



ENTRUST Corporate Plan

2019-2022

Chair and Chief Executive's Summary

ENTRUST has operated as the Regulator of the Landfill Communities Fund (LCF) since its inception in 1996. In undertaking this role, ENTRUST:

- Mitigates the risk of financial loss to the Exchequer by providing HM Revenue & Customs (HMRC) with independent assurance that LCF monies are spent compliantly in accordance with the Landfill Tax Regulations 1996 (Regulations); and
- Continues to deliver the requirements of the ENTRUST/HMRC Terms of Approval (TOA), which ensures that we fully support HMRC in regulating the fund and delivering the annual objectives and Key Performance Indicators (KPIs) set by HMRC.

ENTRUST's 2019-2022 Corporate Plan sets out the activities which we consider are key to our delivery of regulatory services across this Corporate Plan period. The Plan has been developed considering the positive responses from our 2018 Environmental Body (EB) Satisfaction Survey and feedback from our stakeholders throughout the year. Furthermore, following the reduction to the size of the LCF since the Government's reforms, our Plan for 2019-2022 maintains our concentration on continuous improvement and innovation, with a core emphasis on ensuring the Government's strategic priorities are met. In particular we will focus on supporting EBs to:

- Reduce EB administration costs to below the recommended guideline of 7.5 per cent of project expenditure; and
- Reduce the level of unspent funds held by EBs.

A further key priority will be the smooth closure of the LCF in Wales during the final year of the transitional period.

Service improvement and efficiency

In 2019/2020 we will continue to prioritise our 'coaching to compliance' ethos which will remain supported by our focus on strong levels of customer service and efficient processes for both ourselves and EBs, which we believe will help to further minimise the administrative burden on EBs.

We will also continue to operate a streamlined approach and ensure our operations are transparent, building upon the work of previous years. We consider it essential that all stakeholders have the information they need to participate in the LCF. We will continue to support our stakeholders through the use of ENTRUST Online (EOL), by providing written guides, telephone support and updates to ensure ease of use, in particular as we enter the final year of our move to 100 per cent e-delivery of our services. We will:

- Under the agreed framework, provide updated information to HMRC on EBs administration cost expenditure and the level of unspent funds that they hold;
- Implement updated evidence standards for case referral to HMRC;
- Continue to respond to the opinion of users and other stakeholders on the implementation approach for moving to online submission of forms;
- Continue a mid-year contact with EBs asking them to check and update their EB details;
- Communicate with Directors, Trustees and main contacts of frozen EBs following six months of no communication from the main contact; and
- Continue all feedback surveys – helpline, compliance, and satisfaction.

Delivering Value for Money (VfM)

We believe it remains important to demonstrate the value that the LCF delivers to local communities and the wider environment. In 2017/2018 we shared with EBs the updated economic impact assessment framework we had developed. This followed on from the original framework which was published in 2015. In 2019/2020 we will further review the framework to ensure that the published indices for evaluating economic impact remain up to date and relevant to the scheme.

Since 2016/2017 we have published data collected via completion forms (Form 9), showing what has been achieved by projects completed in any particular operating year and since 2017/2018 we have published anonymised data about the performance of EBs against key scheme metrics to enable EBs to effectively benchmark their own performance and assist with identifying areas for action. In 2019/2020 we will:

- Continue to publish benchmarks for EBs whilst further developing our benchmarking activity to ensure that the data being made available meets the needs of all EBs;
- Undertake a consultation regarding the VfM questions asked in the Project Completion form (Form 9); and
- Publish an annual VfM report, agreed with HMRC.

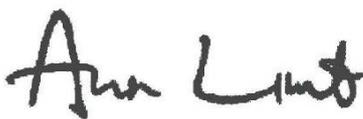
Scheme closure in Wales

Landfill tax devolved to Wales on 1 April 2018 which meant the LCF also closed in Wales from 1 April 2018, commencing a two-year transitional closure period which concludes on 31 March 2020. We will continue to work closely with HMRC and EBs operating in Wales to ensure the smooth closure of the final year of the transitional period.

Organisation

Following a reduction in the size of our organisation and our resource requirement across the previous three Corporate Plans we consider that our structure is appropriate for the reduced size of the LCF, however we will continue to seek cost savings and organisational efficiencies across the life-time of the plan. In 2019-2022 we will:

- Ensure that the Company remains fully compliant with General Data Protection Regulation (GDPR); and
- Undertake an annual self-assessment of cyber security arrangements and ensure we remain cyber certificated.



Dr Ann G Limb CBE DL
Chair, ENTRUST



Christopher Welford
Chief Executive, ENTRUST

1. Service improvement and efficiency

As an effective, efficient and lean regulator, our Corporate Plan for 2019-2022 sets out the activities which we consider are key to our delivery of regulatory services across this Corporate Plan period. This Corporate Plan has been developed considering the positive responses from our 2018 EB Satisfaction Survey and feedback from our stakeholders throughout the year. In 2019/2020 we will continue to prioritise our 'coaching to compliance' ethos which will remain supported by our emphasis on strong levels of customer service and efficient processes for both ourselves and EBs, which we believe will help to further minimise the administrative burden on EBs.

We will also continue to operate a streamlined approach and ensure our operations are transparent, building upon work in previous years. We consider it essential that all stakeholders have the information they need to participate in the LCF. We will therefore continue to support our stakeholders through the use of EOL, by providing written guides, telephone support and updates to ensure ease of use, in particular as we enter the final year of our move to 100 per cent e-delivery of our services.

1.1 Monitoring of levels of EB administration costs

After the announcement of the Government's reform of the LCF in April 2016, guidance was introduced for EBs to keep their administrative costs at below 7.5 per cent of their project expenditure. HMRC considers the requirement for EBs to ensure that administration costs are at, or below 7.5 per cent to be one of their strategic priorities for the operation of the LCF. Following the introduction of the guidance, we will continue to monitor the administration costs of EBs, reported on Statutory Annual Returns to identify where administration expenditure exceeds 7.5 per cent of project expenditure. From the 2017/2018 Statutory Annual Returns, while overall the sector was below this level, from the information that we gathered, we identified a number of EB's administration costs were still above the guidance level.

In 2018/2019 we formalised our approach in this area and put in place a framework to review levels of administration costs, including quarterly monitoring of values of relevant expenditure and challenge of plans which do not deliver required levels of savings. Under the framework which was agreed with HMRC, where EBs fail to make progress in reducing their administration costs, with HMRC's agreement we will consider approaching the contributing landfill operator (LO) to inform them of the recommended 7.5% limit on administration costs and of their responsibility to ensure that their contributions are spent compliantly.

The Association of Distributive and Environmental Bodies (ADEB) is a membership organisation which represents the interests of several (but not all) funders in the LCF plus a number of Environmental Bodies. We will work with ADEB and where it is appropriate, we will robustly challenge individual EBs to ensure the target is achieved, for example by issuing further guidance to the sector and working with individual EBs on the corrective actions they should take to achieve the 7.5 per cent target. We consider that this work will help increase the direct funding that is available for projects, which benefits local communities. The information that we collect from our reviews will be submitted to HMRC for their consideration, and appropriate follow up action will be taken.

1.2 Reducing the level of unspent funds

HMRC considers the reduction in the level of unspent funds held by EBs to be one of its strategic priorities for the operation of the LCF. Following our analysis of the 2017/2018 Statutory Annual

Returns (Form 4s) submitted to ENTRUST, we have identified that a number of EBs have not made any progress in reducing the level of funds that they hold.

In 2018/2019 we formalised our approach in this area and put in place a framework to review levels of unspent funds, including quarterly monitoring of values of relevant expenditure and challenge of plans which do not deliver required levels of spend. We also introduced a guidance level that for an individual EB, unspent funds held at the yearend should not exceed 1.5 times the income received by the EB in that year. Under the framework which was agreed with HMRC, where EBs fail to make progress in reducing their unspent funds, with HMRC's agreement we will consider approaching the contributing LO to inform them of the guidance levels, and their responsibility to ensure that their contributions are spent compliantly.

To ensure that the level of unspent funds is reduced further, in 2019/2020 we will continue to target our resources at those EBs which have not reduced the value of their LCF funds and who have breached the guidance level, or those organisations ENTRUST considers are holding excessive unspent funds to ensure that they have plans to spend the money for the benefit of local communities. While much progress has been made by many EBs in this area, working with ADEB we will also encourage sharing of best practice amongst funding EBs to assist in maximising the flow of funding to communities and ensuring that funds are committed and spent in a timely manner. The information that we collect from our reviews, will be submitted to HMRC for their consideration and appropriate follow up action will be taken.

1.3 Enrolment for EBs

For organisations wishing to enrol in the LCF as an EB, we provide a range of information and advice on our website and through our email and telephone Helplines. As part of ENTRUST's core function, we will continue to provide bespoke help to those organisations who contact us to ensure that the application process progresses as smoothly as possible and we will continue to undertake to complete all enrolments, where all of the required information has been provided to us, within five working days.

Over the last few years, we have invested resources in improving the enrolment process for EBs. This has included the introduction of a new online training module, updating the Form 1 enrolment form on EOL and streamlining the process. In 2019/2020 we will continue to monitor the effectiveness of these measures and respond to feedback from new EBs and funders about the process, acting when and where it is appropriate.

In 2019 we will revise our assessment process for new organisations enrolling as an EB, to ensure that we continue to identify early any risk indicators of future potential non-compliance to minimise risk to the reputation of the scheme and LCF monies.

1.4 Project applications

Following a review of the project application process, we implemented changes to the project approval form (Form 2) in 2017/2018, to focus the information we need at application stage to ensure project proposals comply with the Regulations. We will therefore continue to approve all projects, where all of the required information to complete this task has been provided, within five working days. We will review the Form 2 to identify if there are further opportunities to improve the form.

Following the removal of the paper Form 2 in April 2018 as part of our e-delivery strategy we will continue to offer support to EBs in utilising the online form.

In order that we can support all of the different ways that funding EBs operate and to ensure that funders do not need to duplicate any of ENTRUST's statutory and contractual work, we will continue to support project applications from EBs whether, or not, funding has been obtained for the project.

We will also continue to focus on effective regulation through our Registrations function by ensuring all enrolled EBs remain compliant with the Regulations at the project registration stage, as well as through our further compliance work.

In 2019 we will revise our assessment process for project registration, to ensure that we continue to identify early any risk indicators of future potential non-compliance within the project to minimise risk to the reputation of the scheme and LCF monies.

1.5 Enquiry handling

We continually strive to improve our enquiry handling and we will continue to focus on swift and accurate responses, processing all email Helpline enquiries within 24 working hours. Our monthly Helpline Satisfaction Survey receives consistently high satisfaction scores and allows us to respond quickly to feedback from stakeholders. It is therefore our intention to maintain our high level of customer service standards in these areas, and use this framework to improve other areas of our business where applicable.

1.6 Information, advice and guidance

As part of our 'coaching to compliance' ethos we undertake a consultative approach when making changes to our operational framework. One of the key areas where we value and recognise the important contribution that EBs can make is when we review and update our Guidance Manual. Feedback from EBs allows us to provide clear and consistent guidance that is understood by all end users. To ensure that our guidance complies with the Regulations and meets EBs needs, we continually review the manual and as part of this process, we take into consideration EBs' feedback. This feedback is received from all of our interactions with EBs and all comments are recorded on a central list.

We will continue to undertake a quarterly review of our guidance whereby any necessary clarifications can be incorporated into a published update.

1.7 Training

We consider that it is essential, as an open and transparent regulator, to offer EBs and other stakeholders the opportunity to visit ENTRUST, meet with staff and have an open forum to ask questions and seek advice. This core objective, along with our 'coaching to compliance' ethos, informs the development of our training strategy. We will continue to provide a small number of face to face training sessions to meet demand from EBs, particularly organisations new to the scheme, or individuals new to existing EBs. We have previously held an annual Open Day to give EBs the opportunity to visit our offices, meet our staff and deal with any specific issues and queries. The level of interest in this event has reduced in recent years, but we recognise from our discussions with EBs, that some organisations like to visit ENTRUST's offices. Instead of running an open day, we

will operate an open-door policy. We will therefore welcome EBs at any time to discuss any areas of the LCF and to meet our staff.

We also maintain a suite of training resources and 'How to' guides to help EBs when interacting with the scheme. We will ensure these remain accurate and relevant. In 2019/2020, we will review our training strategy and our offer to ensure that it remains cost effective and well used by EBs and drives continuing levels of compliance with the scheme requirements.

We will use the ENTRUST website, our email communications and our social media to ensure that EBs are fully aware of the training, advice and guidance that exists to support them when undertaking their LCF activities.

1.8 Inspection planning

We are required under Regulation 33 (1) (i) to satisfy ourselves, by reference to records, or other documents, or information held by EBs, that the qualifying contributions received by the EB have been spent by it only in the course, or furtherance of the Regulations and the EB's approved objects. Under the Regulations and the TOA, we are required to provide HMRC with assurance that all LCF monies have been spent compliantly. Fundamental to our approach in meeting these statutory requirements are reviewing and visiting EBs to monitor their governance arrangements, operating systems and project compliance.

To maintain levels of assurance required under the Regulations and the TOA, we will maintain our risk-based approach to inspection planning. In 2017/2018 we agreed with HMRC to reduce the number of reviews we deliver and in 2018/2019 we agreed a further reduction while continuing to inspect at least one third of active EBs. The compliance process focuses on compliant spend, the areas of highest risk, previous non-compliance, EB risk ratings and issues identified through information and intelligence analysis throughout the year.

We regularly review the scope of our inspections to ensure that we maintain appropriate coverage of all key requirements of the LCF scheme, making sure that we maximise the use of data already available to us and at the same time minimise the amount of documentation we require from EBs.

1.9 Regular enforcement activity

We publish quarterly enforcement updates to highlight common issues and make recommendations for best practice, we also publish our enforcement framework and approach on our website so it is clear to EBs where and how we follow up non-compliant activity. We will continue to prioritise this sharing of best practice, and in 2019/2020 we will also continue with our established monthly monitoring of:

- Late Form 3 submissions, notifying us of an EB receiving a contribution from a LO;
- Late Form 7 submissions, notifying us of a transfer of funds between EBs;
- Late levy payments, where our invoice remains outstanding following notification of a contribution; and
- Spend outside the prescribed period, when payments are notified before the approved start date or after the approved end date of a specific project.

We will also bring any corrective actions required by EBs to their attention through Advice and Guidance, Warning and Enforcement letters where necessary. We will continue to review our processes and procedures to ensure that our Enforcement activity meets the aim of reducing the incidences of non-compliance and ensuring that LCF monies are monitored and accounted for correctly.

We will also continue to undertake our casework, working with individual EBs demonstrating a range of non-compliance, or serious non-compliance identified through compliance reviews, or notified to us, in order that corrective actions can be agreed.

We have developed an approach with HMRC to consider early intervention by HMRC with LOs, if necessary, to encourage compliant activity. We only use our powers to refer cases to HMRC to consider forcible revocation and claw-back under circumstances where no agreement on required actions can be reached or agreed actions are not taken in the relevant timescale. In 2018/2019 we agreed with HMRC an update to our evidence standards in light of feedback and review, in relation to recent enforcement cases and to bring them into line with the Government's VAT and Duties Tribunal Standards. These updates include:

- A balanced approach to evidence gathering ensuring that all viewpoints and circumstances are considered;
- Identifying the key facts and the progress of the enquiry;
- The content and required length of the referral document; and
- The provision of supporting case information on request.

We will continue to work with HMRC to ensure that any cases are handled appropriately and as per the agreed framework and updated evidence standards for referral and that the powers available to us are used to address the risk and incidence of non-compliant activity by EBs.

1.10 Online reporting

In our 2017-2020 Corporate Plan we set out a three-year plan to migrate to 100 per cent online reporting and e-delivery of our services through EOL. 2019/2020 will see the implementation of the final year of this plan. EOL allows all EB reporting to be completed online, to reduce the burden on EBs and ensure that compliance can be readily achieved and demonstrated. For example, EOL includes a facility to extend projects where they are running beyond their original expected end date.

More than 95 per cent of all EBs reporting of their activities to ENTRUST currently takes place via EOL. In line with the general trend in society to move to the e-delivery of services, we planned to move to a single e-system within three years and remove the need to use hard copies of documents. We will continue to provide support to any individuals and/or EBs who find it difficult to work online, but we believe this is the most efficient and cost effective way to support reporting across the LCF.

We will also continue to communicate with EBs through our website and email communications about the change to online reporting and the removal of paper forms, ensuring that we give them notice of the change and making the support materials easily accessible for them. The following table shows the progress against that plan and the remaining actions outstanding:

| Date | e-delivery plan stage (paper form removal) | Communication of removal of paper option | Progress |
|--------------|---|--|------------------------|
| 1 April 2017 | Remove paper Form 3 (notification of a contribution) | 1 January 2017 | Completed |
| 1 April 2017 | Remove paper Form 7 (notification of a transfer) | 1 January 2017 | Completed |
| 1 April 2018 | Remove paper Form 2 (project registration) | 1 October 2017 | Completed |
| 1 April 2019 | Remove paper Form 1 (EB enrolment) | 1 October 2018 | Communications planned |
| 1 April 2019 | Remove paper Form 4 (Statutory Annual Return 2019/2020) | 1 October 2018 | Communications planned |

1.11 Statutory Annual Returns (Form 4)

Our Statutory Annual Return (Form 4) strategy has been successful in recent years with annual increases on the return rates. The agreed HMRC KPI was updated for 2017/2018 returns to state that ENTRUST will ensure that 99 per cent of LCF funds are reported through the Statutory Annual Return by 28 April. This worked well and 99.91 per cent of funds were reported by the deadline through the 2017/2018 returns and the five funded EBs who had failed to report by the due date were all submitted by 1 May 2018. In autumn 2018 we will review the strategy for 2018/2019 Annual Returns to further consider areas of success and some for improvement.

Following a successful trial in 2017, we will continue our mid-year communication plan to ensure that EB information and Director details are up to date to ensure that out of date records do not impact on the service we are able to offer our stakeholders during the Statutory Annual Return period. In 2015/2016 HMRC introduced a condition, whereby any EB who has failed to make a Statutory Annual Return may have their status 'frozen'. Once an EB is classified as frozen it is unable to receive LCF monies, or spend the LCF monies it holds until all outstanding Annual Returns are submitted. Based on a successful trial in 2017/2018, we believe it is appropriate to add an additional advice and guidance letter to EB Governing Members for all EBs when frozen following lack of communication from their main contact. This would take place six months after the last failed contact.

Finally, to increase the Statutory Annual Return rate, we will continue to deliver a targeted email communication campaign. We believe this will ensure that EBs are aware of their obligations and our expectations of them, making the information specific to their in-year activity and location, where there are different requirements as parts of the scheme are closed and devolved. In order to meet the KPI of 99 per cent of funds reported we will continue to support our email communication with one to one support by telephoning funded EBs who our records show have not yet started a return.

1.12 Feedback to EBs on our compliance and enforcement activity

ENTRUST's overarching ethos remains to coach EBs to compliance. Whenever we discover non-compliance our first action is to raise the matter with the EB in order that they may take corrective action, which we consider will also mitigate future non-compliance.

ENTRUST is committed to the principles of Better Regulation. As an open and transparent organisation, we publish our compliance findings and recent enforcement activity on our website on a quarterly basis. This approach forms part of our framework to support EBs by offering the appropriate level of advice and guidance wherever needed. We continue to highlight the compliance inspection and review findings and recommendations in our quarterly eNewsletter about how EBs can avoid, or address these common issues of non-compliance, signposting to relevant resources to help EBs maintain compliance. We will also continue to feed any common issues of non-compliance into our training processes and resources, in order to ensure EBs have the information to maximise the potential for compliance. We will particularly focus upon ensuring that EBs are ready to be part of the scheme and have all the necessary information to comply at the point of enrolment.

1.13 Communications

Our communications activity is undertaken to support our operational and regulatory activity. Through our website, email communication and training support materials we provide information, advice and guidance to support EBs when undertaking their LCF activity. We also provide information for those new to the scheme, which enables them to assess whether their organisation and projects are a good fit with the LCF. Through our funders search prospective applicants are able to find potential funders for their project.

In addition to the information available 24/7 on the ENTRUST website, we also undertake specific communication activities to support the regulation of the fund. We use our email communication system to communicate directly with the main contacts of EBs where there have been changes, or updates to guidance and also for specific activities such as our Statutory Annual Return Communications Strategy. We will continue to target our email communication to ensure we send the most relevant messages to the most relevant audiences. By sending email communication to only those who require the message we are able to reduce any administrative burden on EBs. We also distribute a quarterly eNewsletter, which provides an update on the scheme along with key messages and updates on our training materials and events. The following outlines our annual email marketing communication schedule for 2019/2020. All emails are sent to the registered main contact of the EB:

- Quarterly eNewsletters – April 2019, July 2019, October 2020, and January 2020;
- Corporate Plan to Top 150 – April 2019;
- EB Satisfaction Survey – May – June 2019;
- 2018/2019 Annual Report to Top 150/All EBs – July 2019;
- Publication of EB Satisfaction Survey – October 2019;
- Budget Landfill Tax Briefing – November/December 2019;
- Statutory Annual Return (Form 4) communications – January to April 2020; and
- Operational eShots, including Wales closure updates – throughout the year.

We will continue to facilitate an annual meeting between HM Treasury (HMT), HMRC and the Chairs and Chief Executives (CEOs) of the largest EBs. This will be supported by our quarterly briefing notes which include a summary of work undertaken, or upcoming, that we believe Chairs should be aware of and further supports the face to face communication work undertaken by our CEO and Board members.

In recent years the ENTRUST Board and Chief Executive have developed positive relationships with LOs through a series of targeted meetings and discussions. In July 2018 we published the second annual briefing note for LOs who have contributed to the LCF in the last three financial years. This briefing note was also published on our website. We will continue this in 2019 as we believe it provides a vital opportunity to increase LO awareness of the scheme, relevant guidance for LOs following the Government's reform of the LCF, their financial responsibilities and the risk to LOs of 'claw-back' by HMRC in the event of EB non-compliance. We will also, with HMRC's agreement, inform them if any EB they are funding are failing to follow ENTRUST's guidance, in particular if the EBs are failing to meet the guidance on administration costs and levels of unspent funds as these are HMRC strategic priorities. As part of this LO engagement strategy, our Board and CEO will continue to have regular contact meetings with the largest LOs. This provides LOs with the opportunity to seek further information more relevant to their needs and interests, on a one-to-one basis.

In addition, we have been working with the trade body representing LOs, the Environmental Services Association (ESA) and we have agreed with them that we will hold an annual meeting between ENTRUST and ESA. We will further consider with HMRC our LO engagement role, as well as what information we can provide to LOs about EBs.

1.14 Measuring satisfaction

We will continue to undertake our annual EB Satisfaction Survey to gain the feedback, thoughts and opinions of our key stakeholders on the quality and performance of our services. We will ensure that we retain key benchmarking questions in order that we can compare our performance year on year. Our annual EB Satisfaction Survey sits alongside our other stakeholder feedback surveys, which include the Compliance Inspection feedback and the Helpline feedback survey.

1.15 ENTRUST Regulator Standards (ERS) assessment

We launched the updated ENTRUST Regulator Standards (ERS) in 2018 which consist of a number of standards under seven areas encompassing the regulatory work undertaken by ENTRUST. The ERS reflect the standards detailed in the Regulators' Code and adopt a risk-based analysis approach. We will continue to assess our regulatory services against the ERS in 2019/2020 to ensure that we are appropriately and responsibly carrying out our regulatory duties on behalf of HMRC and publish our self-assessment against the standards.

1.16 Key outcomes

Actions:

- Under the agreed framework we will provide updated information to HMRC on EBs administration cost expenditure and the level of unspent funds that they hold;
- Implement updated evidence standards for case referral to HMRC;
- Continue to respond to the opinion of users and other stakeholders on the implementation approach for moving to online submission of forms;
- Continue a mid-year contact with EBs asking them to check and update their EB details;
- Communicate with Directors, Trustees and main contacts of frozen EBs following six months of no communication from the main contact; and
- Continue all surveys – helpline, compliance, and satisfaction.

Measures:

- Reduction in the number of EBs with administration costs above 7.5 per cent of project expenditure;
- Reduction in the number of EBs with unspent funds at yearend above 1.5 times income received in year;
- Reduction in the value of uncommitted funds held by EBs;
- Maintain the percentage of EBs using EOL;
- Increase survey return rates and maintain satisfaction rates with our services;
- Reduce the number of inspections; and
- Increase enrolments on first submission.

2. Delivering Value for Money of the LCF

We believe it remains important to demonstrate the value that the LCF delivers to local communities and the wider environment. In 2017/2018 we shared with EBs the updated economic impact assessment framework we had developed. This followed on from the original framework which was published in 2015. In 2019/2020 we will further review the framework to ensure that the published indices for evaluating economic impact remain up to date and relevant to the scheme.

Since 2016/2017 we have published data collected via completion forms (Form 9), showing what has been achieved by projects completed in any particular operating year and since 2017/2018 we have published anonymised data about the performance of EBs against key scheme metrics to enable EBs to effectively benchmark their own performance and assist with identifying areas for action. In 2019/2020 we will further develop our benchmarking activity to ensure that the data being made available meets the needs of all EBs.

2.1 Scheme Value for Money (VfM)

In accordance with the TOA and the Reporting Schedule agreed between ENTRUST and HMRC, we provide HMRC with an annual VfM report. In 2017 we agreed with HMRC that we will make available an annual report which summarises this information by publishing a short VfM report on our website. The report focuses on the expenditure on projects across a three year period, detailing expenditure by Object and provides the sector with information about the amount of funding generated from other sources, which gives a better understanding of the wider financial impact that the LCF delivers to communities and the environment. The report also demonstrates that EBs consider their projects to have achieved their intended aims, improved the lives of people in the community and achieved environmental benefits and whether the project brought people together from different backgrounds.

Publication of this relevant data highlights the achievements and impact of the LCF over the reporting period and will continue in 2019/2020 and beyond. Furthermore, publishing this data encourages understanding of the LCF and demonstrates the value that the LCF delivers to local communities in a transparent manner.

Following the development work with ADEB in 2018/2019, we will continue to discuss alternative measures of value for the LCF, in 2019/2020, we will undertake a consultation with EBs regarding the VfM data we collect through the project completion form (Form 9) to ensure that it remains useful and the most appropriate measures for assessing the impact of the scheme. We will also consider whether it is appropriate to develop a new mechanism to ensure 100 per cent capture of the project completion information.

2.2 Benchmarking EB performance

In 2017/2018, based on the feedback from EBs, we developed a range of performance related benchmarks to help EBs understand their own performance relative to others within the scheme. This data is particularly relevant to larger EBs and EBs which provide funding to other EBs. This data included:

- EB administration costs;
- Levels of unspent funds held by EBs;
- Level of Contributing Third Party (CTP) contribution required by LOs;

- Average project durations taking into account extensions and values;
- Individual compliance risk scores; and
- Number of non-compliant findings at inspection.

The benchmarking data is published on the ENTRUST website and we now include EB specific benchmarking performance in our compliance reports to EBs.

In 2019/2020 we will continue to discuss and review with stakeholders, options for refining and improving the framework by including data, which is relevant and helpful to improve the transparency and operation of the LCF. We will also encourage EBs to engage with the benchmarking information by both assessing themselves against the benchmarks and by publishing their own data to inform other EBs and to enable the sector to demonstrate good practice.

2.3 Contributing Third Party (CTP) payments

As part of the reform of the LCF in 2016, HMRC issued guidance to LOs to inform them of the expectation that LOs should absorb some or all of the 10 per cent shortfall from the tax credit by reviewing the percentage CTP payments which they request from project applicants. In 2019/2020 we will continue to monitor CTP requests through Form 3 LO Contribution data, Form 9 Project Completion data and through compliance inspections. We will also continue to report these findings to HMRC for their review and consideration of any further guidance or action in this area.

2.4 Publishing non-compliance

As part of our commitment to transparency we have published the findings (non-compliance and guidance) from our inspections on the current ENTRUST website since 2013. Since then we have continually refined this to make it more useful to EBs and to provide guidance on how to avoid the common areas of non-compliance. In 2017/2018 we further developed the report to include our quarterly enforcement activity, bringing to the attention of EBs in a more explicit way how our enforcement framework acts in practice, in particular highlighting the need for advice and guidance, warning, and enforcement letters. We also provide anonymised information on enforcement cases currently in progress. These reports are published on the ENTRUST website, and in each quarterly eNewsletter and in our briefings to the Chairs of the top funded EBs. We will continue to seek feedback from EBs on whether this level of information is helpful and also look at the impact it has on reducing non-compliance in the sector.

2.5 Communications

In 2017/2018 we worked with stakeholders to review the Terms of Reference (TOR) for the LCF Communications Forum. This forum was initially set up as a way for the sector to work together to discuss the communications aims and objectives and to share best practice for publishing information and communicating to the general public about the LCF. As the sector has reduced, the Communications Forum has evolved and in 2017/2018 we agreed with EBs that the group will go forward as an Information and Networking Forum (INF), sharing best practice across a wider remit of LCF activities. This also reflects the broader, more operational remit within which those attending the forum operate.

We will continue to offer this opportunity and facilitate the updated forum, to support EBs and to provide information, advice and guidance alongside an opportunity for EBs to meet and share ideas. Many EBs have reduced their staff numbers, and some have just one or two members of staff, we consider it will provide VfM to harness the experience and skills across the sector to share information and ideas. Furthermore, to ensure that the group is beneficial to as many EBs as possible, we will ensure that the group can be accessed by conference call facility if preferred. This will reduce any travel costs or burden of attending. Additionally we will ensure that the details of the group are shared more widely so that smaller EBs can also take advantage of the shared networking opportunities.

We will continue to work with the sector through the INF to discuss communication issues and the promotion of the LCF, alongside LCF branding to ensure that there is maximum impact and recognition of the scheme through the use of the LCF logo and accompanying information about the scheme, alongside individual funder branding.

We will ensure that information on our website and through our other communication channels relating to the LCF, including key statistics, guidance, training materials, scheme data and case studies remain up to date and relevant. Our quarterly eNewsletters will also continue to share key information to stakeholders and all of those interested in the LCF.

2.6 Key outcomes

Actions:

- Continue to publish benchmarks for EBs;
- Undertake a consultation regarding the VfM questions asked in the Project Completion form (Form 9);
- Publish an annual VfM report, agreed with HMRC; and
- Conduct a quarterly review of the ENTRUST website to ensure all information is current and accurate.

Measures:

- Increase the return rate for Form 9s from the baseline in 2018/2019; and
- Facilitate two Information and Networking Forums.

3. Scheme closure in Wales

Landfill tax devolved to Wales on 1 April 2018 which meant the LCF also closed in Wales from 1 April 2018, commencing a two year transitional closure period which will conclude on 31 March 2020. The following outlines our plan for the final year of the transitional period, to support the smooth closure of the LCF in Wales. The key remaining milestones in this framework are:

| Date | Milestone |
|-------------------|--|
| 31 March 2019 | Detailed Communication Plan for final year |
| 30 April 2019 | Review of incomplete projects |
| 30 September 2019 | Final date for project registration and EB enrolment |
| 30 September 2019 | Commence monthly monitoring of EBs' funds and project statuses |
| 31 March 2020 | End of transition period in Wales |

3.1 Monitoring enrolments and projects

We will continue to ensure that no projects in Wales are registered with an estimated end date past March 2020 and we will continue to advise any Welsh organisations who apply to enrol as an EB of the closure of the scheme and how this restricts them. We will continue to seek assurance that any new Welsh projects have sufficient old monies available.

We will continue to work with EBs with projects in Wales that have passed their end date requesting that they confirm the status of their projects as complete or request that they submit a project extension. This will ensure that the project records are maintained as we progress through the closure period.

To allow for the efficient closure of the scheme, enrolment of organisations as EBs and project registrations will cease in Wales on 30 September 2019, six months prior to the end of the transitional period. We will ensure that this policy is implemented smoothly and any affected EBs are advised accordingly and appropriately.

In order to limit the administrative burden on Welsh EBs their enrolment in the LCF will cease, automatically, at the end of the transitional period unless they notify ENTRUST that they wish to retain their enrolment. This automatic process will only apply to those EBs with all their funds accounted for. This will be deemed voluntary revocation.

If EBs based in Wales wish their enrolment in the LCF to continue they must notify ENTRUST by 30 September 2019. An EB would only wish to continue their enrolment if they intend to continue operating with projects in England or Northern Ireland.

We will work with EBs to encourage them to apply for voluntary revocation if all their monies have been spent and their reporting requirements have been met as otherwise they will remain enrolled in the scheme until the automatic end of enrolment at 31 March 2020.

3.2 Advice and guidance

We created a section in our Guidance Manual relating to the obligations for EBs up to and during the closure period. We will update this guidance as necessary to ensure EBs have fit for purpose

guidance and resources to aid them throughout the closure period in Wales. We will continue to cover the closure in our Training events and other resources as necessary.

We will continue to signpost organisations to the appropriate external information regarding the new scheme in Wales – the Landfill Disposals Tax Communities Scheme (LDT CS).

3.3 Monitoring unspent funds/ensuring funds are spent

All project expenditure must be completed by 31 March 2020. To ensure that EBs will meet this requirement we will monitor the progress of any projects in Wales. All EBs holding projects in Wales, whether a Welsh EB or an EB outside of Wales running projects in Wales, will be required to provide monthly updates on the status of their projects from October 2019 until all project activity is completed.

Our focus during 2019/2020 will be to monitor the remaining funds held by EBs in Wales and on projects completing in Wales during the final year of the transitional period. We will consider Wales separately when looking at EB risk ratings and allocating EBs for inspection. We expect that requests for revocation from the scheme by organisations based in Wales will increase. To provide a clear audit trail to account for ENTRUST's resources, during the closure period, ENTRUST staff will be required to complete monthly time sheets for the work they undertake in relation to Wales.

We will plan bespoke data requests required of EBs and projects taking place in Wales. We will continue to encourage voluntary revocation of EBs based in Wales which have already completed their LCF activity.

We will review the communication plan for the closure of the LCF in Wales, which was developed in 2016/2017 and update it where necessary. We will utilise our key communication channels which include the ENTRUST website, our email communication system, social media and our training events to ensure that all EBs operating in Wales are informed about the closure of the LCF in Wales, their obligations and any activity we need them to undertake. We will also utilise our Statutory Annual Return (Form 4) Communication Strategy to segment and target our messages to Welsh EBs. To ensure progress against the Wales Communication Closure plan we will continue to monitor the questions which were added into the 2018 EB Satisfaction Survey to assess whether EBs feel they are receiving enough information regarding the closure of the LCF in Wales.

3.4 Key outcomes

Actions:

- Report to HMRC about the closure of the LCF in Wales;
- Update advice and guidance relating to scheme closure in Wales; and
- Review and update the Wales Closure Communications Plan for the second year of the transitional phase.

Measures:

- Value of remaining LCF funds in Wales reduced and spent compliantly on projects;
- Ensure that 100 per cent of EBs based in Wales are aware of the LCF closure; and
- Increase the number of Welsh EBs voluntarily revoking from the LCF.

4. Organisation

In delivering our statutory role, our overarching strategy is to remain a lean, efficient and effective regulator while providing appropriate levels of support and advice and guidance to EBs and effective levels of assurance to HMRC on the compliant spend of LCF monies by EBs. We therefore consider that our 2019/2020 organisational structure reflects the core level of staffing that ENTRUST requires to regulate the LCF to an appropriate standard in accordance with the requirements of the TOA, and to mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance.

ENTRUST's organisational structure represents an effective and efficient configuration with which to undertake our work regulating the LCF. To utilise our staff most effectively, we have moved to a more cross-skilled organisation, sharing resources and multi-skilling across teams, for example Inspectors being able to undertake Registrations work to increase our business resilience and the flexibility in our business model.

4.1 Cyber security

As a responsible and security conscious organisation, undertaking a statutory function on behalf of HMRC, we consider it essential to have adequate internal controls in operation to mitigate our risk of exposure to a cyber security attack. In 2019/2020 we will continue to undertake the following measures to mitigate the risk of a cyber attack on our systems by:

- Providing key statistics to the Board on the operation of our multi-layered defence to cyber-attacks;
- Undertaking an annual self assessment of cyber security arrangements against the National Cyber Security Centre's (NCSC) guidance; and
- Ensure we remain Cyber Security Certificated by using an independent accreditation provider to monitor our internal controls.

4.2 Data protection

The European Union (EU) General Data Protection Regulation (GDPR) was approved by the EU Parliament on 14 April 2016 and became law in all EU countries on 25 May 2018. GDPR replaces the United Kingdom (UK) Data Protection Directive 95/46/EC and was created to bring all data privacy laws across Europe into harmony. Furthermore, on 25 May 2018, the UK's third generation of data protection law, the Data Protection Act 2018 (DPA 2018), received Royal Assent. The GDPR and DPA 2018 sit side by side. In the UK the Information Commissioner's Office (ICO) is an independent authority who upholds the UK legislation relating to Data Protection and other public information rights.

In addition to being a legal obligation for all businesses in the UK, GDPR and the DPA 2018 are key to the ENTRUST/HMRC TOA. ENTRUST is designated under the GDPR as both a Data Controller and a Data Processor. ENTRUST is registered with the ICO as a Data Controller and we have a Registered Data Protection Officer. In 2019/2020 we will continue to ensure the organisation remains compliant with GDPR and has the relevant policies and technology in place.

4.3 Sustainability and environmental responsibility

ENTRUST believes that businesses are responsible for achieving good environmental practice and operating in a sustainable manner. We are therefore committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. It is also our priority to encourage stakeholders and suppliers to do the same. Not only is this sound commercial sense for all, but it is also a matter of delivering on our duty of care towards future generations. Overall our approach to ensuring we are meeting our sustainability obligations is to:

- Wholly support and comply with, or exceed the requirements of current environmental legislation and codes of practice;
- Minimise our waste and use recycled materials wherever possible and encourage our staff to recycle;
- Minimise energy and water usage in our office in order to conserve supplies,
- As far as possible purchase products and services that do the least damage to the environment and encourage others to do the same;
- Issue communications electronically when appropriate;
- Encourage our staff to use alternative and more carbon neutral ways of travelling for business purposes and in their commute to work;
- Ensure that outdated computer equipment is sent to an outside vendor for refurbishing and resale; and
- Monitor and regularly review our environmental performance to assess progress towards reducing our impact on the environment.

4.4 Resource requirement

We are committed to delivering VfM from all of our activities. Each year we critically appraise our expenditure requirements for the coming year to ensure that the resource requirement we submit to HMRC, based on our statutory and contractual commitments will deliver VfM. Our monthly management accounts have been further developed and our expense analysis details actual spend against budget and previous year actual, to enable us to monitor progress effectively. To ensure we can meet the costs of activity set out in this plan our resource requirement for 2019/2020 is set out in the table on the following page:

4.5 Details of the requirement submitted

| Cost | 2018/2019 Approved Budget £ k | 2019/2020 Resource Requirement £ |
|-------------------------------|-------------------------------------|--|
| Salary | 837 | 837 |
| Personnel | 45 | 45 |
| Establishment Expenses | 102 | 102 |
| General Expenses | 16 | 16 |
| Professional Fees | 21 | 21 |
| Information Technology | 36 | 36 |
| Depreciation | 5 | 5 |
| | | |
| Gross Operating Budget | 1,062 | 1,062 |
| | | |
| Investment Income (Net) | (12) | (12) |
| | | |
| Operating Budget | 1,050 | 1,050 |
| | | |
| Less Surplus Income | 0 | (105) |
| | | |
| Resource Requirement | 1.050 | 945 |

5. HMRC reporting requirements

We report a wide range of information relating to the LCF and our own performance to HMRC and the schedule of formal reports that will be provided during 2019/2020 is set out below:

| Timing/Frequency | Title |
|----------------------|--|
| 31 May 2019 | Annual Report |
| 30 June 2019 | Statutory Annual Return (Form 4) Data |
| 30 June 2019 | Wales closure progress report at 31 March 2019 |
| 31 July 2019 | Regulatory Improvement Report |
| 31 August 2019 | Value for Money Report |
| 7 September 2019 | Draft Corporate Plan and KPIs and Resource Requirement for 2020/2021 based on agreed revised Terms of Approval |
| By end December 2019 | Annual Accounts |
| 31 January 2020 | Update to Corporate Plan and KPIs |
| Quarterly | ENTRUST Board papers |
| Monthly | TOA report |
| Monthly | KPI update |
| Ad hoc | Data requests |

6. HMRC key performance indicators

HMRC monitor our performance as the Regulator of the LCF and we agree a number of key performance indicators (KPIs) with them that encompass key targets. The KPIs proposed for 2019/2020 are set out below:

| | |
|-----------------|---|
| Target 1 | Achieve standards of service delivery and effectiveness acceptable to stakeholders of a modern regulator |
| 1.1 | Approve 98 per cent of eligible applications to enrol as an EB within five working days. |
| 1.2 | Approve 98 per cent of eligible project applications within five working days. |
| 1.3 | Undertake a customer satisfaction survey by 31 August 2019 and use the findings to improve EBs' level of satisfaction with our services with identified improvements included in an action plan developed by 31 December 2019. |
| Target 2 | Enhance the accountability and transparency of the LCF by reporting and publishing information about its operation |
| 2.1 | Provide reports to HMRC against the agreed reporting schedule. |
| Target 3 | Secure/increase the level of compliance with the Regulations |
| 3.1 | During the 2019/2020 year inspect at least one third of active EBs to monitor compliant spend, focusing on the areas of highest risk based on previous non compliance, risks identified through the risk model and issues identified during the year. |
| 3.2 | Ensure that 99 per cent of LCF funds are reported through the 2018/2019 Statutory Annual Return (Form 4) by the due date of 28 April 2019. |
| Target 4 | Deliver value for money |
| 4.1 | Following the implementation of our e-delivery policy, maintain the online submission of Forms 2, 3 and 7 at 100 per cent in 2019/2020 |
| 4.2 | Ensure the proportion of 2018/2019 Statutory Annual Returns (Form 4) received online is 90 per cent or above. |
| Target 5 | Report to HMRC by 31 July 2019 priority regulatory improvements to the Landfill Tax Regulations 1996. Implement agreed changes to guidance or regulation in accordance with agreed timescales |
| 5.1 | Conduct targeted compliance interventions and if necessary consultation exercises to identify issues and make recommendations supported with robust analysis and evidence. |