



Westminster Foundation for Democracy

Company number: 2693163

Draft Minutes of the meeting of the Board of Governors of Westminster Foundation for Democracy (WFD) - room Q, Portcullis House, 10 May 2018

In attendance:

Richard Graham MP (Chair)
Patrick Grady MP
Dame Margaret Hodge MP
Andrew Rosindell MP
Rushanara Ali MP
Sue English
Thomas Hughes
Simon Walker
Anthony Smith (CEO)
Paul Naismith (Finance Director)
Fulvio Menghini (acting as board secretary).

Introduction

Following his appointment by the Foreign Secretary, Richard Graham MP joined the Board as its new Chair. In his introductory remarks he thanked Governors for volunteering their time and experience, and Foundation staff for their work to develop the organisation.

Richard said that, following his appointment, learning about the organisation and focusing on the immediate task of approving a provisional budget for the current financial year (2018-2019). He had held meetings with Foundation staff as well as with Ministers from the Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID). He had been encouraged by the support from Ministers, who had been clear about the importance of WFD's work for the UK's international priorities. They had appreciated the work carried out by WFD in its entirety: including projects implemented by political parties. He noted there was no question of not supporting WFD at least to extent of recent years.

WFD Provisional Budget

Richard said that he and Anthony had met two days previously with the DFID Minister of State. During that discussion, we had set out the case for additional DFID funding for WFD. The Minister had been supportive and, while not making any promises about the level of funding that would be possible, indicated that both she and the Secretary of State believed that there was a clear case for funding WFD's work. Those comments had given him the confidence to propose a provisional budget with a modest increase in DFID funding.

Anthony then circulated a revised budget proposal. This had been updated during the previous day in response to the comments from the Minister and assumed up to £3.75m in DFID funding during 2018-19 (in addition to £3.5m from the FCO that had already been agreed). He requested approval of the provisional budget with the caveat that if the level of DFID funding

turned out to be lower, then the Board would need to agree cost reductions. The revised budget proposal would enable significant funding to the political parties as well as critical investment in systems to ensure proper accounting, effective operations and good value for money. The allocation of resources to the political parties would continue to be based on the modified Short money formula with the two largest parties receiving an amount consistent with the 2017 general election results, and the two smaller parties continuing to receive the 2017-18 amount (in order to avoid dropping to a level that was unviable). Anthony added that, as set out in earlier papers, he proposed to drop the previous formula of percentage figures for the administration costs of each party office and instead review their costs individually to ensure both adequate capacity to manage programmes effectively and efficiency in operations.

The main comments from Board members were:

- Margaret Hodge welcomed the positive indications from DFID and supported the continued use of the 'Short Money' formula. She also repeated her previous concern about additional investment in central administration and noted that, in her view, the smaller parties should not invest a greater percentage of their funding on administration.
- Andrew Rosindell also welcomed the indications from DFID and the continued use of the Short Money formula. He noted that the budget spent on Foundation programmes and administration had grown, and that funding for party programmes should, in his view, grow in a comparable proportion. He also said that WFD, and the political parties it supports, should rein in administrative costs as much as possible.
- Rushanara Ali noted that UK political parties do not have the resources to carry out international work without the support they receive from WFD; and that their work is hard to evaluate since much of it consists of relationship building at political level. As such, it is harder to capture using the mechanisms employed in the field of international development.
- Patrick Grady welcomed the provisional budget presented to the Board. He highlighted his previous experience in an NGO and emphasised that both the Foundation and the international programmes implemented by political parties need strong management and therefore a proper level of investment into administration. For smaller parties, it would be impossible to operate effectively with less than two full time officers.
- Sue English noted that her role as Chair of the Programme Quality Sub-committee was precisely to question how effective WFD programming was. Recent audits highlighted areas of concern regarding accounting, value for money and efficiency. Adequate investment in systems was therefore of paramount importance to ensure money was spent wisely, and that the Foundation had sufficient information on programmes. She also welcomed the provisional budget and said that strategic issues on party funding should be discussed at the forthcoming Board away day.

- Thomas Hughes (Chair of the Audit and Risk Assurance Committee) reported that the implementation of 11 out of 23 actions recommended by WFD internal auditors remained pending. There was a real need to invest in a much larger internal team, which is currently below the level of the NGO that he ran. The proposed level of investment in the revised budget was below what, in his view, was required to implement all actions emerging from the audit. He also noted that at year end not all money allocated to political parties had been spent and much of the spending, one third, was concentrated in the latter part of the year.
- Simon Walker agreed that the smaller parties needed a minimum level of support to be viable. He recommended that the Board should be realistic about the percentage of income that should go into the administration of grants and programmes. He urged the Board to agree the provisional budget to avoid delays in the implementation of the Foundation's programme of work.

After further discussion, Richard concluded that there was support for the proposed provisional budget. It was clear that WFD's public funding brought with it the responsibility to demonstrate impact and value for money, and the requirement for scrutiny of our work. Investing in WFD's capacity was required in order to do achieve this. Anthony added that, as Accounting Officer, it was his responsibility to ensure that WFD's resources were used properly and effectively – the investments in the provisional budget would allow the necessary steps to strengthen WFD's systems to take place. He described the organisational review that had taken place and the specific areas, particularly related to WFD's systems, that would be addressed. He would be happy to meet with individual Board members to set out the issues in more detail.

The Board agreed the Provisional Budget that had been circulated with the proviso that until the DFID grant had been confirmed, spending should be kept at a level that would allow WFD to break even should the final decision be lower. Anthony should circulate the final terms of the DFID grant once it was known. If the grant was below the level anticipated, then the Board would reconvene to agree what measures to take.