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 Wednesday 24 June 2015

Present  
Henry Bellingham MP (Chair)  
Rushanara Ali MP  
Ken Caldwell  
Bronwen Manby  
John Osmond  
Andrew Rosindell MP  
Rt Hon Sir Andrew Stunell MP  
Anthony Smith (CEO)  
Paul Naismith (Finance Director)

In attendance  
Tamara Moluch (Minute Taker)

For Agenda Item 9 only:
Rob Fenn Head, Human Rights & Democracy Dept, FCO
Aislin Baker Political Governance Adviser, DFID
Philippa Broom Conservative Party
Nabila Sattar Labour Party
Chris Levick Smaller Parties

1. There were no apologies. The Chair expressed the Board’s gratitude to Ann McKechin,  
whose term of office ended 11 June, for all her hard work as Vice Chair of the Board  
and as Chair of the Terms & Conditions Committee.

2. Conflict of Interest Declarations - None declared.

3. Minutes of Board meeting (Document 1a-b) held on 4 February 2015.

The Board APPROVED the minutes of the Board Meeting held on 4 February 2015 and  
NOTED the Implementation Status of Actions Points Agreed by the Board.

TOPICS FOR DISCUSSION AND DECISION

4. Chief Executive’s Report (Document 2)

Anthony reported that, since the last Board meeting, a new Strategy had been adopted, a 3- 
year FCO/DFID funding agreement had been agreed and external engagements had  
increased. He was also pleased to report that these contacts had confirmed that WFD’s  
reputation remained high, but that it was important to reengage with other organisations in  
order to further collaboration and improve WFD’s standing. Much interest had been  
expressed in working with WFD and he would be following up on this over the coming  
months. In welcoming these achievements, the Board looked forward to hearing about the  
insights gained as well as developments that arise as a direct result of external  
collaboration. In stressing the importance of increased external engagement, Henry  
Bellingham urged all Governors to participate whenever possible. He also urged Governors  
to visit WFD’s country programmes.
• **Staffing review:** Anthony said that the new staff structure was now in place and recruitment for resultant vacancies had begun. Two Regional Director posts had been created to allow greater focus on strategy, policy and business development issues, whilst programme management would now become the main responsibility of the four Senior Programme Managers (one for each region). The new parliamentary adviser would also be a source of policy skills as well as the expertise necessary to strengthen parliamentary links. Responsibilities would be further clarified by means of the senior responsible officer model, used widely in the civil service. Coupled with the review of all administrative processes, the new structure should enable WFD to effectively manage the envisaged expansion of its funding resources, which by the end of the 3-year funding period was anticipated to reach c. £10 million including additional third-party funding.

Anthony explained that a significant part of the increased staff costs was due to the fact that M&E staff costs had now been transferred from a separate DFID fund to central administrative costs. The parliamentary adviser, however, was an additional post created to improve WFD’s effectiveness. The staff changes together with expected additional fund-managing support were expected to result in increased revenue which, in turn, should see a percentage decrease in staff versus overhead costs.

The Board recorded its warm thanks to Tamara for her outstanding service to the Board and to WFD more widely and wished her success for the future.

• **Budgets:** Anthony suggested preparing a paper outlining budget issues for discussion at the September Board. The draft budgets for 2016-17 and 2017-18 would then be submitted for approval at the Board’s November meeting. In response to questions about the first year programme budgets Anthony confirmed that they reflected WFD’s Strategy and assured the Board that plans were in place for work in Africa to be built up over the following years. Andrew Stunell noted the point in the CEO’s report on the possibility of using a three election average to determine party allocations and welcomed the proposed discussion in September.

• **Cohesion:** Anthony outlined an approach agreed between WFD and the political party officers on how greater integration and coherence between WFD’s political party and parliamentary work could be introduced through improved collaboration, coordination and cooperation at the strategic, programme, research and policy levels. Documenting the approach would both help to embed the change and assist future evaluations. Anthony agreed that some indicators should be developed to measure the success of the proposed approach.

The Board welcomed the move. However, Andrew Stunell suggested that WFD should also address its relationship with its two sponsoring departments (FCO and DFID) at the important country / operational level. Anthony agreed that, whilst strategic relationships were improving, there was a need to improve relations at the country level. As for country/regional political context analyses, Anthony confirmed that these would be a shared resource that would be updated regularly. However, individual perspectives might differ depending on whether parliamentary or political party programmes were being considered. Bearing in mind the importance of thorough political context analysis for WFD’s credibility, Rushanara Ali asked that these analyses
reflect a 'do no harm' approach as well as a sensitivity to world affairs which could only add value to WFD's work and allow it to make positive contributions.

**ACTION POINT 1:** Anthony Smith to prepare for the September Board meeting a discussion paper on future budgets, including proposed adjustments to party funding allocations.

5. **Risk Update** *(Document 3)*

The Board **NOTED** the overview of the current corporate risk register and the fact that there were no significant risks to report. John Osmond welcomed the revision to the risk register which now contained a more manageable number of risks for the Board to oversee.

6. **Board composition** *(Document 4)*

The Board was updated as follows:

- The recruitment process for the vacant Independent Governor position on the Board had now begun;

- As Ann McKechin's term of office had ended, a new Labour Governor would now need to be appointed. As Ann had also served as Vice-Chair, the Labour Party had requested that Rushanara Ali take on the role. The Board **AGREED.**

- The Triennial Review had concluded that there should also be an Independent Vice-Chair. The Board agreed that this should be agreed amongst the Independent Governors once the vacant Independent Governor position had been filled;

- Following the Triennial Review's recommendation, the CEO and Finance Director would now be on WFD's Board;

- Following the General Election, the SNP were the third party in Westminster and would like to take the corresponding position on WFD's Board. Appointments to the Board were the Foreign Secretary's responsibility but it would be helpful if the Board could indicate clearly its position. The Board **AGREED** that this change was consistent with parliamentary practice and with WFD's practices. As far as the timing of the change was concerned, there were arguments for a gradual change to reflect the continuing interests of the Liberal Democrats in oversight of current WFD programmes (which are being funded in 2015/16 in accordance with the 2010 election results). The CEO should propose an appropriate timing for the transition. The Board also recognised the value of the Liberal Democrats' programmes which should be phased out in a manner that would maximize the chances for successful, effective and sustainable handover.

- The Smaller Parties group had nominated Jeffrey Donaldson MP (DUP) to succeed Pete Wishart MP (SNP), whose term had ended on 31 May. Whist it was recognised that this
selection had taken place pre-general election, the decision remained valid in that the Smaller Parties’ representative on the Board was generally elected on a one-term basis to allow the position to rotate more frequently amongst all other parties. The Board also noted that the Smaller Parties agreed among themselves how, and if, their administrative costs and programme management support should be pooled.

- With regards to vacancies on its sub-committees, the Board agreed that, following consultations with Governors, Anthony Smith would make recommendations on how these vacancies might be filled.

**ACTION POINT 2:** Anthony Smith to:

a. Propose appropriate timing for transitioning the Liberal Democrat Board seat to the SNP (done by e-mail on 1 July);

b. Recommend how to fill the vacant positions on the Board’s sub-committees.

7. **Audit & Risk Assurance Committee (ARC) (Documents 5a to 5d)**

John Osmond reported that, since the Board last met, ARC had met twice. The April meeting had focused on reviewing the 2015-16 Budget; whilst in June, ARC had reviewed the draft Annual Report and Accounts. An underlying theme, however, at both meetings had been the ongoing revisions to the risk management process.

In introducing ARC’s Annual Report 2014-15, John confirmed that the Board could take assurance that ‘an adequate system of internal control and risk management has been maintained and that appropriate steps have been taken to further embed those systems’. He also confirmed that the future timing of the sign-off process would be revised to allow better Board oversight.

He was pleased to report that the External Auditors had issued an unqualified opinion on the 2014-15 annual report & accounts and that the Internal Auditors had provided an overall opinion of reasonable assurance. With regards the statement of going concern, John drew attention to the fact that, whilst WFD was receiving the right assurances, it did not have a reserves policy. Given the move towards more strategic and longer-term programming, he urged the Board to consider the financial implications on its reserves and working capital as WFD expanded its externally-funded programme. In this context, he referred to recent FRC changes in reporting that required WFD to make a statement about its long-term viability.

As to the vacant position on ARC, John confirmed that currently no members had any accounting qualifications. NAO understood the situation but had asked that, if at all possible, a Governor with accounting qualifications be appointed to the Committee. In this respect, Henry Bellingham asked Rob Fenn to factor this in when recruiting a new Independent Governor. John also highlighted FRC requirement that in 2015 the Board be regularly provided with the necessary reports to allow robust assessments of the principal risks facing the company. He also referred to the recent ARC self-assessment exercise which had thrown up a number of housekeeping issues, which were being actioned.
8. **Programme Quality Committee (PQC)** *(Document 6)*

Ken Caldwell introduced the minutes of the first PQC meeting which had focused on ways of working and priorities for the first year. He invited Board feedback on this and on future issues. The Board **NOTED** the minutes.

9. **Project Approval Process – for decision** *(Document 7)*

Anthony Smith outlined the proposed project approval arrangements, which had been developed in consultation with political party officers and the M&E Adviser, and had also been discussed at the PQC meeting and briefly with NAO at the ARC meeting.

The main thrust of the new arrangements was the move towards the approval of annual strategies, at which point, annual funding would be unlocked. Approval of individual projects would become an internal process with sign off by the CEO to ensure compliance and alignment with the annual strategies/plans. The same robust financial oversight would remain in place.

Whilst supporting the new approval process, the Board raised a number of concerns. One challenge was for all teams to submit annual strategies / plans that clearly outlined expected key outputs and outcomes. If achieved, this would represent a huge step forward but the process would need to be carefully monitored to ensure it was working as intended. Concerns were also raised about the need for robust due diligence controls at the approval level as well as clear levels of accountability. Ken Caldwell said that safeguards were already in place to ensure project approval processes and criteria were clear and transparent. The Board stressed the importance of a robust oversight process that would ensure the required accountability.

The Board **APPROVED** the new project approval process on the understanding that it be kept under review and that the necessary assurances were in place from start to finish including robust approval criteria. Anthony Smith proposed preparation of a short paper setting out the way in which the Board exercised oversight of WFD’s programme work.

**ACTION POINT 3:** Anthony Smith to prepare a paper on Board oversight of the project approval process (circulated by e-mail on 1 July)

10. **Programme overview**

Following the adoption of WFD’s new Strategy and the approval of a new funding agreement between FCO and DFID, Anthony Smith said that the main focus was now to ensure that WFD delivered on its funding agreements. The first of the internal reviews covering the implementation of Triennial Review recommendations and WFD’s work during 2015-16 would feed into Ministerial decisions about future funding. Contacts between FCO and DFID were being strengthened with quarterly meetings at the strategic level being supplemented by behind-the-scene contacts with teams. It was hoped that these contacts would be enhanced by periodic meetings between Governors and Ministers.
Rob Fenn agreed that FCO relations with DFID and WFD had been much closer in recent months than ever before and his Department would be working towards strengthening them even further. The next step would be to strengthen bilateral relations at the country level with the aim of ensuring that the WFD brand became a ‘fixed point’ with FCO. In this context, bilateral meetings during the forthcoming Leadership Conference had been arranged.

Aislin Baker explained how over the last three months, her Department had been finalising the completion reports covering WFD activities during 2012-15. She was pleased to report that many of the lessons learnt and recommendation made had already been taken on board and she welcomed the closer cooperation that was developing not only with WFD but with the wider Westminster community. She also referred to current work on developing DFID guidance on political party and parliamentary assistance and welcomed the cooperation received from WFD. She also welcomed WFD’s research agenda, particularly the sharing of lessons learnt in-country. In this context, Anthony drew the Board’s attention to the imminent agreement on collaborative research with the School of African Studies in Oxford.

Devin O’Shaughnessy reported that, over the past six months, WFD had been aligning its programmes with the new five year strategy. Whilst a number of three-year programmes were being closed, he was pleased to report that programme work was on track with a mix of large three-year, small bridging programmes and scoping missions. It was expected that robust political and context analysis together with increased integration and information sharing between all of WFD would result in better evidencing of impact. Wider dissemination of published success stories as well as more active networking and the creation of partnerships would be another key factor in future success.

In response to a question about managing risks in programmes in countries with poor human rights records, Rob said that, overall, FCO was trying to ‘make it better’ from within and that more, not less, engagement in such countries was the answer. Rushanara Ali advised caution, stressing the importance of sensitive engagement and the need for WFD and FCO to work closely together in such countries. Rob confirmed that FCO regional directors were open to detailed discussions which, he suggested, would allow WFD strike a balance between its work in priority countries whilst seizing political opportunity as it arose.

Philippa Broom concurred with Devin’s comprehensive presentation. She added that WFD could only move forward if it worked together from the conceptual stage and confirmed that the parties were working hard to move in this direction. The main focus at present was the need to develop the right model for integrated programming, including the right geographical spread. She was very optimistic about the future.

Nabila Sattar reported that, whilst a number of three-year programmes had recently ended and others were being launched, the focus was now on going forward with the help of the many networks that had been developed over the years. However, she noted that, overall, political space continued to close in many countries with serious possible risk to partners. In such cases, however, moral support continued to be offered. Against a backdrop of international political fluidity, further challenges were being faced from threats to media and press freedom. However, she felt that under Anthony’s leadership
the lines of communication and cooperation between parties and WFD was improving and offered full support for the wider initiatives.

Chris Levick also emphasised the closer cooperation between WFD and the political parties whilst recognising that it was especially difficult for the Smaller Parties to contribute to integrated programming. However, ways were now being found to overcome this and new relationships were being created. As with the other parties, multi-year programmes were ending, evaluations were being undertaken and new programmes were being developed.

The parties were unanimous in their continued commitment to working in Africa and pointed out that they had a different focus of countries as their work revolved around their individual sister-parties.

11. Proposal to establish a Partnership of UK democracy-strengthening organizations (Document 9)

The Board WELCOMED the proposals, including the information sharing and improved contacts that would ensue. As work progressed, Ken Caldwell asked for clarity around the intended outcomes of any partnership that developed.

12. Any Other Business – None

13. Date of next meeting – Agreed by e-mail: 16 September. Planning for an Autumn Away Day should proceed.

Chair ..................................................
Date: 16 September 2015