

ENTRUST



Annual Report 2012



Regulating the Landfill
Community Fund,
benefiting people and
the community



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Introduction

Welcome to the ENTRUST Annual Report for 2011/2012, which provides stakeholders and those interested in the Landfill Communities Fund (LCF) with an overview of the work undertaken and successes achieved by us during the last year.

As the body appointed under the Landfill Tax Regulations 1996, (Regulations) by the Commissioners of HM Revenue and Customs (HMRC), we are responsible for monitoring the compliance of Environmental Bodies (EBs) against the statutory requirements of the Regulations.

To achieve this our vision is:

“To contribute positively to the effective and efficient use of LCF monies to EBs, by providing a proactive and transparent regulatory service to all stakeholders, to embrace the principles of Better Regulation”.

The LCF is a tax credit scheme, which enables operators of landfill sites to contribute money to enrolled EBs to carry out projects that meet environmental objects contained in the Regulations.

Since the Fund was established in 1996 to date over 3,100 EBs have received LCF Funding, with total donations of LCF monies at over £1.2 billion to worthy causes throughout the UK.

To find out more about the LCF and ENTRUST, please visit our website: www.entrust.org.uk





**Dr Philip H
Smith
Chairman**

Chairman's Overview

Welcome to the ENTRUST Annual Report.

We continue to enhance our regulatory role with further refinements made to our operations to improve our efficiency and effectiveness, particularly pleasing is the outcome from the introduction of ENTRUST On-Line (EOL), which has received widespread support from EBs and has cut the administrative burden of many organisations.

We have built upon the good work achieved over the past three years and continue to pressure ourselves to provide Value for Money and to improve the quality of our service. Our Key Performance Indicators (KPIs) with HMRC have been strengthened and we achieved all of last year's targets.

The results of the 2012, stakeholder survey provided further proof of our ability to offer an effective regulatory service. We have also provided data and interpretation on the Treasury's Challenge to EBs on unspent funds and continue to assist in the process.

In reviewing our progress, I would identify the following positive advances, which have been made after consultation with EBs during the year:

- Developed new ways to review and approve project applications;
- Made improvements to the quality of our training and coaching;
- Extended the Small Grants Scheme (SGS) to all EBs who meet qualifying criteria; and
- Introduced new processes and procedures to improve the operation of our Compliance Risk Model.

In achieving these improvements we would like to thank EBs for all their support and finally, I pay tribute to our staff who continue to work above and beyond to ensure ENTRUST continues to provide a quality service and best regulatory practice.



Images:

Page 2 - Bull Finch at Leaches Farm Improvements, supported by Berks, Bucks & Oxon Wildlife Trust.

Photo by Sherie New at seeing.org.uk

Page 3 - Guru Nanak Gurdwara Community Hall Improvements Bedford, supported by GrantScape

Chief Executive's Operational Review

It is satisfying to report that once again we have delivered all of our targets. It is also pleasing to note that the benefits that we envisaged when we decided to replace EOL are now starting to be realised and I believe that in the future it will deliver further benefits.

In reviewing our operational performance over the last 12 months, I consider that as an organisation we have continued to build upon the successes of previous years, which has resulted in us setting ourselves more testing targets for the 2012/2013, reporting year:

- **Registrations** - We have continued to reduce the time taken to process enrolment and project applications, which has allowed us to target our resources on carrying out more value added tasks, for example meeting with organisations to explain to them how the LCF operates;
- **Regulations** - We continued to review and update our guidance manual to ensure that it remained extant and fit for purpose. As part of this process, during the year, we met with EBs to seek their views on where they considered our guidance needed to be clarified and improved;
- **Compliance** - We carried out nearly 10% more inspections of EBs during the year than we originally planned. In supporting HMRC to assess the impact of Challenge 2011 on EBs, we carried out visits to the top ten EBs to discuss their plans for meeting the Challenge. We also carried out the following internal reviews to help assess:
 - Whether the structure of our Compliance Team remained fit for purpose; and
 - Whether we should carry on running the accreditation system.The results of both the reviews were very positive and led us to assess that the Compliance Team were fit for purpose and that the accreditation system should carry on; and
- **Enforcement** - We reviewed over 50 cases during the year, which resulted in 15 instances of enforcement action being taken, with the most serious case being referred to HMRC for their necessary action. We also implemented new processes and procedures to ensure that statutory returns were submitted by the due date, which as a consequence significantly increased the return rate.

Overall it has been a very productive year for us as an organisation. However, there have been several occasions where we have not conveyed our position on some issues to EBs in a clear, concise and easy to understand manner. During 2012/2013, we aim to review our communication strategy to ensure that we address this issue.



**Christopher
Welford
Chief
Executive
Officer**

Clitheroe Castle Improvements, supported by Groundwork Pennine Trust



Mary Hawkins
Head of
Operations

Registrations

The Registrations Team are responsible for:

- Enrolling new organisations that wish to become an EBs; and
- Approving projects that EBs wish to undertake.

A key focus of the Registrations Team work is to advise both EBs and prospective EBs, on all aspects of the project approval process. This includes advising them on project eligibility and

obtaining sufficient information to be satisfied that a project will be compliant with the Regulations once it has been completed.

In achieving this objective, we work closely with EBs to help them understand what information they must provide to us, so we can consider if their projects will comply with the Regulations. This enables us to approve projects more quickly and improve our service levels to EBs.

We have reviewed our approach to carrying out our work this year and we have made improvements to our processes and procedures to help EBs understand the LCF scheme and ensure that we take all relevant facts into consideration when reviewing project applications, by:

- Visiting a number of umbrella bodies for EBs; and potential EBs; to explain the LCF and the types of projects that can be funded;
- Visiting EBs who have contacted us about the eligibility of unusual projects, so that we are able to fully understand the aims of the project and determine if they meet an approved object; and

- Informing EBs about the benefits of using the new and improved EOL.

The launch of the new EOL in April 2011, resulted in a challenging year for the Team as we spent a considerable amount of time ensuring that the LCF data transferred to the new system was valid and up to date. As part of the implementation process, we also provided ad-hoc training and advice to EBs on how they could use EOL to reduce their administrative burden and as a direct consequence this has reduced the amount of time that it takes for a project to be approved.

The number of registered users of EOL has risen from 1,083 in 2008/2009, to 3,383 in 2011/2012 and four out of five project approval applications are now submitted online. The benefits to EBs of submitting projects online is that we instantly receive the application once submitted so information is not delayed, or lost in the post. As the Team has spent a considerable amount of time ensuring that EBs email addresses are up to date, we are able to generate emails when further evidence is required and the project approval letter is immediately sent to EBs as soon as we have made our decision. This has decreased the time taken to process an application and for EBs receiving notification of project approval.

The introduction of the new EOL has also assisted in improving our performance against the Team's KPIs' during 2011/2012. All the enrolment applications and project approvals were completed within ten days of receiving all of the necessary information from EBs.

We still find that we receive a number of applications, which are incomplete. In these instances, we contact the EBs and ask for further information. We have analysed the amount of time that it takes for us to receive an initial application for enrolment or project approval, to the time where approval is given taking into account the time it takes for EBs to give us full information:

- During 2008/2009, the average amount of time it took from an initial application being received for enrolment to approval was 50 days, this has reduced by 46% to 27 days in 2011/2012; and
- During 2008/2009, the average amount of time it took from an initial application being received for a project approval was 12 days, this has reduced by 41% to seven days in 2011/2012.

We believe that the new EOL has significantly speeded up the approvals process and we have been able to realise the benefits of the new system. To complement these improvements the Team has worked hard to be more proactive with potential EBs by advising them before they submit their applications to ensure that they are right first time.

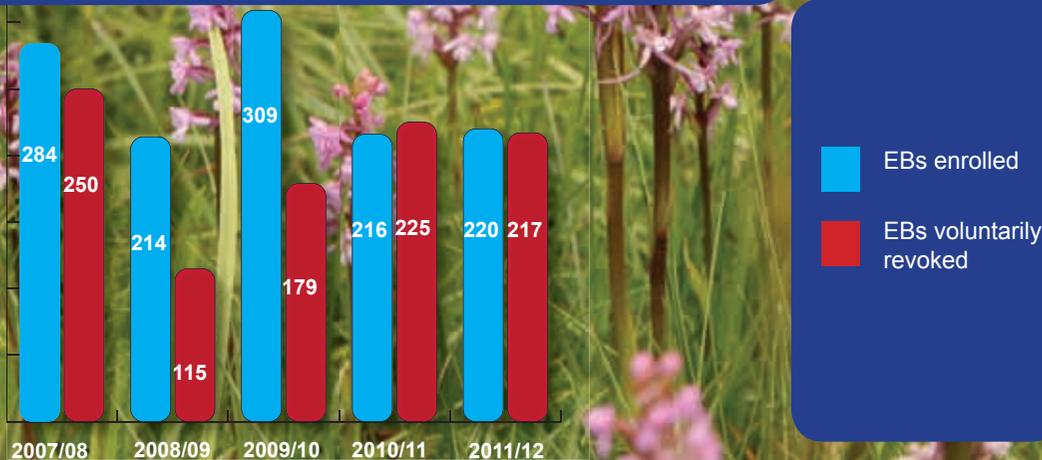
We enrolled 220 EBs in 2011/2012, almost the same as were voluntarily revoked (217), keeping the number of EBs enrolled at a steady 2,800, which was very similar to the previous year as shown in the table below, together with the figures for earlier years.

We approved 3,047 projects during 2011/2012, compared to 2,776 the year before, an increase of almost 10%. However, we are still well below the 3,630 projects we approved in 2009/2010. Recent trends are set out in the following table.

Project approvals



EBs enrolled and voluntarily revoked



Fragrant orchid at the Chalk Grassland Project, supported by Berks, Bucks & Oxon Wildlife Trust. Photo by Andy Fairbarn

Regulations

The Regulations Team work to standards that have been agreed with HMRC and which comply with best regulatory practice, for example, The Hampton Principles. The Team has four key areas of work:

- Undertaking consultation exercises and making recommendations for regulatory change to HMRC;
- Introducing changes to the Landfill Tax Regulations 1996 (Regulations);
- Issuing and giving advice and guidance to EBs; and
- Delivering training events and seminars to EBs.

Consultation exercises

Where we identify issues with the application of the Regulations, we consult with EBs to gather empirical evidence to make recommendations to HMRC to ensure that the Regulations remain fit for purpose. During the year, we have improved the way in which we consult by making sure that all consultations are fully evidence based. As a direct result of these changes, we have not completed any formal consultation exercises during 2011/2012. However, to ensure that all of our consultation exercises are fully evidence based throughout 2011/2012, we have been collecting information through our compliance activity. This has included focussing the questions that are asked at inspections to gather evidence, which provides information to allow us to assess the scale of any regulatory problems, for example, during the year we have looked at the issue of Income Derived.

Changes to the Regulations

The Regulations allow ENTRUST to impose conditions on EBs, although the Terms of Approval (TOA) require that any condition must first be approved by HMRC. During the year, we reviewed the previous conditions that were placed on EBs, which set out that:

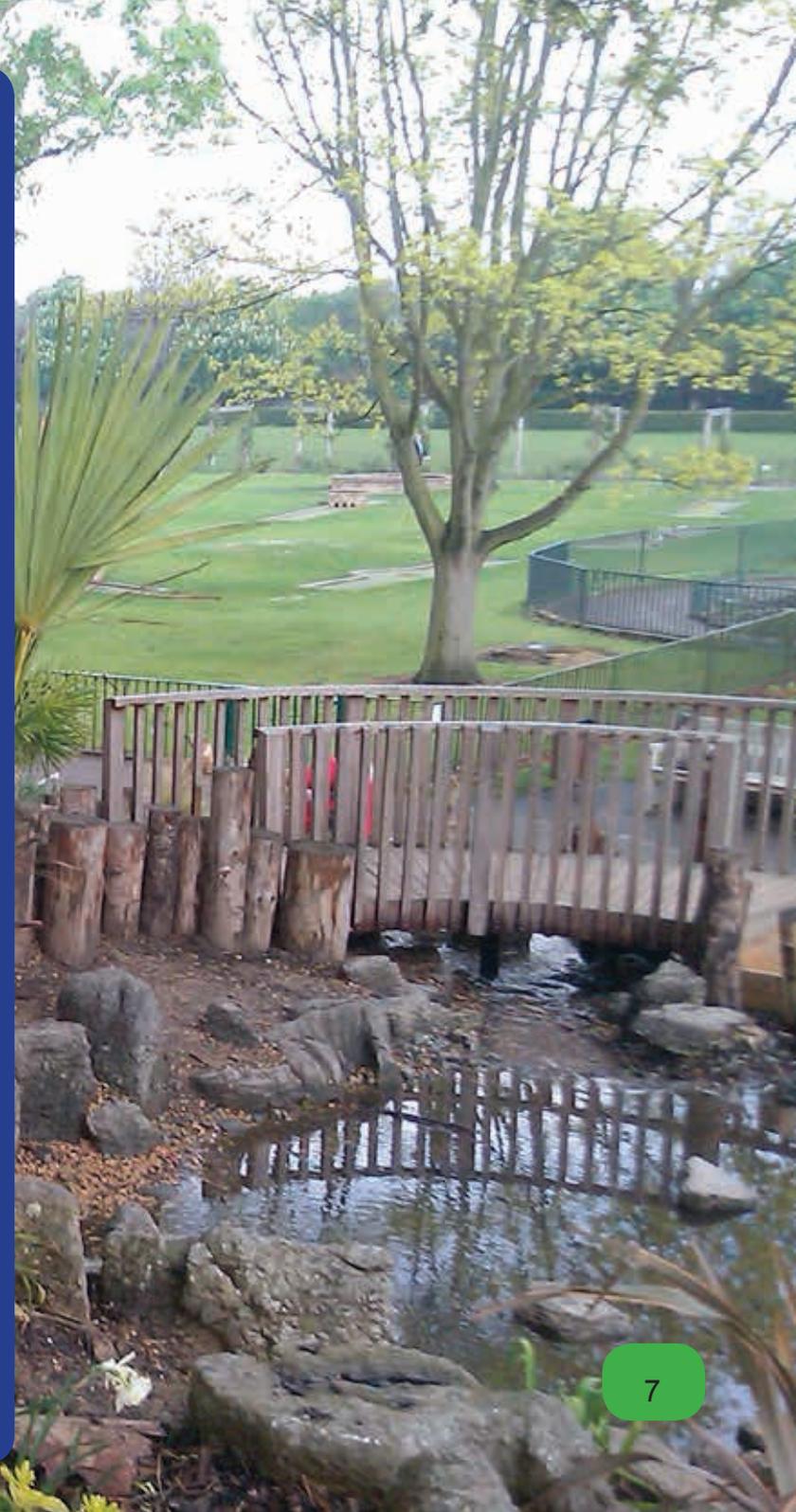
- An EBs must notify and register details of any project before a contribution is spent or enters into any contract/ obligation to spend a contribution on a project; and
- An EBs must not spend a contribution on a project until that project has been approved.

Following our review of these areas, we agreed with HMRC that these should be simplified to:

- No qualifying contribution, or any Income Derived from it may be spent on a project unless that project has first been approved by ENTRUST.

This amendment was made in January 2012, to add clarity that EBs must have a project approved by ENTRUST prior to any LCF monies being spent on it. This was not a significant change to the previous conditions and we formally notified EBs of this change in December 2011.

Waterfall Garden, supported by Wimbledon Park Heritage Group



Guidance

We issue guidance to EBs to outline their responsibilities under the LCF and to highlight best practice on how organisations can comply with the Regulations.

The Guidance Manual is kept under constant review and during the year, we started to carry out a full review of the document. As part of this process, we met with EBs to understand where they consider improvements could be made, for example, accessing the Regulations online. Consequently, we have published this information on our website, which EBs can download.

We will continue to work on renewing the Guidance Manual during 2012/2013, to ensure that it is concise and easy to understand. In addition the Manual will make it clearer for EBs to understand what a regulatory requirement is and what best practice is.

We also made some minor amendments to the Manual during the year, and ensured that the Team provided advice and guidance to stakeholders and staff.

Training

Our overall ethos is to coach EBs to compliance with the Regulations and one of the methods we use to achieve this objective is through the training courses we run for EBs. These training events also provide EBs with the opportunity to network and share best practice together.

We carry out three types of training:

- Basic training events;
- Advanced seminars; and
- Training on our online system.

We delivered a total of nine basic training days, two advanced seminars and nine online training events. We developed a number of training videos to assist EBs using EOL and also introduced a number of changes to our training days, driven by the feedback that we had received from past delegates. We are pleased to note that these changes have led to a positive increase in the feedback that we receive from these events.



We have produced a report on our website which analyses the 2011/2012, training programme and the feedback received from delegates which can be viewed on our website at <http://www.entrust.org.uk/home/training/documentation?did=1057>



Lemington Community Garden, Tyne and Wear, supported by SITA Trust. Photo by Kirstie Mackin



Small Grants Scheme roll out to all EBs

Since August 2009, we have run a SGS for Accredited EBs which allows them to gain ENTRUST approval for one umbrella project, under which they are able to fund smaller projects during the year without the need to submit project applications for each of these smaller projects. The aim of the SGS is to reduce the administrative burden of applying for and giving small amounts of funding through the LCF.

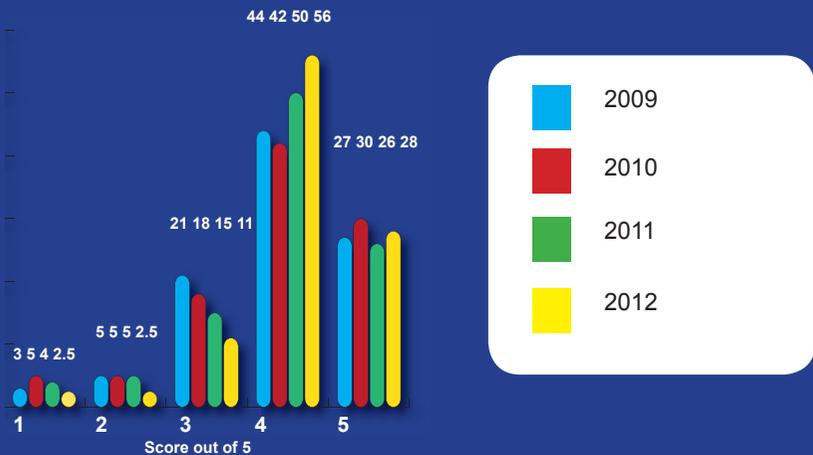
In October 2011, we opened up this scheme to all EBs that had been enrolled for three years, or more so that the benefit of reduced administration could be shared amongst all EBs.

EBs satisfaction survey

Each year we run an EBs satisfaction survey and publish the results on our website. The results help us to understand where EBs consider that improvements could be made in our operations and allow us to focus our resources on these areas. 402 EBs responded to the 2012, survey representing 14% of the number of EBs, which was a 16% increase from the 2011, return rate.

We also ask EBs to comment on our performance as Regulator, giving a score between one and five, where five is the highest. Comparative information from the past three years, along with the current data is summarised in the table below.

Performance as a regulator



My Little Koniks Project, supported by Derbyshire Wildlife Trust and Biffa Award



It is pleasing to note that in 2012 we scored more four's and five's combined than in any previous year. Each year we produce an action plan for improvements based on the feedback that we receive from the satisfaction survey and these are outlined in the action plan on page ten.

Area of improvement

Consult with EBs to ensure that revised guidance meets their needs.

Undertake regular training for Compliance Inspectors at monthly meetings in order to increase their knowledge, targeted at complex aspects of the LCF Regulations.

Contact EBs who fund other EBs through transfers, to suggest ways in which they can assist these EBs in understanding the differences between contributions and transfers and their obligations in respect of reporting to ENTRUST.

Ask EBs for suggested locations for future training events, taking into account value for money when deciding where to hold events.

Explore the feasibility of increasing the use of e-enabled technology to assist in the delivery of LCF training to include online training for seminar events.

Action Plan for Improvements

Holcombe Pony Club, sculpture commissioned by Pennine artists, supported by Groundwork Pennine Lancs Trust

Actions delivered

We held an initial scoping meeting with EBs in July 2011 and are working to ensure that the comments from EBs are reflected in the revised guidance.

Monthly Compliance meetings focus on new initiatives and complex areas of Regulation to ensure that Compliance Inspectors have a wider knowledge of the Regulations.

We have written to the DEBs, which may be able to assist EBs to understand the difference between a qualifying contribution and a transfer of LCF monies.

We continue to ask EBs to recommend locations for training days, especially if the venue has received LCF funding.

The online training programme has been tested and we consider that online training modules are a viable option and will develop this during 2012/2013.

Compliance

In line with best regulatory practice, we adopt a risk based approach to help ensure EBs spend LCF monies in accordance with the Regulations. This methodology uses a number of key attributes of EBs such as the size of unspent funds and historical enforcement action, which helps provide a risk score to enable us to categorise EBs into high, medium and low risk. In undertaking our compliance work, we therefore target our resources at the highest risk EBs.

Risk Based Regulation

We undertake two forms of inspections, Control Framework Inspections (CFI) and Project Compliance (PC). The CFI reviews are wider in scope and look at an organisation's internal control processes. These are more appropriate for larger EBs who receive significant funds and deliver numerous projects. Project compliance reviews are more focussed on project delivery and the core Regulatory obligations of EBs and are more appropriate for the smaller

EBs who may only carry out a small number of projects during the year. The Compliance Team have met each of their KPI targets:

- Completing a total of 343 compliance reviews against a target of 315 (+8.88%);
- Issuing 96% of compliance reports within target timescales against a target of 95%; and
- Achieving an overall satisfaction assessment from EBs of 4.4 out of a possible score of 5, against a target of 4.

This year, in addition to our regular schedule of inspections, we have also collected information for both HMRC and our Regulations Team to assist in the following areas:

Challenge 2011 - EBs were challenged to reduce the level of their unspent funds by 15% in Budget 2011. As a result we agreed a KPI with HMRC to visit the top ten EBs who were holding the greatest value in unspent funds which we did in June 2011. We worked with the EBs to raise their awareness of the Challenge and to understand how they planned to address it, by asking them about their unspent funds and what their plans were to reduce the balances;

Income Derived - We analysed data on Income Derived from LCF funded projects in order to help us understand how much income is being generated from LCF funding and the problems EBs have in managing this issue; and

National Arboretum Land Train, supported by Staffordshire Environmental Fund



EB running costs - Each year we monitor EBs administration costs reported on their Annual Returns. Current guidance requires any costs the EBs spend on its own administration to be reasonable and relevant. We reviewed all EBs with administration costs in excess of 10% of project expenditure for 2010/2011 and HMRC have requested that we report our results to them in 2012/2013. This information will help us understand why some EBs have a higher percentage of running costs.

Compliance Team - During the year, we also carried out a formal review of the compliance function to ensure that the structure remained fit for purpose. In undertaking this work, the Head of Operations benchmarked the Team against the following best practice standards:

- The Regulators Code of Compliance;
- The principles set out in the Government's Guide for Regulatory Review Teams, who review how Regulators are complying with the Regulators Code of Compliance;
- The Government's 2011, consultation paper on 'Transforming Regulatory Enforcement: Freeing up Business Growth'; and
- Reviewing the good practice of other Regulators.

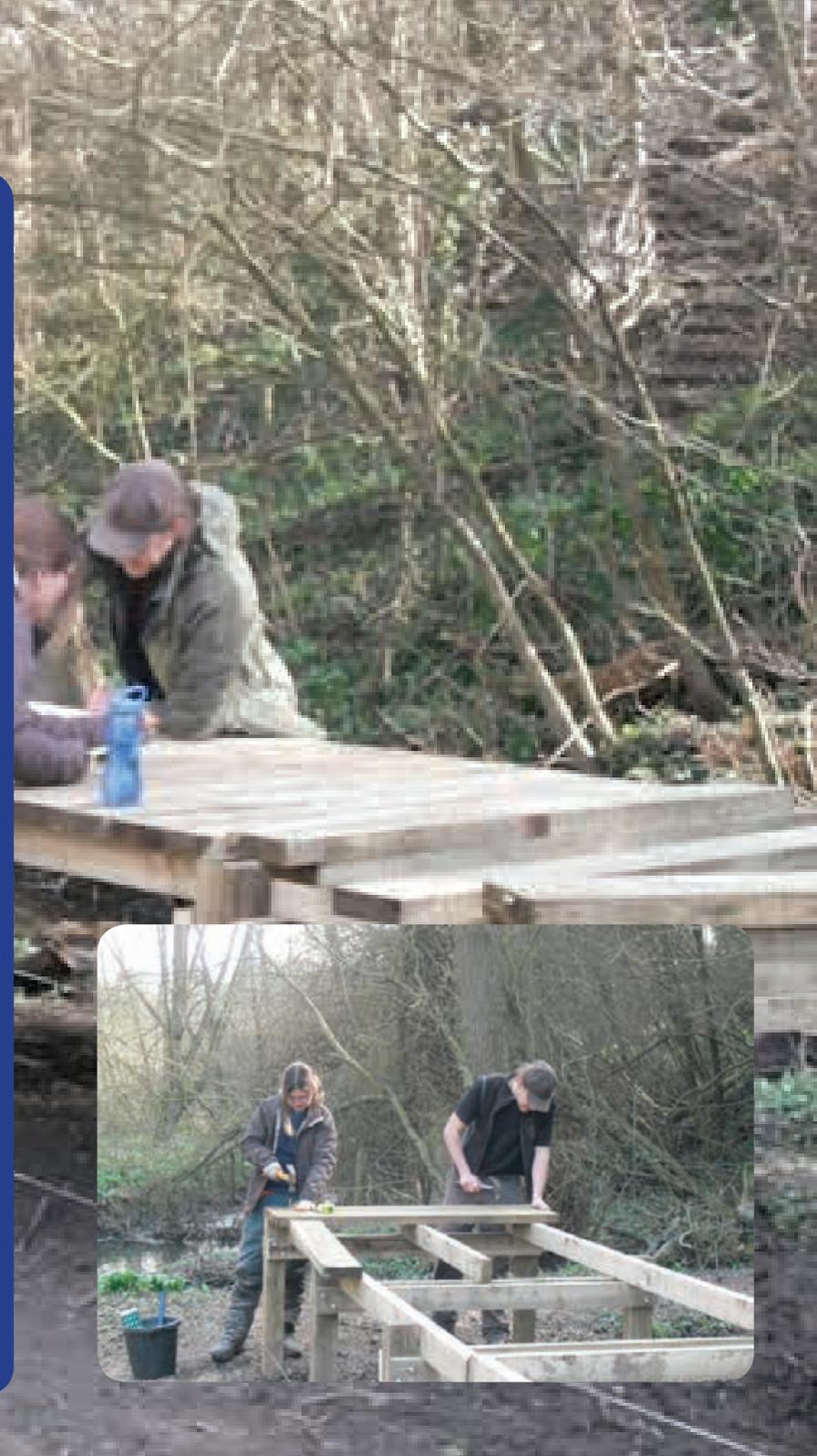
The findings of this review did not identify any fundamental issues with our approach to

compliance, but we established that we needed to improve some of our procedures and practices, which included:

- A more robust pre-visit review stage to ensure that Inspectors identify the key risk issues at each EBs and these are reviewed by the Compliance Managers prior to the visit;
- A pre-visit Health & Safety checklist completed by the Inspector and signed off by a Compliance Manager for every visit; and
- A post-visit review form is completed on the Inspectors return to document any incidents arising during the visit.

Accreditation

The Accreditation scheme is a methodology for evaluating and assessing the management and operational activities of an EBs to determine whether its governance framework is of an appropriate standard to allow a lighter regulatory touch to be applied to the organisation. It has been running since 2007 and we currently have ten accredited EBs. We would like to congratulate Cumbria Waste Management and Groundwork Northern Ireland who are the latest EBs to achieve accredited status during 2011/2012, joining the following EBs who have retained their accreditation status:



SITA Trust

Fife Environmental Trust

Perth and Kinross Quality of Life Trust

Staffordshire Environmental Fund

Northumberland Wildlife Trust

GrantScape

County Durham Environmental Trust Ltd

Hurst Water Meadow Trust

Cumbria Waste Management

Groundwork Northern Ireland

We undertook a review of the scheme to ensure it remained fit for purpose. This review was carried out by surveying both accredited EBs and other EBs and reviewing how other bodies accreditation schemes work.

- There is not a large appetite for accreditation amongst the EBs population; but
- Most accredited EBs value the scheme and in considering the benefits we decided it was still cost effective to continue to operate the scheme.

EBs who revoke from the scheme

During the year 213 EBs sought voluntary revocation from the scheme. In most instances, EBs seek voluntary revocation when they have completed their projects and do not expect to receive any more LCF funds. We review all cases where EBs request revocation to ensure that the EBs assets remain compliant with the Regulations and all LCF funds are accounted for.

Improving our efficiency

The implementation of the new EOL system has enabled us to keep data on compliance work electronically, improving our efficiency by allowing for the risk model to be updated at any time and by automatically providing performance management reports.



Enforcement

Our enforcement process requires us to demonstrate that we are fair, objective and independent. We work to procedures that have been agreed by HMRC to carry out the following:

- Enforcement action where there are breaches in the Regulations which have been identified;
- Enforcement action where EBs have failed to submit their Form 4s, 3s, and 7s by the due date;
- Enforcement action where EBs could potentially bring the LCF scheme into disrepute; and
- Investigating and monitoring of EBs who have gone into administration, liquidation or dissolved without being managed through the voluntary revocation process.

Enforcement cases

During the year, we formally reviewed and investigated over 50 cases, where EBs have failed to comply with the Regulations, including:

- EBs failing to keep adequate financial records and failure to spend qualifying contributions on approved objects;
- EBs who have gone into administration to identify and reduce the risk of the loss of LCF assets. Reviews have taken place to check that LCF monies have been spent compliantly and LCF assets remain in compliant use. Enforcement action has been taken where there are breaches in the Regulations; and
- Cases where the LCF Scheme could be brought into disrepute.

Enforcement action was taken in 15 of these cases and one case was referred to HMRC for a breach in the Regulations where the Landfill Operator (LO) made a qualifying contribution to the project and the evidence demonstrated that the LO was receiving a unique benefit contrary to the Regulations.

Following our reviews, enforcement action was also taken against 37 EBs who breached the Regulations for late reporting of contributions and transfers (Form 3s and 7s).

Naming and Shaming

This year 384 EBs failed to comply with the Regulations by not submitting their annual statutory return by the 28 April 2012. We are now talking to those EBs with outstanding annual returns and 'Name and Shame' those where there are still outstanding forms in June 2012.

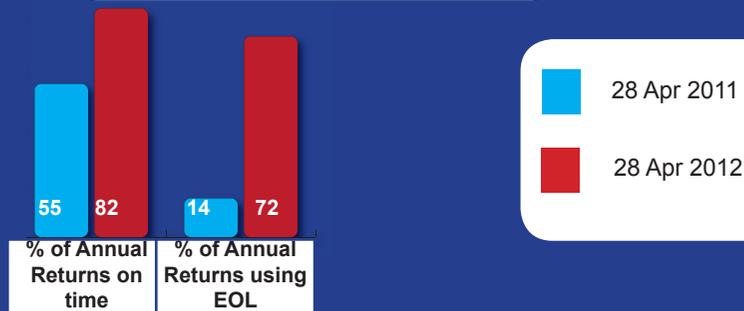
Strategy for annual return submission

During the year, we also developed a formal strategy to increase the number of EBs submitting their annual returns on time using EOL. We tailored our communications recognising the practices of those EBs who had submitted previous returns on time, and those who had not. This proactive work has increased the percentage of statutory returns received by the 28 April deadline and significantly increased the percentage of EBs using EOL to submit their annual returns. The results are illustrated in the following graph:



Pink Geese at Vane Farm, part of the National Coastal and Floodplain Grazing Marsh Programme, supported by the RSPB and Biffa Award. Photo by Uwe Stoneman, RSPB

Annual Returns submission

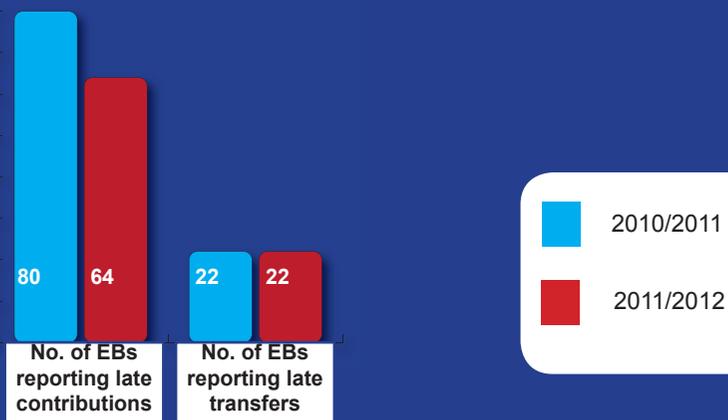


The increased use of the new EOL system launched on 01 April 2011, to submit annual returns has made the process easier for many EBs.

Management of repeat offenders for late financial reporting of contributions and transfers

Throughout 2011/2012, we identified a number of EBs who continually failed to submit returns, relating to the reporting of contributions and transfer transactions. We have taken enforcement action to require these EBs to advise us how they will amend their procedures to prevent future breaches of the Regulations. To ensure appropriate action has been taken, we carry out follow up inspections as part of our normal compliance work. This approach has had a significant effect on reducing the number of EBs receiving enforcement action for late reporting of contributions.

Late reporting by EBs



Protecting LCF assets when EBs become inactive

We have developed a process to help protect LCF assets when an EBs goes into administration, liquidation or is dissolved (inactive EBs). The economic climate has seen an increase in the number of EBs falling into these categories and throughout the year we have identified risks of assets being lost to the Scheme. In developing our work in this area, we have used:

- Our regulatory powers to obtain EBs financial records from Administrators to check LCF monies have been spent compliantly;
- Our regulatory powers to obtain statutory annual returns from Administrators acting for EBs; and
- Monitored assets funded by inactive EBs to ensure that they are still in compliant use.



Hawthorne Park, supported by Hawthorne Park Trust

Governance and Risk Management



Mark Crook
Head of
Finance

The main principle of the Combined Code on Corporate Governance is that a Company should be headed by an effective Board, who are collectively responsible for the leadership and success of the Company.

Our Board ensures this principle is at the heart of what we do in setting the strategic direction of the Company and in carrying out this role, the management of risk is central to this process.

To support the delivery of this objective, Risk Management is a standing item on our Audit Committee and Board agendas and the Senior Management Team (SMT) present their quarterly review and update of the Strategic Risk Register (SRR) to these meetings.

Any changes to the SRR flow down through the organisation into our Operational Risk Registers used internally by each of our functional areas to manage risk issues on a day to day basis.

During the year, no additional strategic risks have been identified and the SMT undertook a comprehensive, fundamental review of the SRR, reported to Committee in December 2011, to ensure that it accurately reflects our exposure to risk and the actions and controls we have in place to minimise that exposure.

Internal Audit

The annual Internal Audit Programme is designed to provide assurance to the Board, that the internal controls in operation within the Company mitigate any loss and that the risks identified at the strategic level do not impact on the delivery of our strategic objectives.

Identifying the link between the area under review and the SRR, the Internal Audit Programme for 2011/2012, was developed to review those areas of our operations where the exposure to risk has the potential to impact significantly, without having appropriate controls and processes in place. The 2011/2012, programme reviewed the following areas:

- Corporate Governance Framework;
- Enforcement focussing on enforcement action undertaken, how successful the actions are in bringing EBs back to compliance with the Regulations and the HMRC referral process;
- Regulations Consultations and Training;
- The Hampton Principles and Regulators Code of Compliance to ensure that the work we undertake aligns closely with the Best Practice principles set out in these documents and identify actions where gaps were identified, to bring our activities into alignment;
- Financial Management, ensuring that the funds we spend and income we receive is well controlled, appropriately authorised and accurately reported;
- A post evaluation of EOL to ensure that the benefits identified within the Business Case that initiated the project have been realised; and
- Health and Safety, particularly in respect of offsite working undertaken by Compliance Inspectors.

Corporate Governance

Our Corporate Governance Framework was last updated and approved by the Board in 2009/2010 and has been designed to meet the requirements of the Combined Code for Corporate Governance to ensure we have imbedded into the Company an ethos of openness, transparency and accountability.

This Framework was reviewed again by our Internal Auditor during the year to ensure that it continues to meet the requirements of the new Combined Code and other legislative changes that impact on governance, such as the implementation of the Bribery Act 2010 and the increase in numbers of the make up of the Board.

The Framework is reviewed annually by the Board to ensure that governance remains effective and that we continue to operate as a high performing Regulator.

KPIs and Management Targets

For 2011/2012, we identified and agreed nine Management Targets and 18 KPIs with HMRC against which we would monitor and assess our performance throughout the year.

We are pleased to report that we achieved all of the targets and this is a positive reinforcement of the performance management culture that we have embedded into the organisation over the last three years.

The table below gives a breakdown of the number of Management Targets and KPIs set for each area of the Company for the past year.

	KPIs	MTs
Registrations	2	-
Regulations	5	3
Compliance and Enforcement	8	1
Communications	2	-
Corporate	1	5

Financial Overview

When we agreed our resource requirement for 2012/2013, based on our new funding model agreed with HMRC, we did so by critically challenging our expenditure needs using Zero Based Budgeting, to ensure that we only received the funds required to deliver our remit as Regulator of the LCF and also to reflect the difficult financial climate being faced by all sectors.

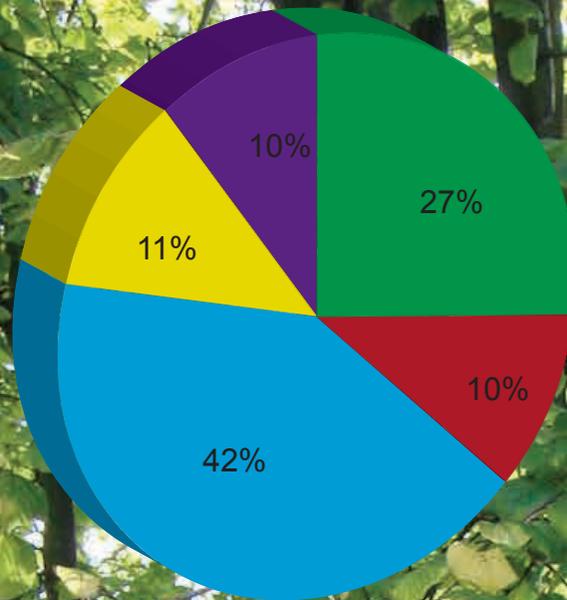
We have continued this approach when committing resources throughout the year, to ensure that expenditure decisions are based on achieving the best value for money from our available resources to provide an efficient and highly effective regulatory service to EBs.

As a consequence of this and the timing impact of the release of income deferred from previous periods to fund our activities, we are able to report an operating surplus on our regulatory activities of £45,133 (2011: a surplus of £6,215).

The following graphs provide an analysis of where expenditure has been incurred across the organisation to deliver the regulation of the LCF, compared to 2010/2011.

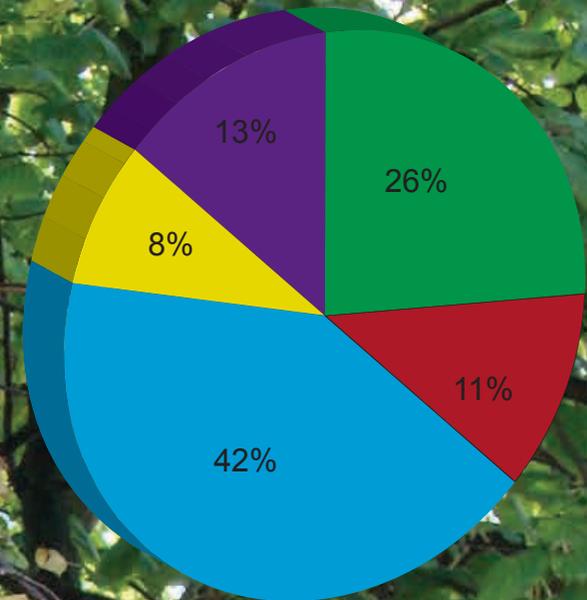
2011

- Compliance
- Admin
- Regulation
- Corporate
- Registration



2012

- Compliance
- Admin
- Regulation
- Corporate
- Registration



The ENTRUST Board

The Board consists of Dr Philip H Smith, Chairman, Christopher Welford, Chief Executive Officer, Lorraine Clinton, Will Lifford, Dr Ann Limb OBE and Anna East. John King retired from the Board on 01 July 2012.

Four Board meetings were held during 2011/2012. The Chairman and CEO attended all meetings, whilst the other members missed just one meeting each. This was also the case for both the Human Resources & Remuneration Committee and the Audit Committee meetings. Two new members joined the Board in 2012. Dr Ann Limb OBE joined on 01 January 2012 as a Non-Executive Director and attended her first Board and Committee meetings on 21 March 2012. Anna East also joined as a Non-Executive Director on 01 April 2012.



For further information on the LCF and ENTRUST, please visit our website at www.entrust.org.uk or call us on 01926 488 300

All information contained in this report is correct at the time of print



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