5.3.1 Consultation with Trustees took a different form and the consultant held a Discussion Day in which Council members explored the role and function of the governing body, the skills, knowledge and experience needed to operate as effective Trustees and two possible future models of governance. The programme and comments are attached at Appendix IV. The consultant confirmed that the purpose of the consultation was to obtain views and not to make final decisions on the future structure of Council.

5.3.2 Some 11 out of 35 Council members took part in the discussion and a further 6 communicated afterwards with the consultant by fax, letter, e-mail or telephone.

5.3.3 Trustees were invited to use the opportunity to look forward and to share ideas constructively. As in the other stakeholder consultations, participants were assured that their comments would not be attributed to individuals by the consultant and, in turn, were asked to observe similar confidentiality.

5.3.4 It would have been unrealistic to expect complete unanimity of views, but those Trustees who engaged in the consultation process demonstrated a positive acceptance of change of some kind, and many constructive ideas were put forward from the floor.

◆ *Trustees' overall response to the issue of role and function was as follows:*

- Act as Charity Trustees and Company Directors, taking corporate responsibility; safeguard the Society's funds; represent the Society and its stakeholders
- Safeguard and promote WPCS; protect and improve the breed; provide education; take part in important debates that affect the equine world eg EU regulations
- Discussion about the separation of an organisation's powers and duties reached a general agreement that:
  - It is the role of Council to govern i.e. look at the big picture
  - It is the role of staff to operationalise, on a day-to-day basis, the policies set by Council
  - Strategic planning is a function shared by Council and senior staff; input from both sources is essential
- Council is reliant on the Chief Officer and staff to deliver its strategic plan
- Members should be urged to send comments, queries and complaints about services and/or staff in writing to the Chief Officer
- Procedurally Council gets involved in minutiae, including matters that are really the preserve of the Chief Officer and operational staff

◆ *Trustees felt that a range of skills was essential on Council:*

- Ability to take the long term view; plan and look ahead; make decisions; be level-headed and focussed on the task
  - Understand legislative issues; take on new issues and information and be able to process them
  - Have basic financial acumen and understand accounts
  - Be bound by Council's rules and procedures and by the requirement for confidentiality; come prepared for meetings
  - Have an open mind; question constructively; be impartial; listen actively
  - Put oneself out for others; have interpersonal skills of tact and diplomacy, be sensitive to others
  - Have common sense, commitment, enthusiasm and energy
- ◆ *Trustees also felt that the following knowledge was important:*
- Awareness of the constitution, rules and procedures of the Society and, for comparison, of other bodies
  - Knowledge of good practice, rules and regulations in the wider sense eg EU law
  - Judging criteria; pedigrees; track record of breed
- ◆ *Two potential models for a future Council were discussed:*
- a current sized Council with a small Management Board with executive powers
  - a smaller sized Council
  - no clear consensus emerged, but factors for and against both were considered
- ◆ *Current size with a Management Board:*
- It would make the day to day running of Council's affairs easier
  - It could bring in wider County representation and a variety of skills and experience
  - However discussions would take longer and decision-making would be more difficult
  - It is not an appropriate structure for a breed society
  - The Management Board might not include a fair selection of people; trust between the two bodies would be an issue
- ◆ *Smaller sized Council:*
- It would be less unwieldy
  - However it might be difficult to cover the work; there is less likelihood of "new blood" coming onto Council; could result

- in a greater imbalance in representation from certain areas; skills could be lost
- It was noted that a limitation on terms served by Trustees would reduce opportunities to judge at shows

## 6. Key Issues Arising from the Review

### *Positive aspects of WPCS*

- ◆ There are clearly a number of positive aspects to WPCS. A shared commitment to Welsh Breeds and recognition of its historic roots are motivating factors throughout the Society. A new Business Plan has laid the foundation for a more strategic approach to prioritising and meeting the organisation's objectives and the staff team has stabilised in recent months. An induction programme for new Trustees has promoted increased understanding of their role and purpose on Council and the work done by staff.

### *Challenges to WPCS*

- ◆ There are however major challenges to the health of the Society. There is substantial evidence that members feel significant dissatisfaction with the governing body and have deep concerns for the future of WPCS. Real and perceived conflicts of interest and Trustees' actions resulting in claims against the Society do little to reassure the membership and the intervention of the Charity Commission has reinforced members' disquiet.
- ◆ It is plain that many Council members are unclear about their role as Trustees and lack the discipline necessary to maintain corporate and collective responsibility, including confidentiality. There is a lack of transparency about WPCS' procedures that inevitably fuels suspicion and charges of unfairness. Staff feel undervalued by their employing body and frustrated by Council's failure to use their expertise. Council has not differentiated between the respective roles and functions of staff and Trustees and has involved itself in day-to-day management and operational issues that should be the preserve of the Chief Officer and her team.
- ◆ Implementation of the Society's corporate objectives is hindered by a number of issues at Council: the absence of efficient monitoring and evaluation procedures; the distraction caused by internal argument and dissent amongst Trustees; a failure to seek and follow staff's operational advice where appropriate; the challenge posed by new UK and EU legislation and regulation.

- ◆ A number of other matters, outside the remit of the review, but relevant to the discharge of WPCS' business, largely relate to staffing issues. Roles and functional relationships within the staff group are not consistently clear and personnel, office and financial procedures are not codified. The Chief Officer was appointed at a critical time for the organisation and carries a wide span of tasks and an exacting workload. The premises are totally unsuitable for the efficient use of resources and the maintenance of a team approach, and the IT infrastructure is no longer efficient.

### *6.2.1 Internal Relationships*

- ◆ The membership of WPCS is not homogenous. Although all members share a commitment to the breed, they operate at very different levels. Many own Welsh Breeds purely for pleasure and recreation, whilst others breed and show on a competitive basis, some as amateurs and others as businesspeople who are dependent on the animals for their living. Realistically, of 8000 members, some of whom live overseas, only a few will take a close interest in the detail of governance and operation of the Society and become involved in its internal politics and processes. There is therefore always the risk that certain individuals and groups will become dominant.
- ◆ What all members are entitled to receive, however, in return for their subscriptions and fees, are efficient services from a competent staff team, led by an effective governing body. WPCS is the equivalent of a small business, albeit with charitable objects, and members expect that the Society's governance will be dealt with in a professional way within clear standards.
- ◆ The membership must believe that all members are equal and will be treated fairly, without fear or favour, and that their own fortunes within the equine world will not be adversely affected by Trustees' conflicts of interest where they arise. In this context reality and perception are equally powerful.
- ◆ Evidence suggests that the WPCS Council does not now have the confidence of a substantial number of members. Trust has broken down: Council is felt to be unrepresentative and unaccountable, outdated in its approach to governance, communicating poorly and acting in Trustees' own interests.
- ◆ Procedures, whether they relate to complaints or disciplinary matters, are thought to be inaccessible and unfair. Trustees may also be judges and this has led to perceptions of bias and loss of integrity.

- ◆ Some members think that people who make their living out of Welsh Breeds stand to gain by being Trustees, a fear aggravated by the current climate of suspicion.
- ◆ Recent legal action has angered many, who feel that charitable money, raised moreover from their own subscriptions and payments for services, has been wasted because some Trustees persisted in a certain line of action.
- ◆ Staff have experienced rudeness from some Trustees and lack of interest in their work; they feel that Council does not either know or value what they do and that their operational knowledge is not put to best use. Council makes decisions that should be the preserve of staff and some Trustees' ad hoc responses to members' operational queries serve to distort workload priorities.
- ◆ WPCS appears to be typical of a relatively small special-interest group in that there are many opportunities for informal and off-the-record discussion and this has given gossip, rumour and conjecture – some of it apparently damaging and potentially actionable - a free rein. Conversely some Council members have committed serious breaches of confidentiality, further undermining the reputation of Council.
- ◆ Over the past 6 years the Charity Commission has logged 28 cases of concern and/or complaint from members and is taking an active interest in the outcome of the current review, recommended by itself as an alternative, at this stage, to formal measures.
- ◆ Whilst some Trustees are actively striving to operate in the Society's best interest, the present climate makes it difficult for them to make an impact for the better.

### *6.2.2 Role, Conduct and Procedures of Council*

- ◆ History and tradition are significant elements in the affairs of WPCS, bloodlines and pedigrees and the ancestry of the breed being of fundamental importance to many owners.
- ◆ On Council, several generations of the same families have been elected to the governing body over many years and others have served for several consecutive terms in their own right. The world in which the Society was founded and continued to operate for decades is far different from today's regulatory environment and there was then, perhaps, more informality, a practice of being able to share operational tasks with staff, to discuss issues before Council in great detail and to hold procedures in mind rather than on paper.
- ◆ However there has arisen in the UK, over the past several years, a culture of accountability and openness together with a requirement to operate within regulatory boundaries not only for the benefit and

protection of individuals but also of organisations. This applies as much to charities as elsewhere; indeed expectations may be all the greater because of the responsibilities placed upon and the privileges granted to charitable bodies.

- ◆ As a charitable company, WPCS must answer to charity and company law. In this context the duties of the Council, which is the Trustee Board and the Board of Directors at the same time, are both clear and rigorous, notwithstanding that the role is undertaken on a voluntary basis. They may be paraphrased thus:
  - Take ultimate responsibility of everything that WPCS does and how it does it
  - Act in good faith in the interests of the Society
  - Ensure that WPCS pursues its aims, using its assets exclusively to pursue those aims
  - Actively operate in the best interests of WPCS, even where this conflicts with personal interests
  - Avoid conflict with personal interests
  - Not profit from Trusteeship
  - Keep company accounts and records
  - Not trade if insolvent; not trade fraudulently
  
- ◆ The work of Trustees is often described as “governance”, which means that Council must ensure that WPCS has:
  - Clear objectives and priorities
  - An agreed programme of work
  - Leadership
  - Safeguards for its funds and other assets
  - Supervision of the Chief Officer
  - The capacity to manage its work within the law, including, but not exclusively, its duties towards its employees and regulations concerning equines
  
- ◆ It appears that not all Council members are aware of the practical implications of their duties or of their individual and collective responsibilities to act only in the interests of WPCS. It has been suggested that some Council members are reluctant to adopt change. Only 11 out of 35 Trustees attended the consultant’s Discussion Day with a further 6 contacting her later by fax, letter, telephone and e-mail. Therefore 50% of Council did not take up their opportunity to be consulted about the serious issues facing the governing body and to put forward their ideas for change.

- ◆ The very size of Council prevents business from being expedited efficiently. Decision making seems to be difficult. It is reported that much time is spent arguing about minutiae and discussing matters arising from the previous meeting; recent resolutions are revisited and overturned; issues are personalised and people treated rudely; there is a blame culture with recrimination rife.
- ◆ There is evidence that too much of Council's time is spent discussing and making decisions on operational matters which are more properly the responsibility of staff whilst opportunities to work proactively to develop the Society's charitable purposes are not taken. Meetings can last for 8 hours: it is not possible that any Committee member could be effective after such a long period.
- ◆ Corporate discipline is lacking in some members, exemplified by serious breaches in confidentiality. It is reported that charges, fees and other financial matters have not been adjusted to meet the needs of the Society because Trustees did not wish to inconvenience members.
- ◆ Real and perceived conflicts of interest arise from close personal relationships between Trustees and staff and members. However meticulous the conduct, sufficient doubts will arise in the minds of some members to undermine Council's reputation.
- ◆ There is much disquiet about the fact that Trustees can also be Welsh Breeds show judges and this practice has been widely condemned by the membership, who perceive it as giving rise to favouritism and unequal treatment.
- ◆ Council is regarded by many members as a "closed shop" on which only people with family connections can serve. Repeated terms of office with no break or upper limit and implications of hereditary claim do nothing to dispel this.
- ◆ Council's image is not assisted by the fact that its procedures are largely unacceptable: the Memorandum and Articles of Association is out of date and does not reflect current good practice; there are no codified Standing Orders for Council or General Meetings and no written Terms of Reference for Sub Committees or Working Groups.
- ◆ Complaints or Disciplinary Procedures, where they do exist in custom and practice, do not allow for appeals to be heard independently of the substantive process; this could be a breach of Human Rights legislation and is certainly poor practice. There are no independent panels to hear internal actions against Trustees and yet Council has absolute powers to act against members without explanation.
- ◆ There is no provision for proxy voting at General Meetings; the vast majority of members are thus disenfranchised from making their wishes known.

### *6.2.3 Implementation of Strategic Objectives*

- ◆ A new Business Plan has been drawn up for WPCS, stating its mission, vision, values and strategic objectives. The plan, on which there has been consultation with the membership, has now been adopted by Council and will provide a platform for both maintaining and developing the Society.
- ◆ The Plan addresses infrastructure and governance needs as well as provision of services and promotion of Welsh Breeds. By adopting the Plan as written, Council recognises and endorses the need for change.
- ◆ Some of the Plan's projects have already been initiated or completed, a significant achievement. New issues will also affect WPCS' strategic objectives: proposed changes to UK and EU equine regulations, such as the introduction of microchipping will need to be managed. A forthcoming Charity Commission review of all charities' beneficial purposes will have to be addressed and WPCS will need to consider expanding its education and welfare provision to stay in line with charity requirements.
- ◆ If it is to be of practical use, the Plan will need to be monitored and evaluated and the Society will need to be sure that the appropriate skills are present on Council.
- ◆ It is doubtful however, that Council in its present form can provide the leadership and skills needed to implement the bulk of the Plan effectively. The current volume and process of Council business, together with the issues identified at 6.2.2 suggest that it will be difficult to reach the necessary policy and practice decisions in a timely and efficient way and the capabilities of Trustees will be challenged, however great their enthusiasm for the Society.
- ◆ Nevertheless members' expectations have been raised and time is of the essence if the Plan's project timetable is to be met and the objectives implemented.

### *6.2.4 Functional Observations*

- ◆ The consultant identified a number of matters, outside the parameters of this review, which have implications for the effective operation of the Society. They arise out of both comments made to the consultant in good faith and her own observations, and should be treated as helpful indicators for future action and not as criticism of members of staff.

- ◆ Council plans an organisational review later this year; this will provide a good opportunity to look at these issues in depth and the consultant's remarks are made without prejudice to that process.
- ◆ There appears to be a lack of clarity about some roles and functional relationships within the staff team and uncertainty about the expectations placed on individuals. Inevitably confusion and misunderstanding arise and undermine the effectiveness of the team.
- ◆ Tasks and responsibilities do not appear to be evenly distributed across the whole team. There is a feeling that substantial tasks are added to job descriptions without consultation or reward and there is, as yet, no integrated training and development plan for all post holders.
- ◆ The Chief Officer joined the organisation at a difficult time and she has had to perform many challenging tasks at an early stage of her tenure. Her position is an isolated one and the schedule of tasks for which she appears to be solely responsible is exacting. Her span of direct management is too wide, given her strategic and developmental role within the team.
- ◆ Although some personnel policies are available in written form, they are not easily accessible in a definitive staff-handbook.
- ◆ Office and financial procedures are not codified. This gives rise to considerable uncertainty about the scope of decision-making and accountability and about the respective roles and powers of Trustees and staff.
- ◆ Staff feel that there has not been a culture of consultation within the Society in the past about issues that affect them and they fear that this will be the case in the future. However there has been recent consultation over some issues, including the new Business Plan.
- ◆ Effective communication is hampered by the physical characteristics of the building.
- ◆ The IT system, including the accounting software, does not appear to be sufficiently efficient to meet the current needs of WPCS.
- ◆ A few members raised different issues:
  - Waiting for responses to specific queries for several weeks, months or years
  - Not being able to get through on the telephone; no follow up to messages
  - No response to messages from external organisations
  - An evening service, say once per week
  - Pedigrees put onto the website
  - More flexibility in practical issues
  - Auctioneers' perceived influence on sales
  - Staff helpful but timescales for reply too long

- Organisation is overstaffed
- Prevention of CEM and EVA diseases
- Separation of membership from registration
- Need to reinforce Welsh dimension through language and promotion
- Want better organised and more readily available Council and AGM minutes

## 7. Consultant's Findings, Recommendations and Conclusions

### *Consultant's Findings*

- ◆ WPCS has reached a critical stage in its long history. Despite the constructive work done by some stakeholders and the overall commitment to Welsh Breeds, WPCS is currently a dysfunctional organisation. The evidence is that Council, as a governing body, is failing to perform its functions properly and has lost credibility with its membership. Members who object are represented as trouble-makers. Staff feel alienated and undermined and there is widespread confusion about role and purpose throughout the organisation.
- ◆ There is no written procedural infrastructure, for governance or operations, including financial management, to provide stakeholders with a clear and accessible understanding of process, rights and responsibilities, limits of authority and accountability.
- ◆ More positively, Council members have given freely of their time in the past and there is evidence that many Trustees accept the need for change and are prepared to adapt for the sake of the Society' well-being.
- ◆ WPCS does not operate in a vacuum; it is subject to the same requirements of law and good practice that apply to all similar bodies. Many eminent and well-established UK charities, some of them household names, have recently undergone modernising changes to renew their fitness for purpose, often in response to members' disquiet.
- ◆ The consultant recommends that WPCS adopts a far reaching programme for change, addressing the many issues over which members, staff, the regulatory bodies and many Trustees have concerns.

### *Consultant's Recommendations*

## Programme for change

- ◆ Recommendations, when they are numerous, can appear daunting and the process of change sometimes obscures the substance. The consultant is confident that, if the recommendations are subjected to a structured and managed programme for change, they can be achieved over a realistic period. An indication of broad timescale has been given as part of each set of recommendations and a chart is attached at Appendix V.
- ◆ The Society may also find it useful to use external expertise to support the organisation through the changes, facilitate the process and to provide sample documentation. This is recognition of the complex task ahead and does not constitute touting for business on the part of the consultant.
- ◆ All recommendations have been based on regulatory requirements and current good practice elsewhere in the charity sector.

## Governance and Advisory Structures

- ◆ A small Chairman's Working Group of Council should be formed to manage the proposed changes up to and including the AGM of March 2007. The Group's responsibility would be to prioritise and monitor the work, not to actually do it. After March 2007, the new Council would probably wish to put similar measures in place.
- ◆ Reduce the size of Council to 12 by changing the *existing* Memorandum and Articles of Association at an EGM in the Autumn of 2006. Elections, by postal ballot with an independent scrutineer, should be carried out in January and February 2007 and reported to the AGM in March 2007. All existing members of Council should stand down at the AGM of March 2007 and be replaced forthwith by the duly elected Trustees. Existing members should be eligible to stand for the new Council.
- ◆ Council should not include the President and President-elect ex-officio and their role within the Society should be clarified.
- ◆ At the same EGM resolve to appoint a Nominations Committee, independent of current Trustee interests and with clear Terms of Reference, to oversee the election of the new Council. This is permitted by the current Memorandum and Articles of Association provided it is agreed at the EGM.
- ◆ Use a job specification to inform candidates and members of the skills, experience and knowledge required of a Trustee of WPCS and use it for the proposed elections. It should include a commitment to

executing a work programme based on the review's recommendations and refer specifically to business and governance skills as well as a commitment to the ethos and objectives of WPCS. The specification does not need to be approved by the EGM and can be drawn up with reference to documentation available in the public domain.

- ◆ Ensure, by 31 October 2006, that the membership list is accurate and up to date.
- ◆ Clarify and agree the respective roles and functions of Trustees and staff at the first meeting of the new Council in 2007. Develop the existing Induction and Training Programme for Trustees, based on an annual skills analysis from 2007 onwards, using recently published National Occupational Standards for Trustees as a foundation.
- ◆ Offer reasonable expenses to Council members so as to ensure as wide a spread of representation as possible. This is permitted within current rules and should be publicised as part of the nomination literature for the proposed elections in 2007.
- ◆ Identify those sub-Committees of Council required to stand as permanent bodies; they should include Finance, Personnel and Membership functions. Council and its Sub-Committees may co-opt members with special expertise to serve on a time limited basis for a special purpose. Other requirements, essentially of a temporary nature pending the completion of discrete tasks, should be covered by Working Groups led by a Trustee, but otherwise made up of rank and file members with particular expertise. The creation of sub-Committees and Working Groups is a matter for Council.
- ◆ The Chair and vice-Chair of Council should not be expected to attend all Working Groups and should apportion the chairing of the sub-Committees between them.
- ◆ An independent panel should be set up to deal with judging issues from 31 October 2007; it should be chaired by a Council member, but otherwise be made up of non-Trustee members with relevant expertise and build on the recent work carried out by the Judges Administration Board.
- ◆ Create an Advisory Group representing the various sections and functions within WPCS, of no more than 40 members, to meet twice per year from July 2007. Members would be selected by local Associations for their expertise and experience. The Advisory Group would have no executive powers, but would provide an essential platform for communication, providing expert information and comment on matters relating to Welsh Breeds and the services provided by the Society. It should be chaired by the President or President-elect and the issues raised would be referred to Council through the Chief Officer.

- ◆ Hold annual discussion fora, from 2008 onwards, on issues pertinent to the development of the breed in different regions of the UK, using the local Associations to organise events. This will serve to unify the membership with the Society and to acknowledge activities outside Wales.
- ◆ No changes to the Memorandum and Articles of Association are required to set up the Advisory Group or discussion fora.

## Governing Documents and Procedures

- ◆ Completely revise the Memorandum and Articles of Association to meet the Society's current needs and reflect the contents and ethos of the Business Plan and present it at the AGM in March 2008. The Charity Commission's model provides a good guideline and can be adapted to suit WPCS.
- ◆ Allow all members a proxy vote at General Meetings and distribute the necessary paperwork with calling notices; this to be included in the revised Memorandum and Articles of Association, including also a facility for secret ballot at General Meetings.
- ◆ Set up Regulatory Codes to encompass various procedures:
  - Standing Orders of Council and General Meetings
  - Terms of Reference for all sub-Committees, panels and Working Groups setting out their membership, purpose, delegated powers and limits on authority
  - Code of Conduct for Trustees
  - Complaints against members and Trustees
  - Discipline of members and Trustees
  - Nominations and elections to Council
  - Appointment, conduct and discipline of judges
  - Delegated staff powers
- ◆ The Codes should be written and accessible on the website and at members' request. The complaints and disciplinary procedures should ensure that the process allows for an appeal panel to be formed from Trustees who have not taken part at an earlier stage of proceedings; the Membership sub-Committee could be used for this purpose. The ultimate appeal panel should include a suitably qualified external arbitrator.
- ◆ Complaints and disciplinary procedures against Council members should be heard by members who are not Trustees, drawn by lot, together with a suitably qualified external arbitrator. Final appeals by Trustees should go to external arbitration. All Codes should be

drawn up by Council by 31 October 2007 and reviewed for effectiveness after two years, in consultation with the membership.

- ◆ Apart from the Standing Orders of General Meetings, the Codes do not need to be authorised at a General Meeting.
- ◆ Standing Orders of General Meetings should be put to the AGM of March 2008.
- ◆ Council should use the Membership sub-Committee to deal with membership applications and give reasons when they are turned down; there should be a facility to appeal on matters of fact.
- ◆ Make available to Council, members and staff an action and decision list arising from meetings on the website and/or on request within 10 working days of the meeting. Structured yet concise minutes of those meetings should be made similarly available within 20 working days. Any confidential items regarding individuals or commercial interests should be noted as such, but not published. This should be implemented by 1 September 2006.
- ◆ Members should be entitled to observe at Council meetings, provided due notice has been given, leaving the room when staffing issues or matters of commercial interest arise.

## **Tenure and Conduct of Council Members**

All Trustees on the new Council should serve for an initial term of 3 years to ensure initial continuity within the new structure. Thereafter one third of Council should stand down each year to encourage new ideas and skills onto the governing body.

No Trustee should serve for more than two consecutive terms with a gap of 6 years before standing for election again.

The Chair of Council should not serve for more than 5 consecutive years, and should not be eligible for re-election to the Chair.

Similarly the vice-Chair, although they should then be eligible to stand for the Chair.

Trustees should not be judges of Welsh Breeds during their tenure on Council.

No spouse or partner of a Trustee or member of staff should serve on Council.

All Trustees should observe a written Code of Conduct which deals, amongst other matters, with collective responsibility, conflicts of interest and confidentiality. Breaches of the Code could result in a Trustee being expelled from the Council and the process should be made clear in Council Standing Orders. The Code should be introduced by 31 October 2007.

## **Functional Recommendations**

These arise from the observations that lie outside the present review and are intended to help the Society make the best use of human resources and address some of the concerns of staff:

- ◆ Carry out, by November 2006, the planned staffing review on an objective, functional and depersonalised basis, drawing up a structure that matches human resources with the Society's requirements and achieves an appropriate balance of workload between posts.
- ◆ The review should be overseen by the existing Line Management Committee, co-opting further expertise as required. This is a sensitive issue and consultation with staff is essential if there is to be co-operation with and understanding of the process.
- ◆ As part of the review, ensure that all future roles are clearly understood by clarifying responsibilities and lines of accountability.
- ◆ Identify any training development needs arising amongst staff as a result of the review and agree a programme to address them.
- ◆ Draw together, by September 2006, existing personnel procedures in a staff-handbook, identify any gaps and set a timetable for completing the guidance. Clarify and publish office procedures by January 2007.
- ◆ Agree, with Council, by August 2006, the limits of staff's authority to purchase and pay for goods and services. Clarify the staff's relationship with the Finance Committee and issue a manual of financial procedures. Ensure that management accounts are kept by staff so that spending can be monitored monthly and reported to the Finance Committee.
- ◆ Support the Chief Officer to review her work priorities and bring the span of management responsibilities and tasks within manageable proportions. This will be especially important if the recommended changes to governance are adopted. With immediate effect, from the staff resources already available, provide clerical and administrative support so that routine communications and other activities can be followed through when the Chief Officer is out of the office or engaged in time-consuming work. At present the post operates in isolation and access to external mentoring would provide useful professional support pending and following the staffing review.
- ◆ Carry out an external review of IT needs so that either better use is made of the existing infrastructure, or more suitable systems are introduced. This will make for greater efficiency and assist staff in their work.

- ◆ Evaluate premises needs, consulting with staff, and identify a site that is fully Health and Safety compliant and facilitates rather than hinders the effective functioning of the staff group as a team.

### *Consultant's Conclusions*

The consultant's review had three purposes:

- Ensure that WPCS operates within legal requirements and good practice guidelines
- Enable WPCS to carry forward its corporate objectives
- Re-establish trust and stability within WPCS

If Council puts the recommended measures in place to meet the first two aims, hopefully stakeholders' trust in their governing body can be restored over time. Moreover members will be better able to accept that, whilst every different aspiration cannot be met, Council is operating in good faith for the Society's benefit.

Piecemeal alterations to the governance and management structure will not help WPCS to overcome its fundamental problems. Only a holistic overhaul of structures and procedures will enable the Society to unify its members, staff and Council to meet the challenges that lie ahead, to develop its charitable purposes and to operate as a quality organisation within an ethical framework.

If WPCS does not accept the recommendations for change it is difficult to see how it can continue to function as an effective organisation at any level.

**WPCS' Council now has an opportunity to learn from the past and move on in response to internal and external concerns. To do so would be strength and not a weakness. To do nothing does not appear to be a realistic option.**

**Pamela Woods**

Pamela Woods LLB, MInstLM  
Management Matters  
27 June 2006

## Executive Summary

### 1. Introduction

- 1.3 This review of management and governance was commissioned by the Council of the Welsh Pony and Cob Society (WPCS) on the advice of the Charity Commission following an unsettled and damaging period for the Society.
- 1.4 The purpose of the review is to report and make such recommendations as will:
- ◆ Ensure that WPCS operates within legal requirements and good practice guidelines
  - ◆ Enable WPCS to carry forward its corporate objectives
  - ◆ Re-establish trust and stability within WPCS
- 1.5 It is not an evaluation of the operational management of the Society, although reference is made to relevant issues that arose in the course of the review.

### 2. Context

The Welsh Pony and Cob Society (WPCS), founded over a hundred years ago, is a registered charity and a limited company. As such it is bound by both Trust and Company Law. It has a governing Council and an operational staff group, led by the Chief Officer and Secretary in a combined post.

Its strategic objectives are to improve its own infrastructure, raise the visibility of Welsh equine breeds and ensure high standards in quality and integrity, including the welfare of equines. The Society's activities include publication of the WPCS stud book, promotion of the breed, assessment of approved judges for showing and issue of equine passports.

A number of serious issues and allegations over the last five years have unsettled the organisation and there have been a series of complaints to the Charity Commission, culminating in legal action and an out of court settlement. A case for alleged unfair dismissal was also settled before reaching a hearing. These events were the culmination of years of unrest and have obscured the shared commitment of members to the Welsh Breeds and the reputation of the organisation.

The report and recommendations will provide a platform for change and development within the Society and ensure that the organisation operates effectively, in the interests of its membership and within legal requirements.

### 3. Consultant's objectives, approach, methodology and resources

The challenge for the consultant was to carry out a review in which WPCS stakeholders had confidence, and to produce a report that the Council is prepared to implement, within the context of the breakdown of trust, breaches of confidentiality, conjecture and stress described by stakeholders.

There does appear however to be substantial goodwill to move forward, manifested by Council's recent qualitative self-survey and the membership's positive response to the Business Plan consultation exercise. All these factors together provide a constructive starting point for change.

The consultant's *approach* has been to engage the stakeholders in a process they can trust and can accept, even if it does not have all the outcomes they personally would prefer.

The consultant's *methodology* has been to use a number of analytical, problem solving and organisational models.

*Resources* have included documentary sources of requirements and good practice and the consultant's own knowledge and experience.

Pamela Woods is an independent management consultant with 30 years experience in senior management, training and capacity building in the not-for-profit sector. Her clients include organisations from the charity, not-for-profit and public sectors. Her previous contracts have included governance and organisational reviews and restructuring exercises.

### 4. Consultation with Primary Stakeholders

Consultation with the primary stakeholders formed an essential element of the preparation and research on which the review and recommendations are based, hence the detail in which the feedback has been reported. Stakeholders' views helped to place a context onto written materials and their respective experiences of WPCS, in whatever role, provided an important dimension and substantiated anecdote.

It was essential that people felt that they could comment openly without fear of recrimination and also that the consultant was seen to operate in a transparent manner, providing opportunities for views from all parties to be made known. Group and one-to-one discussions with staff and written responses from members were sought on the basis that none of the comments made by participants would be personally attributable to individuals, preserving their anonymity. Similarly, in the

discussion with Council, Trustees were assured that contributors to the debate would not be identified by name.

The consultant is indebted to members, staff and Trustees for their frankness and honesty about their experience of and aspirations for the Welsh Pony and Cob Society.

A full digest of comments arising from the consultation can be found at Appendices II, III and IV and it is strongly recommended that these are read in detail.

Consultation with Trustees took a different form and the consultant held a Discussion Day in which Council members explored the role and function of the governing body, the skills, knowledge and experience needed to operate as effective Trustees and two possible future models of governance. The programme and comments are attached at Appendix IV.

## **5. Issues Arising from the Review**

### ***Positive Aspects of WPCS:***

There are clearly a number of positive aspects to WPCS. A shared commitment to Welsh Breeds and recognition of its historic roots are motivating factors throughout the Society. A new Business Plan has laid the foundation for a more strategic approach to prioritising and meeting the organisation's objectives and the staff team has stabilised in recent months. An induction programme for new Trustees has promoted increased understanding of their role and purpose on Council and the work done by staff.

### ***Challenges to WPCS:***

There are however major challenges to the health of the Society. There is substantial evidence that members feel significant dissatisfaction with the governing body and have deep concerns for the future of WPCS. Real and perceived conflicts of interest and Trustees' actions resulting in claims against the Society do little to reassure the membership and the intervention of the Charity Commission has reinforced members' disquiet.

It is plain that many Council members are unclear about their role as Trustees and lack the discipline necessary to maintain corporate and collective responsibility, including confidentiality. There is a lack of transparency about WPCS' procedures that inevitably fuels suspicion and charges of unfairness. Staff feel undervalued by their employing body and frustrated by Council's failure to use their expertise. Council has not

differentiated between the respective roles and functions of staff and Trustees and has involved itself in day-to-day management and operational issues that should be the preserve of the Chief Officer and her team.

Implementation of the Society's corporate objectives is hindered by a number of issues at Council: the absence of efficient monitoring and evaluation procedures; the distraction caused by internal argument and dissent amongst Trustees; a failure to seek and follow staff's operational advice where appropriate; the challenge posed by new UK and EU legislation and regulation.

A number of other matters, outside the remit of the review, but relevant to the discharge of WPCS' business, largely relate to staffing issues. Roles and functional relationships within the staff group are not consistently clear and personnel, office and financial procedures are not codified. The Chief Officer was appointed at a critical time for the organisation and carries a wide span of tasks and an exacting workload. The premises are totally unsuitable for the efficient use of resources and the maintenance of a team approach and the IT infrastructure is no longer efficient.

### *Consultant's Findings*

WPCS has reached a critical stage in its long history. Despite the constructive work done by some stakeholders and the overall commitment to Welsh Breeds, WPCS is currently a dysfunctional organisation. The evidence is that Council, as a governing body, is failing to perform its functions properly and has lost credibility with its membership. Members who object are represented as trouble-makers. Staff feel alienated and undermined and there is widespread confusion about role and purpose throughout the organisation.

There is no written procedural infrastructure, for governance or operations, including financial management, to provide stakeholders with a clear and accessible understanding of process, rights and responsibilities, limits of authority and accountability.

More positively, Council members have given freely of their time in the past and there is evidence that many Trustees accept the need for change and are prepared to adapt for the sake of the Society' well-being.

WPCS does not operate in a vacuum; it is subject to the same requirements of law and good practice that apply to all similar bodies. Many eminent and well-established UK charities, some of them household names, have recently undergone modernising changes to renew their fitness for purpose, often in response to members' disquiet.

The consultant recommends that WPCS adopts a far reaching programme for change, addressing the many issues over which members, staff and the regulatory bodies have concerns.

A number of robust recommendations, intended to help the Society move forward, are included in the full text and are summarised in the Implementation Chart at Appendix V.

### *Consultant's Conclusions*

The consultant's review had three purposes:

- Ensure that WPCS operates within legal requirements and good practice guidelines
- Enable WPCS to carry forward its corporate objectives
- Re-establish trust and stability within WPCS

If Council puts the recommended measures in place to meet the first two aims, hopefully stakeholders' faith in their governing body can be restored over time. Moreover members will be better able to accept that, whilst every different aspiration cannot be met, Council is operating in good faith for the Society's benefit.

Piecemeal alterations to the governance and management structure will not help WPCS to overcome its fundamental problems. Only a thorough overhaul of structures and procedures will enable the Society to unify its members, staff and Council to meet the challenges that lie ahead, to develop its charitable purposes and to operate as a quality organisation within an ethical framework.

If WPCS does not accept the recommendations for change it is difficult to see how it can continue to function as an effective organisation at any level.

**WPCS' Council now has an opportunity to learn from the past and move on in response to internal and external concerns. To do so would be strength and not a weakness. To do nothing does not appear to be a realistic option.**

Welsh Pony and Cob Society  
Review of Management and Governance  
Members' Questionnaire

- ◆ What are the strengths of the Welsh Cob and Pony Society?
  
- ◆ What challenges does the Society face at present?
  
- ◆ As a member of WPCS, what do you expect of your organisation's Council?
  
- ◆ Of Council's actions and influences on your membership of WPCS:
  - What has been positive and supportive?
  
  - What has been less helpful?
  
- ◆ What single change to Council would benefit *your* work on a day to day basis?

Thank you for completing the questionnaire. Please return it by 9 June 2006 to:

Pamela Woods, Swallows' Rest, Dry Lane, Christow, Exeter, EX6 7PH or e-mail your response to: [pamela.woods@managementmatters-uk.com](mailto:pamela.woods@managementmatters-uk.com)

## Appendix IIb

### Members' Sample Analysis and Comments

#### *Consultation*

It was clearly impossible to consult all the 8000 members within the time and resources available and so this part of the consultation took three main forms:

- ◆ A questionnaire was posted to every 20<sup>th</sup> member on the register in a **random sample** of 5% of the membership
- ◆ An item was posted on the **website**, inviting responses to the same questionnaire
- ◆ Feedback on governance issues extracted from the recent on-line survey and Business Plan **consultation events**

#### *Random Sample*

Of over 400 members contacted in the random sample, 22 replied. A further 9 people replied by e-mail or telephone, presumably in response to the item on the website.

Although the returned sample is very small, the comments are largely consistent with each other and with the feedback recorded through the on-line survey and the consultation events. They have been accepted by the consultant as significant, with a cautionary note on the sample size.

It would be difficult to overstate the degree of anger and regret felt by many respondents when describing how they felt about the recent governance of the Society. Many of the phrases and descriptions used here are the respondents' own words:

- ◆ *Strengths and benefits of WPCS and its Council:*
  - The overall size and international nature of the membership is a great strength
  - A passion for the breed and a commitment to preserving its integrity is a strong motivating factor and of considerable value
  - WPCS has helped with practical and administrative issues and has provided a forum for networking
  - Council has tried to modernise of late

- However many members found it difficult to identify any positive aspects of the WPCS and its Council in the current climate
- ◆ *Challenges to the success of WPCS and the effectiveness of Council:*
- The necessity to pay money out of charitable funds to settle cases because Trustees had not acted in the interests of the Society
  - Disharmony, conflict and “squabbling” amongst Trustees; not acting in a professional manner to proper standards
  - Loss of good reputation in the equine world and the fear that the Society has been made a “laughing stock”
  - Strong perception that Council is a closed-shop, with “jobs for the boys” and that self interest, and that of their friends and family, is some Trustees’ motivating force
  - Decisions made secretly by Council without proper consultation; many decisions made unfairly and without due process; indifference to members’ needs; poor communication on important issues
  - Council is an authoritarian body, not accountable to anyone, least of all the membership; minutes of meetings are not freely available to members
  - Conflicts of interest arise from showing and judging by people who are also Trustees
  - Discomfort with Trustees who have family members amongst the staff group and those who are the latest in a line of successive generations to serve on Council; the latter are perceived to feel that they have the unquestioned right to govern but are stifling progress and the influx of new ideas
  - A lot of time wasted in Council meetings by discussing issues in minute detail, some of which are the preserve of staff; Trustees have often not read correspondence or hold the floor for long periods, impeding the progress of meetings
  - A small number of members commented adversely on the standard of service they had received from staff
- ◆ *Expectations of Council:*
- The main theme was a plea for Trustees to put the interests of the breed before their personal position; to operate in the interest of the company and the breed rather than themselves; to operate corporately and within legal requirements and to act in an adult manner

- Council should deal fairly and openly with members and break down current barriers between “them” and “us”
- Competency, efficiency and leadership also emerged as important, with correct legal advice to members on technical matters and promotion and guardianship of the breed and its standards
- Council should have a more modern outlook; membership should be based on the skills required to do the job rather than long service; Trustees should accept that WPCS operates in a world of legislation and regulation, some of it directly relevant to equines, but also relating to charity and company law, employment law, health and safety requirements etc

◆ *Changes to Council that would benefit members:*

- The vast majority felt that Council should be reduced in size, with time limits placed on terms of office and that Trustees should represent a wider range of experience
- There should be less scope for vested interests and conflicts of interest, such as in judging and personal relationships; there should be no opportunity for suspicion of double standards
- Trustees should be elected for their skills in running a charitable company and this should be made clear at the nomination process
- Less time should be spent at General Meetings on minutiae and legal wrangling; similarly at Council meetings where Trustees become involved in too much detail
- Complaints and disciplinary issues should be dealt with using procedures that are fair and understood by all
- Communication with the members should be improved, with more opportunities for conferences and consultations about pertinent issues; members should be encouraged to feel ownership in the organisation, that they can put their ideas forward for discussion and to move the Society forward

*On-line Survey and Consultation Events*

◆ *Positive feedback:*

- The consultation on the Business plan was well received
- The past history of the Society is an important reference point for WPCS

◆ *Critical feedback:*

- Council is too big; it needs to include a better cross section of members and be more accountable; it should be more open and transparent in its dealings and disciplinary panels should include lay members; communication with members needs to be improved
- Some Trustees are dependent on their animals for their own livelihood; this means that there are more opportunities for self-promotion and working in their own interest
- Council is stuck in the past with a reluctance to move forward, accept change and embrace new ideas; some Trustees treat Council like a club in which insularity, warring factions and backbiting take precedence over preparation for the future
- Council is not, as presently constituted, meeting the expectations of many members; they do not feel that the Society is good value for money

Welsh Pony and Cob Society  
Review of Management and Governance

Meetings with staff – 6 June 2006

*Operational staff 10.00*

*Management team 14.30*



Discussion Programme

- ◆ Welcome and introductions
- ◆ Context of the review
- ◆ What are the strengths of the Welsh Cob and Pony Society?
- ◆ What challenges does the Society face at present?
- ◆ As a member of staff, what do you expect of WPCS' Council?
- ◆ Of Council's actions and influences on your work:
  - What has been positive and supportive?
  - What has been less helpful?
- ◆ What single change to Council would benefit *your* work on a day to day basis?

Each meeting will last a maximum of two and a half hours.

## Staff Consultation Comments

18 of the 19 staff of the Society took part in the consultation.

### *Comments from staff*

- ◆ *Strengths and benefits of WPCS and its Council:*
  - The size, age, popularity and world-wide recognition of the breed are great strengths as are the enthusiasm and dedication of WPCS' members and the characteristics of the animals
  - One of the oldest Welsh institutions, instilling a sense of national pride; the Society is integral part of peoples' lives; sense of permanency yet with the scope to absorb change
  - The Society is served by a capable, conscientious and hardworking staff group
  
- ◆ *Challenges to the success of WPCS and the effectiveness of Council:*
  - The Society has not taken a lead on important matters, such as passporting, microchipping and quality standards for animals; other societies are more proactive; these issues make it difficult for WPCS to maintain its place in the equine world
  - WPCS' need to accept past mistakes, learn from them and move on; break the cycle of mistake - review - blame - bloodletting
  - Judging is not perceived to be impartial and this damages credibility; class numbers are decreasing because some members doubt the openness and fairness of judging; the process of making complaints against judging standards is not accessible or realistic; an independent element is lacking
  - Council makes rules that suit Trustees' own interests and not for the benefit of the Society; breeders make rules that suit breeders; the cost of services has been kept down to suit members when an increase could have financed initiatives
  - Close relationships between Trustees and staff could lead to conflicts of interest
  - Trustees' skills, experience and knowledge are not always appropriate to the task of governance or to the purpose of the sub-Committees; many not interested in own development so that they are fit for the task of governance; "hereditary

- principle" of Trusteeship perceived as interest in status and power rather than in the service of the Society
- Establishment of a structure that enables the job to be done without staff being undermined; understanding the respective roles of Trustees, executive and staff
  - Members and Trustees do not always understand the complexity of the staff's work; invitations to visit the office and hear about its work have had poor take-up overall
  - Breaches of confidentiality have had an adverse impact on the Society as a whole and on individuals, including staff members; staff have felt undermined when allegations against them were not challenged by Council
  - Staff advice on matters before Council is not always sought nor acted on - this is a waste of a valuable resource; cost-benefit analyses of policy changes are not carried out and changing policy back and forth is not resource-effective; little appreciation by Council of the impact of change on workloads; little continuity in recent times – too much change gives little chance for systems to settle down
  - Trustees sometimes give information and advice to members instead of directing operational issues to the staff; sometimes they try to secure a higher priority for responses to their own requests and those of friends and family - this distorts the office work-plan and constitutes "queue-jumping"; effective some Trustees think that Council has an operational role and this makes the staff's work more problematical
  - Some Trustees and members are rude and unprofessional in their dealings with staff; they criticise staff or put them "on the spot" in front of others and often do not go through the due line management process when there are problems
  - Staff's skills and knowledge are not valued by Council, their employing body; communication with Council is poor – staff often find out about issues that affect them from members rather than through more appropriate processes; the Society has high expectations of staff yet extra duties are not rewarded through the pay structure; there is no caring ethos for staff within WPCS and there has been no consultation about previous reorganisations
  - The premises in which staff work are not suitable: the team is split between 4 floors; it is overcrowded with extremes of temperature; the floors slope; the basement smells; staff should be involved in discussions about a new site
  - Information Technology in the office has not kept pace with current operational demands

◆ *Expectations of Council:*

- Trustees are not rude to staff; they understand and appreciate the work of staff and take a real interest in what they do and how they do it; provide better working conditions; act as responsible employers
- Clear and decisive leadership; not straying onto operational territory; less “nit-picking” over Council business; reading papers in advance
- Keep pace with modern expectations of Trustees; respond to the needs of the Society and not expect preferential treatment; act professionally, in a responsible manner and realise that Trusteeship is not a job to be undertaken lightly
- Think and act in the interests of the whole membership and the Society; accept that some decisions will operate against themselves, friends and family; take corporate decision and not blame other Trustees in difficult situations or identify those individuals who took an opposing line in debate
- Respect and trust staff to carry out Council’s strategy
- Confidential Council business is not discussed with members and rumours are discouraged; complaints about staff are made through the proper channels ie the Chief Officer in the first instance; support staff in public and raise issues in private

◆ *Changes to Council that would benefit the staff’s work:*

- More effective communication between Council and staff
- Clear and informed decisions, taking into account the professional advice of staff; make policy in a considered, strategic way, not as a “knee-jerk” response to a single issue
- Provide an better work environment in more appropriate premises and improved computer systems that meet today’s needs
- Reduce the number of Trustees; limit tenure on Council, introduce a gap period and give new people with a range of skills and experience a chance to serve
- Avoid making operational decisions at Council and/or taking actions that compromise staff in their dealings with others; clarify the parameters of role and responsibility between Council’s officers, Trustees and staff

Welsh Pony and Cob Society  
Review of Management and Governance  
Council Discussion Day – 8 June 2006

Programme

Objectives of the day:

- ◆ Recap context of the review
- ◆ Explore role and function of Council
- ◆ Obtain Council's views on governance models
- ◆ Identify knowledge, skills and experience required by Council members

11.00 Arrival and refreshments

11.30 Welcome and Introductions

11.45 Context of the review:

- ◆ Where are we now?
- ◆ Where are we going?
- ◆ How are we going to get there?

12.00 Role and function of Council:

- ◆ Responsibilities of Council
- ◆ Organisational relationship with staff
- ◆ Who does what?

13.00 Lunch

13.45 Governance models:

- ◆ Management Board vs Smaller Council
- ◆ Strengths and weaknesses of models

14.45 Expectations of Council members:

- ◆ Knowledge
- ◆ Skills
- ◆ Experience

15.15 Summary, next steps and close

The Discussion Day will end at 15.30

## WPCS' Council Discussion Day

Of Council, 11 members attended the Discussion Day with a further 6 contacting the consultant by telephone, letter, e-mail and fax. This means that 50% of Trustees did not take the opportunity to put forward their views.

It would have been unrealistic to expect complete unanimity of opinion, but those Trustees who engaged in the consultation process demonstrated a positive acceptance of change of some kind, and many constructive ideas were put forward from the floor.

### *Trustees' comments at the Discussion Day*

- ◆ *Trustees' overall response to the issue of role and function was as follows:*
  - Act as Charity Trustees and Company Directors, taking corporate responsibility; safeguard the Society's funds; represent the Society and its stakeholders; it was accepted that members' interests may not always correlate exactly with those of the charitable company and that the latter takes precedence
  - Safeguard and promote WPCS; protect and improve the breed; provide education; take part in important debates that affect the equine world eg EU regulations
  - Discussion about the separation of an organisation's powers and duties reached a general agreement that:
    - it is the role of Council to govern ie to meet its legal, obligations in Trust and Company Law, Employment, Health and Safety issues etc and to set policies
    - It is the role of staff to operationalise the policies set by Council
    - Strategic planning is a function shared by Council and staff, the latter informing, through their day-to-day experience, objectives, priorities and tasks
  - Council is reliant on the Chief Officer and staff to deliver its strategic plan; staff and Council have mutual expectations; any future staffing review should be based on functional need

- It was felt that members should be urged to send comments, queries and complaints about services and/or staff in writing to the Chief Officer; Trustees' line of communication on similar matters should be through the Chairman to the Chief Officer
  - Procedurally Council gets involved in minutiae, including matters that are really the preserve of the Chief Officer and operational staff; sometimes Trustees do not consider the impact of their decisions on staff workload; some decisions are taken "on the hoof", not in a strategic context; Council should manage and not be managed; meetings should make the best use of time
- ◆ *Trustees felt that a range of skills was essential on Council:*
- Ability to take the long term view; plan and look ahead; make decisions; be level-headed and focussed on the task
  - Understand legislative issues; take on new issues and information and be able to process them
  - Have basic financial acumen and understand accounts
  - Be bound by Council's rules and procedures and by the requirement for confidentiality; come prepared for meetings
  - Have an open mind; question constructively; be impartial; listen actively
  - Put oneself out for others; have interpersonal skills of tact and diplomacy, be sensitive to others
  - Have common sense, commitment, enthusiasm and energy
- ◆ *Trustees also felt that the following knowledge was important:*
- Awareness of the constitution, rules and procedures of the Society and, for comparison, of other bodies
  - Knowledge of good practice, rules and regulations in the wider sense eg EU law
  - Judging criteria; pedigrees; track record of breed
- ◆ *Two potential models for a future Council were discussed:*
- a current sized Council with a small Management Board with executive powers
  - a smaller sized Council

- no clear consensus emerged, but factors for and against both were considered

◆ *Current size with a Management Board:*

- It would make the day to day running of Council's affairs easier; the workload of Committees and Working groups could be more widely spread
- It could bring in wider County representation and a variety of skills and experience; less well-known people would stand a better chance of being elected
- However discussions would take longer and decision-making would be more difficult; a Management Board would not necessarily move things forward more quickly
- It is not an appropriate structure for a breed society
- The Management Board might not include a fair selection of people; trust between the two bodies would be an issue; rotation of members would be essential

◆ *Smaller sized Council*

- It would be less unwieldy; all sections could be represented; decision-making would be quicker; there would be cost savings
- However it might be difficult to cover the work; there would be smaller pool of skills and experience; more members might have to be co-opted; there is less likelihood of "new blood" coming onto Council; could result in a greater imbalance in representation from certain areas
- It was noted that a limitation on terms served by Trustees would reduce opportunities to judge at shows

## Chart for Implementation of Recommendations on Governance

TASK	TARGET DATE
◆ Set up Chairman's Working Group to oversee proposed changes to governance	Working Group set up by 31 July 2006
◆ Make action and decision lists and minutes available as described	Implemented from 1 September 2006 onwards
◆ Change <i>existing</i> Memorandum and Articles of Association to allow election of smaller Council and creation of a Nominations Committee	At EGM September 2006
◆ Set up Nominations Committee	Committee set up by 31 October 2006
◆ Check that members' register is accurate and up to date	Completed by 31 October 2006
◆ Draw up job specification for WPCS Council members	Completed by 31 December 2006
◆ Invite nominations to restructured Council, sending out job specification, rules on expenses and format for CV to all members ◆ Conduct ballot	◆ Nominations received by 31 January 2007 ◆ Ballot completed by 28 February 2007
◆ All current Trustees stand down and newly elected Trustees are declared with immediate effect	At AGM March 2007
◆ Council elects Chairman and vice-Chairman and agrees respective roles and responsibilities for Trustees and staff; Council sets up sub-Committees	At its first meeting in March 2007
◆ Identify Working Groups and invite interest from membership ◆ Appoint Chair of Judging Panel from amongst Trustees, agree Terms of Reference and invite interest from membership	◆ Complete task by 31 May 2007 ◆ Begin process in May 2007; panel to take effect from 31 October 2007
◆ Confirm Terms of Reference and name for Advisory Body and invite interest from local	Complete by 31 May 2007; AB to meet for the

Associations	first time in July 2007
◆ Draw up Code of Conduct for Trustees	Complete and implement by 31 October 2007
◆ Draw up other Regulatory Codes as described	Complete and implement Codes by 31 October 2007
◆ Draft <i>revised</i> Memorandum and Articles of Association and Standing Orders of General Meetings	Complete the revision by 31 December 2007 for presentation at the AGM of March 2008
◆ Set up annual discussion fora in UK regions	Begin to hold these in September 2008