

**CONFIRMED MINUTES OF THE
86th ENTRUST BOARD MEETING HELD ON TUESDAY 23 JUNE 2009**

PRESENT: PHILIP SMITH (CHAIRMAN)
LORRAINE CLINTON (LC)
JOHN KING (JK)
WILL LIFFORD (WL)
CHRISTOPHER WELFORD (CHIEF EXECUTIVE)

IN ATTENDANCE: MARK CROOK (HEAD OF FINANCE)
MARY HAWKINS (HEAD OF OPERATIONS)
ANDREW WIGGINS (AW) HMRC
LIBBY FIELD (LF)

BOARD SECRETARY: VICTORIA RACE (VR)

1. APOLOGIES FOR ABSENCE

1.1 There were no apologies.

2. DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3. MINUTES OF THE 85th BOARD MEETING

3.1 The minutes of the 85th Board meeting were approved for signature by the Chairman.

4. ACTION LIST

4.1 Establishment Expenses: The Head of Finance confirmed that he is on track to review all of the infrastructure contracts by the end of September.

4.2 HMRC Policy: The Chief Executive confirmed that HMRC had provided the relevant guidance to allow ENTRUST to progress future policy submissions.

5. PERFORMANCE MANAGEMENT REPORT

5.1 The Head of Finance introduced the paper. Having been in post for a number of months, he had already taken action to enhance the level of internal control operating in the Company, which has included allocating budgets down to functional areas. He also confirmed that while the main relocation costs had been incurred and included in the 2008/2009, Annual Accounts, there would be a residue of costs relating to staff that would be incurred over the next 18 months.

5.2 The Board queried some higher than expected costs that were reported on the management accounts. The Head of Finance explained that the detailed report still included relocation costs within it, which had been split out in the summary. However, the Board requested that relocation costs be shown separately in order to effectively compare performance. There were some apparent overspends relating to telephone costs, but the contracts relating to these items had been, or were in the process of being renegotiated and they should therefore be smoothed out over future periods.

5.3 The Head of Finance explained that interest received was considerably lower than the original budget, but the fall in Bank of England Base Rate had been very steep

from when the budget had been formulated and this had impacted on rates being offered for investments. The Board requested that a more cautious approach to rate estimation be taken at the next budgeting cycle, but it was noted that changes can work both ways for ENTRUST.

5.4 The Head of Finance moved on to update the Board on the delivery of the Key Performance Indicators (KPI's). Overall, he was content that the KPI's would be delivered, especially now that the Internal Auditor had been recruited. There was only one target to be delivered during the reporting period and it had been achieved.

5.5 The Chief Executive drew the Board's attention to the financial data following the submission of the Form 4s to ENTRUST. Following last year's return's ENTRUST had listened to the feedback received from stakeholder's regarding the information reported on the return. This led to the form being updated, which now broke down the monies held by EBs into the following categories:

- Committed Registered Projects (£104m);
- Committed Projects Not Registered (£10m);
- Uncommitted Funds (£49m);
- Retained Funds (£4m); and
- Total Funds Held (£167m).

5.6 The Chairman asked what where the reasons for EBs holding a residue of £50m, which was uncommitted to any projects. The Head of Operations advised that she did not have this data, but would write to the larger EBs to ask them why they held these funds.

5.6.1 ACTION: The Head of Operations to write to EBs with the largest amount of uncommitted funds to ask why they held these monies.

6. COMPLIANCE

6.1 The Head of Operations introduced the paper and ran through the outstanding compliance issues that were being managed. The Board noted the progress being made in addressing these issues, but expressed concern that a number of matters continue to be outstanding for a considerable period of time.

6.2 The Head of Operations explained that in order to resolve issues, ENTRUST must gather the relevant supporting evidence and this was not always easy to achieve, but action has been taken to more closely monitor the resolution of issues in shorter timescales.

6.3 ADDENDUM ITEM FOR THE BOARD ONLY

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7. REGULATIONS

7.1 The Head of Operations presented the paper. She sought HMRCs opinion as to what data was required for ENTRUST to move forward with the Small Grants Scheme (SGS). In response AW agreed to speak to Leonne Jackson (LJ) to clarify their information needs.

7.1.1 ACTION: AW to clarify what data HMRC require in relation to the SGS to allow the development of the scheme to move forward.

7.2 The Head of Operations also advised that having learnt the lessons from this year, the plan was to present draft consultation reports at the November 2009 and February 2010 Board meetings.

7.3 The Head of Operations also outlined the proposed changes to the satisfaction survey, which would be carried out during July 2009. As part of this process, an online system to allow stakeholders to respond electronically would be implemented.

8. ENROLEMENT AND REVOCATIONS

8.1 The Board approved the list of enrolled and revoked EBs.

9. PUBLISHING THE NAMES OF ENVIRONMENTAL BODIES WHO FAILED TO COMPLY WITH THE REGULATIONS

9.1 The Head of Operations provided an overview of the proposal to publish the names of EBs who fail to comply with the Regulations. The concept is to list EBs in breach of the Regulations on the ENTRUST website so this could be accessed by all of ENTRUST's stakeholders. In developing the proposal, ENTRUST had not only considered what other regulatory bodies did, but had sought the views of the Information Commissioner. In progressing this work, it was recommended to introduce this in the first instance the naming of EBs who had failed to submit Form 4 returns.

9.2 In response, the Chairman considered it was important to highlight when an EB broke the Regulations. However, in implementing this policy, it was essential that clear guidelines and a framework were needed to ensure that the system operated efficiently. AW also advised that in Finance Act 2009, HMRC were given the power to also name defaulters.

9.3 Having considered the various implications of introducing the policy, the Board endorsed the recommendation to name those EBs who had failed to submit Form 4s and that an extension to other areas would be further considered in light of the Form 4s experience and referred to the Board before being implemented.

9.3.1 ACTION: The Head of Operations to implement the recommendation to publish the names of EBs who had failed to submit their Form 4 returns for the year ending 31 March 2009.

10. UNFUNDED ENVIRONMENTAL BODIES

10.1 The Head of Operations introduced the paper, which was provided at the request of the Board. The paper identified that the costs and activities in administering unfunded EBs was minimal and did not have a material impact on ENTRUST's operations.

10.2 The Chairman enquired if revoked EBs need to go through the whole registration process again. The Head of Operations advised that they would. He then enquired whether it was possible to develop a streamline re-accreditation process for these organisations.

10.2.1 ACTION: The Head of Operations to look into the feasibility of implementing a re-accreditation process for those EBs who were revoked and then wished to re-join the scheme.

10.3 The discussion then moved on to consider the use of an e-mail by ENTRUST to

keep stakeholder's updated on the operation of the Fund. The Head of Operations advised that there was now a drive to try and get e-mail addresses for all EBs, which the Board strongly supported.

11. FORM 4 RETURNS

11.1 The Head of Operations introduced the paper. The Chief Executive confirmed that ENTRUST have been more proactive this year in publishing the requirement for EBs to submit returns by the end of April 2009. As a direct result, the return rate for Form 4s had increased. While the Chairman was pleased with the increase, he was still disappointed with the relatively still low return rate. Having reviewed the form, WL asked whether it could be further simplified to help EBs to complete it. The Head of Operations agreed to use the feedback already provided in the report to consider what further improvements could be made to the format.

11.2 **ACTION:** The Head of Operations to consider the Form 4 and guidance in the light of feedback received.

12. CONSULTATION REPORTS

12.1 The Head of Operations introduced the five papers and outlined the process to be adopted if the Board approved them, which included submitting them to HMRC and publishing them on ENTRUST's web site.

12.2 Environmental Body's (EBs) Administration Costs

12.2.1 The Head of Operations presented the paper, which had been developed after consultation with stakeholders and taking advice regarding the application of the Regulations. The paper made a number of recommendations including:

- the introduction of full cost recovery to ensure that the scheme complied with HM Treasury guidelines;
- the capping of administration costs on the basis of a 'reasonableness' test; and
- Providing binding conditions, which do not currently exist.

Having accepted the report, the Board agreed it should be submitted to HMRC.

12.2.2 **ACTION:** The Head of Operations to submit the report to HMRC.

12.3 Specific User Groups (SUGs)

12.3.1 The Head of Operations provided a background on SUGs and advised that after careful consideration and taking legal advice on the application of the Disability Discrimination Act 2005, the current system should remain in operation and the scheme should not be extended. The Board accepted this recommendation and cleared the paper for submission to HMRC for information.

12.3.2 **ACTION:** The Head of Operations to submit the report to HMRC.

12.4 Landfill Communities Fund (LCF) Sanctions Framework

12.4.1 The Head of Operations provided the Board with an overview of the paper and its recommendations. In response the Chairman was of the view that informing the Landfill Operator (LO) of the failure of EBs to comply with the Regulations would not change any organisations' behavior. The Chairman also sought clarification from AW that HMRC would allow ENTRUST to enforce fines against organisations who

failed to comply with the Regulations. In principle, AW confirmed that HMRC would be content to consider this recommendation. However, he reminded the Board of the political implications of HMRC introducing a penalty regime, which penalised small volunteer organisations. AW also considered that naming of EBs who failed to comply with the Regulations, would have a positive effect on increasing the level of compliance.

12.4.2 The Board endorsed the report for submission to HMRC.

12.4.3 ACTION: The Head of Operations to submit the report to HMRC.

12.5 Regulatory Change Proposals Review 2008/2009

12.5.1 The Head of Operations explained that the paper contained a number of different proposals which included both regulatory changes, as well as further work and action points for both ENTRUST and HMRC. .

12.5.2 The Board endorsed the report for submission to HMRC.

12.5.3 ACTION: The Head of Operations to submit the report to HMRC.

12.6 Records of Contributing Landfill Operators

12.6.1 The Head of Operations introduced the paper. AW advised that HMRC does not have specific advice or guidance on this matter. The Board asked how records were kept for projects that had finished. The Head of Operations suggested ENTRUST could keep this on a project completion form. In response the Chairman was concerned that an end date be set to prevent ENTRUST holding masses of information in its archives relating to completed projects.

12.6.2 The Board endorsed the report for submission to HMRC.

12.6.3 ACTION: The Head of Operations to submit the report to HMRC.

13. TRAINING STRATEGY

13.1 The Head of Operation presented the strategy. She explained that the strategy contained a number of themes and delivery methods and as these were based and built upon the previous two year's experience therefore provided a strong foundation. It was also important to note that in developing this year's plan, the highest costs related to running offsite training events. Additionally, work was also continuing to develop further training ideas such as remote training from pc to pc, and working in partnership with ADEB, where they could use their experience and knowledge to assist EBs to comply with the Regulations.

13.2 The Chairman thanked the Head of Operations for the paper and the Board endorsed its recommendations.

14. ANNUAL ACCOUNTS

14.1 The Head of Finance presented the Audited Statutory accounts for the year ending 31 March 2009, which had been reviewed and recommended by the Audit Committee:

14.2 ENTRUST - The Board approved the accounts and recommended that they presented at the Annual General Meeting (AGM).

14.2.1 ACTION: The Accounts are to be presented at the AGM for approval by the members.

14.3 ENTRUST Ltd - The Board approved the Statutory accounts of this dormant company and agreed for them to be signed off by the Chairman and Chief Executive and submitted to Companies House.

14.3.1 ACTION: The Chairman and Chief Executive to sign off the ENTRUST Ltd accounts.

15. ANNUAL REPORT 2008/2009

15.1 The Chief Executive introduced the report, which was developed from last year's document. Overall, the Board considered that while it covered a number of areas it needed to be further refined and sharpened to convey the work that had been delivered in a more neutral tone.

15.2 The Chairman asked Board Members to promptly provide the Chief Executive with their comments in order that he could update the document.

15.2.1 ACTION: The Board to forward any comments to the Chief Executive by 14 July 2009.

16. AUDIT COMMITTEE REPORT

16.1 WL provided a verbal overview of the discussions that took place at the Audit Committee meeting. The Committee had covered a number of areas:

- Clara.Net;
- Review of Risk Management;
- Approval of ENTRUST & ENTRUST Ltd 2008/2009 Statutory accounts; and
- Treasury Management.

16.2 The Board accepted the verbal report.

17. HUMAN RESOURCES COMMITTEE REPORT

17.1 JK provided a verbal overview of all points covered in the meeting including:

- Staffing Update;
- CEO and Senior Staff Objectives; ;
- Staff Bonus Scheme; and
- Company Car Policy.

17.2 The Board accepted the verbal report.

18. HMRC

18.1 AW updated the Board on the recommendations of the Calman report, which had considered the devolution of environmental taxes in Scotland.

18.2 He also informed the Board that of the recent Ministerial changes and responsibilities in the HM Treasury.

18.3 Finally, AW updated the Board on the NAO's review of the LCF. Overall, the NAO

were content with the management of the LCF by HMRC. He agreed to provide the Chief Executive with a copy of the final draft report from the NAO.

18.4 ACTION: AW to send a copy of the NAO final draft report to ENTRUST.

19. ANY OTHER BUSINESS

19.1 ADDENDUM ITEM FOR THE BOARD ONLY.

19.2 ADDENDUM ITEM FOR THE BOARD ONLY.

19.3 Treasury Management: The Head of Finance presented the revised policy to the Board, which had been approved by the Audit Committee. The Board approved the revised document.

19.4 AGM: The Chief Executive proposed that as the statutory accounts were now ready to be presented to the members, he recommended that the AGM be arranged for the 14th July at 14:30hrs. Those Members who are unable to attend the meeting, could join it by conference facility, or vote by proxy.

20. DATE AND VENUE OF NEXT MEETING

20.1 The 86th Board Meeting will take place at 13:00hrs, on Tuesday 22 September 2009, at Holly Walk, Leamington Spa.

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CHAIRMAN