Minutes of Meeting of Board of Governors of Westminster Foundation for Democracy, Room U, Portcullis House, Parliament, on 27 February 2020

Present: Richard Graham MP (Chair)
Sue Inghish (Vice Chair)
Mark Babington
Patrick Grady MP
Anthony Smith (CEO)

In attendance: Christine Jardine MP (Incoming Governor)
Chris Lane (Company Secretary)
Joyti Mackintosh (Finance Director)

1. Apologies

The Board noted the following apologies for absence:

Dame Margaret Hodge MP
Sir Jeffrey Donaldson MP (Outgoing Governor)
Rushanara Ali MP (Vice Chair)
Simon Walker
Thomas Hughes
Louise Collings (Head of Finance)

2. Declarations of interest

No new declarations were made.

Anthony briefed the Board on Thomas Hughes’ new appointment as Director of the Oversight Board Administration, which is the new independent governing body that exists to uphold freedom of expression and other human rights when reviewing content decisions on Facebook and Instagram, as well as issue advisory opinions on content policies. Anthony reported that WFD Management had no concerns about the appointment and, following a check with the Cabinet Office, the FCO had also expressed no concerns on Thomas’ new role. The Board confirmed that it did not consider Thomas’ new role to constitute a conflict of interest or present any reputational risk to WFD.

3. Minutes

The Board approved the minutes of the previous Board meeting held on 10 September 2019 with no amendments.

3. Matters arising
Governors reviewed the progress on the eight action points arising at Board meetings dating back to 29 November 2018. The Board noted that:

- One action (letter to Sir Martin Davidson) is complete and one further action is part-complete (subject to the PPOs participation in the Board away day)
- Four actions are deferred as they relate to suggested agenda items for the Board away day.
- Two actions are ongoing insofar as they relate to regular engagement with British Council and Wilton Pack and the appointment of a replacement Conservative board member.

The Board agreed that the away day ought to be scheduled from 10am to 4pm, with an optional additional hour, and hosted at WFD’s offices on 14 May 2020. The Board suggested that the away day would benefit from showcasing WFD’s work around the world, with country office representation if possible, and an in-depth strategic discussion. Careful thought should be given to who from the FCO and DFID could be invited to specific sessions.

Governance

4. **CEO’s report**

Anthony presented the CEO report, focusing on recent engagement with HM Government officials, the Foreign Affairs Committee Chair, and Lords International Relations Committee, in relation to WFD’s mandate, the forthcoming Integrated Review, and the Spending Review. Anthony added a note recognising WFD’s recent investments of time and money in strengthening its internal systems capability and staff capacity.

The Board noted the report and endorsed Management’s proposal to proactively identify opportunities to engage with both Reviews, with the full support and participation of Board members. The Board discussed ideas that could be drawn together as a campaigning approach linked to the need and opportunity for stronger democratic institutions and practice around the world. The Board agreed that this would need to press the case for change from the perspective of both values and interests, with an emphasis on the latter, and highlight WFD’s unique value proposition. It is necessary to remake the case for democracy, in the context of other human rights and good governance objectives, and to align this case to tangible benefits to the UK.

**Action:** Management to circulate to Governors the draft slide deck prepared to set out WFD’s outline proposition to the Reviews.

**Action:** In consultation with the Chair, Management should prepare an engagement plan to guide the range of activities, including those involving Board members, required to build support for recognising the significant contribution of democracy strengthening activities as part of the Integrated Review and Spending Review. This plan should include creation of documents to be submitted to the Reviews.
The Board further noted that Management intends to commission a stakeholder perceptions survey to help inform this work. The Board suggested that an idea to hold national or regional meetings around the UK should not be considered a priority at this time.

5. **Board Governance**

*Governance Handbook*

Chris presented the final draft of the Governance Handbook, drawing attention to the new section added on governance arrangements during election cycles and the revised delegation of financial authorities. The Board resolved to approve the Governance Handbook and adopted it as byelaws in accordance with Article 54 of the Articles of Association.

The Board noted that 2019-20 had been a challenging year for maintaining an effective governance structure for WFD due to the political context and recognised the important role played by the independent Governors. This would be reflected in the Annual Report and Accounts. However, moving forward, the Governor were optimistic that engagement levels can and should improve.

*Framework Agreement*

The Board noted that WFD Management had now concluded negotiations with the FCO on a new form of Framework Agreement, to replace the 2013 Management Statement. Chris advised the Board that the ARC had been briefed on the draft Agreement and a summary of the key features of the new Agreement had been set out in the paper included in the Board pack. Chris clarified that there was now flexibility to grow the Board beyond the target of 10 members, excluding ex-officio members, should the Board ever wish to propose this. The outstanding issues noted in the report have now been resolved, namely:

- Whilst the FCO has granted WFD the right to hold reserves, this has been subject to some constraints due to the impact of consolidation of WFD’s annual financial statements with the FCO. However, WFD and the FCO have agreed that WFD will have freedom to deal with the reserves up to the value of £50,000 per transaction or £100,000 in aggregate, which WFD Management considers is reasonable.
- There is explicit recognition of greater flexibility of annual grant-in-aid draw down over a spending review cycle.
- We have agreed and documented our understanding that WFD would not be expected to plan or provide for its own winding-up from reserves (or otherwise).

The document had now been reviewed and approved by HM Treasury and would be signed by the Permanent Secretary of FCO in due course.

The Board endorsed the Framework Agreement and resolved to approve the delegated authority of the CEO to sign the Framework Agreement on behalf of WFD.

*Board and Committee nominations*
The Board noted that Christine Jardine MP had been nominated as Sir Jeffrey’s successor and was attending this meeting as an observer, pending formal approval of her appointment by the Foreign Secretary. WFD Management understands that the appointment is with the Foreign Secretary’s Private Office and should be addressed shortly.

The Chair advised that he continued to be in discussions with relevant Party officials in relation to the proposed replacement for Andrew Rosindell as Conservative Party representative, but no decision had yet been made.

Anthony and Chris advised the Board that Management has been in discussions with several candidates for co-option to the Board’s three committees. There are three qualified individuals, with relevant experience and expertise, who have been proposed for the ARC; two individuals for the PQC; and one individual for the People Committee. The Board resolved to approve the delegated authority of each Committee Chair to appoint up to two individuals as co-opted members of each Committee, subject to prior notification of the proposed appointments to the Board, via the Chair, before confirmation.

**Action: Committee Chairs to appoint co-opted members prior to the next round of Committee meetings**

**People Committee**

The Board approved the revised Terms of Reference for the People Committee.

**Oversight and Performance Monitoring**

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

Deferred due to lack of time.

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

Deferred due to lack of time.

8. **Report of the People Committee**

Deferred due to lack of time.

9. **Quarterly Progress Report**

The performance information as presented in the Board Progress Report and included in the Board pack was taken as read.

The updated Corporate Risk Register as included in the Board pack was taken as read.

10. **Annual Plan and Budget – 2020/21**
**Annual Plan & Budget**

Chris presented the Annual Plan for 2020/21, which would focus on three priorities:

1. Demonstrate quality and impact across our programmes;
2. Become a high performing organisation; and
3. Advance our ambitions.

The Board noted that each priority was supported by several key deliverables. At its March meeting, the Executive Management Team will develop a series of metrics or key performance indicators to monitor the health of the organisation. These will be reported on to the Board.

The Board endorsed the Annual Plan for 2020-21, subject to an adjustment to priority 3 to include a clear deliverable related to engagement with the Integrated Review and Spending Review.

Joyti introduced the Budget for 2020-21, which is aligned to the Annual Plan. The Budget proposed an increase in income of 17% year-on-year, with a corresponding increase in expenditure. The Board noted that the forecast income and expenditure for FY20-21 is £19.5m. WFD’s core grants from the FCO and DFID are projected to remain static, with the increase in income entirely derived from WFD’s growing portfolio of third party funding from FCO, DFID, and other institutional donors. Joyti clarified that the proposed increase in Programme expenditure was largely variable, rather than fixed, and aligned to the increase in third party income. If the income is not secured, the additional expenditure will not be incurred. The Board noted that, whilst the overall percentage of overhead costs remains at around 12% of total expenditure, there is a 10% increase proposed next year in corporate service costs in order to better support WFD’s larger and more complex portfolio. London staffing is projected to grow, but 70% of the increase is linked to expansions in Programme delivery staff or technical experts who can be charged to grants.

The Board endorsed the Annual Budget for 2020-21.

**Allocations to PPOs**

The Board noted that the overall envelope for political party office expenditure remains at £2.4m and approved the proposed allocation in FY 2020/21, which tracks the distribution in FY 2019/20.

**Action: WFD Management to prepare an options paper reviewing the current PPO allocation methodology and proposing a range of alternatives ready for a Board discussion prior to FY 2021/22.**

11. **Update Mid-Term Review of WFD strategic framework**

The paper setting out a briefing on the Mid-Term Review, as included in the Board pack, was taken as read. The Board noted that the away day on 14 May 2020 would include an agenda item on this.
12. **Board priorities for 2020-21 and WFD/Governor engagement**  
Deferred due to lack of time.

**Action:** The Chair requested that Governors provide any comments on the proposed Board priorities and WFD/Governor engagement papers in writing to the Company Secretary.

**AOB**

Date of the next meeting: 18 June 2020  
Away Day: 14 May 2020