

The Westminster Foundation for Democracy Limited

Company Number 2693163

Minutes of Meeting of the Board of Governors held in Committee Room 19, Palace of Westminster, on Monday, 26 March 2012

Present

Gary Streeter (Chair)
Rt Hon Hilary Armstrong
Tina Fahm
Rt Hon George Foulkes
John Glen MP
Bronwen Manby
Meg Munn MP (Vice Chair)
John Osmond.
Andrew Rosindell MP
Pete Wishart MP.

In attendance

Linda Duffield	Chief Executive
Paul Naismith	Company Secretary/Director of Finance
Alex Romaniuc	Head of Programmes, Europe
Dina Melhem	Head of Programmes, MENA
George Kunnath	Director, TWC Programme
Alero Adetugbo	Governance Officer, TWC Programme
Tracey Edginton	Strategy & Communications Manager
Philippa Broom	Conservative Party
Nabila Sattar	Labour Party
Paul Speller	Liberal Democrats
Natalie Darby	Liberal Democrats
Chris Levick	Smaller Parties
Tom Kennedy	Deputy Head, Human Rights & Democracy Dept., FCO
Mark Brownjohn	Desk Officer-Elections/WFD, HRDD/FCO
Stefan Kossoff	Senior Governance Adviser, Governance & Fragile States Dept, DFID
Tamara Moluch	Minute Taker

1. Apologies for absence and welcomes

Apologies were received from Jim Bewsher, the Rt Hon Don Foster MP and Ken Jones. Gary Streeter **welcomed** Tom Kennedy, Deputy Head of the Human Rights and Democracy Department FCO and Stefan Kossoff, Senior Governance Adviser, Governance & Fragile States Department DFID, to their first Board meeting.

2. Conflict of Interest Declarations

None declared.

3. Minutes of Board meetings (Document 1)

The minutes of the Board meeting held on 25 January 2012, being an accurate record of the meeting, were APPROVED and duly signed by the Chair.

4. Matters arising not already covered on the agenda.

None.

TOPICS FOR DISCUSSION

5. The Business Case: What it means for WFD

Linda Duffield gave a short power point presentation entitled 'Making the Business Case a Reality', highlighting:

- Funding under the Business Case for 2012-15 of £16.5m (comprising a DFID accountable grant of £2m p.a. and FCO grant-in-aid of £3.5m p.a.) with planned expenditure under parliamentary strengthening & cross party programmes (39%), bilateral party programmes (39%), corporate costs (13%) and, for the first time, capacity building and technical expertise (9%).
- Continuation of on-going extra-budgetary programmes and plans to attract a further £7.5m of extra-budgetary funds over the next three years, so reducing dependence on FCO / DFID funding. To date, such funding had been primarily for parliamentary strengthening and cross-party programmes. The hope was to seek extra-budgetary funds in future to support party development programmes also.
- The 13 planned country and regional programmes, and the parties' strategic programmes, supported by DFID / FCO funding, which were being developed and would be submitted for approval at the June PPC and Board meetings.
- Implementation of WFD's Change Agenda to:
 - Enable the Board to focus on strategic issues;
 - Ensure the PPC focused more on strategic programme plans (with fewer small-scale projects) and with the opportunity to review company-wide progress in implementing programmes by means of a new M&E framework, an organisation-wide log frame etc;
 - Build WFD into a more professional and results and learning oriented organisation delivering programmes of the highest quality. The appointment of a Programme Adviser would support this goal and lead on the M&E framework;
 - Establish an Innovation Fund open to both programme and political party teams to develop more innovative programmes, contribute to best practice and, especially, promote joined-up working amongst WFD programme teams and parties;
 - Review of WFD's staff and structures, including field offices, to ensure WFD was best placed to meet future commitments.
- The key documents setting out our goals and commitments:
 - WFD Strategy and Corporate Plan (approved March 2011)
 - WFD Change Agenda (finalised January 2012)
 - WFD log frame 2012-15 (under development)
 - Business Case (approved 12 February 2012)
 - Ministerial letter of confirmation of funding (dated 12 February 2012)
 - Inception Phase letter setting out requirements for the next six months (dated 26 March 2012)

Linda Duffield stressed that continuation of DFID / FCO funding would depend on WFD meeting all the requirements set out in the Inception Phase letter and annually thereafter.

Stefan Kossoff said DFID welcomed the opportunity to continue its collaboration with FCO and WFD and, most importantly, the opportunity that the Business Case now afforded to put its relationship with WFD on a more strategic footing that would pave the way for WFD to become a first class provider of democracy assistance. The Business Case, proposed M&E framework and WFD's own Change Agenda were key to WFD becoming a professional and results and learning oriented organisation delivering programmes of the highest quality. He reassured the Board that the purpose of the inception phase was to provide DFID with a

sufficient degree of reassurance that WFD was on track, and such conditions were standard requirements of DFID agreements.

Gary Streeter said that Andrew Mitchell, International Development Secretary, had expressed full confidence that WFD would not only deliver on the Business Case but that the partnership between DFID and WFD would grow from strength to strength.

6. Final Budget 2012-13 (Document 2)

Paul Naismith gave a short power point presentation outlining the budget for 2012-13, highlighting:

- Based on the DFID / FCO funding levels as outlined in the Business Case, the estimated revenue for 2012-13 was £8m as compared to £5.9m in 2011-12. This figure included confirmed and prospective third third-party funding (FCO 52%; DFID 40% and EU the balance of the revenue);
- The budget for 2012-13 included the following level of parties' staffing and administration costs that were being recommended for approval by the Board:
 - i. Allocations of grant-in-aid for parties and regional teams would remain at 50:50 (after deduction for corporate costs and cross-party resource). The parties' individual allocations would continue to be based on the modified Short Money formula i.e. Conservatives (41%), Labour (41%), Liberal Democrats (14%) and Smaller Parties (4%);
 - ii. The parties' cap for claiming staffing and other costs would be revised as follows: Conservatives (13.75%), Labour (13.75%), Liberal Democrats (25%) and Smaller Parties (25%);
 - iii. Recompense for cross-party programmes on which the party officers would lead would be set at £10,000 for each party.

In the discussion that followed, Conservative and Labour Governors requested a further review of these figures in light of the fact that the two parties were being asked to increase their work load without a comparable increase in resources. Andrew Rosindell said that the Conservatives would require a modest uplift of around 2.25% in order to continue to operate at its current level. On behalf of the Labour Party, Meg Munn requested definition of cross-party programmes; clarity on what the £10,000 recompence for cross-party work entailed; confirmation whether opportunities would exist for political parties to gain additional funds through extra-budgetary programmes; and clarification of how parties were to be recompensed should they take up any underspend at the end of the financial year.

Linda Duffield confirmed that:

- To ensure political parties had clarity about their funding at the start of the FY, a fixed rate of £10,000 had been agreed to compensate each party for the additional cross-party work they would be involved with throughout the year. This figure was less than in previous years reflecting the Board's decision that the regional teams would now take full responsibility for all cross-party parliamentary programmes (which represented the large majority of all cross-party work), thus taking the pressure off the political parties and allowing them to concentrate on their own bilateral party programmes. Of the 13 major programmes being developed in 2012-13, six had a cross-party component and only one (Jordan) was predominantly cross-party.
- Parties may have opportunities to secure additional resources in future for party development programmes but this could not be guaranteed. Extra-budgetary programmes did provide for overheads costs but this was often capped by the donor and often did not fully recompense the real level of administrative expenditure.

- WFD's policy was to notify any savings in corporate costs and any programme underspends as soon as possible and to reallocate funds equally between the parties and the regional teams. Often, such underspends were only notified in the final quarter of the FY. The amounts varied from year to year and could obviously not be guaranteed. It was not possible to build in a staffing provision to manage a modest expansion of activities but equally the parties were not obliged to take up any underspend.

ACTION POINT 1: The CEO was asked to review the request from the Conservative and Labour parties to further increase the percentage administration caps for their parties, beyond the level recommended by a sub-group of political Governors who had met to review this for all the parties. Philippa Broom and Nabila Sattar were asked to submit their case in writing to the CEO by 28 March. The CEO would then take a final decision, in consultation with the sub-group of political Governors if necessary.

REPORTS FOR INFORMATION

7. Chief Executive's report (Document 3)

The Board NOTED the report.

8. Audit Committee (documents 4 and 4a)

The Board NOTED the minutes of the 13 March 2012 meeting of the Audit Committee and the Risk Dashboard as at March 2012.

9. Projects and Programmes Committee (Documents 5a-d)

In the absence of Ken Jones, John Osmond introduced the minutes of the 13 March PPC meeting which he described as a transitional meeting marking the shift towards a more programmatic way of working for WFD that also required a more strategic approach to its work by the PPC.

The Board NOTED the Minutes of the 13 March 2012 meeting of the Projects and Programmes Committee and APPROVED the following proposals (over £100,000):

- Kenya: Support to Kenya Democratic Process (**£350,000** total budget)
- Iraq; Enhancing the capacities of Legislatures in Iraq and Women's Role in Reconciliation (**£411,560** total budget)

10. Parties Management Group

The Board NOTED that the PMG did not meet this quarter.

11. Other Reports

- Finance Director's report (Document 6)

The Board NOTED the report.

- Communications update and WFD's 20th Anniversary (Document 7)

Gary Streeter informed the Board that two events were being planned this year to mark WFD's 20th anniversary – a reception in parliament to thank past, current and future supporters and a seminar for wider stakeholders at the either FCO or DFID, at which it was hoped the Foreign Secretary or the Minister for International Development would participate.

Linda Duffield acknowledged that, with the current freeze on corporate and marketing expenditure, WFD would need to be inventive in organising any events, taking advantage, where possible, of DFID or FCO facilities, linking in with other planned events, and partnering with the Devolved Assemblies etc.

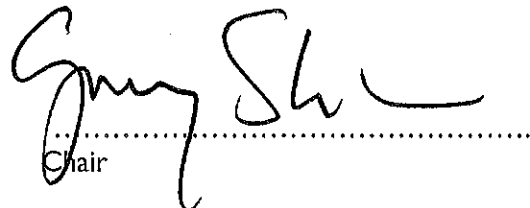
ACTION POINT 2: Tracey Edginton, Strategy and Community Manager, to lead on the organisation of events to mark WFD's 20th Anniversary. Volunteers to help with arrangements to contact her directly. Details of proposed events to be circulated to all Governors over the next few weeks inviting comments and suggestions.

ACTION POINT 3: Governors, political parties and staff to take advantage of every external opportunity to promote in general the work of WFD.

12. Any other business

Paul Speller announced that, after four years as Head of the International Office of the Liberal Democrats, this would be his last Board meeting; the Board thanked him and wished him every success for the future.

13. Date of next meeting: Wednesday, 11 July 2012 at 09.30h


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Chair

Date: 11 July 2012