

Internet Watch Foundation

BOARD MEETING

10.00am - Wednesday 11 April 2018

**Rathbones Brothers plc
8 Finsbury Circus
London
EC2M 7AZ**

MINUTES

Present:	Andrew Puddephatt (AP) (Chair) Jonathan Drori (JD) (Vice Chair) John Parkinson (JP) Claire Bassett (CB) Sue Pillar (SP) Jonathan Lea (JL) Jacquie Mellor (JM) Helen Dent (HD) Katie O'Donovan (KOD)
Apologies:	Becky Foreman (BF) (Industry Vice-Chair) Uta Kohl (UTA) Emma Hardy (EH) (Director of External Relations – DER)
Observer:	Matthew Eltringham (ME) (Funding Council Chair)
IWF Staff:	Susie Hargreaves (SH) (CEO) Fred Langford (FL) (Deputy CEO - DCEO) Heidi Kempster (HK) (Director of Business Affairs - DBA) Sandrine Harvey (SJH) (Minutes)

IWF Board Closed session

There was a closed session of the IWF Board from 10.00am to 10.10am.

1. a) Welcome and Apologies

The meeting began at 10.15am. The Chair welcomed the Board for his first meeting in his capacity as Chair and issued a special welcome to Claire Bassett and John Parkinson for their first meeting.

There were apologies from Becky Foreman, Uta Kohl and Emma Hardy.

For the benefit of the new Board members, the Chair asked each member to briefly introduce themselves.

b) Declarations of Interest

There were no declarations of interest.

The Chair informed the Board the order of the agenda would be changed due to some attendees who had to leave earlier. Items 11-13 would be discussed before the standing items 7. – 10 and 14 - 16.

2. Draft minutes

The minutes of the previous meeting were **approved** subject to the following amendments:

5. *Audit committee – a. Draft investment update*

Cash deposit –add at the end of the second sentence “... and get a better return than currently.”

Action: SJH to add at the end of the second sentence “... and get a better return than currently.”

The end of the sentence of the last paragraph of page 2 “... – most high street banks have and a minimum of 5% return is suggested to maximise the cash.” should be deleted.

Action: SJH to delete the last part of the sentence.

In the second paragraph of page 3, the fee charged by Price Bailey should specify that it is to monitor the performance of the investment managers and the word “between 0.6%...” should be read as “...around 0.6%.”

Action: SJH to amend accordingly the second paragraph of page 3.

The action related to the exposure to overseas with a “AAA” rating should be deleted.

Action: SJH to delete accordingly.

11. *Presentation of IWF Crawler programme*

In the second paragraph of the last page, the word “deter” should be replaced by “detect”.

Action: SJH to amend accordingly.

3. **Actions arising**

The Chair suggested the SMT looked at the action sheet and regroup the actions where appropriate as there were some repetitions.

Action: SMT to review the action sheet and regroup the repeated actions.

The Board noted the paper.

4. **FC Communique**

The Board noted the communiques of 23 January and 13 March 2018.

Action 6/1.18/5: It has been clarified that this action had not taken place yet and was still an idea.

5. **Audit committee report**

The Chair of the audit committee reported the following:

Restructure & budget: The committee discussed these two items, which will be considered by the Board under item 11.

Appointment of an Investment manager

A competitive process has been undertaken whereby four potential investment managers made presentations to a panel comprising some members of the IWF staff and Board members as well as the Financial Planning Adviser. The panel was unanimous in recommending the appointment of Rathbones Investment Management whose presentation was particularly clear on the level of risk in alternative portfolios and transparent on costs.

Rathbones also presented to the Audit committee and described the account opening process. The first step is for the Board to pass a resolution.

The Board resolved to appoint Rathbones Investment Management Ltd as Investment Manager to manage a portfolio of £500,000.

The next step is to complete a risk appetite analysis which the audit committee members and the Chair are going to do after this meeting.

The investment policy will need to be updated and will be presented to the Board at the next Board meeting in July.

Action: HK to proceed to open the account with Rathbones Investment Management Ltd and to present the revised investment policy to the Board at the July Board meeting.

a. **Management accounts Q3**

The Chair of the audit committee said that the management accounts to Q3 showed positive variances for both income and costs. The forecast for the full year shows reserves of £2.1m, £200k higher than budgeted and well above the level required in the reserves policy. This is important to note when we consider the budget and plan as deficits are being budgeted for the next couple of years.

b. **Cost of living increase**

The Board ratified the recommendation of the audit committee to **approve** the cost of living salary increase of 2% from 1 April 2018.

Action: SH to inform the staff.

6. **Chair's report**

The Chair reported that in his first three months, he got to know the organisation and met with the Home Office, DCMS and GCHQ. A meeting with NCA CEOP had been organised for May. His first impression was that the IWF was a well-run and well-thought of organisation, although recognised that there are a number of current challenges, including some political tensions.

11. **Organisational review**

The CEO introduced the Consultant – who helped with the restructure following the unsuccessful exercise of the Theory of Change with another company.

The Consultant reminded the Board that the exercise on the Theory of Change was based on the purpose of the IWF, the outcomes and impacts it wanted to achieve rather than tackling a potential financial deficit. This gave a basis for planning and restructuring to meet the future needs of the organisation.

The CEO pointed that all the staff had been involved in developing the Theory of Change as this was the first major organisational review in seven years.

The new structure recommends the creation of a new Department – Development Department, which would cover all areas of income generation: Membership fees, sale of technical services, donations, sponsorship, trust & foundations etc.

There will now be four departments:

- Technical
- Operations/Business

- External Relations
- Development.

The new department will have six staff and be led by a Development Director as a member of the Senior Management Team, who will be supported by:

- Marketing & Event manager
- Development Manager – with responsibility for Membership and Technical Sales
- International Development Manager
- Membership Officer
- Development Assistant (p/t).

The Department has been set modest targets and is expected to generate profits by the end of Year 3.

Overall the plan has been developed to limit the need to make positions redundant and where possible, staff will be redeployed.

Theory of Change & Structure

The Chair reiterated that the organisation had a need to diversify its income without increasing the current Members' fees initially. He also pointed out that the communication strategy would need to be reviewed to complement the creation of the new department. At present the 'messaging' and tone of communications was focussed on corporate messaging and this would need to change if we were to be able to develop new income streams, such as donations from the public.

A major role for the new Development Director is to coordinate a Product Development & Innovation cross departmental group, which would be supported by a new Marketing Manager with experience of market research, selling and setting price points.

Action: Add two bullet points about the aim of the products in the business plan.

Action: SMT to think about the order of process for building the Development Department.

The Board **agreed** to endorse the proposed structure subject to the SMT reviewing the position for the in-house lawyer and consider Lawyers on Demand instead. The titles of the departments as well as of those Directors should be reviewed by SMT and who should consider making changes if appropriate.

Action: HK to look at the possibility to work with lawyers in-demand.

Action: SMT to review the departments' as well as the directors' titles.

Budget

The CEO informed the Board that the budget presented was realistic. Due to the high scores of previous UKSIC applications to the EU, there was no reason to presume that the next application would not be successful. The UK government has also given a verbal assurance that should the UK exit mid-grant period, the Treasury would pick up any outstanding grant.

The budget presented showed maximum expenditure and modest income targets, meaning that if the EU bid was unsuccessful, there were a number of budget lines which could be reviewed.

The part of the reserves, which have been assigned to the investment funds have been considered in the budget.

It was explained that the difference in income from the membership between Year 1 and Year 2 was due to the combination of new Members coming at a high-level fee, a large number of Members joining at a lower level and other services sold, such as IC-Alert.

The budget was **approved** by the Board.

Business plan

The CEO mentioned the plan was linked to the Theory of Change and a summary of the new goals had been provided to the Board.

It was **agreed** that point 2.5 should be rewritten to reflect IWF's position on providing evidence that its model was the most effective means of removing CSAM and achieving the overall mission.

Action: SH to rewrite 2.5.

The consultant will be working with the SMT on refining the Business Plan and linking it more closely with the Theory of Change and future Impact Reporting.

13. Member transparency audit

There had been a number of discussions between the IWF and the Home Office about the possible publication of an annual transparency audit of IWF Members. This would tie in with one of the Government's Internet Safety Strategy recommendations for greater transparency.

It was **agreed** that the IWF should share proposal with the Board on engaging with Industry to discuss the issue and develop a mutually acceptable solution.

It was **agreed** that in the first instance, Funding Council Members would be invited to share their views with the IWF rather than establishing a formal working group.

12.00pm ME left the meeting

12. Self-regulation campaign

There has been a national push towards regulating harmful content and this has led to many mixed messages, particularly in parliament about the IWF's status. The IWF believes that its model is the most effective way to tackle online CSAM which is unlike other harmful content as:

- a) it is illegal, and
- b) there is clear legislation and clarity which backs up the IWF's position.

It was **agreed** that, the IWF should contribute its experience to existing debates. Its experience would be useful in thinking through approaches to other content issues.

The IWF could also consider strengthening its position by securing the support of a third party/external body. This could be the opportunity for research to be undertaken by a university. Endorsement by the Police, GCHQ or an academic review praising the good work of the IWF would also be beneficial.

The support of Parliamentary Champions would also be important.

The Chair suggested to look at the landscape over the next year before undertaking any possible campaign and undertake a programme of briefings and roundtables.

Action: SH/MT to inform the Board of any changes.

7. CEO report

The CEO commented on the following points:

2. Strategic Developments

2.4 GCHQ

The MoU with GCHQ was still in draft version. The CEO reiterated that the two organisations would be sharing trends/pattern and two members of the IWF team would go through the Developed Vetting process.

3. International report

3.1 India

Negotiations with Indian companies were still on-going.

The Board noted the paper.

8. Communications Report

3. Social media

A Board member offered to give some input regarding the social media activity as it could be more engaging. The CEO welcomed the help.

Action: JD to assist with social media activity messaging.

5. Annual Report update

This year's Annual Report launch format had been changed. The format would be a breakfast roundtable event with MPs, law enforcement and some of the larger IWF Members and would be backed up by a media plan.

6. Home Office (RICU) campaign

The CEO informed the Board that the next awareness campaign from the HO had been signed off.

8. Department maternity cover plans

The CEO pointed out that there had been an issue with the appointed Director of Communications for the maternity cover and it had been resolved. The person who replaced the DER during her first maternity leave is now in place covering for her second maternity leave.

As previously stated the Board **agreed** that it was important to look at the overall messaging and comms of the department to support the restructuring and this would form the main agenda item at the Awayday.

Action: Board to look at the Communication strategy at the Board away day in June.

The Board noted the paper.

9. Technical Report

10. IWF Crawler Suite Programme

Further to a query from a Board member, the DCEO confirmed the Crawler Suite had no impact on the Analysts' workload as the crawler would be automating the proactive process.

11. Project Arachnid

The investment of the UK government in the Canadian crawler created some tensions with the IWF.

The IWF **agreed** to resolve the differences between the two organisations between themselves without the involvement of the Home Office in the first instance. The DCEO also mentioned the Canadian crawler was not compliant with the GDPR, so there might be further future issues.

12. Classifier project

The DCEO explained the IWF was working with one of its Members in developing a classifier. The main aim of this tool was to help the Analysts to triage content as quickly as possible. The DCEO also mentioned on-going Home Office funded work on automated classification systems.

13. Child Abuse Image Database (CAID)

The Connection to the database has now been in place and the integration work is on-going into the Hotline.

16. General Data Protection Regulation (GDPR)

16.2. The Board **approved** to integrate the GDPR as a standing Board item agenda.

Action: FL to integrate the GDPR update as a Board agenda.

17. ISO 27001 and Security

The DCEO confirmed regular pen-testing were part of the ISO.

20. Staff

The new IT Manager had been appointed and would be starting as soon as possible; the Technical Project Officer is going on maternity leave on 20 April 2018.

Annex Operational report

A Board member queried on the operational report whether it was possible for the IWF to help countries which are hosting a lot of content. The DCEO informed that in the case of the country mentioned in the report, there were a number of issues to be tackled in-country. The Board member pointed out there could be an opportunity for the organisation to get access to EU research grants and this point would be discussed with the DCEO outside the meeting.

Action: FL & JP to discuss opportunities for EU research grants.

10. Director of Business Affairs' report

The DBA informed the Board that she had mainly focussed on the restructure of the organisation over the last months. She had been line managing the membership team while the DER was on maternity leave and was pleased to report they had been doing some excellent work in recruiting new Members and raising the income levels.

The Chair congratulated the membership team on the result of the income.

She also reported that the €10,000 claim disallowed on the EU report had now been voided following the IWF's complaint.

14. Non-Photographic Images (NPI) policy

Further to a query from a Board member, the Board asked the management to review and get back to the Board at the next meeting and explain why the Coroners and Justice Act 2009 criteria to assess a NPI (under point 2.3 of the policy) and the criteria used by the IWF mentioned under point 2.5 of the policy were different.

Action: FL to review and get back to the Board and explain the differences between point 2.3 and 2.5 of the policy.

12.50pm JD left the meeting.

15. AOB

Filterers

The CEO drew the attention of the Board to the fact that the CEO and DBA were in discussions with the Filterers as they provide the IWF list through their services for a cheaper fee, which is a loss of income for the organisation. The Chair of the Funding Council is aware of the issue.

The CEO will report back to the Board at the next meeting.

Action: SH to report back on Filterers at the next Board meeting in July.

Internet Commission

The CEO informed the Board that she had been approached by an ex-Board member to support and sponsor the Internet Commission.

Whilst the Board **agreed** it is a laudable project they decided that the timing was not right for the IWF. If the IWF supported the project, it would be as part of the UKSIC and via its partners SWGFL and Childnet.

The Board agreed with the CEO that the IWF would not endorse the project at this time.

16. Dates of next meetings

The next meeting is the Board away day on 11-12 June 2018 at the Moller Centre in Cambridge.

The meeting ended at 1.00pm.