

**The Westminster Foundation for Democracy Limited**

Company number: 2693163

**Minutes of Meeting of the Board of Governors held in Room O, Portcullis House, on Wednesday 23 November 2016**

**Present** Sir Henry Bellingham MP (Chair)  
Bronwen Manby  
John Osmond  
Andrew Rosindell MP  
Simon Walker  
Ken Caldwell  
Rushanara Ali MP  
Dame Margaret Hodge MP  
Tasmina Ahmed-Sheikh MP  
Anthony Smith (CEO)  
Paul Naismith (Finance Director)

**In attendance** Kerrie Doogan-Turner (Board Secretary)

**1. Apologies**

Sir Jeffrey Donaldson sent his apologies.

**2. Conflicts of interest**

There were no new conflicts of interest to declare.

**3. Matters arising**

**Minutes of Board meeting** held on 14 September 2016 (Document 1)

Action points from the last meeting were completed, including a letter to FCO and DFID Ministers sent in September and a review of spending that will be covered under item 5 at this meeting.

John Osmond noted the agreement that management accounts would be circulated and wanted the record amended to reflect that.

The Board approved the minutes subject to amendments

**Update items**

**4. CEO's Report** (Document 2)

**Capacity**

Anthony Smith expanded on the points about capacity in his report, noting a relationship with other agenda items like the risk register and policy issue on the mid-term review of the WFD strategy. Anthony outlined plans to strengthen the central staff capacity of the organisation in line with the increased activity of the organisation – the spend on overheads had fallen from 13% to 7% of income in the past two years as revenues increased. The additional capacity would take overheads to approximately 9% of income, which was well within acceptable levels.

The areas he felt needed additional support included:

- Finance
- HR
- Programme design, monitoring and quality assurance, and gender
- IT system

The issue of capacity was connected to an increase in third-party funding. WFD needed to deliver high quality programmes in greater volume and ensure that we were able to manage additional resources properly. Anthony suggested further discussion of these issues at the next Audit and Risk Committee (ARC).

### **FCO/DFID engagement**

The WFD ministerial meeting was due to take place on 6 December (subsequently postponed to 17 January) with the main agenda item focusing on the letter from the Board of Governors in September that sought further Government backing for WFD.

Anthony noted engagement with the Foreign Secretary at the launch of the Kosovo programme and as a member of the FCO advisory group on human rights that held its first meeting the previous week.

### **Board discussion on WFD's capacity:**

Sir Henry Bellingham supported an increase in capacity but advised remaining below the sector average given the publicly funded nature of the organisation. He welcomed the opportunity for WFD to contribute to UK soft power in a post-Brexit world and thought that WFD's growth had been the result of hard-work and determination.

Dame Margaret Hodge said that further discussion and clarity on overheads was needed, bearing in mind the practices in other relevant organisations. Ken Caldwell believed that 10% of revenues was a typical figure for overheads in the sector but noted the difficulty in measurement. He would worry that organisations working on overheads of less than 7-8% were under managed - WFD was now close to the low side. Margaret Hodge was happy with that clarification but cautioned about the current economic climate and reviews of public expenditure. Ken said that the Programme Quality Committee should review the approach to strengthening monitoring and evaluation.

Andrew Rosindell shared Margaret Hodge's concerns about expenditure of public funds and said he would welcome more information on staffing levels, including in the political party offices.

John Osmond was in favour of investing in capacity and capability to meet expectations based on how the nature of the business has changed since the last grant (third-party funds have increased from 15% to 40% of total revenues). John shared the caution of other Board members but felt comfortable with overheads of 10% or below. He did note a potential confusion between the need for additional overheads and the relationship this has to the delivery of bids.

Simon Walker was sympathetic to the case for additional investment in capacity. In the post-referendum environment, he felt there was a clear need for expansion in the soft power role of the UK and welcomed gearing up to that.

Tasmina Ahmed-Sheikh noted the strategic importance of a gender adviser for WFD. This was an area that should be at the forefront of the organisation's work. Margaret Hodge agreed on the importance of promoting women's empowerment but wanted to see it mainstreamed - the use of a Gender Adviser should not result in the issue being side-lined. Rushanara Ali asked for information about the current gender balance of WFD staff.

Rushanara Ali said that while growth was important, WFD also needed to have contingency plans in case of a reduction in funds.

**Action point 1: Anthony Smith to circulate a note to the Board on growth and corporate costs, including contingency arrangements in case of lower than expected growth. Anthony Smith also to circulate a note on gender balance of WFD staff.**

## **Oversight and Performance Monitoring**

### **5. Quarterly progress report**

*For Review:*

- *Progress on performance targets*
- *Budget implementation*

*For approval:*

- *Budget reallocation in light of spend to date*

Paul Naismith provided an overview of the quarterly progress report.

On the budget, he noted that the prospective income had been reduced since some anticipated revenues had not yet been confirmed. As far as spend was concerned, the parliamentary and political party teams were forecasting full spend. Compared to last year, the teams, including the parties, were more advanced in their planning which gave more confidence about the likely outturn. Spend on corporate overheads had increased due to investments in IT and training. Overall, Paul was confident of achieving break even this financial year.

The pipeline of opportunities for next year was healthy (as discussed at the last ARC meeting), though of course attention was needed to prevent over reliance on unsecured revenue.

Board members commented on the presentation of the progress report, with some requests for additional detail, and looked forward to getting remote access to WFD documents. Bronwen Manby felt the at-a-glance document was a useful addition to the management accounts.

**Action Point 2: Paul Naismith to circulate full management accounts**

### **6. Risk Management**

The main risk discussed was Risk 11, namely lack of capacity to respond to increased programme activity. The Board referred back to the discussion on the CEO's report.

## **7. Summary of programmes**

The Board welcomed the summary information on WFD programmes and made suggestions for improving the presentation, eg on inclusion of budget information. The Board felt that the overview of programming reinforced the points made in previous discussions about the importance of sharing information between programmes and collaborating closely when different programmes were present in the same country.

## **8. Report of Audit and Risk Assurance Committee**

John Osmond summarised the discussion at the last Audit and Risk Assurance meeting, particularly related to design and operational effectiveness of WFD programmes. In general, programming processes needs to continue to improve, and John noted the link to the capacity point outlined in the CEO's report.

Margaret Hodge had asked about the lack of reports of fraud, corruption or whistleblowing over the last year, which was surprising considering the environment we operate in. Anthony Smith responded that a major reason for this was that WFD does not transfer money to other organisations but manages it within our own systems, eg to organise visits, and pay for salaries and office costs. There is therefore less scope for fraud. However, our audit processes, including of country offices, continue to review key areas of risk.

## **9. Report of Programme Quality Committee, 10 November**

Ken Caldwell apologised for the delay in distribution of the report and minutes due to the proximity of the previous meeting to the Board.

### Gender

Bronwen Manby noted the excellent presentation on gender at the last meeting, including the positive feedback from beneficiaries of WFD programmes. Bronwen was confident that the WFD team would be able to mainstream the policy across the organisation.

### Kosovo

Andrew Rosindell requested clarification about the new programme in Kosovo and the level of involvement from Political Party offices. Anthony Smith recalled the discussions with political party offices. He noted that the Embassy in Kosovo wanted to address concerns about the performance of political parties in new ways. Where there are relationships with UK parties he would like to use these to help improve the performance of the parties in Kosovo.

Bronwen Manby noted that the Kosovo programme complemented the integrated programme model and wondered whether it could be used more widely - a lot of progress has been made with this model but there was still a way to go.

## **Governance**

## **10. Board membership**

Henry Bellingham formally welcomed Tasmina Ahmed-Sheikh to the Board of Governors and thanked Bronwen Manby for the great work she had done in her time as Governor. Henry Bellingham noted that interviews for Bronwen's successor were scheduled for the end of January 2017 and her successor might not be in place by the February Board meeting.

## **Policy**

### **11. Preparation for Mid-Term Review of WFD Strategy**

Anthony Smith explained the procedure for updating the WFD strategy (2015-2020) through a mid-term review in 2017 and sought Board agreement on the timing for the review. A draft outline for the strategy re-fresh will be submitted for Board approval at the next Board meeting in February.

Anthony believed that changes to the strategy were required for three reasons:

1. To reflect the knowledge gained by the organisation since the triennial review was conducted in 2014, including recognition of the need for greater flexibility in our approach to addressing the challenges countries transitioning to democracy face.
2. To outline WFD's ambition for increased impact on democracy support given the importance in pursuing the UK's international priorities following the decision to leave the European Union.
3. To reinforce some pillars of WFD's current work, eg on elections, that were not foreseen in the original strategy document.

Anthony noted that a possible sequence was for the strategy to be published in April, followed by the mid-term evaluation and then the next triennial review. We would then be able to submit a proposal for further funding starting in the 2018/19 financial year.

Henry Bellingham welcomed this approach and noted the relevance to the next WFD meeting with FCO and DFID ministers. Anthony felt that WFD's objective for that meeting would be to reach a shared view on the UK's commitment to democracy support and the way in which that could be part of our approach to promoting security, stability and prosperity in the world.

Anthony Smith noted that WFD's work was relatively low cost and noted the overlap between supporting democracy and effective governance on the one hand and other UK Government priorities like trade and defence.

Bronwen Manby welcomed a refresh of the strategy to make it more focused, including on opportunities for integrated programming, civil society support and women's empowerment. Bronwen also supported additional work on elections support. Ken Caldwell felt that the current political context was important for WFD and a big moment of opportunity for additional impact on UK priorities. Rushanara Ali agreed and added that evidence generated by the research programme could be better incorporated into WFD's core mission.

## **12. Briefing on WFD's programmes in Europe**

Anthony Smith flagged that WFD's programmes in Europe had supported significant levels of parliamentary cooperation in the Balkans, as well as helping to address the very significant challenges in the Ukrainian parliament. There was now a risk that WFD will be perceived as less qualified to run programmes that have a link to EU accession. The Europe team will continue to monitor the situation closely but we would also promote our unique perspective on the EU and our ability to provide unbiased advice on approaches to accession.

### **Any other business**

Rushanara Ali recalled the suggestion that each member of the Board should visit a programme. Rushanara and Margaret Hodge would be visiting Myanmar in February and would be happy for other political Governors to join them. Henry Bellingham agreed, noting that it would be good for Independent Governors to visit WFD programmes too.

## **4. Date of next meeting**

22 February 2017