

FORM 4: STATUTORY ANNUAL RETURN REVIEW MEETING - WEDNESDAY, 28 JANUARY 2009, BIRMINGHAM

Attendees: Phil Gregory – PG (SITA Trust)
Peter Jarvis – PJ – (Trustees for Methodist Church Purposes)
Eleanor Kirby – EK (RSPB)
Andrew Saunders –AS (SITA Trust)
Keith Williams – KW (Staffordshire Environmental Fund)

Carla Langley – CL (ENTRUST) (Minutes)
McNabb Laurie - ML (ENTRUST)

Ivor Berry - IB (HMRC)

Apologies: Margaret Cobbold (Veolia Environmental Trust)
Alan Shearring (Essex Wildlife Trust)

1 INTRODUCTION

1.1 ML welcomed all to the meeting and outlined the aim of the meeting:

- To ensure stakeholder feedback is incorporated into the further development of Form 4;
- To ensure ENTRUST is able to collect, collate and publish more accurate information to help make the LCF more transparent; and
- To help ENTRUST target its compliance activities to the areas of greatest risk.

1.2 ML briefly outlined the history of the Form 4 and the recent forms review that aimed to reduce the administrative burden and improve the information collected through the ENTRUST statutory returns.

1.3 It was stressed by stakeholders that the current Form 4 was considered to have improved significantly when compared to the predecessor in terms of the administrative burden required in completing the return and the simplicity of the information required.

2 SPECIFIC ISSUES

2.1 Assets

- 2.1.1 Currently the total value of assets purchased is collected on the annual return – as a portion of the total project expenditure (in the case of an asset purchased through a project) and the Non project specific expenditure (for assets purchased in connection with the running of the organisation).
- 2.1.2 It was suggested that the value of assets purchased through project expenditure and non-project specific costs should be recorded separately to allow a better overview to be recorded detailing the amount of EB assets purchased and the amount that would be recorded on the project asset register.
- 2.1.3 It was stressed by a couple of attendees that collating the asset figure is currently very simple involving a review of the asset register additions during the period of the return.
- 2.1.4 All stakeholders agreed that without uniform interpretation of an asset with clear definitions, the information collated regarding assets will not provide accurate details and can only be used as a rough indication.
- 2.1.5 ML advised that ENTRUST intended to carry out a review of asset management during the next financial year, which would incorporate stakeholder's views on this subject. In the meantime, any further breakdown of the assets purchased is likely to be dependent on the EB's interpretation of assets. It was therefore agreed that the current asset question could not be developed any further at present.
- 2.1.6 It was suggested that with regards to the administration costs figure recorded on the form, it may be necessary to separate what the stakeholders class as 'fixed overheads' – i.e. ENTRUST levy, corporation tax etc. – from the total figure. This would give a more accurate representation of the administration costs taken by the EB in question.

2.2 Committed Funds

- 2.2.1 ML outlined that currently the Form 4 defines 'committed funds' as those that are committed to a registered project. All money held that is not committed to a registered project is therefore considered to be 'uncommitted'.
- 2.2.2 While this definition is unambiguous and simple, feedback from stakeholders has raised queries regarding the accuracy of this interpretation and whether this could be interpreted more appropriately.
- 2.2.3 Discussion circulated around the interpretation of committed funds and the use of statistics collected. A number of attendees stressed that the current definition does not include the value of projects that may have been approved by an EB's Board, but had not yet been registered with ENTRUST. It was the general consensus that an organisation would consider this money to be 'committed'.
- 2.2.4 The concern was raised by those present that the uncommitted funds quoted in response to information requests about the LCF could be inflated implying that there was excessive levels of uncommitted funding.
- 2.2.5 PG then presented the following definition of committed funds that had been circulated and agreed amongst ADEB, which they considered would provide greater clarity to the reporting process:

Committed Funds

1. Funds allocated, **BUT NOT PAID**, to a specific project that is LCF compliant and has been registered with Entrust, plus;
2. Funds allocated to a specific project that is LCF compliant, has been approved by the EB but has not yet been registered with Entrust plus
3. Reserve for the wind up of an EB (10% of current year LCF receipts)

Uncommitted Funds

The cash balance of:

1. Any unspent LCF money received from a Landfill Operator, or other Environmental Body, plus;
2. Unspent interest earning held, less;
3. **Committed Funds** as defined above.

- 2.2.6 ML advised that this definition did not include funds assigned by the Board to the funding of a group of as yet unidentified projects – or a theme of projects i.e. £200,000 of LCF monies earmarked for ‘Park Improvement schemes’.
- 2.2.7 All attendees considered this type of funding to be ‘uncommitted’ and therefore the definition circulated above was correct not to include this.
- 2.2.8 ML advised that all elements (i.e. numbers 1-3 above) must be clearly defined and allow every organisation to record ‘committed funds’ in exactly the same way. ENTRUST would review this proposal in more detail looking to confirm that the additional elements (i.e. points 2 and 3) are not open to interpretation and are transparent in their collation.
- 2.2.9 ML thanked PG for circulating this definition on behalf of ADEB.
- 2.2.10 Attendees re-iterated that any definition must be unambiguous and uniformly interpreted to be effective.

2.3 Connected Parties

- 2.3.1 ML outlined that at present – in a similar manner to asset recording – the Form 4 requires the EB to indicate what amount of the total project expenditure during the period is spent on connected party contracts.
- 2.3.2 It was agreed that it was appropriate that the definition of connected parties is recorded in the guidance section of the Form 4 and stakeholders suggested that more information about the definition and classification of assets be included in the guidance notes in a similar fashion.
- 2.3.4 Doubts were voiced by stakeholders of the likelihood that an organisation that was undertaking connected party transactions without the necessary tendering and value for money confirmation would record the values on the Form 4. ML advised that the question was also useful as a reminder to the EBs of the requirement to report details of connected party.

2.4 Individual Project Expenditure sheet

- 2.4.1 Attendees advised that the Individual Project Expenditure sheet was by far the most labour-intensive part of the form, taking a considerable amount of time to submit the necessary information.
- 2.4.2 Improvements were identified by stakeholders regarding the user-friendliness of the current layout, specifically:

- When completing the paper form, the spreadsheet does not benefit from any automatic calculations that would be present in, for example, Microsoft Excel.
- When completing the return on ENTRUST Online, the user is required to enter each project screen individually and attribute the relevant expenditure. This dramatically increased the administrative burden of completing the return.

2.4.3 ML advised that ENTRUST was looking to review the ENTRUST Online system, especially with regards to the user experience. This would aim to incorporate the general usability of the system. In the meantime, the revised form would try to incorporate these points where possible.

2.4.4 It was also suggested that if ENTRUST Online was compatible with other file formats then EBs would be able to upload the information directly from their own systems. ML advised that again, this feature is very much in mind when looking to review the ENTRUST Online system.

3 STATISTICS PROVISION

3.1 ML outlined the statistics currently collated and the 'facts and figures' that are available on the ENTRUST website. Attendees were asked if any further statistics should be collected through the Form 4 and subsequently published.

3.2 Once the committed definition has been confirmed, it was suggested that the funds remaining be published on the website with the committed figure and, importantly, the uncommitted figure. This would stop any external parties from wrongly interpreting the information regarding the uncommitted funds available.

3.3 It was stressed that when publishing the committed and uncommitted funds figure, accurate information can only be agreed when all EBs have responded. It was also suggested that ENTRUST should also consider ensuring that the information is published within a set time period (1 month) of the deadline. ML advised that the information would be published live from the database and therefore once the information had been received, it would automatically be published. ENTRUST is planning a series of publicity activities to ensure that all EBs are aware of their Form 4 submission requirements on 31st March annually.

3.4 It was also proposed by attendees that the statistics available about the LCF be developed to show trends over time. This would provide the viewer with a better idea of the changing activities of EBs.

4 PUBLICISING THE ANNUAL RETURN REQUIREMENT

4.1 ML sought solutions of how better to publicise to EBs the Form 4 requirement:

- A pop-up on the ENTRUST website drawing user's attention to the requirement;
- A pre-deadline reminder. ML advised that the new form would be sent out to all EBs advising of the Form 4 requirement; and
- It was also suggested that ENTRUST outline the requirement in the widely circulated ENTRUST e-Bulletin.

5 SUMMARY

5.1 The following points were confirmed in the meeting:

- Information on assets cannot be precisely collected until agreement has been reached on the definition and handling of an asset. ENTRUST intend to review this area during the next financial year. A consultation is planned next year and until then the information collected can only be treated as an initial indication of the assets purchased.
- EBs consider committed funds to include the value of projects that have been sanctioned by the Board and have not yet been registered. EBs also usually keep an amount of LCF monies to wind down the organisation in the case of funding ceasing.
- The priority regarding the calculation of committed funds is that it is clear and unambiguous.
- The part of the Form 4 that currently has the highest administrative burden is the Individual Project Expenditure sheet, particularly when completing the forms on ENTRUST Online.
- When publicising the Form 4 requirement, ENTRUST should send a pre-deadline reminder to all EBs and make use of the ENTRUST website as much as possible to highlight the requirement to website visitors.

5.2 ML advised that he would be looking to circulate a draft revised Form 4 as soon as possible in week commencing 02 February 2009, to attendees to get any further comments.

5.2 ML thanked all present for attending and brought the meeting to a close.

ENTRUST
February 2009