

Minutes of Annual Budget Trustee Meeting 14th September 2022

Attendance is reflected in the table below. Members of the International Board of Trustees are listed on the left; Restless Leadership Team members are listed on the right.

Meeting Dates	1st Dec 2021	2nd Feb 2022	4th May 2022	3rd Aug 2022	14th Sept 2022	Meeting Dates	1st Dec 2021	2nd Feb 2022	4th May 2022	3rd Aug 2022	14th Sept 2022
Charlotte Eaton	*	*	*	*	*	Candie Casabalian	*	*	*	*	*
Hannah Bronwin	*	*	o	*	*	Alex Kent	●	●	●	●	●
Bella Mosellmans	☒	*	o	*	*	Natalie Agboeze	☒	☒	☒	●	*
Jenny Wilson	*	●	*	*	*	Kate Muhwezi	o	*	*	o	*
Paul Wafer	*	*	*	*	o	Sunil Mahawar	☒	☒	☒	*	*
Amelia Pan	*	*	*	o	o	Keith Short	*	*	*	*	o
Matt Beard	o	o	o	*	o	Nikita Khanna	*	*	*	*	o
Tom Allen	*	o	*	*	*	Caleb Masusu	*	o	o	*	o
Lucinda Moore	*	*	*	*	*	Inés Yábar	●	●	*	*	o
Edleen John	*	o	*	*	*	Nalini Paul	*	*	o	*	*
Diwakar Uprety	*	o	*	o	o	Jen Codman	*	*	*	*	*
Amisa Rashid	*	*	*	o	o	Farai Muronzi	*	o	o	*	*
Oyindamola Johnson	☒	☒	*	*	*	Megan Mckinnon	o	●	●	●	●
Mafipe Chunga	☒	☒	☒	*	*						

● In attendance

o Absent/Apologies

☒ Not a Trustee/Resigned

* Via Zoom

1. Welcome.

CE, the Board Chair, opened the meeting and welcomed all those attending. Apologies were sent by PW, AP, MB, DU and AR.

2. Passing of the resolution for virtual AGM and Board term of Trustees.

KM explained that a resolution is currently being drafted by our solicitors to i) replace the current annual retirement of one third of Board members with the agreed terms of 2 x 4 years for members and 2 x 5 years for the Chair, and ii) insert a clause allowing the Board to hold virtual AGMs.

KM added that the UK government's temporary legislation allowing virtual AGM's has been withdrawn, so we need to include a clause in our contract to hold them virtually. However, we do have a clause which allows a written resolution so KM will have to email the resolution to trustees, who will have to print, sign, scan a copy and post the original to the office. KM apologises to those outside the UK, but explained that 75% of resolutions are required because they do not recognise virtual signing. KM thanked everyone for their patience and confirmed they will schedule an AGM meeting once this is sorted.

3. Approval of Annual Budget 2022-2023.

LM thanked everyone involved in the 2022/23 budget for their hard work and highlighted that there is a larger pre-pipeline deficit, largely due to timing, and that she is confident that this will be pushed over the line. LM added they will be looking for a balanced pipeline at the minimum, ideally pushing into surplus, but they haven't made any fundamental changes in the financial model. She also said that cash flow is in a much stronger position which is promising, but they are continuing to rigorously check with short and long term mitigators.

SM thanked LM for the highlights. He explained the procedure for creating the budget, which followed the bottom up approach, prepared for each unit and project by Hubs and International, including Hub Directors, Finance and International staff. It was approved by RLT and the Finance & Audit (F&A) committee, since incorporating their suggestions. SM is now seeking approval of Trustees before it will be shared with all staff.

SMI outlined the 22/23 budget headlines:

- Total income at £7.149m (pre-pipeline secured income 21/22 £6.9m), which is a slightly better position compared to last year.
- Pre-pipeline deficit at £858k (£600k in 21/22), which is a bit higher than last year.
- Post-pipeline deficit at £99k (£127k in 21/22), which is a better position because we have a strong pipeline this year.
- Expected growth at over £10m by Q3 (based on number / value of full pipeline and win rates), which has outperformed target and means they are hoping to end the year with surplus.
- Expected to have a balanced budget by Q2 forecast and aim to rebuild the reserve by the end of the year.

SMI emphasised that the Restless Leadership team are confident in the proposed FY 22/23 budget pre and post pipeline positions due to:

- The pipeline in place to close the deficit.
- Plan B to reduce costs could be actioned by January and close the deficit by end of the year if needed.
- The post-pipeline deficit being equal to 12% of unrestricted reserves based on our 21/22 Q3 surplus budget forecast.

He explained that they are effectively asking for time to convert the pipeline in the coming 3 months and to keep cost structures steady with adequate team capacity to deliver on commitments from one year to the next.

CE asked what will fill the current gap in the pipeline? KM responded that when we convert pipeline successfully it has a double positive impact because the pipeline income is already discounted to 45%. In turn the agency contribution from this discounted pipeline is also only calculated as 6%. When pipeline items are converted not only is the income recognised at 100% (the discount is removed), but the agency contribution is then also fully recognised at closer to 9% of the full income (when it is in the pipeline it is 6% of the discounted pipeline income).

AK spoke about putting our new strategy into action by developing funding for our core strategic initiatives to achieve maximum impact - starting with (but not confined to) :

- The Youth Collective - growing scale, depth, and funding.
- Shifting Power - external communications, influencing on power shifting development, and growing our Power shifting Funding Base = prioritising with a Powershifting Director.
- Climate & Education - developing a youth-led transformative approach to galvanise action on education & climate = UNGA and brainstorm coming up soon on this.
- Democracy - strengthen youth engagement in upcoming elections (Sierra Leone) and Democracy Moves.

KM summarised the operational focus, noting that this is an important year for shifting power within our agency. Our agency model is evolving in the following ways:

- Re-setting how our Hubs, global leadership and 'international' work together, including the role of the UK and USA entities.
- A new agency plan - high performance and power shifting within ourselves (previously called proving and improving).
- A 'flatter' annual cycle - youth and Hub leadership.
- A new financial model - fundamentally not very different at this stage, but vision to have sustainable funding for all.
- Global governance - setting a 2025 ambition.

KM also highlighted our Agency's Priorities which were identified at the RLT Annual Planning Meeting in India.

In terms of the Strategy or the 'What':

1. Develop the next 1-3 global initiatives
2. The Youth Collective (grow & strengthen)
3. Power shifters - leading our sector
4. Reorganising ourselves for our strategy (teams, language, docs etc)

In terms of the Operations or the 'How':

1. The right agency model
2. The Youth Collective roadmap (the how)
3. Power shifters - within ourselves
4. Restless Leaders for all our people

NA gave a quick highlight of what the Hubs are up to over the next year.

India:

- Despite challenging environment, a lot of great work and a strategic focus on youth leadership and gender
- Youth Climate Action Lab; building a youth-led SRHR movement; retention of girls in Education
- Aim to work with 2,000 young leaders in two years

Nepal:

- Limited programmes, awaiting funding decisions
- Involving young people in climate action and green growth; potential programme focusing on ending child marriage

Sierra Leone:

- A strong and busy Hub, with a lot happening particularly on power-shifting and coordinating youth-led CSOs
- Education Youth Fund for 12 CSOs with the People Postcode Lottery; Supporting the financial inclusion of 5,500 women in Freetown

Tanzania:

- Opportunity to take work over from Raleigh International
- Cross-cutting strategic priorities on youth leadership; gender transformation; and digital inclusion
- Large scale peer-education work focusing on SRHR and nutrition; supporting Covid-affected youth livelihoods
- Aim to reach 250,000 young people (by 2030)

Uganda

- Picking up pace with research and climate adaptation/ resilience, particularly in response to food insecurity
- Global programme delivery - She Soars and We Lead, both Sexual Rights focused
- Countering Corruption through Youth-led budget advocacy

Zambia

- One of our largest Hubs in terms of work, with a lot happening on Youth Leadership and Gender Transformation
- Large portfolio, including supporting youth-led accountability; civic and governance education;
- Strengthening media content - many focusing on voice and governance, and SRHR

Zimbabwe

- Strong research function helped with Research Manager - e.g. 9 month co-creation research phase funded by Wellcome Trust
- Programming focusing on civic engagement; sexual rights and economic resilience of young people
- Increasing implementation through youth-led community organisations (30% of work in 3 years)

USA

- Focus on resource mobilisation and providing technical support on Gender
- Supporting partners and institutions with meaningful youth engagement; Democracy Moves partnership

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Global

- Leadership on funded projects includes: We Lead, She Soars, (global Gender, SRHR and Livelihood) and global campaigning on ending AIDS
- Also focusing on securing pipeline for global multi-country projects
- Looking ahead to securing next year's pipeline, developing a new resourcing strategy

CE said the pipeline for Nepal still looks fairly thin on the ground and asked if anything has changed. NA replied that it is difficult to say at present because they are at a critical point waiting to find out on two large bids which, if successful, would double their size. NA added that the new Asia Resource Mobilisation Manager is focusing on helping Nepal with new bids.

HB asked about the sustainability of current funding and whether there are other areas to tap into? NA replied that they have changed the type of funding partners away from traditional donors, focusing on more innovative, flexible and power shifting relationships. However, this is still in a pilot stage where we are proving ourselves. HB asked whether this newness is a benefit or a drawback. NA replied that they have been building on the work from last year so it feels fresh but not as fragile as last year. The balance has also shifted so more money is coming from new partners than the old ones this year.

NA continued by giving an overview of our resourcing strategy for the new strategic era, which includes power shifting partnerships, paid co-creation phases and direct redistribution to youth civil society. In terms of our ambition to re-build and grow, the target of £10m in year 1 was reached, and they hope to meet the £12m target this year given forecasts for £10m at Q3. Similarly, they hope to reach £14m by year 3. NA also explained that the re-positioning of funding streams against the new strategy is well underway, with 2 of the 10 top donors new this year. International and Hubs pipelines are now more diverse and in alignment with our power shifting vision.

SM moved on to give a further explanation of the budget overview. In terms of the Hubs, 6 are balanced post pipeline and 2 are not balanced post-pipeline (Sierra Leone and the US). There is £447k Agency Contribution / Water Works (excluding pipeline) compared to £513k in Q3, opening with a total hub headcount of 211 (compared to 167 in 21/22). In terms of International income, there is £2.4m income including £1.39m unrestricted fundraising vs International expenditure £2.9m (compared with £2.76m in Q3 21/22), opening with a total International head count of 39 (compared to 43 in 21/22, because Hubs pay for some staff salaries).

CE asked if there is a gap in the income stream for International (£2.4m vs £2.9m), and whether there is a plan to fill this gap? Kate said that this gap will be filled by the pipeline income, and that it seems like a higher budget because it includes global projects such as We Lead.

SM then proceeded to explain the budget consolidation.

EJ asked if the projections of our pipeline in any specific Hub or more broadly could significantly change given the impending global recession and if there's enough 'buffer' room financially so jobs aren't impacted and outcomes can still be delivered?

KM replied that in terms of programme funding, the pipeline only counts proposals submitted and reassured that they have discounted pipelines sufficiently. This conservative approach means that conversion rates tend to be high, and a proven history of this should mean there's nothing to worry about. However, KM identified a more fragile pipeline in individual donors and corporates which are more likely to withdraw faster when a global recession

kicks in. Fortunately, a large proportion of our unrestricted income comes from a wide range of small donations through the Schools Triathlon which is fairly well protected. KM agreed that we would need to look at the patterns in philanthropy as the recession unfolds.

CE asked where the team is at in terms of their response to rising inflation. KM said that the last step of the current GSS has been incorporated into the budget. This will implement a minimum of 4% and significantly higher increase in some cases (especially amongst junior roles). Salary rises are twice as high as the 2% minimum which has been set in the past. They have also asked Hubs to implement a one off contribution to staff (if financially viable), as well as reaching out to donors to ask for additional support with the rising costs. In addition, pension and housing allowances could also be increasing to 10% as part of the proposed new GSS, which should particularly help junior staff who are currently only receiving 4%.

SM moved on to talk about the historical opening budget positions, where our pipeline and prep-pipeline deficits are both high. However, SM explained that the Restless Leadership team is confident on managing pipeline risk.

In response to the question raised in the Finance & Audit committee about why we have started with deficits, KM said that a decade ago we used to start the year without a deficit but that we were having to annually cut staff teams and then scrambling to find new talent to deliver projects that were immediately won in Q1. They have therefore shifted to accommodate a bit more risk by starting the year with a small deficit, given the rapid growth that is typically made in this first quarter.

In terms of the income scenarios, SM explained that:

- We are currently estimating an opening position of £7.149m and growth during the year to £10m.
- At Q3 FY 21/22 we are £10.5m (pre-pipeline). We opened the year at £6.9m.
- We are estimating that overall income remains relatively steady next year including unrestricted income School Triathlons.
- Yet, there are many changes happening in the income mix within the agency:
 - Hubs vary in size and funding mix
 - Larger number of smaller sized funding arrangements
 - Main source of funding is from bi-lateral aid sources and UN organisations
- Increased collaboration of Hubs to Hubs and Hubs to International
- Success in securing very long term funding

In terms of risks and assumptions, SM detailed the following:

- Pre pipeline deficit (£858 - 107% of free reserves)
- Post pipeline deficit (£99k - 12% of unrestricted reserves)
- Sierra Leone, Tanzania, Uganda, International includes level 4 and 5 pipeline (discounted)
- International unrestricted fundraising – £1.39m budgeted which includes delivering 9 Triathlons (63% of unrestricted fundraising) and new community fundraising
- Sufficient liquidity for 12 months considering pipeline income and timely receiving of projected funds

SM outlined the 22/23 International budget using new breakdown (Core International, Unrestricted Fundraising and Global Programmes):

- **Core International** - Income of £561k, expenditure of £1,426k
- **Unrestricted fundraising** - Income of £1,468k, expenditure of £971k

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- **Global Programmes** - Income of £788k, expenditure of £515k
- Total current deficit of £96k

Unrestricted income currently showing all £1,393,500 as secured in the budget

- Events and corporate income has increased significantly in comparison to FY 21/22 (with 2 additional triathlons planned) - We have already secured 50% of the corporate target.
- Donors/Individuals/Trust is a more conservative figure

CE acknowledged that this was a complicated picture for new Board members to comprehend, before raising the post-pipelines deficit as a concern. KM replied that the budget currently caters for new core global leadership roles which can be delayed into next financial year if needed (Plan B), but it is likely that the conversion of the pipeline will eradicate post-pipeline deficit and move us into a surplus position without needing to do this.

Action: SM to offer OJ, AR and DU a budget session outside of this meeting to help them understand the budget.

In the next section, SM spoke about Agency Contribution and Water Works, with £447k secured for 22/23 which represents 9% of total secured Hub income, compared to the target of 10%. Prioritised Hubs balancing budgets post pipeline has meant some have not achieved the 7% agency contribution and 3% water works. HB asked how this Agency Contribution and Water Works compares to other organisations. KM said that we don't really know because most organisations have a reversed financial model where funding primarily comes from the core and is dispersed to Hubs.

SM continued that secured cash flow has had liquidity over the year but low cash in the period of December 2022 - February 2023. Pipeline cash flow will have had sufficient liquidity over the year, if the pipeline is secure by December 2022 and payments are received from donors on time.

CE checked that in the worst case scenario for cash flow, do we still have a loan facility for £200,000? KM and LM confirmed that we still have this as an insurance policy / last resort.

KM then gave a summary of the Global Salary Scales:

- All staff to receive the final increment of the original 2021/22 ambition (having shifted everyone to the former 2020/21 'international' levels this past year, this represents one further and final step within the current GSS). This equates to a minimum 4% rise, with the vast majority receiving significantly higher increases (especially in more junior roles).
- The CEO salary remains frozen for a 4th consecutive year.
- One off cost of living allowances are being considered by each Hub individually in response to the current economic climates.
- We anticipate the new GSS being approved in early 2023 for first step implementation in October 2023

CE said she thinks this salary rise seems fair considering the financial constraints. KM added that because they have incrementally been increasing salaries in most countries (in an ambition to reach the 50th percentile) they have been keeping up with market movements in many Africa and Asian countries better than other comparable organisations. HB asked if this has made it easier to attract talent. KM said that they haven't experienced many challenges with this, acknowledging that it is presently a job seekers market.

Recapping the budget, SM summarised that they have built a budget that will enable Restless Development to maintain their current size and delivery scale, complete their strategic builds and re-position themselves in the funding market.

CE celebrated being in such a strong position and expressed her confidence about the budget. She congratulated SM in particular for successfully leading his first Budgeting meeting. CE asked if the Trustees had any further questions or challenges to the budget. The Board approved the budget.

4. Committee updates

CE introduced the proposed new committee structure, which would reduce the number of committees down from 5 to 3. She explained the background context, that with AP asking to step down as the Chair of External Engagements, as well as MB as chair of Resource Mobilisation, a conversation about restructuring and merging into two broader committees took place. This was a catalyst that led discussions about having a Strategy committee (replacing External Engagements and Programmes & Policy) and a Business committee (replacing Finance & Audit and Resource Mobilisation), in addition to the People & Culture committee. CE said that this proposed structure should help to encourage a more coordinated approach and bring more voices into the room.

CE asked for any reflections. TA said he liked the idea and direction of travel, but that there was also crossover between external engagements and resource mobilisation, identifying a people power mobilisation gap which could potentially be addressed by a cross committee. AK said that 'people power' from a UK perspective would make sense more than globally.

LM said she thinks it's a good direction of change, but she brought up the sub committee on Fundraising which has previously been discussed by the Board. She added that it would be useful to have a list of foci for each committee. CE clarified that this suggestion would be more like a working group on fundraising. AK said that it would make sense to apply the 'people power' remit to this group, given Giulia's increasingly global remit. HB was generally supportive but emphasised that the Business committee shouldn't just focus on balancing the books.

JC asked for clarification about co-opted members, for example using their expertise for the HRIS onboarding. CE said that their purpose is a conversation for the Chairs to have. KM suggested using wider networks and not necessarily bringing in new co-opted members.

Action: JC to circulate the document written by CE on co-opted members and review if co-opted members arrangements need to change.

Given that the Trustees are all in agreement, CE established that she will move forward with the new committee structure by working with PW, LM and OJ.

Action: CE to work with Board Chairs to draft Terms of Reference and understand how to set up the UK Fundraising working group.

5. Any other business.

KM and CE thanked MM on behalf of the RLT and Board as this would be her last meeting taking minutes before moving fully into her new fundraising role. MM replacement will be joining in 2 weeks' time. CE closed the meeting at 2:40pm.