



Landfill Communities Fund (LCF) Benchmarking Data 2018/2019

May 2019

Introduction

ENTRUST's 2017-2020 Corporate Plan stated that we would: "*Publish anonymised data against key scheme metrics to enable EBs to benchmark their own performance*".

A number of metrics were introduced in December 2017 based on the data provided by Environmental Bodies (EBs) via the Statutory Annual Returns and other reporting requirements. We have now updated the metrics using the data provided by EBs on their 2018/2019 statutory annual returns. The areas covered by the metrics are:

- EB administration costs;
- Unspent funds;
- Uncommitted funds;
- CTP requirements;
- EB risk scores;
- Non-compliant recommendations; and
- Project data.

How to use the benchmark data

The data is provided by quartiles or by banding value or in some cases, both measures are used. The data does not allow EBs to be identified and is provided to allow individual EBs to:

- Assess their performance in relation to other EBs within the quartiles or banding, on key areas within the overall scheme; and
- Identify what actions could be taken to improve performance on individual measures.

Examples:

- An EB which is holding £100,000 of uncommitted funds can refer to the benchmark data (Benchmark 3, below) and will see that it is within the top quartile of EBs holding uncommitted funds. As HMRC has requested that EBs continue to reduce the level of unspent funds held, the EB may be prompted to take action to reduce the level of uncommitted funds held if plans for project expenditure are not already in place; and
- EBs will have limited control over some measures and these are provided for EB information only, for example the level of Contributing Third Party (CTP) payments required by Landfill Operators ((LOs) see Benchmark 4, below). However, EBs may wish to inform their funding LOs of their performance in relation to the requirements on other EBs. For example, 42 per cent of EBs are requested by their funding LOs to source a CTP payment of 2.5 per cent or less (Quartile 4).

Benchmarking data is also included in ENTRUST's compliance reports for information and we would encourage EBs to publish data about their own performance.

Benchmarking data will also be used to complement the compliance risk assessment process to ensure ENTRUST's limited resources are targeted towards those EBs which are performing less well in key areas of the operation of the scheme.

If you have any questions on the benchmarking data or how to make use of the benchmarks, please contact the ENTRUST Helpline helpline@entrust.org.uk or telephone 01926 488300.

1. Administration costs

The administration costs ratio benchmark is compiled from the data provided by those EBs which reported administration costs on the 2018/2019 Statutory Annual Returns (Form 4). The calculation is the ratio of total administration costs against EB expenditure. Expenditure is defined as the total of expenditure on an EB's own projects, expenditure on projects registered with other EBs and transfers to other EBs.

There are four bandings. Band 1 includes EBs incurring costs in excess of 15 per cent of expenditure and 8 per cent of EBs which incurred administration costs during 2018/2019 fall into this banding. The majority of EBs (86 per cent) incurring administration costs during 2018/2019 are within the lowest banding and incurred costs equating to 7.5 per cent or less, of expenditure, which is within the current guidance level which EBs are expected to achieve.

Benchmark: Banding by administration costs to expenditure ratio			
	Administration cost ratio (%)		Percentage of EBs incurring administration costs in each banding
	From	To	
Band 1	Over 15%		8%
Band 2	10.01%	15%	0%
Band 3	7.51%	10%	6%
Band 4	0.1%	7.5%	86%

2. Unspent funds

The unspent funds data is compiled from the data provided by those EBs which reported holding unspent funds of £100 or more at 31 March 2019 on the 2018/2019 Statutory Annual Returns (Form 4). This is compiled from data which was reported as committed and uncommitted on the Form 4.

The top band for unspent funds greater than £100, shows 12 per cent of EBs were holding more than £1m each. The majority of EBs holding funds greater than £100 (58 per cent) fall within band 5 and each are holding less than £50,000.

Benchmark: Banding by unspent funds held >£100			
	Funds held		Percentage of EBs holding more than £100 in each banding
	From	To	
Band 1	£1m and over		12%
Band 2	£400,000	£999,999	7%
Band 3	£100,000	£399,999	15%
Band 4	£50,000	£99,999	8%
Band 5	£100	£49,999	58%

Unspent funds data is also shown by quartile which shows that the upper quartile of EBs with unspent funds are holding £233,901 or more and 75 per cent were holding less than £233,901.

Benchmark: Quartile by unspent funds >£100			
	Funds held		Percentage of EBs holding more than £100 in each quartile
	From	To	
Quartile 1	£233,901 and over		25%
Quartile 2	£28,801	£233,900	25%
Quartile 3	£5,901	£28,800	25%
Quartile 4	£100	£5,900	25%

3. Uncommitted funds

The uncommitted funds data is compiled from the data provided by those EBs which reported holding uncommitted funds of £100 or more at 31 March 2019 on the 2018/2019 Statutory Annual Returns. Uncommitted funds are funds that have not been allocated to individual projects.

Band 1 contains 6 per cent of EBs holding uncommitted funds which are each holding over £1m. The majority of EBs (56 per cent) holding uncommitted funds fall within Band 6 and have between £100 and £19,999.

Benchmark: Banding by value of uncommitted funds >£100			
	Funds held (£)		Percentage of EBs holding more than £100 uncommitted funds in each banding
	From	To	
Band 1	£1m and over		6%
Band 2	£400,000	£999,999	6%
Band 3	£100,000	£399,999	11.5%
Band 4	£50,000	£99,999	9%
Band 5	£20,000	£49,999	11.5%
Band 6	£100	£19,999	56%

Uncommitted funds data is also shown by quartile and shows that 26 per cent of EBs holding more than £100 uncommitted funds are holding £84,110 or more and 74 per cent were holding less than £84,110.

Benchmark: Quartile by EBs holding uncommitted funds >£100			
	Funds held		Percentage of EBs holding more than £100 uncommitted funds in each quartile
	From	To	
Quartile 1	£84,110 and over		26%
Quartile 2	£14,639	£84,109	24.66%
Quartile 3	£2,096	£14,638	24.66%
Quartile 4	£100	£2,095	24.66%

4. CTP requirements

CTP Requirements have been compiled from data provided by EBs which received a contribution from an LO and which was reported to ENTRUST on the Notification of a Contribution (Form 3) forms during 2018/2019. Government policy is for LOs to absorb some or all of the 10%, in order to demonstrate their commitment to the scheme.

45 per cent of EBs which received a contribution from an LO during 2018/2019 were asked to source a CTP of more than 7.5 per cent (Band 1).

Benchmark: Banding by CTP requirement			
	CTP Value (%)		Percentage of EBs receiving a contribution during 2018/2019 in each band
	From	To	
Band 1	7.51%	10.00%	45%
Band 2	5.01%	7.50%	0%
Band 3	2.51%	5.00%	2%
Band 4	0.00%	2.50%	53%

5. EB risk scores

An EB's risk score is based on the data provided on Statutory Annual Returns and from the findings of individual compliance inspections. The EB Risk Model Indicators show how an EB's risk score is calculated. This can be found at:

<http://www.entrust.org.uk/news/entrust-compliance-risk-model-indicators>.

The risk score benchmarking information detailed below is presented by banding of all EBs and also by banding for EBs holding £100 or more of unspent funds as at 31 March 2019.

One per cent of EBs in each category fall into the highest risk banding (Band 1). The majority (37 per cent) of all EBs fall within Band 5. Of those EBs holding funds of £100 or more as at 31 March 2019, the majority (39 per cent) fall within Band 4.

Benchmark: Banding by risk score				
	Risk score		Percentage of all EBs in each banding	Percentage of EBs with funds >£100 as at 31 March 2019 in each banding
	From	To		
Band 1	Over 8,000		1%	6%
Band 2	6,000	7,990	2%	7%
Band 3	4,000	5,990	8%	15%
Band 4	2,000	3,990	30%	39%
Band 5	1,000	1,990	37%	18%
Band 6	180	990	22%	15%

The Risk Score Quartile table for all EBs is detailed below.

Benchmark: Quartile by risk score range (All EBs)			
	Risk Scores		Percentage of all EBs in each quartile
	From	To	
Quartile 1	2,500	13,150	28%*
Quartile 2	1,600	2,490	22%
Quartile 3	1,220	1,590	26%**
Quartile 4	50	1,210	24%

* includes 90 EBs with the same risk score of 2,500
 ** includes 203 EBs with the same risk score of 1,580

The Risk Score Quartile table for EBs that held £100 or more at 31 March 2019 is detailed below.

Benchmark: Quartile by risk score range (EBs holding a balance >£100)			
	Risk Scores		Percentage of EBs holding a balance >£100 as at 31 March 2019 in each quartile
	From	To	
Quartile 1	4,280	13,150	25%
Quartile 2	2,760	4,270	25%
Quartile 3	1,680	2,750	25%
Quartile 4	100	1,670	25%

6. Non-compliant recommendations 2018/2019

The non-compliant recommendations data is compiled from the findings raised with EBs which were subject to a compliance inspection during 2018/2019.

The majority (76 per cent) of compliance inspections during 2018/2019 raised no non-compliant findings (Band 5) and 15 per cent of inspections raised one non-compliant finding (Band 4).

Details of all findings raised at compliance reviews are published on the ENTRUST website on a quarterly basis (<http://www.entrust.org.uk/environmental-bodies/compliance-process/inspection-findings/>) along with links to our current EB Guidance Manual and suggestions to improve EB operations to prevent a re-occurrence of the issues raised at inspection.

Benchmark: Number of non-compliant recommendations 2018/2019		
	Number of non-compliant findings	Percentage of EBs inspected during 2018/2019 in each banding
Band 1	4 or more	1.5%
Band 2	3	1%
Band 3	2	6.5%
Band 4	1	15%
Band 5	Nil	76%

7. Project data

The project benchmarking data is compiled from the 2018/2019 Statutory Annual Returns individual project breakdown details submitted by EBs.

The majority (31.5 per cent) of projects completing during 2018/2019 incurred LCF expenditure of £10,000 or less (Band 7). The highest value projects (Band 1 - greater than £100,000) made up 2 per cent of all projects.

Benchmark: Banding by value of projects completing in 2018/2019			
	LCF expenditure (£)		Percentage of projects
	From	To	
Band 1	Over £100,000		2%
Band 2	£50,001	£100,000	8%
Band 3	£40,001	£50,000	11%
Band 4	£30,001	£40,000	9.5%
Band 5	£20,001	£30,000	15%
Band 6	£10,001	£20,000	23%
Band 7	Up to £10,000		31.5%

The duration of projects completing during 2018/2019 has been banded by months based on the date of first and last payment of LCF funds.

The majority (66 per cent) of projects are within Band 6 and completed within 3 months of the first payment. One per cent of projects completing in 2018/2019 took more than 36 months to complete.

Benchmark: Banding by duration of projects completing in 2018/2019			
	Duration (months)		Percentage of projects
	From	To	
Band 1	Over 36		1%
Band 2	25	36	1%
Band 3	13	24	6%
Band 4	7	12	13%
Band 5	4	6	13%
Band 6	1	3	66%