

Have your say!

This consultation covers a broad range of questions. If there are certain questions that you don't have an opinion on please feel free to leave them blank.

This document contains respondents between 12 and 12 inclusive.

What do you think the purpose of Nominet should be?

To manage registries associated with Internet technologies and the UK, including .uk

What do you think the Vision and Values of Nominet should be?

This is a good start:

<http://www.nominet.org.uk/about/background/>

I would widen it to be less focused on domain names specifically as per my statement on purpose, but otherwise I think it is about right.

What do you think the development strategy of Nominet should be?

I am not sure this is a matter for consultation, but rather for the board. If the purpose of the organisation and its vision and values are set out, its strategy should be determined by the board. I can't think of any commercial organisation that successfully determines business strategy by a consultation process.

However, since you have asked the question, for what its worth, I think near-term strategy objectives should be:

* Free Nominet from the "governance review treadmill". Sort out board structure once and for all, and concentrate on the business.

* Form a coherent company view on what will happen in the internet registry marketplace over the next 10 years. Will domain names continue to be as important?

What other technologies will arise? What areas should Nominet investigate taking part in?

* Generate and document a consistent set of financial objectives (i.e. review the so-called "Bligh principles"), and build operating plans to match.

Do you want Nominet to continue as a not-for-profit organisation?

This depends what the question means.

Nominet is not a not-for-profit organisation in the sense that it cannot make profit. Nominet is an organisation that cannot distribute profit to its members. Nominet also apparently targets zero profit. Should these change?

I think the stakeholder base would require a lot of persuasion that Nominet should convert somehow into a normal company limited by shares and paying dividends. This sounds like a hiding to nothing, even if it were a good idea. However, Nominet should have more freedom to use its pricing and discount structures to be able to offer (e.g.) marketing incentives, discounts, etc. without breaking rules on profit distribution which were aimed to prevent something else entirely.

The fact Nominet makes a profit should be recognised, and documentation changed appropriately where necessary.

Nominet targets zero profit (as well as cash flow neutrality and a reserve fund) but has been unsuccessful (in that it has made substantial profits) over the last few years. These principles (so-called "Bligh principles") should be reviewed. Now the foundation exists, it would, for instance, be reasonable to target a level of surplus each year commensurate with a normal commercial level of return, and then donate any excess of retained funds over what is needed for reserve purposes to the foundation. However, targeting will require the need for removal of restrictions on price changes.

What do you think should be done about the commercial discount arrangements?

"Give final responsibility to the Board for determining charges for registration and membership.": Agree

"Detach the commercial discount arrangements on multiple registrations from membership to remove any financial barriers to the wider membership.": Disagree without more. This would give no incentive for membership, and leave Nominet in a position where it would be vulnerable to capture by single-interest groups. Most members don't vote as it is through apathy; this would remove their ability to vote if something that required their vote suddenly arose.

One way to fix this would be (e.g.) to make membership automatic for everyone who transacted with Nominet to purchase a domain name, whether at a discount (i.e. through the automaton/EPP) or not. IE direct registrants would also automatically become members.

What do you think should be done about broadening membership?

Broadly agree with the sentiment but the devil is in the detail.

I agree a broader membership base is needed. Rather than have a single homogenous membership base, I would tend to have different classes of member, and constitutionally provide each class with separate rights (e.g. to appoint a director, veto on certain changes etc.)

I am not sure further distinguishing different types of user is particularly useful, but am willing to be persuaded.

Regular review is in principal a fair idea, but Nominet these days seems to have governance reviews as one of its primary activities. The tail should cease to wag the dog.

"Revise voting arrangements to achieve a fair balance across the membership". This is, with all respect to Professor Garratt, one of his less valuable recommendations. Everyone will agree with it, but coming to agreement on what is "fair" (or even how fairness is determined) is quite another question. The current 3% capped voting system (if the 10% cap quirk was removed) seems to me to allocate votes reasonably fairly amongst registrars. The unfairness is the lack of representation of any other constituency. I think we should avoid the double counting of registrars who also have a lot of names registered in their own names, possibly by making any user constituency OMOV.

Do you want Nominet to reform the voting procedures to allow members to feel enfranchised?

This is a loaded question. It assumes that a significant factor in making members feel enfranchised is to reform "voting procedures" (whatever that might mean). I question whether that is the case.

I will say "no" because I don't think this should be the reason or the driver for reform in most cases.

Firstly, suggesting that members "feel enfranchised" sounds laudable, but Joe Public who has registered one domain name is not going to be much more enfranchised in a Nominet vote than in his vote for his constituency MP, and (given numbers) probably far less so.

Secondly, some procedures are easy to reform and Nominet has already made great strides (e.g. make electronic voting as easy and as quick as possible), some are 'no brainers' (e.g. changing arcane AGM timetables), but some require far more thought (e.g. STV, voting allocations etc.). There is a danger of using "because it makes members feel enfranchised" as a convenient excuse to do something suboptimal. Making members feel enfranchised is not a goal in itself; making the governance of Nominet reflect its stakeholders and their interests is.

What do you think should be done about the membership and ownership structure?

Full Unitary board is probably my preference. Having some level of stakeholder involvement on the board may well be the right thing; I believe this comes close to the Community Benefit model as Professor Garratt describes it, but could simply be a balance between elected and appointed non-execs. Elected non-execs might be elected by more than one constituency though.

What do you think should be done about the entrenched provisions?

It depends entirely on the model selected. However, I agree with the general point that the current level of entrenchment is too wide and too deep.

Split the present Chairman and Managing Director role

The combined role is built into Nominet's constitution. The splitting of these roles has been mandatory for listed companies since 1992. It seems very unwise that Nominet continues what is seen as bad practice here. It reflects badly on Nominet as it does not allow for either role to be developed fully nor for effective Board oversight of each role.

- I agree with the recommendation
- I don't agree with the recommendation
- I don't know enough to make up my mind

Comments

The chairman should be a non-exec. I would suggest it should normally be an appointed non-exec (professional chairman) rather than an elected one, but I see no reason to codify this.

Create a separate role of Managing Director who is a full Board member

This is good corporate governance practice and mandatory under the 2006 Combined Code. If the Chairman is 'the boss of the Board of Nominet' then the Managing Director is 'the boss of the day-to-day operations of Nominet' and is held fully accountable for them. This suggestion would require that the Managing Director becomes a statutory Board member, and that the current role of Chief Executive is absorbed into the MD role.

- I agree with the recommendation
- I don't agree with the recommendation
- I don't know enough to make up my mind

Comments

Agree with the recommendation, but see no need to codify this. There should just be a number of executive directors. One could be called Managing Director, or CEO, or "Chief Names Wallah". There is no particular governance reason to change the CEO's current job title.

Revise Nominet's system of voting for directors

This is designed to clarify the present position in Nominet where a conflict can be acknowledged but the Board has currently no power to do anything about it. I am suggesting, for example, the keeping of a register of interests of Board members, the updating of these at each Board meeting and having a clear process for deciding if a conflicted Board member may speak to a topic, whether they can vote on a specific issue, and that these decisions are recorded in the Board minutes.

- I agree with the recommendation
- I don't agree with the recommendation
- I don't know enough to make up my mind

Comments

Agree, but my experience is that this is mostly done.

Give the Board the power to appoint at least two experienced and independent non-executive directors to the Board in addition to the present NED composition.

There are four reasons for making this proposal:

First, to add wider diversity to the industry-specific experience of Directors elected from the membership. This is always an issue in membership-based organisations as many elected Directors do not have any previous directorial experience.

Second, to allow Nominet to be seen to be acknowledging their wider role in creating the 'public good' by bringing in some externally-orientated Directors with their critical, independent oversight to balance the Board's risk assessment and decision making processes.

Third, to give the Board flexibility in bringing specific functional experience onto it where there is an obvious need.

Fourth, to allow the appointment of a Senior Independent Director who can act as a point of contact for members wishing to discuss issues such as the performance of the Chairman.

I suggest that good practice for these independent NEDs is that they are part of the Board's annual evaluation, and that they have a maximum term of three three-year contracts subject to satisfactory performance.

- I agree with the recommendation
- I disagree with the recommendation
- I don't enough to make up my mind

Comments

Agree, but unsure of what he means by maximum of 3 year contract. I agree there should be a maximum total term length but this should be high (e.g. six years) as per the Combined Code. I agree there should be reappointment after a maximum of 3 years. In essence, these are normal professional independent non-execs, and the Combined Code should be followed.

Also, he assumes the current NED situation remains. I believe the current NED situation needs to change. The number of NEDs elected by registrars should reduce (e.g. to 3 running 3 year terms). Either we should have more independent NEDs (possibly 3), or we should make room for a NED from other member constituencies (i.e. users)

Ensure that the Board has on it three Executives who are also statutory Directors

This is a further step in achieving better balance on the Board by having the Managing Director and other supporting roles as Board members as part of their employment contract. This would allow broader regular Board oversight mechanisms of the business and the development of Nominet.

- I agree with this statement
- I disagree with this statement
- I don't know enough to make up my mind

Comments

This should be a "maximum of 3". If there are not 3 suitable candidates, or one leaves, Nominet should not be forced to fill the vacancy immediately or be in breach of the articles.

Appoint a professionally-trained Company Secretary as an Officer of the Board

This role has proved crucial in many Boards, especially those onto which many members may be appointed without previous directorial experience. The Company Secretary is expected to ensure good practice and legal compliance around the boardroom table and to act as 'the conscience of the Board' when necessary.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Comments

However, my experience is that this is already the situation.

Create a clear job description for each director

This is to go beyond the existing job description that is contained currently within the call for members' nominations to the Board. It needs to state their corporate legal duties and responsibilities, time commitments and the personal liabilities to which they will be committed. Such job descriptions must apply equally to the Chairman, the Managing Director and any other executives who are statutory directors.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Create annual evaluation and development plans for the Board itself, each committee and each individual director

This is standard practice and is contained in, for example, the Combined Code, the NHS Monitor Code, and, please note DBERR's Building Better Boards recommendations. They, and others, advocate using the Learning Board Model in which I declare an interest.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Ensure that the Board nomination, selection, induction, competence building, evaluation, renewal and de-selection processes are reviewed regularly

This can be started immediately without the need for constitutional change.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Publish in the Annual Report the reasons for, and cost of, the legal fees for directors seeking independent advice concerning their directorial roles

This is to make these costs transparent and, given the recent experiences, to demonstrate the future effectiveness of the induction and competence building processes. Hopefully, it will reduce the tendency to litigation amongst future directors.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Review and publish the remit and membership criteria of the Audit, Remuneration and Nominations Committees

In March 2009, I realise that a start has been made on the Audit Committee. In many businesses it has been found wise to combine the Nominations and Remuneration Committees.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Comments

However, I do not agree with combining the Nominations and Remuneration Committee. Doing so would prevent any executive input into the nominations committee.

Whilst the latter should certainly not be executive dominated, I think the CEO should have a role.

Reconsider the role and processes of the Policy Advisory Body so that it becomes more an 'outward facing' part of the membership's connection and sensitivity to the external stakeholders and the public good.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

What does being a member of Nominet mean in this changing world?

Having an influence over the governance of the organisation.

What are Nominet's obligations to the wider range of stakeholders who are now affected by, or have potential or actual regulatory powers over its actions?

Nominet should act in the interest of such stakeholders.

What do the answers to these questions mean to redesigning the governance system of Nominet?

They mean that Nominet should come up with some suggested models and get on with it!

Please give us your contact details

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