

CONFIRMED MINUTES
106TH BOARD MEETING
WEDNESDAY 18 JUNE 2014 AT HOLLY WALK, LEAMINGTON SPA

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| PRESENT: | PHILIP SMITH (PS) (Chairman) ANN LIMB (AL) WILL LIFFORD (WL) ANNA EAST (AE) CHRISTOPHER WELFORD (Chief Executive) |
| IN ATTENDANCE: | ALISON BENNETT (Head of Operations) MARK CROOK (Head of Finance) STEVE ROBINSON (SR) HMRC HELEN McCARTHY-DEEKS (Communications Manager) for item 12 |
| APOLOGIES: | LORRAINE CLINTON (LC) |
| BOARD SECRETARY: | HELEN MACCALLUM |

1. Introduction

1.1 The Chairman welcomed everyone to the 106th Board meeting.

2. Apologies

2.1 Apologies were received from LC.

3. Declaration of Interests

3.1 WL declared that a member of his family was involved with an organisation who received funding from an Environmental Body (EB).

3.2 The Head of Finance (HOF) declared an interest that his wife is a member of the PCC for St Thomas Church, Garratts Green, Birmingham and that the church had made an application for funding to Veolia Environmental Trust.

4. Minutes of last meeting

4.1 HMRC felt that the wording in paragraph 6.6 should be amended to reflect that they do not have control when a payment is made by a Landfill Operator (LO) to an Environmental Body (EB). The Board agreed to the changes and subject to these be made the minutes were approved and will be signed by the Chairman.

5. Action points

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

5.2 Point six – Accredited EBs. The Head of Operations (HOO) has spoken to both accredited and unaccredited Environmental Bodies (EBs) about the benefits of

accreditation. EBs currently accredited who conduct their own project approvals recognised the benefits. However, others who are not currently accredited did not want to undergo the review and wanted to retain the assurance provided by ENTRUST project approval. There were no perceived benefits in terms of a reduction in administrative burden. The Chairman requested a summary paper for the September 2014 Board meeting on the costs and benefits of the accreditation system and how the scheme should be increased.

5.3 **Action:** The HOO to prepare a summary paper for the September 2014 Board meeting on the costs and benefits of the accreditation system and how it can be improved to increase its take up.

5.4 Point 10 – Regulations Team Standards. This action is on track for completion.

5.5 It was noted that the actions outstanding from previous meetings are all on track to be completed by September 2014.

6. Corporate Support

6.1 The HOF introduced this paper which includes other areas within his remit to include Communications, IT, and Quality Assurance in addition to the existing report.

6.2 **Resource Requirement** – The Head of Finance (HOF) updated the Board on current level of contributions being received by EBs during the first two years of the financial year. The HOF informed the Board that based on the agreed funding model we were anticipating a surplus of levy in excess of £500k.

6.3 The Chief Executive (CEO) informed the Board that EBs were not always aware of when and what LOs would be paying to them in qualifying contributions and gave an example of an EB that had received £4m in contributions in January 2014 that it was not expecting.

6.4 The Chairman requested that the Board is given an understanding of how the contributions received by other EBs to date are £5.9m higher than in the same period last year.

6.5 **Action:** The HOF to provide the Board with an explanation of the additional funding provided during 2014/2015.

6.6 **Key Performance Indicators (KPIs).** The KPIs for 2014/2015 are currently with HMRC for approval. The Chairman requested that HMRC approve and sign them off by the end of June 2014. He also requested that the Board are sent copies of the KPIs.

6.7 **Action:** The HOF to ensure that all the KPIs for 2014/2015 are approved and signed off by HMRC by the end of June 2014.

6.8 **Action:** The Secretary to send the KPIs for the Board for their information.

- 6.9 **Quality Assurance and Performance** – WL advised the Board of the findings of the quality assurance review of the Registrations Team, which had identified a number of issues that needed addressing. An Action Plan has been drawn up and measures are being taken to manage these issues and an updated report was being submitted to the Audit Committee in September 2014.
- 6.10 **Terms of Approval (TOA)** – These had been re-signed with HMRC, but a further discussion will be held regarding the extension of the audit out period of the Fund from one to two years.
- 6.11 **Board liaison** – The CEO has met with the Board members from three of the largest EBs and from discussions it is felt there is a need to develop and engage with the Board Member's in order to provide them with a balanced view of the operation of the Fund.
- 6.12 **Landfill Communities Fund (LCF) in Wales** – HMRC informed the meeting that discussions for closing the Fund in Wales have not taken place and that HMRC will agree a date for the rundown of the Fund with the Welsh Government.

7. Compliance

- 7.1 The HOO introduced this paper. It was noted that the draft inspection reports were being issued within the timescales. The Report's Appendix B "cases under managed closure procedure" contains a lot of information and the Board on reflection decided that this appendix did not need to be included in the future, but that any issues arising from asset monitoring or managed closure should be included in the Compliance update.
- 7.2 **Action:** The HOO to include any issues arising from asset monitoring, or managed closure in the Compliance update.
- 7.3 A discussion was held on the best way of engaging with EBs. ENTRUST has a Twitter account, and when Consultations are issued Twitter is used to inform followers. The Board felt there is a risk of not being quick to respond to tweets.
- 7.4 Compliance internal performance – The Board asked whether they would see any internal performance issues. The CEO informed them that the Quality Assurance and Performance Officer (QAPO) attends the Senior Management Team (SMT) meetings and any concerns about internal performance or exceptions and corrective actions are discussed.
- 7.5 A brief discussion was held as to the amount of compliance inspections carried out during 2013/2014 and whether priority visits have an impact on visits arranged. It was noted that some of the inspections were desktop reviews.

8. Enforcement

- 8.1 **Closed enforcement cases.**

8.1.1 The Board had no questions on the closed cases.

8.2 Current cases

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

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

8.3 Issues identified since last meeting.

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

8.4 Form 4s

8.4.1 The review of the 2014 Form 4 strategy will be presented to the September 2014 Board meeting for their review. The HOO reported that as at 18 June 2014 a return rate of 96.87% of Form 4s being received which was ahead of the same time last year.

8.4.2 **Action:** To present a review of the 2014 Form 4 Strategy for the September 2014 meeting for the Board's review.

8.4.3 There are 93 EBs on the Naming and Shaming list who have not submitted a Form 4 return, but 90 of those have received no funds and it was noted that one EB has received £30,000. We have drafted a condition that is with HMRC for consideration where EBs are on the Naming and Shaming list are unable to register projects until a Form 4 has been received.

9. Registrations

9.1 The HOO introduced this paper which covers the full activity of the department and also the Quality Assurance report that went to the Audit Committee.

9.2 Open day – as part of the proposed training, an open day is being piloted for 26 June 2014, eight people are attending and during the day workshops will be held and the attendees will also have the opportunity to have a tour of the offices and meet some of the staff. It is felt that this will be a more informal approach to basic training. The Board questioned whether there were other means of encouraging EBs to attend. The HOO responded that this was one of the new ideas being trialled as part of the training strategy, alongside the development of web-based materials such as videos.

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

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

10. Regulations

10.1 The HOO introduced this paper and highlighted the salient points. The provisional figures on the outcome of the Challenge had been reported to HMRC at the end of May, with a number of caveats. It was noted that ADEB are keen for the figures to be published as soon as possible, and were writing to HMRC to encourage publication.

HMRC confirmed they are working with HMT on lines to take, and these would be shared, as far as possible, with ENTRUST in advance of the publication of the Challenge outcome.

- 10.3 **Red letters** – there are two red letters which have been forwarded to HMRC. These relate to the treatment of endowment funds in Scotland following the closure of the LCF and what constitutes “unspent funds” and the monitoring of assets in Scotland following the closure of the LCF.

11. Enrolment and Revocations

- 11.1 The Board formally approved the list of enrolments and voluntary revocations between 01 March and 31 May 2014.

12. 2013/2014 Annual Report

- 12.1 The Communications Manager (CM) attended the meeting for this item. The 2013/2014 Annual Report will be published on the ENTRUST website and will be available from 11 July 2014. A summary version will be produced and 400 copies will be printed. The Board thanked the CM for her work on the report.

13. 2013/2014 Annual Accounts

- 13.1 The HOF introduced the papers to the Board. He explained that they had been subject to review by the Audit Committee who had requested some minor changes to the Director’s report. These changes had been made and the Audit Committee recommended that they be approved by the Board. He also advised that the Committee had been advised by External Audit that they could be signed without waiting for them to be approved by the Annual General Meeting. The Board thanked him for his briefing and agree that the accounts be signed off.

14. Security Policy

- 14.1 Following the recent review of how we comply with the HMG Security Framework a number of actions were identified. One of these was to review and update our Security Policy and the HOF presented the revised Policy for Board approval
- 14.2 The HOF informed the Board that the Policy reflects our current ways of working and excluded having a formal protective marking scheme in place having discussed this requirement with HMRC, who informed us that they did not require us to and it was for us to decide.
- 14.3 The Board asked about security relating to the use of Social Media such as Twitter. The HOF stated that the Policy made no reference to specific online facilities as these change regularly, but that the principles surrounding data security and the approved dissemination of data were clearly set out in the document and applied to all forms of media and communication channels. The CM is currently preparing a Social Media Strategy that will include the risk of data loss and security.

14.5 HMRC asked whether the discretionary marking scheme included in the Policy was based on the updated scheme recently introduced. The HOF stated that it would be based on the older scheme as we do not have site of the new scheme and HMRC stated that if possible they would share this with us.

14.6 **Action:** HMRC to consider if they can share the new protective marking classification with ENTRUST.

15. Audit Committee update

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

- The Annual Accounts were agreed taking into account changes to the Directors Report and recommended to the Board for approval;
- Management Assurance the Committee requested that the report be revised to take account of comments made by the Committee;
- Risk Management it was noted that there was no change to the current strategic risks being managed by the Company; and

16. Human Resources & Remuneration Committee update

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

- The Human Resource report, it was noted that the apprentice has now been employed on a permanent basis;
- Health & Safety report;
- Staff Bonus payments;
- Staff Survey results;
- Investors in People Report; and
- The Terms of Reference for the Committee which was formally agreed; and
- The Objectives for 2014/2015 for the CEO.

17. HMRC update

17.1 On behalf of HMRC, SR gave thanks and best wishes to the Chair on his retirement. It was noted that there are going to be changes to the team at HMRC and SR will email the CEO with the details.

18. Any other business

18.1 **Scotland devolution** – The CEO made it clear that LCF money will not be spent in helping the Scottish Environment Protection Agency (SEPA) in setting up the new body in Scotland.

18.2 **Thanks** – On behalf of the Board, AL recorded the Boards thanks to the Chairman for his work and support over the past 12 years and to LC for her work over the past

six years. The Chairman replied that it had been a fantastic experience and that he was very proud to have been association with ENTRUST.

18.3 Addendum item for the Board (See Appendix A).

19. Assets in Scotland

19.1 The information paper shows that this is a real issue on compliance that EBs can purchase assets. The value of the assets was calculated on the historical purchase cost and not the current market value. This issue has been flagged with HMRC.

20. Level of Unspent Funds held by EBs at 31 March 2014

20.1 The Board felt that this information paper would have been more helpful to have included the monetary value and it was agreed that this paper is presented to the September meeting with more detailed information. It was noted that some of the EBs have met the Government's Challenge but that there are some who have not. This paper will be shared with HM Treasury.

21. Date of next meeting

21.1 The next meeting will be held on 17 September 2014, at 60 Holly Walk, Leamington Spa

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CHAIRMAN SIGNATURE

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