

The Westminster Foundation for Democracy Limited
Company Number 2693163

**Minutes of Meeting of the Board of Governors (Part B) held in Committee Room 19,
Palace of Westminster, on Wednesday, 9 April 2014**

Present

Henry Bellingham MP (Chair)
Ann McKechin MP (Vice Chair)
Rushanara Ali MP
Ken Caldwell
Tina Fahm
John Osmond
Andrew Rosindell MP
Rt Hon Sir Andrew Stunell MP
Pete Wishart MP

In attendance

Paul Naismith	Acting CEO
Jamie Tronnes	Director of Programmes
Kate Bunbury	M&E Adviser
Chris Harmer	Communications Manager
Philippa Broom	Conservative Party
Nabila Sattar	Labour Party
Iain Gill	Liberal Democrats
Chris Levick	Smaller Parties
Andrew Tesoriere	Head, FCO Triennial Review
Rob Fenn	Head, Human Rights & Democracy Department, FCO
Emma Kouki	Desk Officer, Democracy & Elections, HRDD, FCO
Shiona Ruhemann	Senior Adviser, Governance, Open Societies & Anti-Corruption Dept, DFID
Micol Martini	Governance Adviser, Governance, Open Societies & Anti-Corruption Dept, DFID
Tamara Moluch	Minute Taker

4. Apologies for absence were received from Bronwen Manby.

Henry Bellingham reported that Governors had had a useful, frank and open discussion in Part A and hoped to take advantage of future Board meetings to convene similar brief private discussions on a regular basis. He confirmed that the Board had agreed to convene a Governor-only meeting on 30 April and that the proposed Away Day would now take place before the Parliamentary summer recess.

5. Conflict of Interest Declarations - None declared.

6. Minutes of Board meetings (Document B1)

Following an amendment to Agenda Item 4 – Action Point 1, the minutes of the Board meeting held on 5 February 2014 were **APPROVED** and duly signed by the Chair.

7. Matters arising (not covered elsewhere on the agenda)

In response to concerns raised by John Osmond, the Board **AGREED** that, as a way of tracking progress, the Board would, in future, receive reports on the implementation status of all action points agreed at Board meetings.

ACTION POINT 1/APR.14: **A status report on the implementation status of all action points agreed at Board meetings to be presented at each Board meeting (beginning from the February 2014 Board meeting).**

8. Update on FCO Triennial Review (Oral presentation by Andrew Tesoriere)

Andrew Tesoriere updated the Board on the FCO Triennial Review:

- 1) **The Approach:** Under the Terms of Reference, the reviewers had been invited to approach their work with an open mind, be guided by the experience of other reviews and, in particular, make use of the findings of DFID's Mid-Term Review currently being conducted by an External Evaluation Team (EET). They were to seek out a convergence of ideas, pinpoint divergent views and scout for new and innovative ideas through research and analysis of evidence gathered through discussions with various key UK stakeholders, political parties and various consortia members (TWC etc) as well as surveys conducted with Posts closely connected with WFD, MPs, academia and key WFD stakeholders. Due to the amount of work involved and a revised EET timetable, the first draft would not now be ready until end-April and the final report and recommendations by mid-May/early-June.
- 2) **The way forward:** Some changes would emerge from the findings, implying a degree of transformation to the way WFD operated. It was expected that HMG and the Board would consider the report and recommendations by end-June.

3) The substantive issues:

- One of the main areas of convergence was a shared ambition for WFD to continue and to realise its full potential, which would involve becoming more articulate in the formulation of its **strategy**. Accordingly, an annual strategy plan was being considered which would provide clarity, leadership, direction and possibly a tighter and narrower focus.
- With regards to **funding**, the Review was looking at:
 - an integrated 'central pot of funds' from which political parties could also apply for funding;
 - a 'ring-fenced pot of funds' for political parties' sister party activities (including administrative costs);
 - a smaller 'flexible pot of funds' for innovative, pre-emptive, reactive activities as well as scoping and assessment work.

A certain resource balancing between the central and field operations would be expected to ensure sufficient investment in the field.

- **Planning** would need to be inclusive of political parties, including at the very early conceptual stages. Some pre-Board activity at the operational level was also being considered which would take some pressure away from the Board and free it for more strategic discussions.
 - **Status:** whilst there was consensus that the WFD remain an arms-length NDPB, there was and continues to be much discussion around governance, including suggestions such as:
 - increasing the financial authority level of the CEO to around £75,000;
 - reviewing the composition of the Board – including the ratio between political and independent governors, the inclusion of HMG, and the appointment of two co-chairs – one political, one independent.
 - Whilst fully recognising that WFD was an iconic brand, there was a sense that it needed not only a stronger domestic and internal **profile** but to become more forward leaning and outward facing.
 - **Sustainability**, including business development, growth, working with others, etc. was also being addressed.
- 4) **Outstanding issues:** political party work and governance.

In the discussion that followed, the following points were raised:

- Responding to Ken Caldwell, Andrew Tesoriere explained that, because of the way the review had been set up, the reviewers were relying on the EET to provide the necessary impact assessments of WFD programmes. They had, however, been able to accompany the EET in Kenya where they had obtained first hand feedback. The reviewers were speaking to as many stakeholders as possible: for example, feedback from Posts had been fairly mixed, relating mainly to the poor level of communications, particularly at the early stages of programme development. On the parliamentary side, UK stakeholders were saying that more could be done, especially if parliamentary in-house skills were strengthened; on the political party side, discussions centred on the relative depth of UK expertise compared to that in-country.
- Andrew Rossendale stressed the need for the political parties to be allowed to continue to do what they knew best but in a much simpler and easier way. In echoing this, Rushanara Ali welcomed the thrust of the review particularly the changes to funding. However, she felt that the review process, though necessary, at times ran the risk of not focusing enough attention on WFD's activities. Concerns about processes and in particular the structure of the Board, could mean yet more changes at a time when major changes were already in the pipeline. It was important that recommendations were implemented with as little process and bureaucracy as possible in order to allow staff and Governors to carry out their main duties. Andrew Tesoriere said that in his discussions with the political parties, the potential extra layers of bureaucracy had been raised and he had noted the need for extra resource within party offices should there be an increase in cross-party work.
- Rushanara Ali then asked that the appropriateness and proportionality of recommendations be taken on board. And, as highlighted by Paul Naismith, the difficulties WFD faced in planning ahead with certainty as a result of the often short-term nature of funding. Henry Bellingham added that one such change had already been implemented very quickly and that was that the Governors would meet privately allowing them to maximise input, particularly from the independent members. The first such meeting had already taken place ahead of the Board meeting.
- Rushanara Ali stressed the need for better cooperation between WFD and FCO / DFID. Adding that, despite numerous attempts, this had not yet happened to the extent necessary to achieve the shared outcomes. She also referred to a perceived misalignment between how FCO, DFID and WFD measured the impact of WFD's work (particularly of its political party work). This had been raised at numerous Board meetings and by Andrew Stunell at a recent WFD/DFID roundtable. This they felt was at the heart of some of the misunderstandings between WFD and its funders and required urgent attention. Andrew Tesoriere confirmed that this point was being addressed as part of looking at the need for a common ground to reflect the reality of cross-government work.
- In welcoming the proposed changes to funding, Tina Fahm was mindful that, from an organisational change perspective, changes often required additional resources and asked that this be kept in mind and, if possible, an appraisal made of any cost implications. Andrew Tesoriere agreed that changes could have cost implications, but felt that, though he had used the term 'transformation', the proposed changes would be light.

In recognising the above points, Andrew Tesoriere said that the Triennial Review was limited in its scope and a number of the issues raised were outside its scope and would need to be followed-up separately. From the point of view of accountability, Andrew said that the Review had been asked to look at how WFD was positioned in terms of public accountability and transparency which was why a number of issues had been raised around the Board and other governance structures, including the question of due diligence. The need for a vigorous approach to high-level impact of programmes had also been highlighted by one Government Department. Evidence had also been heard for the introduction of robust systems but he fully understood the need to calibrate recommendations in an appropriate way so that the work could flow smoothly and ultimately allow bureaucracy to diminish.

In summary, Andrew Tesoriere reiterated that the role of the review was to gather as much evidence as possible, analyse it and ultimately put forward recommendations for HMG consideration and approval.

9. Approve programme proposals/budget changes (Documents B2a-b)

Philippa Broom addressed two issues raised in the comments:

- i. She confirmed that the proposals were not 'stand alone' activities but part of ongoing work and in line with WFD's current Business Plan. She had spoken with Bronwen Manby, one of the Governors who had raised this point, who had made it clear that this had not been aimed specifically at the proposals themselves but at the wider picture of WFD's overall strategy. Henry Bellingham agreed and said that this would be one of the top priorities for the new CEO.
- ii. Philippa agreed with the comments around overspend / over-commitment. However, she said that over-commitment had been – and continued to be – the mechanism by which parties' managed their resources. Through this, she had been able to, over the past 12 years, achieve full year spend and at times absorbed additional funding. John Osmond, however, felt that the current system undermined the Board's ability to drive a strategic focus aimed at achieving certain outcomes in certain countries. He asked that the Board consider a mechanism for overseeing levels of allocation in its discussion of the roles of the organisation and the Board. Ken Caldwell noted that this question had been raised at numerous Board meetings and asked that it be considered by the Board at its next Away Board.

Andrew Stunell drew attention to the large number of programmes attributed to the political parties; a number refuted by the parties.

ACTION POINT 2/APR.14: An aggregate list of party programmes to be prepared for the next Board meeting.

The Board **APPROVED** the following proposals/budget changes submitted by the Conservative Party:

- **Botswana:** BDP Party Development Programme (AI)
- **Montenegro:** PzP Party Development Project (EI)
- **World-wide:** IDU Strengthening the centre right network (RI)
- Budget correction: **WWI4A52C** World-wide: Election Study Observation Programme & Peacetime Campaigning Programme
- Budget increase: **AAI4A110C** DUA Africa-wide Two Year Programme

Reports for Information

A. COMMITTEE REPORTS

a) **Audit Committee** (Document B3a-b)

Tina Fahm drew the Board's attention to the fact that, at the January meeting, NAO had said it would not be able to sign off WFD's 2013-14 accounts in July without a statement of going concern in light of FCO's indication that it would await the outcome of its Triennial Review (then expected end-March) before confirming WFD's grant-in-aid for 2014-15. However, though the timetables of both DFID's Mid-Term Review and FCO's Triennial Review had since slipped, Tina was pleased to note that the FCO had confirmed its funding of WFD for 2014-15 and she assured the Board that the Audit Committee would be keeping a watching brief to ensure that the tight deadline for signing off the accounts was met.

Tina also drew the Board's attention to Documents B3b and B4, two internal audit reports that required Board attention. John Osmond further explained that document B4 summarised the internal audit findings relating to Health & Safety which would be dealt with by the Terms & Conditions Committee. The second report referred to a draft internal audit paper on

Programmes and Projects that had raised concerns around WFD's governance. Paul Naismith confirmed that he had now received the final draft and the report would soon be ready for the Board's consideration. In noting the urgency of the matter, Tina Fahm assured the Board that the draft report had been fully considered by the Audit Committee who had recommended that the report be finalised and presented to the Board by 30 April.

The Board **NOTED** the minutes of the 18 March 2014 meeting of the Audit Committee.

- b) **Terms & Conditions Committee** - The Board **NOTED** that the Terms & Conditions Committee would consider the BDO report Regulatory Compliance in Health & Safety Legislation (document B4) at its next meeting on 30 April.

B. OTHER REPORTS

a) **Chief Executive's report**

In the time he had been Acting CEO, Paul Naismith said priority had been given to the year-end accounts, the DFID and FCO reviews and keeping staff focused on their work. He would keep staff updated on developments and would be meeting with party officers on a regular basis. He assured the Board that all was being done to take WFD's work forward in a positive way.

At its last meeting, the Audit Committee had asked for a contingency budget for 2014-15 that would take account of the proposed reduction in Year 3 of DFID's accountable grant. Document B5 presented two options for managing the reduction in funding and was before the Board for consideration and approval. **Option 1** assumed a lower figure from the outset whilst continuing to make serious approaches to about restoring the full level of funding. **Option 2** was more risky in that it treated the revenue reduction as a 'known' factor that would be relieved either by cost underspends as they arose or restored funding by DFID if conditions permitted. The latter option was not recommended.

Responding to Ann McKechin, Paul said that cancelling budget increases approved in February was not an easy option as those increases, especially in the Kenya programme, were not incremental changes but reflected a redesigned programme following decisions of the February Board meeting. Since then, managers have been operating to programme redesigns. Ann also raised concerns about the message that WFD would give out by cutting the budget from the joined-up assessment work envisaged under the Capacity Building and Innovation Fund. Paul said that the cuts had been targeted to those areas that could bear the brunt with the least impact. The reduced funds to be allocated to the joint-programmes were considered sufficient to cover activities planned for 2013-14. Ken Caldwell called for a middle ground which saw a lower reduction in WFD's core programmes. However, Paul said that his proposal already struck a balance between the joint-programmes and core programmes. Also, he had made the decision not to reduce the funding of the political party work but focus on the parliamentary and capacity building work; one reason for this being the difficulty in revisiting the formula for the internal distribution of funds.

The Board **APPROVED** the revised budget for 2014-15 as presented under **Option 1** and **AGREED** that the approaches to DFID for a reversal of their decision to reduce the 2014-15 budget should continue.

- b) **Quarterly Monitoring reports October – December 2013** - The Board **NOTED** the reports would be available end-April.
- c) **Programmes approved since November 2013 meeting of the Board** (Document B6a) - The Board **NOTED** the report.
- d) **External funding proposals at bidding / concept stage** (Document B6b) - The Board **NOTED** the report.

- e) **Summary of all programme commitments from April 2012 to date** (Document B6c) - The Board **NOTED** the report.
- f) **List of open / closed projects and programmes** (Document B6d) - The Board **NOTED** the report.

ACTION POINT 3/APR.14: **The reporting system and the administration process for reporting open and closed projects and programmes to be reviewed.**

- g) **Finance Director's report** (Documents B7a-b) – The Board **NOTED** the reports and the risk concerns arising over the next 2-6 months as outlined in the risk dashboard.
 - h) **Freedom of information requests** (Document B8a) - The Board **NOTED** the report.
 - i) **Details of programmes for publication on website** (Document B8b) - The Board **NOTED** the report.
9. **Any other business** – Henry Bellingham updated the Board on the CEO recruitment process. There had been a large amount of interest from which a long list of candidates has now been prepared. The first interviews were underway and on 29 April the sub-committee would prepare a short list for final interviews to take place on 8 May.
10. **Date of next meeting: Wednesday, 25 June 2014 at 09.30h.**

Chair.....



Date: 25 June 2014