



# Accreditation Scheme Consultation

**November 2017**

## **1. Introduction**

- 1.1 The accreditation scheme was introduced in 2007 with the aim of reducing the administrative burden on those EBs which deliver large numbers of projects on a regular basis.
- 1.2 In order to attain accredited status, Environmental Bodies (EBs) have to demonstrate high standards of corporate governance and internal control. This was assessed at an Accreditation Review followed by recommendation for approval made to the ENTRUST Board.
- 1.3 The scheme was closed to new applicants earlier in 2017 following discussions with HMRC. This decision was taken due to low take up of the scheme by EBs and the need to streamline ENTRUST's activities in line with the reduction in size of the UK LCF.
- 1.4 In order to further simplify processes and activities ENTRUST are now looking to either reduce the scope of the accreditation scheme or close it in full. To minimise disruption and additional costs ENTRUST is currently consulting with accredited EBs to establish which parts of the scheme have been most beneficial and gather suggestions for its future operation.

## **2. Accredited EB activity**

- 2.1 In total 10 EBs gained accredited status under the scheme, four of these EBs have since left the LCF and one is in the process of leaving.
- 2.2 There are therefore five active accredited EBs with an average of 18 projects registered each month which is on average 14% of all projects.

## **3. Compliance under the accreditation scheme**

- 3.1 Accredited EBs are subject to annual Control Framework Inspection visits. In order to reduce the burden of inspection ENTRUST reviews public information prior to the event. Further to these annual visits the Compliance team also carry out 6 monthly desk top reviews of EBs.
- 3.2 As accredited EBs approve their own projects the Registrations team also reviews a sample of projects approved in the previous month. This process is undertaken to provide ongoing assurance that LCF monies are being spent compliantly. Where issues are identified the project is reviewed in more depth and further information requested.
- 3.3 Examples of the issues identified in compliance reviews are provided below. Where issues have been identified recommendations are made for correction:
  - Spend outside of prescribed period;
  - Incorrect reporting of project expenditure;
  - Process control documents not up to date;
  - Failure to apply for project extensions; and
  - Excessive administration costs.

## **4. Benefits of the accreditation scheme**

- 4.1 The central aim of the accreditation scheme was to reduce the administrative burden on those EBs carrying out a large number of projects under the LCF however further benefits were also identified. The main benefits of the scheme, identified by ENTRUST, are outlined below:
- An abbreviated project approval form to reduce administrative burden;
  - Automatic approval of projects submitted online;
  - An increased level of confidence from Landfill Operators (LO) and other EBs in accredited EBs;
  - An annual assessment of internal controls to ensure that the EB continues to be well run and properly structured; and
  - ENTRUST can audit the performance of the LCF with the knowledge that funds are managed by organisations with high standards of corporate governance and internal controls.
- 4.2 Due to low take up of accreditation and through feedback received that the scheme is of limited interest to many EBs we believe that the scheme may not be delivering as many benefits as was originally intended. For example, we understand that many EBs identify ENTRUST project approval as an important step in ensuring their compliance and therefore accreditation would be taking away an important safeguard. Furthermore as EBs still need to keep records of all project details an abbreviated form does not provide much administrative benefit.

## **5. Consultation with accredited EBs**

- 5.1 ENTRUST recognises that accredited EBs may have concerns regarding any simplification or closure of the accreditation scheme.
- 5.2 The consultation process will gather EB opinions on a number of points:
- What difficulties might arise for them were the accreditation scheme to close;
  - What aspects of the accreditation scheme have been most beneficial;
  - What aspects of the accreditation scheme have been least beneficial;
  - What parts of the scheme would EBs most like to keep; and
  - How could the accreditation scheme be best updated with minimal disruption and additional costs to EBs.
- 5.3 Future decisions regarding simplification or closure of the scheme will take the view points and suggestions gathered into account to help minimise any negative impacts to accredited EBs.

## **6 Next Steps**

- 6.1 Accredited EBs to complete the questions via Survey Monkey by 12 January 2018.
- 6.2 A meeting to discuss the consultation after the responses have been received will be held if EBs deem it appropriate.
- 6.3 The outcome of the consultation will be reported in early 2018.