



# **ENTRUST Corporate Plan**

**2015-2018**

## 1. Chair and Chief Executive's introduction

We have developed this year's Corporate Plan to reflect the changes that the Sector managed during 2014/2015 alongside the impact of the closure of the Landfill Communities Fund (LCF) in Scotland from 01 April 2015. In Autumn 2014, the Government announced it would consider options for reform of the LCF. One of our key tasks during the year will be to work with all stakeholders to implement any government reforms to the LCF.

Until the Government announce their intentions regarding the future of the LCF, our Plan this year is one of consolidation rather than innovation. However, as a best practice organisation, we are focussed on delivering the highest quality services to all stakeholders and as part of that process we intend to further improve our regulation of the LCF by:

### Helping to improve the flow of funds to the community:

We will achieve this by:

- developing a Code of Conduct, which will set out the standards, which we believe Environmental Bodies (EBs) should follow when conducting their affairs;
- working with HMRC to explore the benefits of licensing EBs to ensure that their governance framework and performance complies with best practice; and
- revising our enforcement framework to ensure that we are able to deal with breaches in the Landfill Tax Regulations 1996 (Regulations) in an increasingly efficient and effective way.

### Demonstrating the impact of the LCF:

We consider it important to inform our stakeholders more widely of the successes of the LCF and the impact and benefits that it delivers across the United Kingdom. We will do this by:

- developing requirements for EBs to publish information on the use of the Funds;
- continuing to develop the framework through which we collect Value for Money (VfM) data on the operation of the LCF; and
- working with the Sector to improve the outputs from the communications forum.

### Improving service delivery:

Finally, as in previous years, we are very conscious of the pressures on public finances and the requirement to ensure our service levels are maintained and deliver VfM. We will deliver a number of service improvements by:

- ensuring that our enquiry handling standards are maintained to deliver consistent advice and guidance;
- further move to the full electronic delivery of our services thereby helping to reduce the administrative burden on EBs;
- continuing to develop new ways of delivering our training to make it accessible to all of our users on a 24/7 basis; and
- publishing in the summer of 2015 our first assessment against the ENTRUST Regulator Standards (ERS). The ERS reflect the standards detailed in the Regulators' Code published in April 2014.

**Dr. Ann G Limb OBE DL**  
**Chair, ENTRUST**

**Christopher Welford**  
**Chief Executive, ENTRUST**

## **2. Helping to improve the flow of funds to the community**

In 2010 and 2011 the Government issued Environmental Bodies (EBs) with a Challenge to reduce the level of unspent funds held and increase levels of project expenditure by 25 per cent. In Budget 2013 the Government extended this Challenge until 31 March 2014. In September 2014 the outcome of the Challenge was published. It showed that, overall, EBs had not met the Challenge to reduce their unspent funds by 25 per cent by March 2014, with funds only being reduced by 17 per cent. It was also announced that the Government would now consider different options in consultation with Landfill Operators (LOs), EBs and ENTRUST to improve the flow of funding to communities.

During 2014/2015 we contributed to a working group and consultation process established by HMRC to consider options which might improve the flow of funds to Local Communities. In parallel to this work we continued to review our policies, procedures and processes to ensure that we constantly improve the quality of our services while delivering VfM. In the next twelve months we have set ourselves an ambition to build upon the foundations that we laid in 2014/2015.

### **Increasing accountability, scrutiny and performance monitoring**

We will improve our inspection procedures to focus upon areas of greatest risk to the LCF and will work with EBs to increase the accountability and scrutiny of the LCF by providing clearer feedback on their operations. We will also provide further performance monitoring of the sector to ensure that the building blocks are in place to respond to any further changes to the LCF that arise from the results of the Government's consultation, published in March 2015. We will consider with EBs the publication of data on their collective and individual performance to enhance accountability.

### **Code of Conduct**

We will work with the sector to develop a Code of Conduct which articulates the standards that we expect EBs should strive to attain in managing their organisations, with a particular focus on having strong and robust governance frameworks in place. We do not consider that this will be a straightforward task after taking into account the different size and complexity of operations of EBs, but we believe that we can develop a range of standards which can be effectively applied.

### **Development of control framework inspections**

We will also be undertaking a review of our compliance working practices with a view to developing a revised compliance model whereby EBs receive a level of scrutiny appropriate and in proportion to their size and the risk associated with their conduct in the LCF. This includes whether the EB receives money directly from a LO, distributes monies to other EBs or delivers projects themselves.

During the last twelve months we revisited our inspection process and identified that there are areas where this could be more robust and where we could apply this approach to an increased number of EBs, increasing our focus on control rather than individual projects.

The review placed greater emphasis on:

- Business plans being in place and being monitored;
- Closer scrutiny of the EB's governance framework;
- Monitoring the EB's performance and running costs; and
- Reviewing the EB's conflicts of interest policies and tender processes.

We will further develop standards and expectations through our Code of Conduct and will continue to review our compliance processes to ensure that all EBs can demonstrate strengthened financial controls. We will target EBs with specific actions where adequate procedures are not being followed.

## **Revised risk model**

During 2014/2015, to support our revised inspection approach, we reviewed our approach to risk. This included a full review of the risk indicators we currently use in our risk model covering the definitions of the indicators and the weight we attach to individual indicators.

We have planned changes to the risk approach which will be reflected in our inspection programme during the first two quarters of 2015/2016. We will continue to keep these changes under review to ensure that the planned inspections make best use of our resources and are most likely to identify and rectify issues within the LCF.

## **Licence for Landfill Communities Fund distribution**

Alongside the development of our control framework inspections and revisions to our risk approach, we will continue to work with HMRC to explore the benefits of, and practical considerations in relation to, introducing a licensing framework for those EBs who do not deliver projects, but provide projects with funding.

From our initial work, in order to retain the right to receive contributions and continue to participate in the Scheme, those EBs who wish to distribute funding would have to demonstrate to us that they are able to:

- Comply with the governance standards which we consider are appropriate to their business model; and
- Demonstrate that they operate a robust performance management system which ensures compliant spend of funding in communities within an appropriate timescale.

## **Increased project control through accurate end dates and completion process**

In 2014/2015 we introduced a project completion and extension process whereby EBs are required to advise us when a project has been completed and request an extension where a project is expected to exceed the original proposed end date. We have completed significant work on our database to ensure that projects that will not run have been removed and that we hold the correct end dates for currently running projects.

To support the new process we have enhanced our ENTRUST online (EOL) functionality so EBs receive a notification when a project is due to complete. The EB can then either notify us of the completion or request an extension. EBs can request one automatic three month extension through EOL or can contact us to request a longer or subsequent extension.

Project completions are actioned through the project breakdown sheet on the EB's Form 4: Statutory Annual Return. This triggers the production of a Form 9: Completion Form and data is collected on the outcomes of the project.

HMRC have approved a new condition which restricts project approval to the period specified on the project registration form. This means that no LCF monies can be spent on a project after the agreed project end date, without applying to ENTRUST for an extension to the estimated project

completion date. Failure to comply with this condition will mean that any project spend after the authorised completion date, will be deemed as non-compliant.

This process will be consolidated during 2015/2016 so that we can be clear with EBs about the projects they are running and the expected timescales for spend and completion. We have discussed with EBs the development of these approaches and believe that this enhancement to project monitoring will assist them in managing funding flows.

## **Approach to Form 4: Statutory Annual Returns**

We continue our aim to increase the number of EBs submitting their Form 4 by the due date (28 April) and will further encourage EBs to comply with this requirement by introducing a temporary sanction to freeze their status as an EB if their return is outstanding beyond the due date.

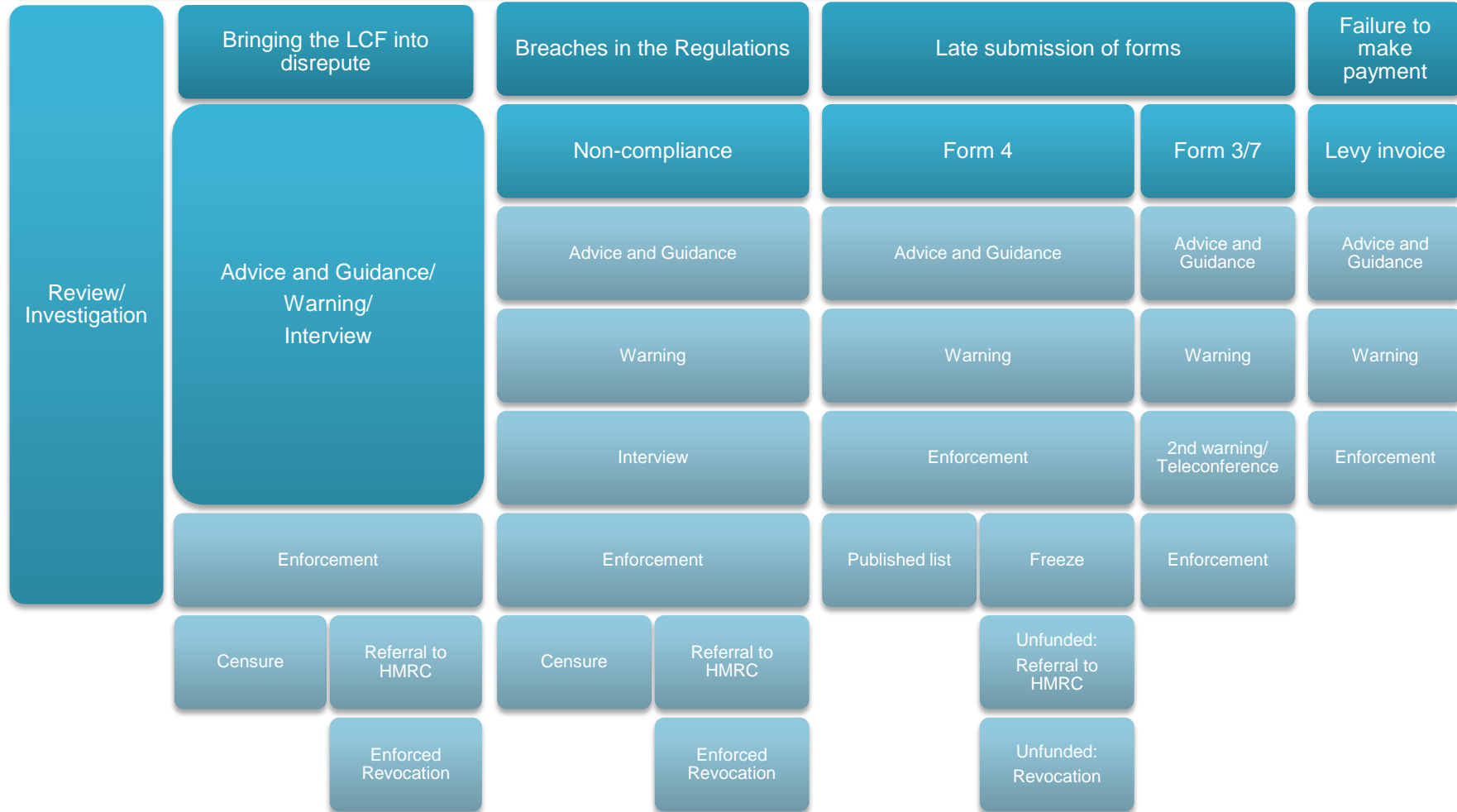
We will reduce the number of EBs in the Scheme who have been previously non-compliant by continuing to refer non-compliant EBs (those who have failed to make a return for more than two years) to HMRC for revocation. We have a focussed and targeted communications plan for the run up to the return date to ensure EBs are aware of their obligations.

## **Sanctions for breaches**

We updated our enforcement framework during 2014/2015 to clearly define the stages of the enforcement process. The framework has been developed to ensure that organisations that breach the Regulations receive fair, transparent and consistent enforcement action and that every breach is managed accordingly. We will complete the implementation of the framework at the start of 2015/2016.

We will continue to work with HMRC to identify other sanctions for breaches in the Regulations to strengthen our role in regulating the LCF and ensure we have a proportionate response to our enforcement work.

# ENFORCEMENT FRAMEWORK



A stronger regulatory regime for EBs distributing funds would assist in ensuring that funding is being allocated to projects in a timely manner, and some of the issues identified through the Challenge could be effectively tackled. The introduction of a licence, which could be suspended, or removed (by HMRC upon referral by ENTRUST), for the failure to comply with the licensing requirements introduces a substantive consequence for any EB which does fail to adhere to the agreed criteria. Licensed EBs would face stricter requirements with regard to the distribution of funds and failure to adhere to an agreed service level (checked at inspection) would result in the removal of the EB's licence.

## Key outcomes

### Actions

- Develop a Code of Conduct;
- Implement sanctions for breaches; and
- Pending the outcome of the consultation, work with HMRC on the development of a 'licence'.

### Measures

- Number of inspections completed;
- Inspection reports issued within 8/15 days;
- Number of compliant Form 4s returned by due date increased; and
- Number of overrunning projects reduced.

## 3. Strategic scheme changes and reform of the LCF

### Strategic scheme changes - Landfill Communities Fund, Scotland

Following the closure of the LCF in Scotland after 31 March 2015 we remain on track to deliver the framework for the closure which we developed in 2013/2014.

The key milestones in the framework are:

Date	Milestone
1 April 2015	New Scottish Scheme commences
30 June 2015	Last LCF funding contributions from LOs to EBs
31 July 2015	Confirm levels of LCF funds held by EBs in Scotland
30 November 2015	Ongoing monitoring of LCF funds held by EBs in Scotland and project completion
1 April 2016	Review of incomplete projects
31 March 2017	LCF closes in Scotland
From 1 April 2017	HMRC will see clawback from LOs of remaining LCF funds held by Scottish EBs which do not operate outside Scotland

Subsequent to the publication of the relevant Statutory Instrument, we worked with HMRC in 2014/2015 to deliver closure guidance to EBs. The guidance focuses on ensuring EBs have the correct record keeping in place so they can distinguish UK LCF contributions from any other monies held. EBs are reminded that all LCF monies to be spent on Scotland must be spent by 31 March 2017 (the end of the two year transitional period).

Our focus during 2015/2016 will be to monitor the remaining funds held by EBs in Scotland and on projects completing in Scotland during the year. We will consider Scotland separately when looking at our risk model and allocating EBs for inspection. We expect that enrolments from organisations based in Scotland will diminish during the year, whilst requests for revocation from the Scheme will increase. As previously stated, project applications can continue during the year.

## Landfill Communities Fund, Wales

The LCF in Wales is closing after 31 March 2018 and we have developed an outline framework to audit out the Scheme. As part of this process we have been working with the Welsh Government and as they formalise their plans, we will be able to refine and develop our framework:

Date	Milestone
During 2015	Commence communications with EBs on the closure of the Scheme in Wales
30 June 2018	Last LCF funding contributions from LOs to EBs
31 July 2018	Confirm levels of LCF funds held by EBs in Wales
30 November 2018	Ongoing monitoring of LCF funds held by EBs in Wales and project completion
1 April 2019	Review of incomplete projects
31 March 2020	LCF closes in Wales

We will continue to participate in any discussions with the Welsh government and liaise where appropriate in planning the closure of the current UK Scheme in Wales.

## Reporting

In view of the planned closure the LCF in Scotland and in Wales we will be developing a new reporting regime which will require EBs to keep appropriate records and report their data on a country basis.

## Reform of the LCF

In Autumn 2014 the Exchequer Secretary announced that, given the failure of the sector to meet the unspent funds Challenge which began in 2011, a working group would be created to work up proposals to improve the flow of LCF funding to communities.

The working group, which we participated in, was set up in November 2014 and comprised representatives from organisations who contribute to, administer, and deliver projects using LCF funds. The working group developed proposals that could improve the flow of LCF funding to communities, by removing barriers that can prevent or delay funding reaching projects. The working group also identified areas where policy barriers were causing unnecessary bureaucracy, and possible delay to projects.



At Budget 2015 the Government announced a consultation exercise on the reform of the LCF, which was based on the output of the working group.

Following the outcome of the Government Challenge and the launch of the consultation, we will respond to HMRC's reform consultation on policies, processes and legislation changes that could support the flow of monies into communities from the LCF, with a view to developing an implementation calendar from 2015-2017.

## Key outcomes

### Actions

- Continue to implement the closure framework for Scotland;
- Agree a signed information sharing protocol with SEPA;
- Develop the reporting regime for EBs to recognise new funds;
- Agree the closure framework for Wales;
- Work to develop a partnership with the Welsh Government; and
- Work with HMRC and stakeholders to implement the reform of the LCF.

## 4. Demonstrating the impact of the LCF

### Project completion reporting

Following the introduction of the project completion process in 2014/2015 EBs are now reporting on projects as they complete, rather than waiting for the year end, and we are collecting data through the project completion form on EOL. This will enable us to report accurately on project data including details of any assets created and the VfM of projects completed. We will develop our reports using this new data collected at project completion.

During 2015/2016 we will begin our first full year of the post-project completion data collection process. During 2016/2017 we will begin reporting on the post-project completion data using this information to show a full picture of the impact of the LCF from project application through to completion.

### Wider Scheme impact

In 2014/2015 we completed a data cleansing exercise, building on the work done in 2013/2014, to ensure all projects have an accurate postcode in EOL and we have also developed the ability to report projects on a constituency basis.

This now gives us the opportunity to report more accurately on the spread of projects across the UK and identify project hot/cold spots.

We completed a management information consultation in September 2014 to identify the management information needs our stakeholders have in relation to the LCF and, where required, expand on the current levels of information we provide.

### Transparent publication of data

We undertake consultations on a range of areas to understand the views of EBs and to take account of their experience and preferences when formulating policy and guidance. When we conduct consultation exercises we publish a report detailing the outcomes and recommendations.

Following feedback from recent consultation exercises we will provide further information about the process we go through following the closure of a consultation, so EBs understand the next steps and timings for these.

We will continue to publish the latest LCF facts and figures on our website alongside all enrolled EB and registered project information.

Alongside the development of a Code of Conduct with EBs we will develop requirements for EBs to publish their own organisation data on the LCF.

## Key outcomes

### Actions

- Implement new reporting regime; and
- Encourage EBs' own publication of data.

### Measures

- Number of completion forms returned; and
- Timely publication of data.

## 5. Organisation

### Impact of Scotland closure on our organisation

We regularly review our structure to ensure it remains fit for purpose and meets our needs.

Although the ability for EBs to receive funding from landfill tax generated from Scottish landfill sites ended at 31 March 2015, our obligations to regulate and ensure residual monies are safeguarded and spent compliantly will remain in place for a period of two years.

There will be no immediate impact on our organisational structure due to the closure of the LCF in Scotland, although we anticipate that we will need to make changes to our organisational structure once our role in Scotland formally ends on 31 March 2017.

Funding through the levy for Scottish related activity ended at 31 March 2015, and we will use the existing resources that we hold to audit out the closure of the LCF.

### Resource requirement

It is important to us that, in providing high quality regulatory services, we demonstrate we are providing VfM from the levy we receive.

We always critically appraise our expenditure requirements for the coming year to ensure that the resource requirement we submit to HMRC, based on the commitments we make in the plan, deliver VfM.

We do this by adopting a Zero Based Budgeting (ZBB) approach to build up our requirement against future needs rather than using a historic cost approach.

This approach is also important this year with the ending of the LCF in Scotland from 31 March 2015. While we will continue to deliver services in Scotland for the next two years, no resources will be provided from levy related to Scottish Landfill Tax.

To ensure we can meet the costs of activity planned within this plan during 2015/2016, we have submitted a request for an operational resource requirement totalling £1.36m, a reduction on the 2014/2015 requirement of 2.69%.

## Details of the requirement submitted

Cost	2014/2015 Approved Budget £	2014/2015 Forecast of Outturn £	2015/2016 Proposed Budget £	Variation 2014/2015 and 2015/2016 Budget £
<b>Staffing</b>	1,137,668	1,082,049	1,149,343	11,675
<b>Operating</b>				
Personnel	73,500	78,060	76,810	3,310
Establishment	105,279	105,240	106,270	991
Operating	26,850	25,910	23,150	(3,700)
Professional	30,000	36,640	29,000	(1,000)
IT	33,960	35,790	33,960	0
Depreciation	2,840	5,360	3,960	1,120
<b>Total Operating</b>	<b>272,429</b>	<b>287,000</b>	<b>273,150</b>	<b>721</b>
Investment Income	(12,000)	(9,200)	(12,000)	0
<b>Total</b>	<b>1,398,097</b>	<b>1,359,849</b>	<b>1,410,493</b>	<b>12,396</b>
Less Wind Up Costs in Scotland provided from DI Reserve			(50,000)	
<b>Resource Requirement</b>	<b>1,398,097</b>	<b>1,359,849</b>	<b>1,360,493</b>	<b>(37,604)</b>

## Sustainability

We aim to continue to have a low impact on the environment around us and take seriously our obligations to the principles of sustainability. As we cover the whole of the UK, this is not always possible in terms of the types of transport we use.

Proposals have been developed to move further towards undertaking our activities using e-delivery where possible and in a way that has a low impact on current and potential stakeholders.

Overall our approach to ensuring we are meeting our sustainability obligations is to:

- Use recycled materials wherever possible and encourage our staff to recycle;
- Issue communications electronically when appropriate;
- Save energy as much as possible, using low energy lighting within our offices; and
- Encourage our staff to use alternative and more carbon neutral ways of travelling for business purposes and in their commute to work for example taking part in the Cycle to Work Scheme, walking to work and using public transport.

## 6. Improving service delivery

### Business cycle

During 2013/2014 we reviewed our business cycle and processes and made some timing changes to enable us to better manage our internal workflow and EBs time. We developed a revised business cycle which we embedded across the organisation through 2014/2015.



### Communications

In 2014/2015 we developed an improved communications and marketing strategy to enable us to deliver more targeted communications throughout the year. This is now firmly embedded within the organisation and our business cycle and is monitored monthly to ensure we are reaching the right groups, in the right way, with the right messages.

Going forward we will continue to build on the targeting of our communications as well as placing an increased focus on delivering reports showing the impact of the LCF on the communities it supports.

Following our EB satisfaction survey we will also put in place a process to ensure the most relevant information needed by EBs at any one time is clearly signposted on our website. The enquiry handling process will feed into this.

We will also set out a strategy to engage key ministerial decision makers with the LCF through impact and benefits communications as well as attendance at appropriate project LCF events.

## Enquiry handling standards

Based on the information provided to us we will ensure we provide consistent answers to all enquiries in a response that:

- Answers the question(s);
- Is factually correct, is easy to read and easy to understand; and
- Signposts relevant sources of information, where appropriate.

We will record the enquiries we receive by email, by telephone and those made directly to our Inspectors to identify key themes and issues. In response to these themes and issues we will review the clarity of our guidance, our website content and update our frequently asked questions.

Although we are not covered by the requirements of the Freedom of Information Act, we do welcome requests for information and all enquiries.

When receiving requests for information we will adhere to the following standards:

- Acknowledge the request within 24 hours of receipt;
- Provide an estimated time by which we will respond to the request;
- Agree the format the information is to be provided in with the requester;
- Keep the requester informed if we are unable to meet the estimated time for response;
- Clearly explain any technical or other information when providing the response to ensure that the requester does not need to come back for further clarification; and
- Clearly state the reasons why we are unable to provide an answer to the enquiry in full or in part, if this is the case, for example due to confidentiality issues.

## E-forms and ENTRUST online

As part of our drive towards a more e-enabled approach to the delivery of our services we will be consulting with stakeholders early in 2015/2016 on the future use of paper forms to submit information to us.

While we acknowledge that some people may still wish to continue to use paper forms, in an increasingly digital world and with the drive towards a more sustainable environment, the use of paper forms is becoming less prevalent in all areas of modern life.

Before making any final decisions on this we will consider the responses from stakeholders. We will also continue to review the information available to users of EOL to ensure that this remains clear and enables both new and existing users to fully benefit from the system.

## Data management and use

We wish to provide stakeholders with the information they require to both fulfil their regulatory duties and also to inform on the impact of the LCF. With this in mind we have recently looked at how we can improve access to information and the type of information that is available, including the introduction of data based on locality.

We encourage all stakeholders to communicate any information requirements to us so we can investigate how we can further support their needs and make information available, within the confines of confidentiality and data protection.

## Training

We reviewed our training strategy in 2014/2015 and developed a number of online resources to support new EBs and new starters at existing EBs. These included videos on the LCF and Objects D, DA and E, checklists and resources to assist organisations to enrol as EBs and run projects as well as a Directors' background briefing.

We reduced the number of basic training sessions that we ran, but were able to increase the average number of attendees at the events we delivered, thus delivering VfM.

Throughout 2015/2016 we aim to evaluate the impact of these new resources and identify additional resources that we could develop that would help EBs' understanding of the LCF and compliance with the Regulations.

## ENTRUST Regulator Standards assessment

We launched the ENTRUST Regulator Standards (ERS) in 2014. These consist of 25 standards under seven areas encompassing the regulatory work undertaken by ENTRUST. The ERS reflect the standards detailed in the Regulators' Code which was published in April 2014 and adopt a risk-based analysis approach.

We will publish our first review of our performance against these standards in June 2015.

## Key outcomes

### Actions

- Publish ERS and develop an action plan;
- Publish enquiry handling approach; and
- Publish training evaluation and forward plan.

### Measures

- Number of forms returned online increased;
- Enquiries answered within two working days;
- Number of people accessing online training resources;
- Training feedback scores from events; and
- EB satisfaction survey scores.

## 7. Reporting schedule for HMRC

We report a wide range of information relating to the LCF and our own performance to HMRC and the schedule of reports that will be provided during 2015/2016 are set out below:

Timing/Frequency	Title
31 May 2015	Annual Report
30 June 2015	Form 4 Data
31 July 2015	Regulatory Improvement Report
31 August 2015	Value for Money Report
15 December 2015	Draft Corporate Plan and KPIs
By end December 2015	Annual Accounts
Quarterly	ENTRUST Board papers
Monthly	TOA report
Monthly	KPI update
Ad hoc	Data requests

## 8. 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 agreed for 2015/2016 are set out below:

<b>Target 1</b>	<b>Achieve standards of service delivery and effectiveness acceptable to stakeholders of a modern regulator</b>
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 2015 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 2015.
<b>Target 2</b>	<b>Enhance the accountability and transparency of the LCF by reporting and publishing information about its operation</b>
2.1	Provide reports to HMRC against the agreed reporting schedule.
<b>Target 3</b>	<b>Secure/increase the level of compliance with the Regulations</b>
3.1	During the 2015/2016 year inspect EBs holding 90 per cent of LCF funds at 31 March 2015.
3.2	Increase the proportion of Form 4s received by the due date of 28 April 2015 above the 2013/14 baseline of 77 per cent.
<b>Target 4</b>	<b>Deliver value for money</b>
4.1	Increase the proportion of projects submitted online above the 2014/15 baseline of 93 per cent.
4.2	Increase the proportion of reporting forms (Forms 3, 4 and 7) submitted online above the 2014/15 baseline of 89 per cent.
<b>Target 5</b>	<b>Report to HMRC by 31 July 2015 priority regulatory improvements to the Landfill Tax Regulations 1996. Implement agreed changes to guidance or regulation in accordance with agreed timescales</b>
5.1	Conduct targeted compliance interventions and if necessary consultation exercises to identify issues and make recommendations supported with robust analysis and evidence.