

CONFIRMED MINUTES
105TH BOARD MEETING
WEDNESDAY 12 MARCH 2014 AT HOLLY WALK, LEAMINGTON SPA

PRESENT:	PHILIP SMITH (PS) (Chairman) ANN LIMB (AL) LORRAINE CLINTON (LC) ANNA EAST (AE) CHRISTOPHER WELFORD (Chief Executive)
IN ATTENDANCE:	ALISON BENNETT (Head of Operations) MARK CROOK (Head of Finance) LEONNE JACKSON (HMRC) (by teleconference) HELEN McCARTHY-DEEKS (Communications Manager) for item 13
APOLOGIES:	WILL LIFFORD (WL) STEVE ROBINSON (SR) HMRC
BOARD SECRETARY:	HELEN MACCALLUM

1. INTRODUCTION

1.1 The Chairman welcomed everyone to the 105th Board meeting.

2. APOLOGIES

2.1 Apologies were received from WL and SR.

3. DECLARATION OF INTERESTS

3.1 Declaration of Interest forms have been issued to the Board Members, the Chairman requested that these were returned to the Board Secretary as soon as possible.

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 The minutes of the last Board meeting were approved.

5. ACTION POINTS FROM PREVIOUS MEETING

5.1 The Board noted the action points which are completed with the exception of serials 4 – 6, which have completion dates of September 2014.

6. OPERATIONAL REVIEW

6.1 The HOF introduced this paper. He informed the Board that contributions stood at £62.6m and the current estimate indicated that the year-end contribution position

would be approximately £69m, some £2m less than the December forecast. This would result in a levy shortfall of approximately £50k.

- 6.2 This will have an implication on the level of deferred income held to fund the future wind up of the scheme and as at 31 March 2014 we may not have sufficient to fund our estimated cost of a one year wind up period; this has been flagged up to HMRC. The Chief Executive (CEO) has constantly reviewed our finances due to the issue on the change in contribution payments to the largest EB and while we anticipate that the business can be managed it does raise questions about our status as a going concern and that as a consequence there may need to be amendments to the Terms of Approval (TOA) to reflect the shortfall.
- 6.3 **ACTION:** The CEO to have a scheduled paper for the June 2014 Board meeting on how this is being managed.
- 6.4 If the contributions of £12m are made to the EB as expected in April this will increase our deferred income level to above the estimated level required, but because of the larger contribution, will be released in larger amounts to turnover than would have happened previously.
- 6.5 The shortfall in levy arising in 2013/2014 should be recovered through the funding adjustment mechanism when the 2015/2016 resource requirement is submitted and HMRC confirmed that this would be the case.
- 6.6 The Executive considered that the aim of the change in contribution payments was to help the EB meet the Governments challenge.
- 6.7 HMRC could not confirm this but the impact on us of the decision clearly has a financial impact on us. The Board asked whether the change in payment profiles was included in the e Strategic Risk Register (SRR). The HOF believed he had added it but would confirm this at the next Board and the issue would be included on the agenda for the Board Strategic planning day.
- 6.8 **ACTION:** The HOF to confirm that the change in contribution payment profiles is included in the SRR.
- 6.9 **ACTION:** To put delay in contributions on strategic away day agenda
- 6.10 **Corporate Governance** – The framework was submitted to the Audit Committee for approval, but it needs some further reviews by the individual Committees.
- 6.11.1 **Key Performance Indicators (KPIs)** – The Board were made aware of the potential that KPI 3.3c relating to the submission of Transfer Notices may be missed as a result of changes in the transfer guidance and arrangements put in place to assist EBs to comply with the guidance. Without this change the target would have been achieved
- 6.11.2 In hindsight a discussion about this KPI should have been held with HMRC and a revision agreed.

6.12 Chief Executive Update

6.7.1 **Corporate Plan** – the Board approved the Plan in December which was then sent to HMRC who have indicated that they will sign it off next week.

6.7.2 **Budget** – The CEO asked HMRC whether the budget has been agreed, LJ couldn't comment but hopes that it will be agreed after the Government Budget. We are still in discussion with HMT.

6.7.2 **Terms of Approval (TOA)** – The CEO indicated to HMRC that the only change we were looking to have was the move from 12 to 24 months closure. In November 2013 the Chairman met with Sarah Harlen (SH) from HMRC and HMRC would look favourably on the proposal. ENTRUST wrote to HMRC in December 2013 and in January 2014 met with them and the only feedback was for Entrust to look at its reserves.

6.7.3 A call was received from HMRC in February 2014 asking to extend the TOA for one year which created considerable uncertainty. The CEO was disappointed with HMRC waiting another year to consider the implications on Scotland. He wished to flag these issues up to the Board. The Chairman informed the Board that the company needed certainty to provide continuity of service to HMRC.

LF said she would pass our comments to Sarah Harlen. PS is meeting SH and the onus is on HMRC – LJ was asked to give this message to SH.

6.7.4 **Framework for Scotland** – This was sent on 29 November 2013 and a response was received on 14 February 2014. HMRC will need to provide funds for Scotland. The Chairman stressed that the timing of decision making was important as clarity needs to be made.

6.7.5 **Government challenge** – The Chairmen of the top ten EBs are meeting with our Chairman on 15 April 2014, HMRC were asked if they had any issues with the way we were dealing with the Challenge. LJ said they were none.

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

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

7. COMPLIANCE UPDATE

7.1 The Head of Operations (HOO) introduced this paper and highlighted the most significant issues.

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

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

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

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

7.9 It was confirmed that the cases referred to HMRC were discussed monthly at the Checkpoint meetings.

7.10 Form 4 Strategy 2013/2014

7.10.1 The Board agreed to revoke 23 unfunded EBs who have been on the Naming and Shaming list for two years and who have not made annual returns. It was noted that three EBs have requested voluntary revocation following letters being sent out.

7.11 Accredited EBs

7.11.1 A discussion was held as on Accredited EBs and the Board asked that we obtain case studies from them to see what the benefits of being accredited are for other EBs. SITA Trust has indicated that they would be happy to prepare a case study. It was noted that the current pool of accredited EBs would reduce with the closure of the scheme in Scotland.

7.11.2 **ACTION:** The HOO to obtain case studies from Accredited EBs.

7.12 **Scottish Environment Protection Agency (SEPA)** are undertaking a fact finding visit to ENTRUST on 07 and 08 May 2014.

7.13 Cases under Managed Closure procedure (Appendix C)

7.13.1 The Board felt that there was a lot of data on this Appendix and requested that it is reported on materiality and focus on the key areas.

7.13.2 **ACTION:** The HOO to report on materiality and focus on the key areas of the cases under the Managed Closure procedure.

8. REGULATIONS UPDATE

8.1 The HOO introduced the paper and provided the Board with an update on the Regulations Teams work. There has been a good level of response to the current consultations and focus groups have been arranged.

8.2 Consultations

8.2.1 **Income Derived** – this consultation closed in January 2014 and a report is being prepared for the Board with the recommendations as to how this issue can be addressed.

- 8.2.2 Public Definition under **Objects D & E** – the consultation paper will be issued to stakeholders after Easter 2014.
- 8.2.3 **Value for Money (VFM)** – the consultation paper was issued in March 2014 and we are consulting on the VFM questions asked of project applicants, the consultation closes on 11 April 2014.
- 8.2.4 **Contributing Third Parties (CTPs)** –The HOO informed the Board that following the guidance issued in September 2013, the number of enquiries had reduced and we had also developed a series of Frequently Asked Questions (FAQs) for the website.
- 8.3 **Red letter issues** – It was noted that a new issue was sent to HMRC on 12 November 2013 concerning the lack of regulatory protection for the Landfill Communities Fund (LCF) assets following the dissolution of the EB or Landfill Operator. The Board felt that this issue was taking a long time to be dealt with by HMRC who were obtaining legal advice on assets. The Chairman agreed that he discuss timeliness when he meets with HMRC in April 2014.
- 8.4 **Scotland** – A discussion was held on the closure of the Scheme in Scotland. The Board were in agreement that it was appropriate that there was no spend after March 2017 in Scotland. There are a number of projects that should be considered case by case. The concern that the Executive has is if land has been purchased that this could be a valuable asset to the Scheme. The issues have been flagged as it is a reputational risk for us.

9. ENROLMENT AND REVOCATIONS

- 9.1 The Board formally approved the list of enrolments and voluntary revocations between 01 December 2013 and 28 February 2014.
- 9.2 **This item was an addendum item for the Board (See Appendix A).**
- 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. CORPORATE PLAN

- 10.1 The CEO advised the Board that we are still waiting for HMRC to approve the Corporate Plan. Previously we have printed full version, but it is proposed that a fold out version extracted from the plan will be printed with a copy posted on the website. 400 copies of the full plan will be printed and sent to our stakeholders.
- 10.2 HMRC informed the Board that we could expect confirmation of the Corporate Plan by the end of the following week. The Board were asked that if they had any comments on the plan that they email the HOF.
- 10.3 **ACTION:** The Board to email any comments on the Corporate Plan to the HOF.

11. 2013/2014 REGULATIONS TEAM STANDARDS (RTS)

11.1 The HOO introduced the paper and explained the background to the current standards and briefly ran through the RTS assessment for the current year. She then briefed the Board on ENTRUST's revised approach, which covers all of our regulatory work rather than focussing on the Regulations Team. Having considered the paper, the Board agreed to:

- Publish the current standards; and
- From the beginning of the next year, introduce the revised system.

11.2 **ACTION:** Publish the RTS report for 2013/14 and publish the new ERS.

12. 2013/2014 TRAINING REPORT

12.1 The summary report on the training delivered during 2013/2014 was presented, outlining the training sessions delivered, feedback scores and costs involved. The HOO went on to explain that ENTRUST's training was generally well attended and receiving good feedback but it only reaches a small number of EBs, it was therefore important that we considered new ways of extending its reach

12.2 The HOO explained that she had undertaken a review of the training strategy for the coming year to determine how the current framework could be improved and ensure that it delivered value for money (VFM). She believed that the proposals outlined in the paper delivered this objective.

12.3 AL welcomed the trialling of new training methods and materials and the Board asked whether we had the power to make newly enrolled EBs attend an hour of basic administration as well as keeping running the half day training session. We would need something in the registration process that requires EBs to undertake training.

12.4 **ACTION:** The HOO to publish the report of training delivered in 2013/2014, the training strategy for 2014/2105 and the dates for training days for 2014/2015.

13. COMMUNICATION STRATEGY

13.1 The Communications Manager (CM) introduced this paper and provided the Board with an assessment of the progress that had been made in delivering the previous year's plan. She then went onto outline the proposed changes to the existing strategy after taking into consideration the progress in delivering the current year's plan.

13.2 The Board thanked her for the update and they noted the excellent progress that had been made in delivering this year's plan, which they endorsed. They also noted the changes to the current strategy and agreed that they should be implemented.

14. QUALITY ASSURANCE FRAMEWORK

14.1 The HOF introduced this paper which set out how the benefits originally envisioned to be derived from the framework had been realised. The HOF explained that although the real benefit of the Framework can only be assessed over a longer period, he considered that over the twelve months since the launch and particularly

following the structural changes within the organisation we had begun to see the benefits.

14.2 The next Stakeholder Satisfaction Survey would give us a better feel for how the changes had impacted externally

15. HMRC REPORT

15.1 LJ had nothing to report, as a number of the issues that she had intended to cover, had been discussed during the meeting.

16. AUDIT COMMITTEE

16.1 LC provided a review of the items discussed at the Audit Committee meeting including:

- The Corporate Governance Framework;
- External Audit report;
- Management Assurance Framework;
- Strategic Risk Register;
- Business Continuity Plan; and
- IT Penetration testing.

17. HUMAN RESOURCES & REMUNERATION COMMITTEE

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

- The Human Resource report;
- Health & Safety report;
- Proposals to change the criteria for the Employee Reward Scheme;
- Agreed in principal to a cost of living pay rise subject to HMRC agreeing the Budget; and
- Staff bonus.

18. ANY OTHER BUSINESS

18.1 No items were raised.

19. DATE OF NEXT MEETING

19.1 The next meeting will be held on 18 June 2014, at 60 Holly Walk, Leamington Spa.

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CHAIRMAN SIGNATURE

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DATE