

CONFIRMED MINUTES
97th BOARD MEETING
WEDNESDAY 21st MARCH 2012 AT HOLLY WALK, LEAMINGTON SPA

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

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

BY CONFERENCE CALL: ANDY WIGGINS (AW) HMRC

OBSERVER: ANNA EAST

BOARD SECRETARY: HELEN MACCALLUM (HM)

1. INTRODUCTION

1.1 The Chairman welcomed everyone to the 97th Board meeting.

2. APOLOGIES

2.1 Apologies were received from Leonne Jackson (LJ), HMRC.

3. DECLARATION OF INTERESTS

3.1 There were no Declarations of Interest submitted and it was noted that the Board should formally submit their annual returns.

3.2 **ACTION:** All Board members to complete a Declaration of Interest forms.

4. RATIFICATION OF APPOINTMENTS TO THE BOARD

4.1 The Board were happy to ratify the appointments to the Board of AL from 01 January 2012 and AE from 01 April 2012.

5. MINUTES OF LAST MEETING

5.1 The minutes of the last Board meeting were tabled and it was agreed that they represented a true record.

6. ACTION POINTS FROM PREVIOUS MEETING

6.1 Serial 2 - Reduction in Income in the Operational Review. The Head of Finance (HOF) could not identify reasons for the reduction in the amount of income from the application fees.

6.2 Serial 3 from 93rd Board meeting – Contributing Third Party (CTP) consultation report – HMRC have agreed that they will now consult on this topic as they regulate the Landfill Operators (LOs). It was noted that there has been concern caused around this difficult issue, and there appears to be a difference in views as to whether it was a change of Regulations. The onus is upon HMRC and for the Company to get together to resolve this issue.

6.3 **ACTION:** Meeting to be set up between HMRC and Company to find a resolution on CTP.

7. OPERATIONAL REVIEW

7.1 The HOF introduced this paper and provided a summary of the key points. In Section 5 – Inspections Costs the table at 5.3 gives a breakdown of the inspection type, although the figures look as though they have increased, the average cost has gone down. This is due to the change in proportion of Project and CFI inspections.

7.2 Forecast of Outturn – A surplus of £55k for the year was forecast, together with additional cash resources of £68k. General reserves changes were noted.

7.3 Treasury Management – the HOF advised that following the review of credit rating policy we would identify new bank accounts to further help mitigate the Company's exposure risk following the downgrading of a number of banks.

7.4 Deferred Income – The plan for Deferred Income was set to break even, although in the year the Company actually released more than the budgeted figure and the actual deferred income was higher than forecast.

8. COMPLIANCE UPDATE

8.1 The Head of Operations (HOO) introduced this paper, which covered a number of issues.

8.2 Addendum item for the Board.

8.3 It was noted that a number of larger Environmental Bodies (EBs) wished to revoke their EBs status. Due to the scale of projects that the larger EBs have, we have a set procedure to make sure that the closure of the EBs runs compliantly.

8.4 Company Directors – this information is entered on Entrust on Line (EOL) and it was noted that if we did not receive data the impact on the Scheme was marginal. However, if ENTRUST needs to force revocation we do need to know who all the Directors are as they cannot then become a Director of another EBs. It was noted that it is not a statutory requirement to identify Directors and there is no Regulation that requires this.

8.5 It was requested that the HOO look at the data and see how important it is and this will be discussed at the next Checkpoint meeting.

8.6 **ACTION:** The HOO to look at the data on Company Directors and discuss this issue at the next Checkpoint meeting with HMRC.

9. REGULATIONS UPDATE

9.1 The HOO introduced this paper which covered a number of points.

9.2 The Small Grant Scheme (SGS) – we are anticipating that a number of new EBs will join the SGS.

9.3 At the last quarterly Checkpoint meeting in Manchester there was a discussion with LJ around Regulation Team Standards and that the current system was likely to be replaced with a self assessment process.

9.4 There were issues on CTPs and the proposed 2012-2013, consultation exercise will assist clarification of the situation.

9.5 Income Derived –Discussions are ongoing with HMRC on this subject. A scenario would be that after a number of years EBs sell an asset, which had originally been purchased with LCF Funds, the money should come back to the Landfill Community Fund (LCF), but it is difficult for us to regulate that this would happen. It was agreed that we would work with HMRC to bring clarity on this by the end of December 2012.

9.6 The HOO explained that when we identify issues where EBs are abiding by the Regulations, but we consider the practices are not as the Regulations intended, we raise a 'Red Letter' with HMRC. The two matters concerning:

- The investment of qualifying contributions and spending income derived; and
- The ENTRUST conditions.

These issues had been resolved so the Board agreed to remove them from the red letter issues reporting database.

10. ENROLMENT AND REVOCATIONS

10.1 The list was reviewed and approved by the Board.

11. CORPORATE PLAN

11.1 Amendments have been made to provide more clearly a flavour of what we do as a Company. It was agreed that the plan would be sent to the organisations listed in paragraph 3.2 of paper reference 97.7. More focused attention will be drawn to recipients of projects in their area.

- 11.2 It was noted that table in the Resource Requirements needed to be updated; the finalised Key Performance Indicators (KPIs) inserted; and the 2012-2013, budget figure needs to be updated.
- 11.3 It was confirmed that we have reviewed and amended our budget to take into account the request of HMRC that our budget should be capped to the previous year's level. AW advised that he was grateful for the work which has been carried out and he reported that on the KPIs, work is still ongoing and he has highlighted some changes, but in principle, he was confident agreement could shortly be reached on this subject.
- 11.4 The Board also considered that there is a need to build up the photo bank for use in the Corporate Plan for future years; it also questioned whether we sought feedback from the organisations the Plan was sent to.
- 11.5 **ACTION:** The HOF to amend the Resource Requirements and finalise the KPIs with HMRC.

12. ACCREDITATION REVIEW

- 12.1 The HOO introduced this paper and explained that the principal issue was whether we should continue with the Accreditation Scheme as only a handful of EBs have been through the process.
- 12.2 The Board considered that the Company should be advising EBs early on in the accreditation process if they do not believe they will get benefit from joining the scheme. On balance, the Board considered that the scheme should continue but stressed that the Company should tell EBs if it is not in their best interest to become accredited.
- 12.3 **ACTION:** The Company to advise EBs early on in the accreditation process if it is felt they will not get benefit from accreditation status.

13. ENVIRONMENTAL BODY TRAINING 2011/2012 AND PLANS FOR 2012/2013

- 13.1 The HOO introduced the paper, which covered a number of issues. The Board were asked to approve a revised training strategy. A number of new initiatives were proposed. Having reviewed the changes to the strategy, the Board approved them..
- 13.2 The Board were then asked to approve the training report for the year and were asked to note the dates and venues for next year's training events. The Board approved the report.
- 13.3 **ACTION:** The HOO to arrange to send the proposed dates for training for 2012/2013 to Board members.

14. ADDENDUM ITEM FOR THE BOARD

15. AUDIT COMMITTEE

15.1 WL provided a review of the items discussed earlier in the day including:

- The Internal Auditor (IA) provided the Committee with four reports;
- The 2011-2012 Internal Audit programme had not been fully delivered due to time pressures, two of the audits have been carried over to the next financial year;
- 2012-2013 Internal Audit programme had been discussed and the Committee requested that the plan be reviewed and changed;
- External audit programme – there was an update on the current financial situation of RMS Tenon. Assurances were required in writing that normal service will be available throughout the audit;
- Update on Risk Management; and.
- Update on benefits delivered of the ENTRUST on Line (EOL).

16. HUMAN RESOURCES AND REMUNERATION COMMITTEE

16.1 JK provided a review of the items discussed including:

- The Human Resource report;
- Health & Safety report; and
- Whether the Company should look at achieving ISO9001 and it was agreed not to pursue this standard.

17. HMRC UPDATE

17.1 HMRC provided an update on current issues. They awaited comments from the Scottish Office on the future of the scheme in Scotland.

17.2 AW notified the Board that this would be the last Board meeting he will attend as he is moving into a different area within HMRC. His replacement will be Steve Robinson (SR) and it was agreed with the Board that it would be helpful to meet with SR.

17.3 The Board gave AW their thanks for his input over the last few years and wished him well in his new area.

18. CHIEF EXECUTIVE OFFICER VISIT SCHEDULE

18.1 The Board noted the schedule.

19. ANY OTHER BUSINESS

19.1 The CEO has contacted the Scottish Office to offer to brief them on the LCF, but had not received any response back from them.

20. DATE OF NEXT MEETING

20.1 The next Board meeting will be held on Tuesday 26 June 2012, at 60 Holly Walk, Leamington Spa.

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CHAIRMAN SIGNATURE
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DATE