

CONFIRMED MINUTES**93RD BOARD MEETING****TUESDAY 29 MARCH 2011 AT HOLLY WALK, LEAMINGTON SPA**

PRESENT: PHILIP SMITH (PS) (Chairman)
WILL LIFFORD (WL)
JOHN KING (JK)
LORRAINE CLINTON (LC)
CHRISTOPHER WELFORD (Chief Executive)

IN ATTENDANCE: MARK CROOK (Head of Finance)
MARY HAWKINS (Head of Operations)

BY CONFERENCE CALL: LEONNE JACKSON (LJ) HMRC
ANDY WIGGINS (AW) HMRC

BOARD SECRETARY: HELEN MACCALLUM (HM)

1. INTRODUCTION

1.1 The Chairman welcomed everyone to the meeting.

2. APOLOGIES

2.1 No apologies were received.

3. DECLARATIONS OF INTEREST

3.1 There were no Declarations of Interest recorded.

4. MINUTES OF THE PREVIOUS MEETING

4.1 The minutes of the last Board meeting were tabled. The Chairman asked that the Head of Operations (HOO) and Leonne Jackson (LJ) resolve the matter at paragraph 8.1 outside of the meeting and report back at the next Board meeting.

4.2 **ACTION:** The HOO and LJ to agree revised wording of the minutes.

4.3 In paragraph 6.14, the Chairman confirmed that he had written to Marek Gordon thanking him for his attendance at the last Board meeting and he had received a response back from him.

5. ACTION POINTS

5.1 **RESEARCH TENDER:** The Head of Finance (HOF) informed the Board that the Internship was advertised on the "My Advantage" website through Warwick and Wolverhampton Universities. We had received 10 applications and it was proposed that the interviews should take place at the beginning of April 2011. The Board set a deadline of end of April to have the post filled.

5.2 **ACTION:** The HOF to circulate intern advert to the Board.

5.3 **EXPENDITURE ON LEGAL WORK:** Following discussions, with Pannones they had reduced their hourly charge out rate, as they are now using a blended rate. The HOF has also contacted a local firm who have quoted similar blended rates. The Chief Executive Officer (CEO) advised that for litigation matters, we would still use Pannones, but we would also look to transfer general legal advice work to local firms.

- 5.4 **FORECASTING LEVY INCOME:** The Chairman and the CEO had met regarding the forecasting model and they had reached an outline plan for developing and implementing a new model.
- 5.5 **ACTION:** The HOF to develop and implement new forecasting model.
- 5.5 **ACCREDITATION:** The HOO updated the Board on the list of accredited EBs. It would appear that EBs do not readily see the benefits of being accredited. The Board requested the HOO to consult with EBs as to how the process could be improved and following this consultation review the benefits of the accreditation process.
- 5.6 **ACTION:** The HOO to consult with EBs and report back to a future Board meeting on how the accreditation system can be improved.
- 5.7 **CONTRIBUTING THIRD PARTY (CTP) CONSULTATION REPORT:** The HOO reported that the new EOL system allows EBs to report details of CTPs, however the real issue with CTPs is how and when they will be reported, which will be the subject of a consultation exercise. The HOO also advised that the new EOL also allows for assets to be identified at the project registration stage.

6. OPERATIONAL REVIEW

- 6.1 **Financial Position:** The Chair complimented the SMT and the staff for the outcomes for the year included in the report. The HOF introduced the paper outlining the current operating position for the period. We envisage making a small surplus primarily driven by efficiency savings. He also highlighted that the forecast tonnage was about 24million for the year. The HOF also advised that due to the increase in VAT the expenditure has increased by £8,000 for the next financial year.
- 6.2 **Levy Income:** The levy will be £56 from 01 April 2011, if tonnage remains at current levels, we estimate that we will make a £200,000 levy surplus at the year end. However he also advised that to breakeven tonnage levels would have to reduce by 13%.
- 6.3 **Treasury Management:** We are currently using four banks to mitigate the risk of our financial exposure. The HOF updated the Board on the rates of return and investment potential.
- 6.4 **Targets:** The HOF reported that all key performance indicators and management targets are due to be delivered by the year end.
- 6.5 **Landfill Communities Fund Information:** The Board had no comments on the report however they felt that Appendix F could be improved if it included prior year comparison data. The HOF confirmed that he would expand the Appendix to include this data.
- 6.6 **ACTION:** The HOF to add comparison data to Appendix F.

7. Addendum item for the Board

8. REGULATIONS UPDATE

- 8.1 The HOO introduced the paper, which covered a number of areas. The Small Grant Scheme (SGS) is clearly not being used by the accredited EBs and from our research it is because the limits for the scheme are too low. The HOO proposed that the scheme should be discontinued, but the Board considered it was appropriate to defer this issue until the review of the accreditation system had taken place. The Board also asked the HOO to consider if the scheme should be extended to all EBs.

- 8.2 **ACTION:** The HOO to provide the Board with information on the potential to extend the SGS to all EBs.
- 8.3 Proposals for future consultation were considered and the Board agreed to two consultation exercises being carried out on Derived Income and the public element of Objects D and E. The HOO advised the Board that for a number of EBs, derived income will be a controversial area.
- 8.4 The HOO also advised the Board of work being undertaken to review Governmental Department business plans with a view to reviewing the Value for Money (VFM) questions for continued relevance. It was agreed that there should be a discussion with HMRC as to whether this area should be reviewed.
- 8.5 **ACTION:** The HOO to discuss the potential for a further review of VFM questions with HMRC

9. ENROLMENT AND REVOCATIONS

- 9.1 The HOO introduced the paper. She noted that there has been a 33% reduction in enrolments for 2010/2011 and whilst it is difficult to ascertain why the figure had reduced, she recalled that the previous year had shown an increase in enrolments. The Board approved the list of enrolments and revocations.

10. MANAGEMENT OF LANDFILL COMMUNITIES FUND ASSETS CONSULTATION REPORT

- 10.1 The Chairman noted that a considerable amount of work had gone into preparing this report.
- 10.2 The HOO advised that both EBs and Landfill Operators (LOs) would like clarity on the requirement to comply with the Landfill Tax Regulations 1996 (Regulations). The EBs who responded to the consultation in the majority were the larger EBs who already have policies in place.
- 10.3 The Board reviewed the paper and their discussion covered a number of issues especially in relation to the application of claw back on land and buildings.
- 10.4 Having considered the report the Board considered that the current Regulations should be reviewed and when appropriate consideration given to change to provide stakeholders with clarity and on this basis they approved the report for submission to HMRC. They also requested that all recommendations are allocated target implementation dates and progress on the implantation of the recommendations is reported to future Board meetings.
- 10.5 **ACTION:** The HOO to report back to future Board meetings on target dates against each recommendation in the report.

11. IT STRATEGY

- 11.1 The HOF introduced the paper. Since the last submission to the Board there have been a small number of changes, the main one being the relocation of our servers to a new provider. He also outlined our future plans with the next major IT development being our website, which was provisionally earmarked to be redeveloped in the 2012/2013, reporting year. The Board thanked him for the report and requested that any changes to the strategy are reported to them every 6 months.
- 11.2 **ACTION:** The HOF to provide the Board with updated changes to the IT Strategy every 6 months.

12. EOL

- 12.1 The HOF introduced the paper and informed the Board of the progress that had been made in developing the system. He went on to advise that we had communicated to all the EBs that the old system will shut down at 1200 on 31 March 2011 and that the new system should go live at 1400 on 01 April 2011
- 12.2 The Board thanked him for the update and asked what arrangements had been made to manage EB enquiries and what contingency plan was in place to deal with the failure of the new system.
- 12.3 In response, he advised that a communications strategy had been drawn up ensuring that all EBs were advised of all changes, a dedicated helpline had been set up to deal with any queries and finally that should the system fail that we could quickly revert back to the old system. The Board thanked him for the paper and asked for lessons learnt paper at the next Board meeting.
- 12.4 **ACTION:** The HOF to prepare a paper on lessons learnt for the next Board meeting.

13. TERMS OF APPROVAL

- 13.1 The CEO provided the Board with a verbal update on the current position. Generally good progress has been made in agreeing the Terms of Approval (TOA), unfortunately it has not yet been signed as we are still in negotiation with HMRC on a small number of issues of principal. However we are hopeful that these matters will be resolved by the end of April. To ensure we continue to carry out our work HMRC agreed a three month variation to our TOA.
- 13.2 Once the TOA was agreed with HMRC, the CEO would circulate the document to the Board with the major changes shown compared to the last TOA.
- 13.3 **ACTION:** The CEO to circulate the final draft TOA document to the Board.

14. 2011/2012 CORPORATE PLAN

- 14.1 Following the Boards previous direction the Plan had been drafted to make it more user friendly. The CEO anticipated that the printed version would be distributed by mid May 2011. The Board requested that a small number of textual amendments are made to it and the final version is sent to HMRC for information purposes prior to it being sent to the printers.
- 14.2 **ACTION:** The CEO to send HMRC final draft version of Corporate Plan.

15. HMRC UPDATE

- 15.1 HMRC provided a brief overview of Budget 2011 and its impact on the management of the LCF, which they considered in the current economic climate, was very positive. The CEO asked HMRC to advise the Scottish Executive of ENTRUST's role in the management of the Landfill Community Fund (LCF). The CEO also asked whether HMRC had been involved in the DEFRA proposed consultation exercise of the implication on landfill tax on local authorities. HMRC had not been involved but would advise ENTRUST at the next meeting.
- 15.3 **ACTION:** HMRC to provide updated regarding DEFRA by next HMRC meeting.

16. AUDIT COMMITTEE UPDATE

- 16.1 WL provided a review of the items covered including:

- Internal audit plan;
- External audit plan for the 2010/2011, accounts which is due to start in May; and
- Business Continuity Plan.

17. HUMAN RESOURCES & REMUNERATION BOARD

17.1 JK provided an overview of the items covered at the meeting which focussed on:

- Staff Update;
- Health and Safety Update; and
- Staff pay rise and bonus.

18. ANY OTHER BUSINESS

18.1 **Budget 2011/2012:** The Chairman sought the Board's approval to ratify the budget, which they agreed to endorse.

19. NEXT MEETING

19.1 The next meeting is to be held at 28 June 2011 at 60 Holly Walk, Leamington Spa.

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CHAIRMAN SIGNATURE

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DATE