Minutes of Meeting of Board of Governors of Westminster Foundation for Democracy Committee Room R, Portcullis House on 6 June 2019

Present: Richard Graham MP (Chair)
Rushanara Ali MP (Vice Chair)
Dame Margaret Hodge MP
Andrew Rosindell MP
Mark Babington
Thomas Hughes
Anthony Smith (CEO)

In attendance: Chris Lane (Company Secretary) Romana Janku (Board Secretariat)

1. Apologies

The Board noted the following apologies for absence:

- Patrick Grady, MP
- Sue Inglish
- Louise Collings, WFD Head of Finance
- Sir Jeffrey Donaldson MP
- Simon Walker

The Board noted, with regret, that Sir Jeffrey Donaldson had reluctantly decided to resign as WFD Governor given the extent of his other commitments. The Multi-Party office would be organising a process to select a successor, if possible before the 18 July Board Away day.

2. Declarations of interest

Thomas Hughes noted that Article 19 had recently joined the European Partnership for Democracy (EPD). WFD is also a member and Anthony sits on the EPD Board. There was no obvious risk of a conflict of interest but Thomas assured the Board that he would declare any potential conflict of interest if one arose.

3. Matters arising

The Board approved the minutes of the previous Board meeting held on 28 February 2019 with no amendments.

Governors reviewed the progress on all 11 action points assigned at the last three Board meetings and the Board Away day. The Board noted that out of 11 Actions:

- 4 Actions were completed (Action points 1, 3, 5, 6 Feb 2019 Board meeting
- 2 Actions are to be covered under agenda item 5 (Action points 2 and 7 Feb 2019 Board meeting)
- 5 Actions will be tackled at the Board Away day on 18 July 2019.

The Board noted the progress made and agreed to proceed in accordance with the above.

**Governance**

4. **CEO’s report**

Anthony thanked Andrew Rosindell for his immense contribution to the Foundation over the last 9 years. Andrew will be stepping down as WFD Governor at the end of his third consecutive term, in August 2019. Governors joined Anthony in expressing gratitude for Andrew’s involvement in the Foundation’s work and expressed their support for an ongoing relationship beyond August 2019. Andrew welcomed this proposal.

The Board noted that the letter to the Foreign Secretary, previously reviewed by Governors, has now been sent. Board had a brief exchange on the best ways to support the UK approach to democracy support and agreed to coordinate with other arms-length bodies.

**Action point: Anthony to liaise with British Council and Wilton Park regarding the next steps on strategic relationship discussions with FCO**

The Board noted the significant work in hand to strengthen WFD’s corporate systems and processes since Chris Lane started in the new post of Director of Operations.

The Board also noted number of events which are open to Governors participation:

- June 11, 2019: Nepalese Prime minister visit /lunch meeting
- July 3, 2019: WFD Annual Reception in Speaker’s office
- July 10 -11, 2019: Media Freedom Conference/WFD in charge of South East Asia session

**Action point: Romana to circulate detailed invitations to all upcoming events, providing as much notice as possible in each case**

5. **Board Governance**

The Chair, in follow up to the Action point 7, Feb 2019 Board meeting, nominated Mark Babington to become a member of Terms and Conditions Committee. Mark accepted the nomination and the Board approved the appointment. The Chair is yet to approach independent Governors in relation to the Vice Chair role. As such this action remains open and the Chair will report at the next Board meeting.
Oversight and Performance Monitoring

6. **Report of Programme Quality Committee (PQC) meetings**

In absence of Sue Inglish, Anthony presented the report of the last Programme Quality Committee meeting held in May 2019.

The Board discussed the concern raised at the PQC by the Director of Programmes around risks related to the resources available to a small number of country offices. This is due, in part, to the static level of WFD core funding over many years, despite inflationary rises in costs, and in part to the delayed notification of the extension of existing third party funded programmes or commencement of follow-on programmes. For the time being, these unplanned gaps in income can be managed within existing overall budgets, but Management will review the position as part of each quarterly re-forecast.

The Board agreed that it would be useful to include the following topics for discussion in the Board away day agenda:
- organisational growth and WFD’s funding model,
- geographic presence and related plans for office opening/closures
- WFD’s operating model of country presence

Furthermore, the Board requested that Management consider stronger consistency in Management reporting to committees and the Board, and perhaps additional mechanism considered to signal changes in WFD’s risk profile.

**Programme Hot Spots:**

The Board noted that WFD’s work with the two Houses in Algeria is able to continue despite the political turmoil in country. WFD team works in close coordination with the donor/British Embassy.

The Board noted that WFD is about to extend the programme in Myanmar in direct follow up to DFID’s extension to the overall governance funding. The additional two years will take the programme until the next elections and will focus on underline causes of the conflict, future programme Union and national level parliament.

**Action Point:** Anthony to request that the Director of Programmes schedule a bilateral discussion with Rushanara relating to WFD’s Myanmar programme for further consideration, as required, at the PQC

7. **Report on Audit and Risk Committee (ARC)**

Mark reported that, at its meeting in June 2019, ARC reviewed the Annual report of internal auditors which overall provided reasonable assurance of the current state of
WFD’s systems and controls environment, whilst recognising that WFD is currently going through a transitional phase of upgrading its systems and processes.

The Board noted that ARC has asked Crowe, WFD’s internal auditors, to carry out two additional audits this year relating to the implementation of the new finance system, in terms of both governance and process and, separately, the migration of data. The first of these audit reports will be available to the ARC at its next substantive meeting in September 2019.

The Board agreed to delegate authority to the ARC to approve the Annual Report and Accounts at an extraordinary Committee meeting scheduled for July 2019.

Mark informed the Board that the ARC had also reviewed the initial findings and recommendations of the WFD’s oversight of political party offices audit. ARC requested that Management give the PPOs the opportunity to provide comments or corrections on the draft Report, which could then be amended as required. ARC will review this audit again in Sep 2019.

The Board approved the development of new Partnership Agreement with Political Party Offices and Political Governors confirmed that they are happy to support this process within their respective party organisations. A final draft of the Partnership Agreements is expected to be developed by December 2019 and become effective on 1 April 2020.

Mark informed the Board of his representation at the FCO/ARC group meeting. In addition, Mark will be writing the letter to the FCO ARC Chair flagging the issues and challenges faced by delay of FCO funds as well as in relation to WFD’s draft of policy for reserves

8. Quarterly Progress Report

Margaret had to leave the meeting at this point.

Board noted the performance information as presented in the Board Progress Report. The highlights of the discussion included:

- Under Resourcing/Income: Board noted that WFD is moving from monthly to quarterly forecasting. This shift will be supported by the management information produced automatically by the new finance system
- Under Resourcing/Expenditure: Board endorsed stricter approach to the internal spending targets and January relocations.
- Under Programmes/Board noted that majority of the programmes are performing well and requested further information on risks associated with WFD’s programmes in Lebanon, particularly in respect of counter-terrorism risk.
- The Chair queried progress of PPO’s against the IAP programme. Anthony confirmed positive feedback from DFID in this relation, however concerns around the capacity of PPO’s to delivery against the complex requirements are still being raised. The Chair encouraged involvement of Political Governors in this matter.
Action point: Chris to provide the Chair with a briefing regarding the management of risks relating to our programming in Lebanon and the approach agreed with FCO

- Under Management Dashboard – Annual Plan and KPI’s: Board noted the challenges around the cost recovery and discussed optimal levels of direct/indirect programme cost ratio. Board also discussed briefly the factors for decisions around new country presence. The Board agreed that further discussion should be held during the Away Day. The Chair is also hopeful some of these issues related to WFD’s long-term sustainability will be possible to tackle at the ministerial meeting with Lord Ahmad and Harriet Baldwin scheduled for 8 July 2019.

- Under Corporate Risk Register: Board noted the increased level of gross risk reference no 1 from high to severe, with a net risk rating of high. This is due to delays in third party funding opportunities and increasing pressure on the static grant-in-aid, which has decreased in value in real terms over several years. The Board noted that it is expecting risk 4 to decrease as direct result of the work currently carried on the improvement of systems and processes.

Action point: Chris to prepare a short commentary paper summarising any changes to the Corporate Risk Register (ready for each ARC and Board meeting)

9. Board Away Day

The Board agreed it would be useful to cover during the Board away day discussion: on WFD’s funding model, global footprint, and operating model. The revised agenda will be circulated ahead of the meeting on 18 July in WFD offices.

10. AOB

Date of the next meeting: 10 September 2019

Board members held a closed discussion, led by the Chair, on Human Resources matters.

Action point: Anthony to request the Head of HR to:
- ensure that internal policies and procedures are updated, as appropriate, in line with the recent experience of specific employee relations cases
- Provide the Chair with brief update related to the resolution of recent cases