

**CONFIRMED MINUTES OF THE 108TH BOARD MEETING
WEDNESDAY 10 DECEMBER 2014 AT HOLLY WALK, LEAMINGTON SPA**

Present: Ann Limb (AL) (Chair)
Anna East (AE)
Jon Carlton (JC)
Justin McCracken (JM)
Will Lifford (WL)
Christopher Welford (Chief Executive)

In attendance: Alison Bennett (Head of Operations)
Mark Crook (Head of Finance)
Daniel Taylor (DT) HMRC

Board secretary: Helen Maccallum

1. Introduction

1.1 The Chair welcomed everyone to the 108th Board meeting.

2. Apologies

2.1 No apologies were received.

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 have a project approved with a value of £40,000 from Veolia Environmental Trust.

4. Minutes of last meeting

4.1 The minutes of the last meeting were approved subject to paragraph 19.3 of the addendum being amended by the Chief Executive (CEO).

4.2 **Action:** Amendments to be made to paragraph 19.3 of the addendum.

5. Action points

5.1 Point one – Security policy. The HOF informed the Board that HMRC had provided a copy of their protective marking classification, which on review he considered did not apply to ENTRUST.

5.2 Point four – Assets – The Chief Executive (CEO) had met with Daniel Taylor (DT) from HMRC to discuss this topic. The matter is still ongoing with DT dealing with ongoing issues.

5.3 Point six – HMRC update – The Chair had written to Sarah Harlen who left HMRC at the beginning of December 2014. Her successor had not yet been appointed and in the meantime Judith Kelly will be taking over Sarah's role. DT informed the Board that they are hopeful that they will be informed of the successor by the end of the week.

5.4 Point seven – This item was an addendum item for the Board (see Appendix A).

6. Corporate Support

6.1 The HOF updated the Board that the Company is operating within the financial budget and is forecasting an operating surplus for the year of £33k.

6.2 Quality Assurance and Performance

6.2.1 Following the Quality Assurance Review of the Finance Team the Board were informed that there were a number of minor issues to be addressed, but overall a Substantial assurance level was recorded. All of the Key Performance Indicators (KPIs) are on target.

6.3 Communications

6.3.1 The recruitment for the vacancy of Communications Manager closes on 12 December 2014 and the CEO informed the Committee that there were currently 17 applications for this post. The Senior Management Team (SMT) will be carrying out short listing with the interviews to take place in early January 2015.

6.3.2 The CEO met with Priti Patel MP on her visit to SITA Trust.

6.4 CEO Update

6.4.1 The CEO informed the Board that he is working closely with DT on the resource requirement for 2015/2016.

6.4.2 DT and the CEO have spoken about the Challenge set by HM Treasury (HMT). HMRC has established a working party to consider developing reforms to the LCF Scheme and the CEO has attended both of these meetings. The Minister has made it clear that she wants changes and reforms. A further meeting is taking place in January 2015.

7. Compliance

7.1 The Head of Operations (HOO) reported to the Board that inspections are on target, all draft reports were sent out on time except three reports. The training plan is continuing to be delivered and a review and will be presented to the April 2015 meeting.

7.2 **Action:** The HOO to submit the proposed 2015/2016 training programme to the April 2015 meeting.

7.3 The Board questioned whether the larger value inspections should be spread out covering the first half of the year. The HOO confirmed that the Compliance Team are reviewing how the inspections are to be planned.

7.4 **Action:** The HOO to review inspection planning and allocation.

8. Enforcement

8.1 Closed enforcement cases.

8.1.1 No cases have closed since the last Board meeting.

8.2 Current cases

8.2.1 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 Cases referred to HMRC

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

8.5 Form 4s

8.5.1 A Strategy paper is on the agenda to be discussed in the meeting. The HOO reported that as at 1 December 2014 a return rate of 97.84% of 2013/2014 Form 4s had been received.

8.6 For the Board

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

9. Registrations

9.1 The HOO informed the Board that project approvals and enrolments were slightly down for the reporting period based on the previous year. The completions process has gone live, there is also a project extension form on EOL which EBs can complete if they need to extend the timescale for a project.

9.2 The HOO also explained that the Value for Money (VfM) questions have been moved from the project registration form (Form 2) to the new completion form (Form 9) so that more accurate data can be provided, enabling the Company to provide more meaningful reporting on the impact and performance of the Fund.

10. Regulations

10.1 The HOO and the Policy & Regulations Manager (P&RM) ran a basic training session in Edinburgh on the morning of 21 November 2014. In the afternoon there was a workshop on the closure of the LCF in Scotland. Unfortunately, Scottish Environment Protection Agency (SEPA) were unable to attend the workshop but questions were collated for both SEPA and HMRC. The HOO felt that it was

worthwhile carrying out these two sessions. The training was held at the SEPA offices and one of the reasons for the low score in the feedback was that the venue was on the outskirts of Edinburgh and not that easy to get to. It was noted that the staff at SEPA were very helpful and the HOO has written to them thanking them for their help.

- 10.2 The consultations have been carried out but due to resources the follow up work has not yet been completed. The Board were informed that the Income Derived consultation report has been drafted and but has not yet been released and the final report on the VfM consultation is being drafted.
- 10.3 The first assessment against the new ENTRUST Regulator Standards has been carried out which was reported at Appendix C.

11. Enrolment and Revocations

- 11.1 A brief discussion was held on this matter and the CEO was disappointed that there are some EBs who are unable to get funding. A page on our website lists the EBs who are looking for funding for particular projects.
- 11.2 The Board formally noted the list of new enrolments and approved the list of voluntary revocations between 01 October and 30 November 2014.

12. 2014/2015 Form 4 Strategy

- 12.1 The Board noted the strategy and recommendations for implementation. They were concerned that the 28 day timetable was tight for EBs to reach the deadline for Form 4s, but recognised that this was in the Regulations.
- 12.2 A proposed condition has been submitted to HMRC where if an EB fails to submit a completed Form 4 then that EB is suspended and any projects they have submitted will not be approved until their Annual Return has been received. This condition would not come into force until after any enforcement action has been completed.

13. Strengthening Financial controls over Environmental Bodies

- 13.1 The HOO explained that the purpose of the paper was to provide the Board with an update on the proposal to strengthen financial controls over Environmental Bodies (EBs).
- 13.2 The CEO felt that one of the difficulties was that the Challenge was set for the Sector and that it did not recognise individual performance and behaviours.
- 13.3 WL was concerned with the approach and felt that a monetary target would be easier to manage and not so easily challenged if there was a breach in the Landfill Tax Regulations 1996 (Regulations). The Board felt that the timetable to implement the system was tight and it was agreed that this should be reviewed following discussions with HMRC.

14. Addendum item for the Board

14.1 This item was an addendum item for the Board (see Appendix A).

15. HMRC update

15.1 DT informed the Board that the work on amending the Terms of Approval (TOA) is progressing and the intention is to submit the proposed changes to the Minister in January 2015. He also updated the Board on the work of the Challenge Working group.

16. Audit Committee update

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

- Finance Quality Assurance review which provides a substantial level of assurance on the finance and authorisations processes;
- Risk Management it was noted that there has been no change to this since the October 2014 Board meeting;
- The procurement policy has been updated and the Committee went through this and endorsed it subject to some minor amendments; and
- The Committee noted the review of Banking, Legal services and HR.

17. Human Resources and Remuneration Committee update

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

- Human Resources report;
- Health and Safety;
- Procurement policy and Human Resource advice; and
- Lessons learnt on recruitment.

18. Any other business

18.1 This item was an addendum item for the Board (see Appendix A).

19. Date of next meeting

19.1 The next meeting will be held on 1 April 2015, at 60 Holly Walk, Leamington Spa.

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CHAIRMAN SIGNATURE

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DATE