

**UNCONFIRMED MINUTES
107TH BOARD MEETING
WEDNESDAY 15 OCTOBER 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 107th Board meeting. She also welcomed Jon Carlton and Justin McCracken as ENTRUST's newly appointed Non-Executive Directors as Members of the Board and Daniel Taylor from HMRC who were attending their first meeting

2. Apologies

2.1 No apologies were received.

3. Declaration of Interests

3.1 The Board Secretary had sent out Declaration of Interest forms and confirmed they had all been completed and returned.

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

3.3 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 meeting were approved subject to a change being made in paragraph 10.1 to read '...HMRC confirmed they are working with HM Treasury (HMT)'.

5. Action points

5.1 Point ten – Security policy. We are waiting to hear from HMRC as to whether they can share their new protective marking classification for information with ENTRUST.

The HOF will raise this issue with HMRC at the quarterly Checkpoint meeting on 16 October 2014.

5.2 **Action:** The HOF to check with HMRC as to whether they can share their new protective marking classification with ENTRUST

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

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6. Corporate Support

6.1 The HOF updated the Board on the financial position and reported that there currently we were forecasting an year surplus of £20k, which had arisen due to the delay in filling staff vacancies and sickness absences.

6.2 Levy contributions – EBs have received £58.6m for the year to date which could generate a surplus at the year-end of over £400k.

6.3 Strategic Risk Register (SRR) – the Audit Committee had approved at their October 2014 meeting the revised SRR and it was noted that there was nothing further to update the Board on in regards of risk management.

7. Compliance

7.1 The Head of Operations (HOO) introduced this paper. It was noted that the coverage of unspent funds reviewed to be completed by the Compliance Team at the year-end was on target.

7.2 Risk Model – this was reviewed by the HOO and the Compliance Managers during September 2014 which formed part of the work on strengthening financial controls over EBs. The HOO informed the Board that as part of our work, we review the administration costs of the Top 10 EBs and the Board were asked what management information they would like to be provided and they confirmed that an overview of EBs performance and costs would be useful. It was agreed that this information would be incorporated into future reports.

7.3 **Action:** The HOO to ensure that future reports include data on the administration costs of the Top 10 EBs.

7.4 It was also noted that our Inspectors were still identifying issues that had previously been picked up during their previous reviews. The Board asked whether there was anything further that could be done to try and assist EBs in managing these common issues. The HOO was asked to consider whether any other training materials could be developed in the identified areas.

7.5 **Action:** The HOO to consider whether any other training materials could be developed to help improve EBs compliance.

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).**

8.3 Form 3s

8.3.1 It was noted that there was an increase in the number of late Form 3s in June 2014, but we could not identify any underlining reason for this increase. To help manage this issue updated guidance was issued to all EBs with the procedure for submitting Form 3s on time.

8.4 Form 4s

8.4.1 It was noted that a separate paper on the evaluation of the 2013/2014 Form 4 strategy was on the agenda for discussion. The Board raised the question as to whether there was any evidence that social media helps in getting the important messages across to EBs. The HOO responded that we had used twitter during the Form 4 return period this year, but the improvement in return rates was likely to be due to the range of communications used and not specifically attributable to the use of twitter.

9. Registrations

9.1 The HOO introduced this paper outlining the work being undertaken by the Registrations team. The Board noted that the Key Performance Indicators (KPIs) for enrolments and project approvals were on target, with 91% of projects being submitted on line. It was noted that the Team actively encourage EBs to use ENTRUST on Line (EOL) at every opportunity.

9.2 It was also noted that we have not yet seen any reduction in EB enrolment, or project approvals in Scotland.

10. Regulations

10.1 The HOO introduced this paper. She informed the Board that arrangements have been made for a basic training event in the morning with a LCF Scotland closure workshop with SEPA in the afternoon. These events are taking place in Edinburgh on 21 November 2014.

10.2 LCF Assets – A discussion was held as to whether assets should be held in perpetuity and a paper was sent to HMRC in 2012 recommending that the accounting treatments was consistent with recognised Financial Reporting Standards.

10.3 The Board asked whether we are providing practical advice and what guidance is being given for the monitoring of assets in Scotland. The CEO informed the Board

that we are working with HMRC to address this issue and once the policy position is finalised, we will be in a position to advise EBs on this matter.

- 10.4 Value for Money (VfM) – the HOO informed the Board that the questions that we ask EBs in relation to VfM are driven by the need to provide HMRC with a report on this area. However, currently the VfM questions have been asked at the project approval stage, which may distort the validity of the data that is reported to us. We are implementing a new reporting system so that the VfM questions are asked post-project giving better transparency of the VfM of the Fund.
- 10.5 DT felt that the subject of assets is a big issue and that a line needs to be drawn on the accounting for assets and the focus should be on tightening controls at the project approval stage. DT will discuss this in more detail in a meeting with the CEO. The Chair felt that it would be very helpful to get agreement as quickly as possible on the subject of assets
- 10.6 **Action:** The CEO to meet with DT to discuss the accounting for assets.

11. Enrolment and Revocations

- 11.1 The Board formally approved the list of enrolments and voluntary revocations between 01 June and 30 September 2014.

12. IT Strategy 2015 – 2020

- 12.1 The Head of Finance (HOF) introduced the paper. The paper identified the work that had been delivered out in the past 12 months and set out our strategy for the next five years.
- 12.2 The Board questioned the recommendation to block staff's access to social media and after careful consideration it was agreed that the restriction is lifted and that Managers monitor staff's usage. The Executive were also asked to look at the IT Policy and to involve the Communications Manager, the Executive may bring a revised policy to the December 2014 Board.
- 12.3 It was noted that there is no spend allocated for five years in the development of the website and it was felt that to keep up to date with progress that this needed to be reviewed. The Board also considered it would be necessary review system security and seek assurance from our hosting provider on actions they are taking to manage risk and that the Company should build this activity into our processes
- 12.4 The HOF was asked to update the strategy with regard to cyber testing and this area should be formally reviewed at least every two years. He was also asked to build into the process what the external hosting system were doing to updates.
- 12.5 **Action:** The HOF to consider options for reviewing system security and to build into the process seeking assurance from our external hosting provider on actions they are undertaking to mitigate system breach risk.

12.6 Subject to the above changes the Board accepted the IT Strategy.

13. Accreditation System

13.1 The HOO introduced the paper to the Board which showed both the benefits and issues of the current Accreditation system. Overall the HOO considers that there is limited scope to expand the current system and that there is not much take up of the framework by EBs. However, in developing proposals for strengthening the controls over EBs, the framework would provide a good foundation to build on.

13.2 The Board considered that the development of a new framework should consist of two stages, with the first stage being discussions with HMRC and then after the way forward has been agreed setting the implementation timescales.

14. 2013/2014 Form 4 Strategy

14.1 The HOO informed the Board that it was a statutory requirement for EBs to submit a Form 4 Annual Return by 28 April every year. The paper provided an analysis of the results of this year's strategy, which overall highlighted an improvement in return rates.

14.2 This year the strategy included following up unfunded EBs who had not submitted a Form 4 for the past two years – this resulted in 22 EBs being referred for revocation by HMRC. This next strategy paper will be presented to the Board at the December 2014 meeting.

14.3 The Board considered that good progress had been made in the last twelve months and they were keen that this foundation was built upon. They also asked whether new arrangements should be brought into operation to manage Nil returns. The HOO confirmed that talks with HMRC have begun on this issue.

15. Website post evaluation

15.1 The HOF introduced this paper which gives an overview of the new website and its use in the first six months. The level of response received was 80% and the satisfaction rating is taken from those who responded. Although some issues regarding the alpha/numeric search and searching for projects by Country and County have been fixed there are still some other issues outstanding, which we are dependent upon our developer to resolve.

15.2 We have therefore written to the developers detailing our concerns and indicating that we are looking to move away from them. The HOF and Communications Manager (CM) have also met with some local firms to see if we can use them for support of the website.

16. Stakeholder Satisfaction Survey

16.1 The HOF explained that an annual satisfaction survey of EBs was carried out in 2014 as part of the Key Performance Indicators (KPIs). The Quality Assurance & Performance Officer (QAPO) and CM worked on this survey, by using the bulk email

supplier information was available to see how many EBs opened the email on the survey and the results were encouraging.

16.2 Although there has been an increase in levels of satisfaction, the Executive are committed to further improving our performance and to support this objective, an Action Plan had been developed to address the issues highlighted in the Survey has needing further development.

16.3 The Board thanked him for his update and wished to commend the staff for the work that had been completed to improve our performance and they also endorsed the Action Plan.

17. Human Resources and Remuneration Committee Terms of Reference (ToR)

17.1 The HOF introduced the paper and explained that this should have been brought to the Board for approval in June 2014, but it was delayed due to the timing of the Board meeting. The Board noted the changes to the previous version of the document and approved it.

18. HMRC update

18.1 DT informed the Board that Sarah Harlen (SH) will be leaving HMRC in December 2014 and that her post will be advertised in due course. The Board agreed that it was appropriate to write to Sarah and thank her for her contribution to the LCF.

18.2 **Action:** The Chair will write a letter of thanks to Sarah Harlen.

18.3 He went on to explain that his team is fully established in both London and Manchester and that following the Challenge results, HMRC intend to hold a series of workshops on how to improve the operation of the LCF

18.4 The Chair thanked him for his update and confirmed ENTRUST was committed to working with HMRC to implement any changes.

19. Audit Committee update

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

- Revised Management Assurance report looking at the risks and how these are managed;
- Risk Management it was noted that there was no change to the current strategic risks being managed by the Company;
- Two Quality Assurance reviews, one of which was a follow up review, which now provide a substantial assurance regarding the quality and standards of control in operation;
- A review of a whistle blowing investigation; and
- Audit Committee Annual Report pulling together the work carried out over the past 12 months.

19.2 WL requested that the Audit Committee members are notified of any courses that would be suitable for them to keep their skills up-to-date.

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

20. Human Resources and Remuneration Committee update

20.1 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 there are two grievances ongoing;
- Implementation of the National Living Wage has been agreed which only affects two members of staff; and
- Draft Recruitment Policy was approved subject to some small changes.

21. Any other business

21.1 The Board gave their thanks to the HOO and the HOF on the quality of papers for the meeting.

22. Date of next meeting

22.1 The next meeting will be held on 10 December 2014, at 60 Holly Walk, Leamington Spa.

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CHAIRMAN SIGNATURE

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DATE