

**CONFIRMED MINUTES
100TH BOARD MEETING
TUESDAY 18 DECEMBER 2012 AT HOLLY WALK, LEAMINGTON SPA**

PRESENT: PHILIP SMITH (PS) (Chairman)
WILL LIFFORD (WL)
ANNA EAST (AE)
CHRISTOPHER WELFORD (Chief Executive)

IN ATTENDANCE: MARK CROOK (Head of Finance)
MARY HAWKINS (Head of Operations)
STEVE ROBINSON (SR) HMRC

APOLOGIES: LORRAINE CLINTON (LC)
ANN LIMB (AL)

BOARD SECRETARY: HELEN MACCALLUM (HM)

1. INTRODUCTION

1.1 The Chairman welcomed everyone to the 100th Board meeting.

2. APOLOGIES

2.1 It was noted that apologies were received from LC and AL.

3. DECLARATION OF INTERESTS

3.1 WL declared that a member of his family was involved with an organisation who were in receipt of funding from an Environmental Body (EB). The Chairman also requested that the Board Secretary diarise for April 2013, a request for Board Members to supply a new Declaration of Interest form.

3.2 **ACTION:** The Board Secretary to ensure that all Board Members complete a Declaration of Interest forms in April 2013.

4. MINUTES OF LAST MEETING

4.1 The minutes of the last Board meeting were tabled. The Chairman requested that in paragraph 21.1 the time is deleted. PS queried whether the date in paragraph 5.5 relating to the completion of the Contributing Third Parties (CTPs) work was correct, and in response the Head of Operations (HOO) confirmed that it was. Subject to the time of the next meeting being removed, the minutes were approved and would be signed by the Chairman.

5. ACTION POINTS FROM PREVIOUS MEETING

5.1 Point 4 – **Environmental Body (EB) Directors.** It was noted that the Form 4 has been amended to seek confirmation of any changes to an EB's Directors details. As

part of our review programme, Compliance Inspectors would validate this information.

5.2 Point 21 - was dealt with under the Operational review section.

6. OPERATIONAL REVIEW

6.1 The Head of Finance (HOF) introduced this paper. Included in the document was the proposed Strategic Risk (SR) relating to changes in the Landfill Tax in Scotland that the Audit Committee considered should not be recorded as a separate SR but as part of Government policy changes.

6.2 The Chairman requested that the balance sheet Appendix C shows comparison figures.

6.3 **Operating Costs – Postage.** The Chairman enquired as to what controls were in place for cost of postage as general postage costs are rising. The HOO stated that wherever possible emails are sent out, although there are currently around 500 EBs that do not have an email address. It was explained that certain mailings need to go out by post as well as by email. The HOF also added that the introduction of Entrust on-line (EOL) has reduced postage as correspondence relating to projects as requests for further information are emailed through EOL.

6.4 **Personnel Costs** – It was noted that there has been more Compliance Inspections carried out than budgeted resulting in increased travel and subsistence costs.

6.5 **Performance Targets** – The HOF advised that all of the Key Performance Indicators (KPIs) were on target to be delivered. The Board noted his assurance, but to help them to review this area requested that the 10 KPIs are listed in future reports.

6.6 **ACTION:** The HOF to update the Report to include details of each KPI.

6.7 **CHIEF EXECUTIVES UPDATE** – The Chief Executive (CEO) introduced this section of the paper and informed the Board that there were three areas of work to be brought to the Board's attention. He also expressed his thanks to Steve Robinson from HMRC for his support and collaborative work with ENTRUST over the last quarter, which was much appreciated.

6.7.1 **Accounting for transfer of LCF monies between EBs** – The Board were advised of the current situation clarifying our guidance following discussions with HMRC. He advised that when the guidance was issued to EBs, we also telephoned the top 30 EBs to inform them that this had been issued. We had subsequently received a number of responses from EBs disagreeing with the revised guidance and a number of them had also raised this matter with HM Treasury. As a result of this feedback, HMRC had chaired a meeting on 13 December 2012, to explain the issue with EBs.

6.7.2 SR also advised the Board that the aim of the guidance was to provide greater clarity and the aim of the meeting was to understand what issues EBs faced in complying with it. Having raised this question, a number of the EBs attending the meeting failed

to substantiate reasons why they could not comply with it. The Board were of the view that at the end of the meeting most EBs had accepted the change and were keen to take action to implement the guidance.

- 6.7.3 SR also advised the Board, that he considered some of the comments that had been provided to ENTRUST were unhelpful in their tone and he was uncomfortable with their attitude.
- 6.8 **HM Treasury (HMT).** The CEO reported that ENTRUST had been asked to attend a meeting with HMT and HMRC, to provide detailed information on the regulation of the Scheme. The meeting covered a number of areas, which he believed was very productive to all parties. Following the meeting HMT made a request to receive a considerable amount of data relating to the operation of the top 10 EBs.
- 6.9 **Scottish Landfill Communities Fund.** The Scottish Government has issued a consultation document relating to the operation of the Scottish LCF, which the CEO updated the Board on. It was now clear that the Scottish Government were fully committed to a new scheme, but how that would operate was unclear. He also advised that a meeting had been set up on 14 January 2013, to discuss this issue, which he had been invited to attend. Finally, it was important for ENTRUST to consider how the wind down of the scheme would operate and how the legislative changes would work in practice. The CEO to provide a report for discussion with HMRC.
- 6.10 **ACTION:** The CEO to provide a report for discussion with HMRC on the Scottish LCF.

7. COMPLIANCE UPDATE

- 7.1 The HOO introduced the paper and picked out a number of key points in the paper.
- 7.2 Appendix B reported that there were 50% of breaches categorised as 'other', which had been further analysed since the meeting, reducing the 'other' category to 4%. The more detailed categories will be provided in the paper to the March 2013, meeting.
- 7.3 **This item was an addendum item for the Board (See Appendix A).**
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- 7.7 A question was raised by AE as to whether the Board received updates on the coverage of risk against plans, and it was agreed that this would be considered for the next Board meeting. AE agreed to provide a copy of the type of internal compliance report she had in mind.

7.8 **ACTION:** A report on the coverage of risk against plans for Compliance Inspections to be considered for the next Board meeting.

7.9 **ACTION:** AE to send the HOO a Compliance report for information.

8. REGULATIONS UPDATE

8.1 The HOO introduced this paper

8.2 **Income Derived** – Guidance was issued to EBs and it was felt that a consultation exercise would be beneficial as some EBs have asked for more guidance and the Board agreed to this change of the consultation programme.

8.3 **This item was an addendum item for the Board (See Appendix A).**

9. ENROLMENT AND REVOCATIONS

9.1 The HOO introduced the paper. The Chair commented that a number of EBs seeking voluntary revocation this quarter were based in Scotland – was there any significance in them? The HOO confirmed that this is due to LOs giving money directly to EBs in Scotland.

9.2 The Board formally approved the list of voluntary revocations between September and November 2012.

10. IT STRATEGY

10.1 The HOF introduced this paper which set out the strategy for the next five years. There was one significant piece of work to be tackled in the next year in relation to the updating of our website.

10.2 The three year contract with our hosting suppliers – Six Degrees Managed Data expires in October 2013 and a simple tender exercise for hosting will take place. A radius of 50 miles from the office will be used for ease of staff travelling to the host's site. The host supplier must also have ISO27001, which provides additional reassurance that best practice Information Management Security System principles are in place for all data provided, stored and backed up through our hosted service.

10.3 SR informed the Board that HMRC have a data security for emails using 'gis' emails addresses. It was suggested that a shared workspace is created for storing documents. It was agreed that SR would speak to the HOF following the meeting to discuss this further.

10.4 **ACTION:** The HOF and SR to discuss shared workspace.

11. WEB-SITE SPECIFICATION

11.1 The HOF introduced this paper and explained the key issues relating to the project, including the costs, development of the specification including stakeholder's requirements and the project management structure.

11.2 The Board thanked him for his comprehensive presentation and considered that the project management could be devolved in this case to the Executive to manage and that the Programme Board should consist of the Chairman and CEO.

11.3 The HOF also confirmed that in developing the site, we would make it clear at the tendering stage that the IP ownership would be retained by the Company. The Board agreed that subject to the funding being provided by HMRC, the project should commence as per the agreed timetable.

12. CORPORATE COMMUNICATIONS STRATEGY

12.1 The HOF introduced this paper, which set out the key communications principles, corporate messages we wish to convey and our key target audiences. The paper also considered our principle communications channels and as part of the strategy we will undertake a review of the use of social media networks, which was last considered in 2010. The Board thanked him for the paper, but they believed it needs to be refocused in a number of areas and therefore recommend that the Company contacts a Corporate Communications Consultant to seek advice. The Board asked that the HOF provides an update at their next meeting.

12.2 **ACTION:** The HOF to obtain the services of a Corporate Communications Consultant for half a day for advice and guidance.

12.3 **ACTION:** The HOF to update the paper and present it to the March 2013 meeting.

13. VALUE FOR MONEY FROM EXTERNAL TRAINING EVENTS

13.1 The HOO introduced the paper and informed the Board that it was easy to inform them of the cost of the training, but that it was harder to know the value of the training. Following training for EBs there is still non-compliance which primarily arises from EBs late with the reporting requirements of the Regulations, although this is an area that is stressed during the training.

13.2 There are two formal training sessions for EBs with a basic session and an advanced session. EOL training was also carried out when the system was introduced through software which enabled a group of users to connect to specialist software or attend an event at our offices to receive training. Videos were also placed on the website on how to complete certain forms. AE informed the Board that she had recently attended a basic training session in Leamington Spa and felt that it was very informative.

13.3 There are also other types of events which coach EBs to compliance such as regional network events which are being held at some of the larger EBs offices which helps in keeping the costs down. These events are for EBs to discuss issues in an open forum with each other. The HOO reported that the first event was held in Taunton and that an invitation had been sent to 300 EBs with six turning up. Although it was a disappointing response the HOO felt that useful discussions took place.

14. HMRC VERBAL REPORT

- 14.1 SR advised the Board that he had been confirmed in post and the issues that he wished to bring to the Board's attention had already been discussed.

15. AUDIT COMMITTEE

- 15.1 WL provided a review of the items discussed at the Audit Committee meeting including:

- Corporate Governance Framework which had remained unchanged apart from minor amends;
- Risk management. A discussion had taken place on the Strategic Risk for the Scottish Landfill Communities Fund and the view that this was a subset of Government policy;
- Change in Accounting policy, although there was no financial implication and that the policy had been checked and wording clarified.
- A review of Internal Audit policy had identified areas of risk and a framework for discussion was required; and
- The Chairman asked the Board to approve the appointment of Crowe Clarke Whitehill as the external auditors for a period of three years. The Board agreed this appointment and asked that the HOF write to Crowe Clarke Whitehill to confirm the appointment.

ACTION: The HOF to write a letter confirming the appointment.

16. HUMAN RESOURCES & REMUNERATION COMMITTEE

- 16.1 AE provided the Board with an update of the items discussed by the Committee at their meeting including:

- The Human Resource report;
- Health & Safety report;
- Independent pay review;
- Recruitment campaigns; and
- Proposals for the Staff Survey.

17. ANY OTHER BUSINESS.

- 17.1 The Chairman noted for the minutes that this was the last Board meeting that the HOO would attend due to her leaving the organisation in February 2013. He thanked her for her support and work over the last four years.

- 17.2 Senior Non-Executive – The Chairman proposed and the Board agreed that WL will be appointed as the Senior Non-Executive, which as part of his responsibilities would include him deputising for the Chairman as and when required.

- 17.3 Corporate Calendar – The Board requested that this item is listed on all future agendas.

17.4 **ACTION:** To list the Corporate Calendar on all future Board agendas.

18. DATE OF NEXT MEETING

18.1 The next meeting will be held on 13 March 2013, at 60 Holly Walk, Leamington Spa

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CHAIRMAN SIGNATURE

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DATE