Minutes of Meeting of Board of Governors of Westminster Foundation for Democracy, on 26 November 2020

Meeting VIA ZOOM: 9:30-11.15 am.

Present: Richard Graham MP (Chair)
          Rushanara Ali MP (Vice Chair)
          Sue Inglish (Vice Chair)
          Christine Jardine MP
          Mark Babington
          Patrick Grady MP
          Thomas Hughes
          Simon Walker
          Anthony Smith (ex-officio, CEO)

In attendance: Chris Lane (Company Secretary)
                Joyti Mackintosh (Finance Director)

1. Apologies

The Board noted apologies from new Board member the Rt Hon Maria Miller MP and Louise Collings (ex-officio, Finance) who is on maternity leave.

The meeting was quorate.

2. Declarations of interest

None were raised.

3. Minutes and matters arising

The Chair welcomed Board members to the meeting and noted the Foreign Secretary’s recent announcement about the proposed temporary adjustment to the ODA target, reducing it from 0.7% to 0.5% of GNI, as set out in the International Development (Official Development Assistance Target) Act 2015. The Chair advised that Board members should be reassured that open societies, including strong democratic institutions, remains a priority for the Government.

The Board noted that all outstanding actions have been completed or will be covered in the agenda for this meeting, other than Action point 10 from the Board meeting on 27 February 2020, which will be tabled at the February Board meeting.

The Board approved the minutes of the meeting held on 10 September 2020.

4. CEO’s Report

The CEO summarised the highlights of his written report.
In close consultation with the Government Property Agency and FCDO, WFD proposes to move its head office from Artillery Row to 22-26 Whitehall. WFD has provisionally agreed, subject to contract, to occupy a suite of seven rooms, which Management has viewed and are satisfactory from a cost and technological point of view. This move process will start in Q4 and complete by late March 2021 when WFD’s current leases expire. The new space will be deployed as part of new agile working practices to reflect the shifts in culture and patterns of work due to COVID-19. The CEO confirmed that whilst WFD will be expected to contribute to a share of building rent and costs, there would be a material saving in accommodation costs for WFD.

The Board noted that the emerging outcome of the Annual Review of the ex-DFID Inclusive and Accountable Politics (IAP) programme looks very positive for WFD.

5. Governance Report

The Board noted the Company Secretary’s report and the update on the terms of office of current Board members which expire in 2021. The Board hoped that the current vacancy for a second Labour Party Governor would be filled soon.

The Board ratified the appointments of Alison Fowler and Jennifer Kelly as co-opted members to the People Committee. The Board acknowledged that the membership of the ARC would benefit from an additional Governor.

The Board endorsed the proposal for the CEO’s annual performance management process, save that the Chair confirmed that his office would coordinate the collation of anonymised feedback directly from the Chief Executive’s direct reports.

**Action:** Company Secretary to share relevant contact details of the Chief Executive’s direct reports with the Chair’s office in advance of the next performance cycle in 2021.

6. Committee updates

**Programme Quality Committee (PQC) meeting on 12 November 2020**

Thomas advised that the Committee had agreed three priorities: good oversight of the programme performance review process, strategic programming priorities, and assurance on WFD’s programme cycle systems. The PQC is also interested in exploring the evolution of WFD’s business model.

The Committee was reassured that the majority of WFD’s programmes performed well in the most recent quarter. The Committee had noted a small number of programmes of concern, notably the Kyrgyzstan IAP programme (due to political instability and the severe impacts of COVID-19), Ghana and Mozambique IAP programmes (which were being closed-out), and a youth inclusion programme in Nigeria.

Thomas indicated that the Committee had heard presentations on the emerging – and positive – findings of the IAP Annual Review and WFD’s environmental democracy thematic work. The Committee believed the latter had made a very impressive start
and potentially had a limited window, in the run-up to COP26, to maximise its relevance and impact.

The Committee recognised the challenges to WFD’s pipeline and programmes due to the FCDO/DFID merger and the pandemic, notably barriers to participation by excluded stakeholders and digital or geographic accessibility. There were also opportunities to expand WFD’s audiences.

Board members agreed that, with the introduction of a more coherent strategic direction to the UK’s international policy next year, there is a good opportunity for WFD to develop its strategic approach. Board members indicated that this should demonstrate the value of its programmes both to the UK’s Open Societies agenda and to partner countries and prioritising the kinds of countries where WFD should focus its efforts.

*People Committee meeting on 6 November 2020*

Patrick reported that the People Committee had held a very productive meeting in November, joined by two new, first-class, co-opted members. The Committee had discussed the London office and the development of new agile working practices. It had also reviewed Management’s approach to this year’s pay award and heard about encouraging progress on the gender pay gap.

The Committee had reviewed the proposed arrangements for the CEO’s performance management and spent some time discussing how best to ensure safety in a digital context.

Patrick indicated that he was very pleased with how the Committee’s recently, expanded terms of reference and membership are bedding down. The Committee benefited from the participation of WFD’s Union representatives.

*Audit and Risk Committee (ARC) meeting on 16 November 2020*

Mark advised that at its recent meeting the Committee had received a reassuring report from WFD’s internal auditors and approved a more focused internal audit plan, including an audit on internal controls. There were no concerns raised from a recent audit on safety and security.

The ARC had reviewed a lessons’ learned paper on the most recent external audit process, which highlighted an issue about the design and physical production of the annual report and accounts, which Management will take forward.

The Committee had spent substantial time discussing Management’s proposed assumptions for scenario planning for FY21-22. Mark noted that there continues to be significant uncertainty for the next financial year and no certainty for future periods now that the spending review covers only one year. The Board should request confirmation of funding from the FCDO before approving a budget in February and it will require assurances, including a further letter of comfort, from the FCDO before it
approves the next annual report and accounts in July. Board members, as company
directors, will need to be confident that WFD continues to be a going concern.

The Committee had encouraged Management to make the case to FCDO that without
a substantial funding commitment, WFD would not be able to continue to protect its
capability to support an expansion of programming required by the Government’s
Open Societies agenda.

The CEO agreed with the Committee’s assessment and confirmed that Management
would continue to press the case to FCDO colleagues for the earliest possible
notification of an increased WFD’s funding allocation for next year. In the meantime,
to provide reassurance and retain staff during this uncertain period, Management has
reviewed the fixed term contracts for staff and will extend them for an appropriate
period. Over time, WFD would also wish to re-build its reserve capacity to rapidly
respond to new opportunities and adverse events.

6: Quarterly Progress Report and Corporate Risk Register
The Board accepted Management’s Quarterly Progress Report and Corporate Risk
Register, as presented, and noted the commentary, including the ongoing
Management focus on risks associated with funding and safety and security.

The Board further noted that:

- WFD currently forecasts a £239k deficit for this financial year, which is linked
to the 12% in-year reduction in WFD’s income from £7.4m to £6.5m and closure
costs associated with three country office closure processes.
- Third party income will be lower than budget due to the economic impacts of
COVID-19 on our donors.
- Due to the deficit, WFD’s reserves level will reduce to £415k by year-end, which
is lower than our target reserves level. The reserves are a mix of deferred
income and the ‘profit’ element of contracts.
- The high level 'lines to take' document was well-received and useful.

10. Scenario planning for FY 2021-2022

The Board noted that a first draft of a financial model for the next financial year is being
prepared. This covers four scenarios:

- 15% reduction in income
- Comparable income level to FY20-21
- 15% increase in income
- 25% increase in income

Management advised that, from 1 January 2021, WFD could still be eligible for several
EU funding instruments, subject to the outcome of the EU seven-year budget process.
Management will also be monitoring the potential US funding opportunities that may
emerge once the Biden administration is installed in January.

The Board welcomed the ARC’s inputs into the scenario planning assumptions and
endorsed Management’s proposed scenarios.
11. WFD strategy development

The Board noted Management’s proposal to develop a new multi-year strategy in 2021, following the anticipated publication of the Government’s Integrated Review.

The Board endorsed the suggested overall timeline for the strategy development process, running from February 2021 with publication in September 2021. The Board welcomed Management’s proposal to prepare a short paper and plan for the process, including the engagement points for Board members and FCDO ministers and officials, ready for the February Board meeting.

The Chair suggested a scoping discussion among Board members to kick off the strategic thinking before the end of the calendar year.

**Action:** Management to arrange an informal session of the Board in December 2020 to discuss the scope and ambition of the new WFD multi-year strategy.

12. AOB

Board members agreed to provide short video clips to be communicated to WFD staff. Otherwise, there was no other business.

**Action:** Management to organise a welcome event for all Board members and Committee members in April 2021, or as soon as possible thereafter considering COVID-19 conditions, in WFD’s new London office.

The Board noted that the next meeting would be held on 25 February 2021.