

**Minutes of Meeting of Board of Governors of Westminster Foundation for Democracy, on 25 February 2021**

Meeting VIA ZOOM: 9:30-11.35am.

**Present:** Richard Graham MP (Chair)  
Rushanara Ali MP (Vice Chair)  
Sue English (Vice Chair)  
Mark Babington  
Patrick Grady MP  
Thomas Hughes  
Rt Hon Maria Miller MP  
Simon Walker  
Anthony Smith (ex-officio, CEO)  
Joyti Mackintosh (ex-officio, Finance Director)  
Christine Jardine MP (joined at 10.30am)

**In attendance:** Chris Lane (Company Secretary)

**1. Apologies**

The Board noted apologies from Christine Jardine MP that she would be late due to urgent constituency business.

The meeting was quorate.

**2. Declarations of interest**

None were raised.

**3. Minutes and matters arising**

The Board noted that Management had circulated notes from the Board informal discussion on strategy in December 2020 and the recent meeting with Lord Ahmad.

The Board approved the minutes of the November 2020 Board formal meeting. The Chair observed that all actions or matters arising from the meeting have been either completed or are in hand.

**4. Critical issues**

The Chair explained that he would like the Board to focus on two critical issues before the remainder of the formal agenda: funding and Myanmar.

*Funding*

The Chair explained that WFD had recently participated in the annual ministerial meeting with FCDO. The discussion with Lord Ahmad, Minister of State with responsibility for open societies, which had been led by Richard Graham, Sue English,

and Anthony Smith, had been positive about WFD's key role in HMG's emerging Open Societies agenda. WFD's representatives had also used the opportunity to convey the ARC's concerns linked to the serious impact of funding uncertainty on WFD's ability to confidently plan and manage its commitments.

The Chair noted that the Minister had confirmed WFD's grant-in-aid allocation as £3.5m for the next financial year but advised that the remainder of WFD's funding allocation would only be confirmed in mid-to-late March. The annual FCDO process is usually quite delayed, compared to other departments, but the consequences for WFD in this cycle are more significant than a typical year. Management reported that the message from officials continues to re-emphasise that WFD should see the next financial year as a transitional period and retain the capability as far as possible to contribute to HMG's international priorities in coming years.

The Board welcomed the confirmation of the grant-in-aid allocation, which Governors noted constitutes about fifty percent of WFD's core funding from FCDO London. However, the delay in confirming the value of the other fifty percent core funding (Inclusive and Accountable Politics (IAP) grant) and other funding allocations would make it challenging for the Board to adopt a budget. There are also reputational risks for WFD and its Board in operating without budgetary certainty.

Board members suggested that, in the long-term, there would be value in WFD collaborating with other arms-length bodies to encourage FCDO to adjust its planning and budgeting procedures to take better account of the needs of the arms-length bodies. In the short-term the Board agreed that it would be appropriate for Mark Babington, as chair of the ARC, to write to his counterpart at the FCDO to explain the implications of funding uncertainty and/or further cuts on WFD, and the anticipated requirement for a letter of comfort. This letter should be copied to Richard Graham who will share this with relevant Ministers and special advisers. In addition, Board members urged Management to continue to use all efforts to build a broader understanding of WFD's value and model across relevant departments at the FCDO.

**Action: Mark Babington to write to the chair of the FCDO Audit & Risk Assurance Committee to convey WFD's concerns**

### *Myanmar*

The Chair suggested that the two key issues for Board consideration were staff safety and security, and the political situation and outlook.

The CEO confirmed that all fourteen staff of the Myanmar office are safe and well. Management has prioritised their welfare since the coup on 1 February. WFD remains in close contact with the Embassy.

The CEO advised that that the current programme in Myanmar is due to end in July 2021. Prior to the events of 1 February, Management had participated in positive discussions with the Embassy about a follow-on programme. However, the Embassy has now confirmed that this will not be possible, due to a change to UK policy restricting support for state institutions in Myanmar. This would include the Hluttaw,

Myanmar's union parliament. For as long as the military is in control of state institutions, it is difficult to see what outcomes WFD could now realistically achieve. The Embassy has indicated that there may be an opportunity for a small-scale programme and is open to WFD's ideas on this.

Board members lamented recent events in Myanmar and expressed regret at the impact on WFD's valuable work in Myanmar over recent years. The Board expressed appreciation for the brilliant work of WFD's staff in-country and solidarity with democratically elected representatives in Myanmar.

The Board encouraged Management to engage with the Embassy and develop a proposal for an alternative programme of activities that could still be relevant and achieve some impact in Myanmar. This could focus more on sub-national institutions, civil society, and local partnerships. The Board would welcome the opportunity to contribute ideas on this.

Board members indicated that maintaining engagement in Myanmar is important, but Governors acknowledged that, without continued Embassy funding, this would be challenging.

Board members noted that WFD would need to continue to manage the heightened legal, information security, and personal safety risks carefully over the coming months..

**Action: Management to arrange an informal meeting of the Board in late March 2021 to discuss the situation in, and outlook for, Myanmar**

## **5. CEO's report**

The CEO summarised the highlights of his written report.

Management continues to prioritise strong engagement with officials and ministers to influence HMG's policy agenda. The CEO noted that the Integrated Review is due to be published in March and is expected to promote open societies and human rights as a key UK international priority. This is in line with one of the Foreign Secretary's seven global challenges announced previously to the International Development Committee. It is understood that the FCDO will start work in April to develop an Open Societies Strategy by Summer and Posts have been tasked with preparation of a one-year country plan for FY21-22 and then a multi-year country plan for future years linked to the next spending review. The CEO confirmed that WFD would seek to influence the new strategy and country plans – and engage with preparations for and hosting of the G7/D10 and COP26 this year.

Management is having some success promoting the slogan "*doing development democratically*" with ministers and officials.

Board members offered to contribute ideas to any paper WFD is planning to submit to the FCDO team developing the Open Societies strategy.

## **6. Company Secretary's Report**

The Board noted the Company Secretary's report and the update on the terms of office of current Board members which expire in 2021. The Chair welcomed both Rt Hon Maria Miller MP and Joyti Mackintosh to their first formal Board meeting. The Board welcomed the news that, subject to the Foreign Secretary's approval, the current vacancy for a second Labour Party Governor should soon be filled by the Rt Hon Harriet Harman QC MP.

The Company Secretary reminded Board members that WFD is due to vacate its current head office at Artillery House at end-March 2021. He briefed Board members on the agreed key terms for WFD's new accommodation at 22-26 Whitehall, the old Admiralty Building, effective 1 April 2021. This will be a five-year license with the Government Property Agency (GPA), at a fixed fee for the duration, with a rolling six-month break clause. The total costs will be £266,996 p.a., which represents a reduction of around £150k or 36% on WFD's current London accommodation costs.

**Decision:** The Board resolved to approve:

1. A change to WFD's registered office in the UK from 8th Floor, Artillery House, 11-19 Artillery Row, London, SW1P 1RT to 22 Whitehall, London, SW1A 2EG; and
2. The delegated authority of:
  - (a) the Chief Executive, Anthony Smith, to sign a license with the GPA, formally effective as of 1 April 2021, to occupy the space in 22 Whitehall, London, SW1A 2EG; and
  - (b) the Company Secretary, Christopher Lane, to notify the Companies Registrar of England and Wales of the change of registered office in accordance with Sections 86 and 87 of the Companies Act 2006, and to sign all documents and perform such acts as may be necessary or desirable to update WFD's statutory records, notify other third parties, and/or otherwise to give effect to this resolution.

## **7. People Committee Report**

Patrick Grady MP provided a report from the People Committee meeting on 4 February 2021.

Patrick observed that the Committee now benefits from two first-rate co-opted members who are adding significant value to the Committee's work. The recent Committee meeting had focused on preparation for the likely reduction in resources next financial year, staff health and safety and engagement; safeguarding; agile working; and gender balance and pay gap, which continues to be an area of strength for WFD.

In the next financial year, the Committee will focus on progress in the transition to agile working, ethnic and other diversity indicators.

## **8. Programme Quality Committee Report**

Thomas Hughes provided a report from the PQC held on 11 February 2021.

Thomas reported that the recent meeting had focused on the internal Q3 Programme Performance Review findings; the outcome of the recent FCDO/ex-DFID IAP Annual Review, Mid-Term Review and deep dive; and a presentation on the transparency and participation thematic initiative.

The majority of programmes in WFD's portfolio are on track and performing well. There is one programme rated as red (Nigeria, Supporting Marginalised Nigerians in the Election Process) and two rated as amber/red (Kyrgyzstan, Sustainable Media Sector Reform for Elections-related Conflict Prevention and Kenya, Inclusive Political Parties) due to implementation challenges or underspends. Each is subject to a mitigation plan.

The IAP Annual Review was positive for WFD, resulting in an A+ rating, which represents an improvement on last year's A rating. The Mid-Term Review gave a rating of "Good" based on a score of 68/100, but this is currently subject to an appeal. Unfortunately, WFD does not feel that the Mid-Term Review was conducted appropriately and in line with the agreed terms of reference. Thomas noted that there may also be a knowledge gap within the FCDO/ex-DFID IAP team about WFD's value and model.

In the next financial year, the Committee will focus on research strategy, engaging with Management's development of a new target operating model as part of the strategy process, a review of the inclusion theme, and the findings of the value for money pilots.

## **9. Audit & Risk Assurance Committee Report**

Mark Babington provided a report from the ARC held on 15 February 2021.

Mark reported that the recent ARC meeting had focused on scrutinising Management's budget scenarios and going concern, reviewing the draft annual plan, considering an audit planning report from the National Audit Office/BDO, and receiving a good internal audit report.

Mark highlighted the recent internal audit report delivered by Crowe LLP, which had tested WFD's internal controls environment in view of the changes in working practices due to the pandemic. The ARC had welcomed the 'substantial assurance' provided by the audit report. The next internal audit report will provide assurance on WFD's core costs.

## **10. Quarterly Progress Report and Corporate Risk Register**

The Board accepted Management's Quarterly Progress Report and Corporate Risk Register, as presented, and noted the commentary, including the ongoing Management focus on risks associated with funding. Board members noted that the Progress Report provided Governors with good information in a useful format.

## **11. Annual Plan and Budget scenarios for FY 2021-2022**

The Board noted the draft annual plan and budget scenarios papers.

The Finance Director advised that a range of budget scenarios have been created. Each scenario includes a grant-in-aid allocation fixed at £3.5m, with the variables being the value of the IAP grant and third-party funding. As the decisions on final funding allocation are likely to be delayed until mid to late March, Board members recognised that any budget to be approved by the Board prior to March would likely require revision early in the new financial year.

The Board noted that the most likely scenarios are likely to require a savings plan, which will be guided by the following priorities: financial viability; capability to deliver minimum quality and compliance standards; capacity to expand programming as resources return; and maintaining WFD's presence in countries with most likely future funding interest. Board members endorsed these priorities and acknowledged that it would be important for WFD to take a long-term view of the UK and WFD's strategic interests.

**Action: Management to circulate a proposed Budget for FY2021-22, together with the Annual Plan, for approval by the Board by email in mid-March.**

## **12. Developing WFD's new multi-year strategy**

The Board noted Management's proposal to develop a new multi-year strategy in 2021, following the anticipated publication of the Government's Integrated Review.

**Action: Management to arrange an informal meeting of the Board in late April 2021 to discuss the outcome of the Integrated Review and the implications for the new WFD multi-year strategy.**

## **13. AOB**

The Board noted that the next meeting would be held on 24 June 2021.