

UK Extractive Industries Transparency Initiative Multi-Stakeholder Group (MSG)

Minutes of the 29th Meeting – 10th July 2018 – BEIS Conference Centre, SW1H 0ET (10-2pm)

Attendance

<p><u>Chair</u></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Secretariat</u></p> <p>David Leitch - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Industry</u></p> <p>Jerry McLaughlin – Mineral Products Association</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p> <p>Jacqui Akinlosotu – ENI</p> <p>Martin Kirkham – Chevron (by phone)</p> <p>Romina Mele-Cornish – Oil & Gas UK</p> <p><u>Civil Society</u></p> <p>Lorraine Allanson</p> <p>Norbert Mbu Mputu</p> <p>Eddie Holmes (by phone)</p>	<p><u>Government</u></p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Joe Perman – Scottish Office (by phone)</p> <p>Martin Quinn – Department for the Economy Northern Ireland (by phone)</p> <p><u>Experts</u></p> <p>Eddie Rich – EITI International Secretariat (by phone)</p> <p>Alex Gordy – EITI International Secretariat (by phone)</p> <p>Tim Woodward – Moore Stephens</p> <p><u>Observers</u></p> <p>Tom Evans – Oil & Gas UK</p> <p><u>Others</u></p> <p>Suresh Rao - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Matt Landy - Statoil</p>
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1 – Welcome and introductions:

1. The Chair welcomed all to the 29th meeting of the UK EITI MSG and introduced Tom Evans from Oil & Gas UK who has replaced David Hoy as an observer.

2 – Update on action points from last meeting:

2. The draft workplan and annual progress report were circulated to the MSG for comment and approval and published on the UK EITI website at the end of June 2018.
3. The draft timetable for the 2017 process was circulated with the MSG papers and included as an item on the agenda.

4. An initial meeting on scoping of mainstreaming has taken place with the BEIS Business Frameworks Analytical Team and an item has been added to the agenda.
5. The first reconciliation subgroup meeting for the 2017 process took place on 21st June 2018.
6. Crown Estate Scotland reported payments promptly to Moore Stephens negating the need for the Chair to write to them.
7. The minutes of the 28th UK EITI MSG and associated annexes were circulated to the MSG for approval and published on the website at the end of June 2018.
8. Further clarification is needed from Moore Stephens on what is included on the PSC register for the companies when the information is published in the 2017 report.
9. Several supplementary paragraphs were added on the UK EITI website to complement the 2016 report following on from discussions at the pre-validation workshop at the May MSG. These covered; an explanation of the gaps in mining and quarrying information, why licence application dates are not included, clarification that Government do not own upstream oil and gas pipelines and clarification there were no rental fees for petroleum licences in Northern Ireland.
10. An item on the future format of the report is included on the agenda.

3 – Data Collection Update

11. Tim Woodward updated the group on the latest position on the data collection exercise. Out of the original 61 companies identified and contacted 53 have now provided returns (87%).
12. An additional 8 companies have now been identified, making a total of 69 companies. Templates have been sent out to 6 of these companies with a deadline of 3rd August. The other two companies are still missing contact details, which Moore Stephens are working on. They also need check whether one of the companies is still in operation.
13. All Government agencies, except The Crown Estate (TCE) have now provided returns. The secretariat agreed to directly contact TCE to encourage their participation in the process.
14. The Oil and Gas Authority (OGA) have discovered a further material licence payment for 2016. This needs to be flagged up and reported, ideally on the UK EITI website. OGA also identified that refunds of levy from previous years were not originally picked up when the 2017 payments data was sent to Moore Stephens earlier in the year. (This has been rectified since the meeting).
15. The reconciliation of the figures by Moore Stephens has started with a number of returns now fully reconciled.
16. The Chair said he was keen that the process of chasing companies who had not responded should start at an earlier stage and he was prepared to write to companies and follow up with a phone call, if necessary. The timing needs to be agreed with Moore Stephens.

4 – Reconciliation subgroup feedback – including timetable

17. A reconciliation subgroup meeting was held on 21st June and the note of the meeting was circulated with the MSG papers.
18. The timetable for the 2017 reconciliation process was agreed, with a target publication date of late November/early December 2018. After the Summer recess the Secretariat will contact the Minister's office to discuss possible dates in late November and early December.
19. Another reconciliation subgroup meeting will be arranged for late July or early August.

5 – Independent Administrator recommendations from 3rd UK EITI report

20. The Independent Administrator recommendations from the 3rd UK EITI report covered issues around automated online disclosure, the accuracy of the date submitted and the submission of templates.
21. Mainstreaming and online disclosure would be covered later in the meeting.
22. Although the guidance and templates had been updated for the 2017 exercise, it was agreed that if the same problems persist they should be revisited.
23. A small amendment to the guidance notes clarifying that Research and Development Expenditure payments fall outside the reconciliation scope needs to be made.
24. A full list of payments that companies do not need to report should be considered for inclusion in the guidance.
25. The possibility of including a workshop on completing the forms at the launch of the 4th report should be considered. This will help reinforce messages of best practice. It was agreed that any companies new to the process this year should be invited to participate.
26. A clear and robust escalation process for late companies should be considered and applied.

6 – Future report format

27. The possibility of changing the format of the report needed to be considered, making it snappier and removing the information that was repeated each year. In particular the background industry information which could be made available on the UK EITI website and updated when necessary.
28. Greater importance should be given to the website and it could be made to look more dynamic, and less like a government website, taking on the EITI house style like several of the other EITI countries.
29. Although it was agreed that it would be better for the website to remain within the Gov.uk domain, the secretariat were tasked with exploring the possibilities of creating an independent website within the Gov.uk portal with the BEIS digital and comms teams.

30. The Secretariat will contact the National Infrastructure Commission with a view to exploring how they set up their own independent website and the costs entailed.
31. A meeting of the Sectoral subgroup to look at the information from the current report that can be transferred to the website for the 2017 process was agreed.

7 – Mainstreaming scoping study update

32. The Terms of Reference and proposed project delivery plan for the feasibility study on systematic disclosure was circulated to the MSG at the meeting. (It was subsequently circulated to the whole of the MSG via email for comment and approval by Friday 20th July).
33. The proposal has been developed by the Business Frameworks Analytical team in BEIS and is based on the EITI template.
34. It was agreed that references to consultants should be removed and replaced with more appropriate wording.
35. It was hoped that, pending MSG agreement, the initial stage can commence on 23rd July. This will be followed by evidence gathering and analysis, where stakeholders will be contacted and a desk review will take place to look at the current state of play. This second stage will run for approximately six weeks.
36. Stage three will be the drafting of the feasibility study, the emerging findings will then be presented to the MSG at their September meeting for approval. Any comments or amendments will be worked into a final draft for approval.
37. Once the report has been finalised work will begin on drawing up a roadmap, including relevant costings. The roadmap will be presented, with the feasibility study for final approval at the MSG on 27th November 2018.

8 – Validation

38. The Validation process started on 1st July. The four phases of Validation will involve desk review and preparation, data collection, independent quality assurance and a review of the case by the EITI Board.
39. The review of the on-line documents has started, a deadline of 20th July was proposed for any final documents to be sent to the Validators.
40. The desk review will end in August and will be followed in September by the Validators country visit to meet stakeholders from industry, civil society and government. The planned visit to the UK is pencilled in for the week beginning 17th September. It was proposed that the visit be delayed a couple of days to allow the Validators to attend the MSG meeting taking place on 25th September.
41. The Validators will rely on the MSG and Secretariat to draw up an itinerary and provide contacts. If face to face meetings cannot be arranged phone calls will be acceptable. The visit usually lasts a week but may take longer if there are any regional visits. It was agreed that a visit to Aberdeen would be essential.

42. The initial assessment will take three months. It will be shared with the MSG and then sent to an independent Validator for quality assurance.
43. A draft Validation report and assessment will be sent to the MSG for review. Comments will be sent to the independent Validator who finalises the Validation report.
44. The Validation Committee will review the documents and recommend a decision to the Board. The decision of the Board can be appealed by the MSG. The outcome is likely to be known in the first quarter of 2019.
45. The EITI International Secretariat agreed to provide a “lessons learned” list from other countries that can be circulated to the MSG.

Action Points

- Consideration to be given by Moore Stephens, OGA and the Secretariat on how to report the outstanding material licence payment from 2016.
- Moore Stephens to establish whether an in-scope company is still in operation and confirm contact details of two companies.
- Secretariat agreed to directly contact The Crown Estate and arrange a face-to-face meeting to encourage their participation in the 2017 process.
- Secretariat to arrange a further meeting of the reconciliation subgroup. To take place on 2nd August 2018.
- Secretariat to discuss options for creating a more engaging and independent UK EITI website within the confines of the gov.uk environment with BEIS digital and comms colleagues.
- Secretariat to circulate the feasibility study paper that was tabled to the whole of the MSG for comment. (This was circulated on 10th July for comment by 20th July).
- Secretariat to arrange a meeting of the sectoral subgroup. Meeting arranged for 31st July 2018.
- Secretariat to arrange meeting with National Infrastructure Commission to discuss their independent from government website.
- Secretariat to write to MSG requesting they send any relevant documents that are not on the UK EITI website to the Validators by 20th July 2018.
- Secretariat to ask MSG to advertise the validation process and invite industry and civil society to send their comments on UK EITI to the Validators.
- It was agreed that the UK Secretariat should write to the Validators to request they delay their visit by a few days to try and incorporate the MSG on 25th September into their itinerary.

- EITI International Secretariat to provide a “lessons learned” list from the experiences of EITI countries who have already gone through the Validation process.