



ENTRUST

2013/2014 Annual Report



Regulating the Landfill Communities Fund;
benefiting people and the environment

Contents

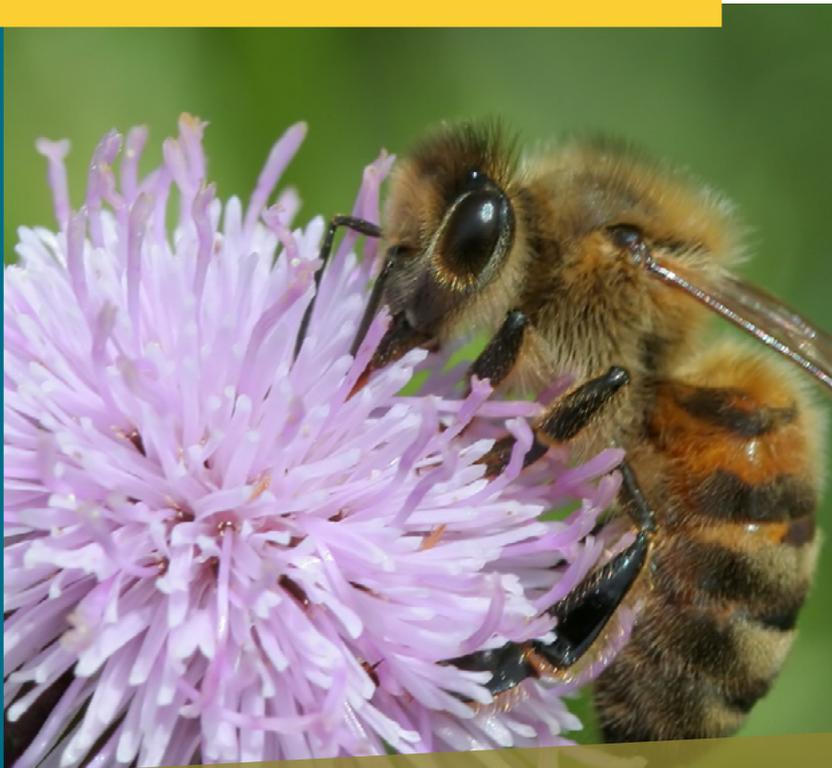
	Page
Executive review	2
Changes to the ENTRUST Board	3
Service delivery and effectiveness	4
Accountability and transparency	8
Compliance with the Regulations	11
Landfill Communities Fund in Scotland	18
Delivering Value for Money	18
Key Performance Indicators	21

Since its inception in 1996 the Landfill Communities Fund has supported over 51,000 community and environmental projects across the UK with funds totalling £1.3bn.

Introduction

Welcome to our 2013/2014 Annual Report. In this document we'll give you an overview of our performance during the last 12 months compared to the targets and plans we set out in our Corporate Plan.

Image on the front cover:
Mitcham Lane Baptist Church Garden of Discovery, Streatham. Photo courtesy of Veolia Environmental Trust.



New Shoots Permaculture Project. Photo courtesy of New Shoots Permaculture Association.

Executive review

It has been a testing and challenging year for ENTRUST.

It has been a testing and challenging year for ENTRUST as we refocused the business after the completion of our organisational review at the end of the last financial year. Despite the changes, we have continued to implement new processes and procedures which we believe have improved the regulation and the service levels that we provide to our stakeholders. Over the year we have:

- Reviewed and updated our processes to ensure we provide greater information and support to newly enrolled organisations to help them comply with their statutory requirements;
- Implemented a process to monitor and review overrunning projects. This has resulted in some Environmental Bodies (EBs) being able to invest funds from the completed projects into other communities;
- Implemented a new facility on our website which allows organisations who have not secured funding to showcase their projects to potential funders with the aim of helping them to secure funding;
- Improved our regulation of the Fund by reviewing and improving a number of our business areas, including:
 - Updating our communications strategy;
 - Implementing a new Quality Management System; and
 - Revising and updating our training strategy.
- Following stakeholder feedback, developed and launched a new website which has been well received;
- Carried out a fundamental review of our database and completed a major data cleansing exercise;
- Continued to work with EBs to make them aware of the requirements of the Government's Challenge and tried to help facilitate their compliance with it; and
- In line with best practice, as part of our corporate planning process, made a number of financial savings to our overall budget.

However, whilst we delivered a number of improvements, we did not deliver in all of our Key Performance Indicators (KPIs). We also saw a marginal reduction in satisfaction from our stakeholders regarding our overall performance through our annual survey. We have promptly taken action to review and develop the areas of our business which were identified as needing attention.

Overall, whilst the Company has continued to implement changes which have delivered further improvements in the services that we provide to our stakeholders, it was disappointing to note that in certain areas performance could have been better. To address these issues we have taken appropriate action and are confident we start the new reporting year from a position of strength.

Changes to the ENTRUST Board

Dr Philip Smith, ENTRUST Chair 2002-2014

“As I pen my last formal record, I have looked back over the last 12 years and reflected on the huge benefits and success of the Fund. During my tenure I have visited a number of EBs and projects and I have never under estimated the huge changes that the Scheme makes to local communities across the United Kingdom (UK) through the funds it provides.

As an individual I feel humbled that I have been able to play a small role in helping to improve the lives of so many people through the diverse support that the Fund offers.

It has been a pleasure for me to have had the opportunity to use my skills in such a rewarding environment by helping to ensure that ENTRUST is a professional Regulator who is able to serve the needs of all of its stakeholders. Over the last six years we have gone through considerable change and despite this we have been able to maintain our service levels through the hard work and dedication of our staff and the support provided to them by the Board.

I wish all those involved in the management and receipt of the Fund every success for the future.”



**Dr Philip Smith,
Chair**

On behalf of the Board and staff I wanted to formally record my thanks for the support and leadership of Philip over the last six years. I consider this has been instrumental in helping to move ENTRUST forward as an organisation.



**Christopher Welford,
Chief Executive**

Service delivery and effectiveness

Over the last year we have made a number of process improvements to assist EBs and potential EBs understand the requirements and their obligations under the Landfill Tax Regulations 1996 (Regulations).

Enrolment processes

When an organisation enquires about becoming an EB, we explain to them how the Landfill Communities Fund (LCF) works and what their obligations are as an EB to ensure enrolling is the right decision for them. We also ask that an organisation has LCF funding in place before we enrol them to make sure they are not unnecessarily paying the £100 enrolment fee.

During the year we reviewed and introduced a new step in our registration process, where we contact a newly enrolled EB within two months of them receiving their first qualifying contribution from a Landfill Operator (LO) or a transfer from another EB. We believe that this process gives both us and the EB more confidence that they understand their statutory obligations and also enables us to answer any further questions the EB may have on the operation of the LCF.

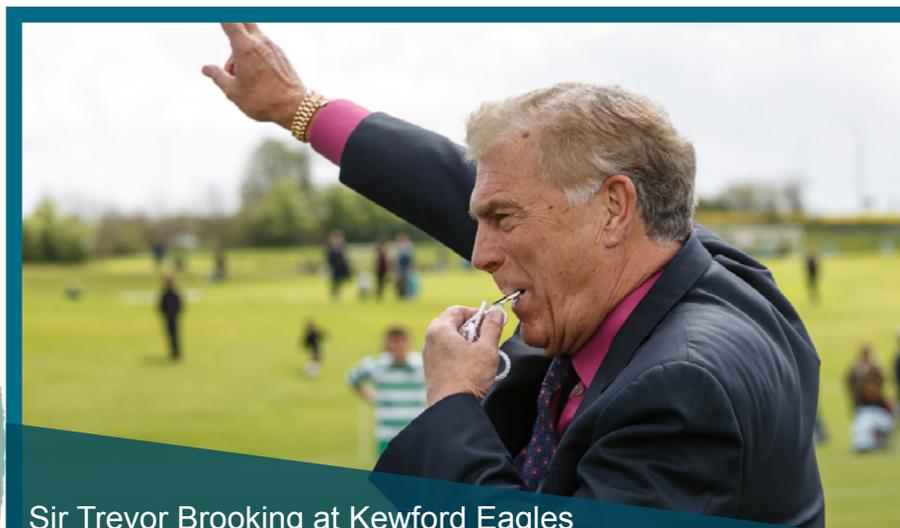
Finally we reviewed our written enrolment guidance and, following the completion of this exercise, we developed an enrolment checklist which we are piloting with new enrolment applications. This enables new EBs to check their application documentation before submitting it to us to ensure it meets our requirements.

Project approval process

Part of the role of the Registrations Team is to review all projects submitted to us to ensure that they are compliant with the Regulations and LCF monies are only spent on approved Objects.

If a project is initially non-compliant with the Regulations and cannot be registered, the Registrations Team contacts the EB and provides guidance on their application and the requirements of the Regulations in order to help the EB submit a revised compliant application form. Following this process, if the Registrations Team still rejects the project, it is then referred to an independent Review Panel.

During the year we also implemented a process to



Sir Trevor Brooking at Kewford Eagles Football Club. Photo courtesy of Mark Crook.

review those projects that had overrun their planned completion date. Through this process we either agreed an extension to the project with the EB, or recorded the project as having been completed. Following this review we have seen a reduction in over-running projects and are now developing a project condition concerning project extensions and completions to negate the need for an ongoing monitoring programme.

Projects without funding

We sometimes receive applications to register projects where the organisation has not yet secured LCF funding for their project. To support these EBs in finding funding we launched a new area on our website in February 2014 - 'projects looking for funding*'. This initiative enables an EB seeking funding to showcase their project on our website for a maximum of six months so funders can identify compliant projects that need support. We also share this information through our quarterly e-bulletin and social media account to raise awareness of these projects and to encourage funders to support them.

ENTRUST online

ENTRUST online (EOL) is our online database which enables EBs to access, update and file all of their regulatory obligations and submissions electronically, rather than submitting hard copy documents to us. EOL also allows EBs to undertake and manage their own data rather than being reliant on our administration, which greatly reduces both their and our administrative burden.

During 2013/2014 we actively encouraged EBs to register for access to use EOL to register their projects. When a new EB enrolls with us, we explain to them how EOL works and encourage them to sign up to access the system. Through these activities we have seen a 2.9% increase in projects being registered online from the 2012/2013 baseline.



Braunston Multi Use Games Area. Photo courtesy of Jim Varney, WREN.

We have seen a 2.9% increase in projects being registered online.

* <http://www.entrust.org.uk/projects/projects-looking-for-funding/>

Training

During 2013/2014 we ran nine basic training events and two advanced training seminars. Our basic training is intended for anyone involved with newly enrolled EBs, or for new personnel at established EBs. Our advanced seminars are run less frequently and are predominantly directed to the larger EBs. Rather than following a defined programme (as is the case with the basic training) we respond to the specific needs of the audience by discussing issues which are topical and those which we identify as causing difficulties within the wider EB community.

	Overall training day score	Would attend a similar event again
Average 2013/2014	4.6	100%
Benchmark 2012/2013	4.6	100%
Benchmark 2011/2012	4.4	99%
Benchmark 2010/2011	4.3	97%

During the year we reviewed the value for money (VfM) of our training days as they vary considerably depending on the location of the training. From this exercise we identified that it is clearly cheaper to offer training from our premises in Leamington Spa. We do not charge for the training we provide as there are a large number of attendees from voluntary organisations.

The average number of delegates attending our training sessions in 2013/2014 was ten, compared with 17 in 2012/2013. Our average cost per delegate for basic training was £45 compared to £44 in 2012/2013. When we focus our review only at training delivered externally this rises to £80 per delegate.

100% of attendees would attend a similar training event again.

At our March 2014 Board meeting we presented a new training strategy which was agreed, and will be implemented from April 2014. The new strategy aims to:

- Offer induction and training which supports EBs in delivering projects through the LCF;
- Provide ongoing coaching towards compliance;
- Promote efficient and effective delivery of projects by improving knowledge and understanding of the Regulations through a range of guidance and supporting materials;
- Provide improvement opportunities to EBs through networking and sharing of good practice; and
- Increase access to and take-up of our training offer.

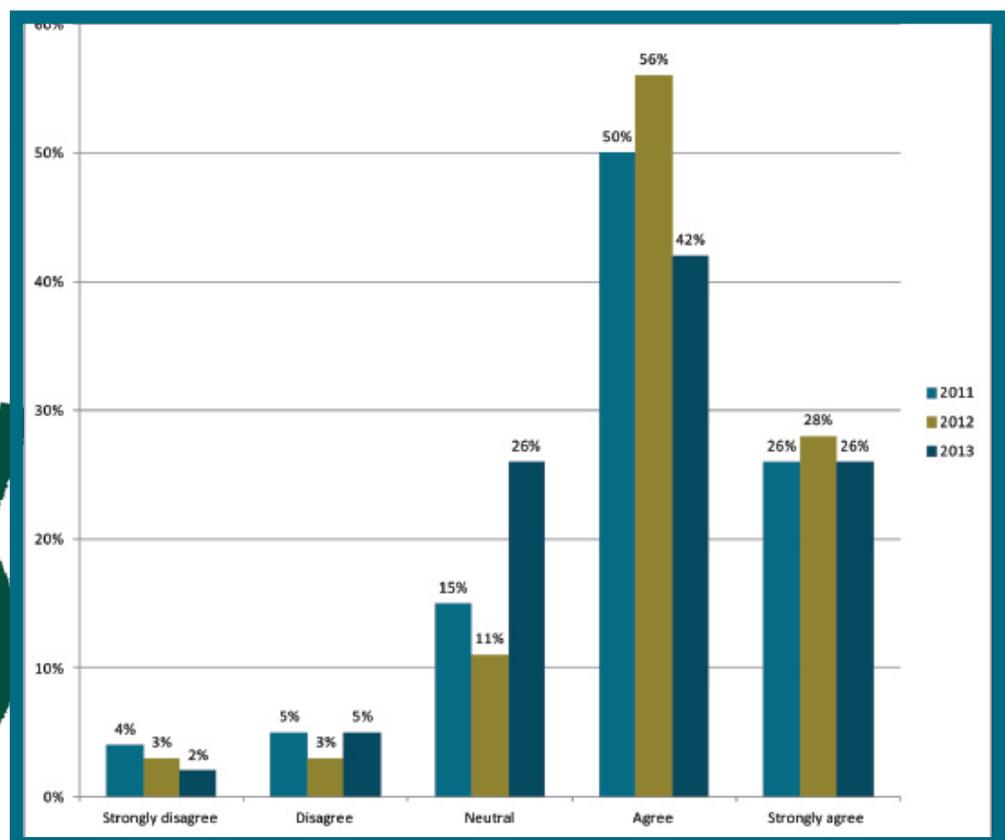
As a result of the new strategy and more online materials being made available, we will be running fewer face-to-face training events in 2014/2015.

Environmental Body satisfaction survey

Each year we invite enrolled EBs to feed back on the services that we provide through an online satisfaction survey. The survey is an important tool that allows us to form an understanding, and gauge the level, of satisfaction with the quality of our services and EBs' perceptions of our work. Following an analysis of the results we are then able to target our resources effectively by identifying areas for improvement.

We saw a disappointingly low response and completion rate for the 2013/2014 survey compared to previous years, with only 5.7% of contacted EBs completing the survey. Following an internal review of previous years' survey results, we introduced a new basis for our analysis, with only scores of four and five being classed as positive responses, three being neutral and one and two being negative. On a like for like basis, the overall level of satisfaction reported reduced from 84% in 2012 to 67% in 2013. This is disappointing but we consider that we have taken appropriate action to address those areas of performance which were highlighted as needing improvement. We are also aware that the survey has been delivered in what has been a transitional year for the organisation following our structural changes and the departure of a number of members of staff.

67% of EBs are satisfied with the service we provide.



Having established baselines through previous surveys, this year we moved towards assessing the quality of the services we deliver, reducing the number of questions asked and introducing a method of analysis which enables the identification of improvements and provides increased transparency internally and to EBs.

To ensure we drive forward the improvements identified from the survey results we developed an action plan based on these specific areas:

- Consolidation of our EB Guidance Manual;
- Improving the enrolment and project registration process;
- Improving the enforcement process;
- Improving our systems;
- Improving our e-bulletin;
- Facilitating networking events for EBs; and
- Continuing to improve the EB Satisfaction Survey and response rates.

All but the final item from this list were implemented by the end of March 2014. The action to continue to improve the EB satisfaction survey response rates was carried forward to the launch of this year's survey on 22 May 2014. This year we have reduced the overall length of the survey and have tightened the questions providing clarity in what we are asking to encourage EBs to complete the survey.

Accountability and transparency

In carrying out our statutory duties we aim to ensure that all EBs adopt a consistent approach in complying with the Regulations. We monitor our performance through the Regulations Team Standards (RTS) and our internal quality management process. We also set out to support EBs to compliance through transparent communications, a website which provides clear information on the LCF and a clear customer charter detailing what EBs can expect from us.

Regulations Team Standards

The current RTS were agreed with HM Revenue & Customs (HMRC) in May 2009 as a way to assess the Regulations Team's performance against the principles of Better Regulation and the requirements of the Terms of Approval (TOA).

The RTS consists of 69 separate standards split into the following key areas:

- Policy review and development of change proposals;
- Advice and guidance;
- Forms; and
- Training.

The RTS report was published with HMRC's agreement on 25 July 2013.

During the year we completed a review of the existing RTS to update and simplify the requirements, with the objective of continuing to drive best practice across all areas of our work. In carrying out this work we also considered the implications of:

- The Regulator's Compliance Code (2007) which was replaced by the Regulator's Code (published in July 2013, came into force in April 2014); and
- The Code of Practice on Consultation (2008) was replaced by new Consultation Principles (October 2013).

Following the completion of this review we changed the RTS to the **ENTRUST Regulator Standards (ERS)*** to reflect and measure the regulatory work that we complete each year. The ERS were published on 25 June 2014.

Communications

Over the past year we have been putting in place processes and procedures to enable us to communicate more effectively with existing EBs, potential EBs and sector stakeholders. These have included the launch of our new website, a Twitter account and implementing a new bulk email supplier system.

Communications strategy

In 2013 we reviewed our existing communications strategy with a view to strengthening its focus and structure to provide a basis for the development of a clear communications plan.



BMX Track, Mile Oak Recreation Ground, Tamworth. Photo courtesy of John Wedrychowski.

As part of this review we implemented a number of key actions:

- We reintroduced the communications forum in October 2013 and met in October 2013 and January 2014. The forum provides communications contacts from funders and EBs the opportunity to share information/news/updates and look at ways we can work together to raise awareness of the LCF;
- In September 2013 we introduced a Twitter account as a way to engage with our stakeholders and share news about the LCF across and beyond the sector. Working with the communications forum we introduced a hashtag (#TheLCF)

which is used to tag posts relating to the LCF. This has been widely used since its inception at the beginning of November 2013, with 377 tweets sent including the hashtag as at 31 May 2014; and

**We
launched
our new website in
December 2013.**

* http://www.entrust.org.uk/assets/uploads/documents/ENTRUST_Regulator_Standards_final.pdf

- At the end of 2013 we introduced a bulk email system to better manage our email communications. This system has enabled us to monitor read and click through rates, unsubscribe volumes and bouncebacks. Where we get bouncebacks we have set up a process to cleanse this data to ensure all EB contact information remains up-to-date.

New website launch

We launched our new website in December 2013 and conducted a post-launch survey after three months to assess and understand whether it had met EBs' expectations. The overall feedback was very positive with some of the comments being:

- “the new website is clear, easy to navigate and more welcoming with more logical headings;
- having clear FAQs and a clearly visible contact us option were well received; and
- more detail on who we are and what we do was a suggestion for the homepage with more prominence to the guidance information and news items.”

Following this feedback we developed an action plan for making some further minor improvements which included:

- improving the search facility to include key word searches covering page content and documents;
- reviewing the information shared on the homepage of the site to ensure key information is easily accessible;
- improving the secondary content on the site to provide transparent and clear information on the LCF; and
- updating the search engine links so that they relate to the pages on the new site, rather than the old.

This action plan was completed by the end of June 2014.

Customer charter

We published a **customer charter*** in July 2013 to outline to our stakeholders what they can expect from us as the Regulator of the LCF and also what we expect from them to enable us to carry out our role.



Kelpie Top Out.
Photo courtesy of James Stewart.

We believe that stakeholders have the expectation that we will deliver a high quality professional service which provides VfM. To achieve this aim we have set out our

* http://www.entrust.org.uk/assets/uploads/documents/ENTRUST_CUSTOMER_CHARTER_final_2014.pdf

approach in dealing with our stakeholders.

Stakeholders can expect us to:

- Treat them with honesty and respect;
- Help and support them to comply with the Regulations;
- Treat them fairly;
- Be professional and consistent in our actions and approach;
- Apply a proportionate response in dealing with breaches in the Regulations;
- Protect their information and respect their confidentiality; and
- Take positive action to minimise the cost of regulating the LCF and the administrative burden placed on stakeholders.



We also have the expectation that stakeholders work with us in a way that allows us to fulfil our role in a highly professional and effective way.

We expect stakeholders to:

- Be open and honest in dealing with our staff;
- Act in a professional manner;
- Ensure that they respect our staff; and
- Take appropriate action to comply with the Regulations.

Enhancing the quality of our work

We formally launched our Quality Management System (QMS) based on the principles of ISO 9001 across the organisation in February 2014 and carried out a post-implementation review in March 2014 to assess its effectiveness.

The system is now well embedded within the organisation resulting in a new focus on managing processes to ensure we deliver our organisational objectives and high quality performance.

We recognise that quality is about consistently conforming to a standard or specification and that our processes and procedures form the basis of that standard. The operation of our QMS will help us to consistently deliver our services to our stakeholders and ensure continual improvement of our working practices.

Compliance with the Regulations

Our overall ethos is to coach EBs to compliance with the Regulations which we do through face-to-face compliance inspections, training and ad hoc telephone support. We also conduct consultations on areas of the Regulations that are unclear or where we feel clarification would be beneficial.

Unspent funds

The Government's Challenge has set all EBs the target of collectively reducing the level of unspent LCF monies held by 25% compared to the monies held at 31 March 2010. The reduction must be delivered through LCF monies being spent on projects, rather than through an increase in EBs running costs. Transfers between EBs do not impact on the collective figure. The Government stated in the [March 2014 Landfill Tax Briefing*](#) its intention to publish EBs' performance against the Challenge once the final information is available.

In supporting EBs to deliver the Challenge we have completed a number of pieces of work, including:

- In June 2011 we announced the Challenge on our website and facilitated meetings and issued guidance to all EBs to help them meet the Challenge. The guidance has been consolidated into our guidance manual in which we also advise EBs that running costs should be reasonable and relevant;
- At our compliance visits we ask EBs about their progress in meeting the Challenge. In 2012 and 2013 we also sought detailed information from the top ten EBs about their progress in meeting the Challenge; and
- In the last 12 months we have met with the Chairs of the top ten EBs to explain to them their position in relation to the Challenge. In December 2013 we also wrote to them to advise them of the level of unspent funds their EB predicted holding at 31 March 2014.

We ask EBs about their progress in meeting the Challenge.



Trinity Centre, Ossett.
Photo courtesy of Andy Deeks.

* http://www.entrust.org.uk/assets/uploads/documents/Budget_2014_Landfill_Tax_Briefing.pdf

Publication of guidance

We ensure that advice and guidance issued to EBs assists them in complying with the Regulations. During the year, we issued the following guidance:

Date	Guidance	Context
29 July 2013	Transfers of qualifying contributions to another Environmental Body & changes to ENTRUST online (EOL).	This allowed the recording of project expenditure against a project held by another EB, and provided clarification of the Regulations for EBs.
4 September 2013	Environmental Bodies and Contributing Third Parties.	The clarification of the Regulations was enforced as of 1 October 2013.
18 November 2013	Follow up Contributing Third Parties note to larger EBs.	Outline actions they could take to make project applicants who are EBs aware of the CTP requirements at the earliest possible stage.
31 March 2014	Consolidated Guidance Manual* .	The guidance manual has been consolidated incorporating all standalone guidance notes. A revised guidance manual will be published in July 2014 in line with the new training strategy.

Consultations

During 2013/2014 we ran two consultation exercises:

- Income Derived - November 2013; and
- Value for Money - March 2014.

Income derived consultation

In running this consultation exercise it was our aim to ensure that our guidance was clear and concise on the definition of income derived and the principles for accounting for income derived.

We sought EBs' views on the continuation of the current reporting requirements (that all income derived be reported) and on the 'assurance proposal' (the proposal). The proposal was that, where an EB gave an assurance when registering a project that all income derived from that project would be spent only on the maintenance and running costs of LCF amenities generated by that project, then that income derived need not be reported to us.

* http://www.entrust.org.uk/assets/uploads/documents/Word_Version_Guidance_Manual_-_January_2014_v4.pdf

EBs were also invited to submit project examples where it was not clear if income derived had been generated, which we may feed into the guidance and ways to account for and evidence income derived. Additionally, we consulted on a number of new questions that could be added to the **Form 2: project application form** to help EBs recognise and account for income derived.

The overwhelming consensus among those who responded was in favour of the assurance proposal.

We expect to formally submit a report of our findings to HMRC in the summer of 2014.

Value for money (VfM) consultation

The VfM consultation focused on the questions asked around the VfM delivered by projects. The proposal is that these will be asked at a later stage of the project (at completion instead of registration) and the topics covered in the VfM questions were also reviewed. This consultation sought views on whether the proposed new questions asked in relation to VfM were appropriate and whether any further changes were required to ensure we effectively capture and report the VfM of the LCF.



EBs who responded were neutral about the VfM questions being moved to completion stage but were pleased that the overall number of VfM questions were being reduced. We expect to formally submit a report of our findings to HMRC in the summer of 2014.

Compliance inspections

We carry out two forms of compliance inspection, a Project Compliance (PC) inspection and a Control Framework inspection (CFI). Both look at how the EB is managed and how projects have been delivered.

A PC inspection is primarily focussed on the EB's projects, while the more detailed CFI inspections also cover the EB's governance and management arrangements.

The type of inspection the EB receives will be determined by the scale and level of LCF activity.

Where we deem that a physical compliance visit is not necessary we will carry out a desktop review. During this we will ask the EB to provide documentation to us so that we can assess whether the project monies have been spent compliantly and the EB remains compliant with the Regulations.

In 2013/2014 we delivered 311 PC inspections against a target of 282 and 42 CFIs against a target of 36.

As part of our compliance process we issue a satisfaction survey after the visit to get feedback on the pre-visit information and the visit itself. Our overall satisfaction score for 2013/2014 was 4.6 out of 5 against a target of 4.2.

During the year we also completed a review of our compliance processes to identify any potential improvements in the delivery of our compliance inspection service, which covered the following areas:

- The number of compliance inspections we carry out;
- The scope of compliance inspections; and
- The impact of compliance inspections on the EB.

As a result of this exercise, we revised our compliance inspection workbook, introduced a system of more regular reviews of larger EBs and formalised the way we

select projects for review. We also extended the notice period we provide to EBs of an inspection from four to six weeks to enable them to better prepare for the inspection.

Compliance recommendations

Through our compliance inspections we identify common areas of non-compliance within EBs and make recommendations for the resolution of these. We publish these recommendations on our website on a quarterly basis.

Overall satisfaction with our Compliance Inspections is 4.6 out of 5.



Lift and Bridge access project at Newbiggin Maritime Centre. Photo courtesy of SITA Trust UK.

The top recommendations made during 2013/2014 were:

1. Unspent funds

At our compliance visits we asked EBs about their progress in meeting the Challenge.

2. Late Form 4: Statutory Annual Returns

EBs were reminded of their statutory obligation to complete and submit a Form 4 by 28 April each year. They were also asked to provide us with notification of the changes they had made to their internal procedures to ensure future Forms are returned on time.

3. Project dates missing

Where EBs have had projects with missing project start and completion dates they have been asked to provide us with this information and we have updated it on the relevant project. EBs have also made corrections to their Form 4 returns.

4. Reliance on an individual

Where an EB has a reliance on one person to complete all statutory returns they have been asked to identify another member of the organisation who can also take responsibility for the completion of LCF related returns. Where the new contact has limited knowledge and understanding of the LCF they have been encouraged to attend a training day to improve their knowledge of the Fund.

5. Directors

EBs were reminded of the importance of having up-to-date Director information held by us and were advised to update this at the time it changes or at the point they complete and submit their Form 4.

Reporting of Form 3, 4 and 7

Following a review of the previous year's returns, we reviewed and updated our existing Form 4 strategy and developed a targeted and focused communications approach to tackle the reduction in the return rate identified in the previous year. The strategy included the following activities:

- Our communication with EBs on this subject ran until the week before the Form 4 was due to be submitted. This initiative resulted in 77.12% (as at 28 April 2014) of all EBs returning their forms on time, an increase of 4 percentage points on the 2012/2013 baseline figure. We also saw 85.9% being submitted through EOL;

and

- We strengthened our sanctions against EBs who failed to submit Form 4s and have referred 22 EBs to HMRC for failure to submit a Form 4 for the last two years. We will also be introducing a condition in 2014/2015, subject to HMRC's approval, that will make contributions to EBs who have an unsubmitted Form non-compliant. This is to encourage funders to check the compliance of EBs they intend to fund and reduce the funds being spent by non-compliant organisations.

We implemented updated transfers' guidance during the year to ensure that **Form 7: Transfer of monies between EBs** was in operation for all transfers. This resulted in a large number of late Form 7s being submitted to us in September 2013, which impacted on the delivery of one of our KPIs. The guidance was complied with as we saw a 33% increase in Form 7s returned during 2013/2014 (compared to 2012/2013).

We also processed 492 **Form 3: Contribution received directly from a Landfill Operator**, of which 57 were submitted late. This related to 40 EBs submitting late Form 3s, a less than 1% increase on 37 last year. 88.41% were achieved on time.

Enforcement

In line with best regulatory practice, where we identify a breach in the Regulations, we are required to take proportionate enforcement action. This starts with a formal advice and guidance stage to promote compliance.

Through 2013/2014 we have taken the following action in addition to the late forms enforcement action completed:

Advice and guidance letters	6
Warning letters	3
Enforcement letters	6
Referrals to HMRC for breaches in the Regulations	1
Referrals to HMRC of EBs who have nil balances and have been on the 'naming and shaming' list for two years or more	22

We have revised our enforcement procedures and documentation and continue to monitor the time it takes to process cases from initial breach. We reviewed the lessons learnt from the cases we referred to HMRC, which resulted in further process improvements including: a new case referral timeline being agreed with HMRC, a formal handover stage between our Compliance and Enforcement Teams for managing breaches, a review of our intelligence database being completed and the development of some case scenarios with HMRC to aid our decision making process.

Landfill Communities Fund in Scotland

Provisions in The Scotland Act 2012 state that the UK Landfill Tax will be 'switched off' in Scotland after 31 March 2015 and responsibility for the new Scottish Landfill Tax will be given to the Scottish Government from 1 April 2015. This impacts on the LCF in Scotland which will close on 31 March 2015 with a two-year transitional period for projects in Scotland to complete.

In 2013/2014 we developed a framework for the wind-up of the Fund in Scotland for HMRC to review and approve, which we are now implementing. We have handled and forwarded queries from EBs and various scenarios to HMRC in order to demonstrate the areas where further guidance is required (e.g. assets and endowment funds).

We have also developed a revised project condition to enable us to reject projects in Scotland which would not complete by the hard closure date of 31 March 2017. This has been submitted to HMRC for their approval.

Finally, we also ensured that all enrolling EBs were aware of the closure of the LCF in Scotland by adding appropriate wording to the foot of our enrolment letters and have also added a Scotland page to our website so that EBs have access to the most up-to-date information at all times.

Delivering value for money

We plan our resource requirements using a zero based budgeting (ZBB) approach which ensures we have the resources we need to achieve our performance and quality targets, while delivering cost efficiencies through process improvements.

We have completed a review of specific areas of our data which we know is incomplete to enable us to better report on the impact of the LCF.

Data management

Since the introduction of EOL we have become aware that some of our older project data is incomplete, especially in relation to project post codes. We therefore completed a full review of all projects and updated our data.

We have also implemented



Tavistock Museum Charitable Trust, New Interpretation Room and Welcome Area. Photo courtesy of Biffa Award.

a process to ensure that all projects are now registered with full project details, including the full postcode of the project site. We have developed a project checklist to ensure we are not registering incomplete projects.

We also contacted Accredited EBs - EBs who can register and approve their own projects - to advise them of the requirements around project postcodes.

We have an ongoing issue with EBs contact information and Directors details being either out-of-date or incomplete. To resolve this we have strengthened the requirements and wording around these areas on the Form 4.

With the LCF in Scotland winding-up from April 2015 we identified a need to have clarity around the project information we hold and the assets held by completed projects in Scotland. To gather this we sent a mailing to EBs based in Scotland and EBs based in the rest of the UK who have projects in Scotland to ask them to provide details of assets held, income derived and qualifying contributions received. We are now completing a review and classification programme for the assets identified.

We also completed a fundamental review of EOL to ensure we are collecting the correct information in the right place within the enrolment and project registration processes. Under this review we have made additional boxes mandatory where the information is considered important to the ongoing management and reporting of the LCF, have improved the explanations of what is required in areas where we know there was ambiguity and have put in place new processes and approaches to data collection which will be implemented throughout 2014.



St Margaret and St Mary Church Hall.
Photo courtesy of Helen McCarthy-Deeks.

Financial overview

In delivering our regulatory functions we seek to achieve VfM at all times and reduce costs where possible.

Over the last year we have delivered a number of cost savings including:

- Renegotiating the rental charge for our offices;
- Changing our telephone provider which has reduced costs; and
- Reducing our IT costs through renegotiating our annual cost for connectivity.

Dr Ann Limb will be taking over the role of Chair of our Board in July 2014.

During 2013/2014 we spent £1.45m (2013: £1.51m) to regulate the LCF and received levy income on contributions received by EBs from LOs totalling £1.376m (2013: £1.51m). Levy income is deferred and released to turnover of the estimated average time taken from contribution receipt to project completion which we estimate to be 24 months.

As a result we have reported an operating surplus after interest and taxation of £34.2k (2013: £55.5k).

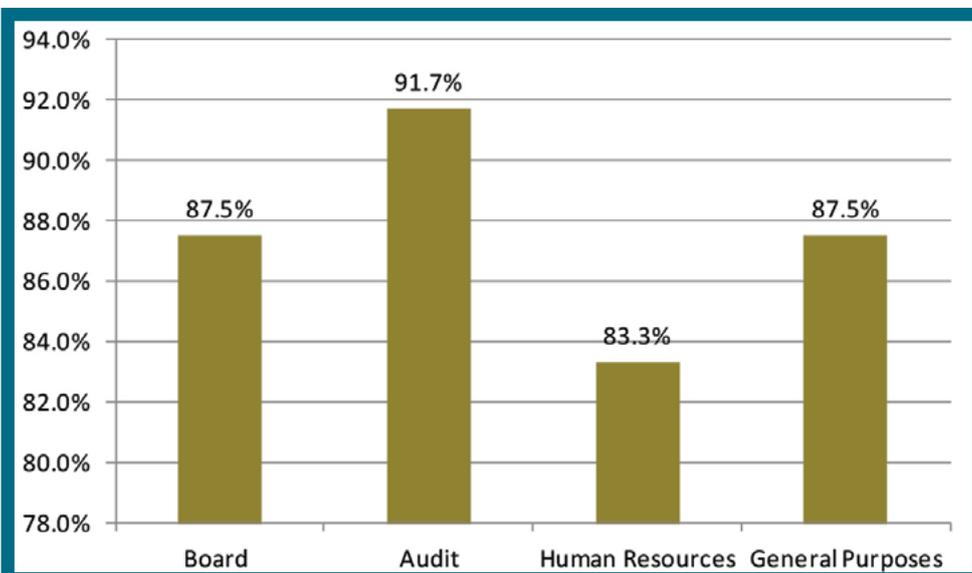
This surplus is held as part of our General Reserve, which has been allocated by our Board to meet future contingencies and liabilities such as the wind-up costs of the Company should the Scheme close and potential legal challenges we may face in undertaking our regulatory role.

Board

The Board consists of five non-executive directors (NEDs); Dr Philip H Smith (Board Chair), Will Lifford (Audit Committee Chair), Dr Ann Limb OBE (Human Resources and Remuneration Committee Chair), Lorraine Clinton and Anna East; and one executive director, Christopher Welford (Chief Executive).

Dr Philip Smith and Lorraine Clinton will be retiring from the Board in July 2014 with Dr Ann Limb OBE taking over the role of Chair.

The average attendance by Board and Committee members at meetings during the last year:



Key Performance Indicators

Target	Target Value	Actual	
1.	Achieve standards of service delivery and effectiveness acceptable to stakeholders of a modern regulator.		
1.1	98% of eligible applications to register as an EB and project applications are approved within five working days.	98% (applications to register as an EB)	99.5%
		98% (project applications)	99.9%
1.2	Improve EBs' levels of satisfaction with our services over the 2011/2012 baseline figures by undertaking a customer satisfaction survey by 31 August 2013 and delivering any identified changes by 31 December 2013.	84% (2012 baseline)	67%
		Deliver by 31 August 2013	Launched 28 July 2013
		Action changes by 31 December 2013	Action plan in operation by 31 December 2013
1.3	Publish the annual Regulations Team Standards report by 30 June 2013.	30 June 2013	25 July 2013
2.	Enhance the accountability and transparency of the LCF by publishing information about its operation.		
2.1	Publish statistical information on EBs data and guidance within ten working days of a notified change.	Any data relating to an EB such as newly registered projects or the amount spent on Objects is updated on our website every night.	
		Where there are changes to the guidance relating to the Regulations, such as the levy rate, this is updated within ten working days of the change being made.	
3.	Secure/increase the level of compliance with the Regulations.		
3.1	To develop and implement a programme of compliance reviews that will lead to an improvement in EBs compliance with the Regulations, which will include the following key elements:		
	<ul style="list-style-type: none"> To submit the reports from the 2012/2013 reviews of unspent funds and CTPs to HMRC by 31 May 2014 and submit a report on potentially excessive running costs by 30 June 2014. 	CTPs: 31 May 2014 Unspent funds: 31 May 2014	CTPs: 29 April 2014 Unspent funds: 28 May 2014

	<ul style="list-style-type: none"> To examine the top ten EBs with unspent funds (as at 31 March 2013) and provide HMRC with a report on the findings by 31 August 2013. 	31 August 2013	3 September 2013
3.2	To complete compliance reviews in a timely manner and issue reports to the quality standard:		
	<ul style="list-style-type: none"> 95% of project inspection reports and recommendations issued within eight working days of a compliance inspection. 	95%	99.6%
	<ul style="list-style-type: none"> 95% of other reports issued within 15 working days of completion of an inspection. 	95%	100%
	<ul style="list-style-type: none"> Publish reports within one month of each quarter end, summary details of recommendations and other relevant issues identified from compliance activity. 	1 month	3 out of the 4 2013/2014 reports were issued within this timescale.
3.3	To increase the percentage of EBs reporting (forms 3, 4 and 7) received by the due date from the 2012/2013 baselines:		
	<ul style="list-style-type: none"> Increase the % of Form 4s received by the due date from 78.56%. 	78.56% (as at April 2012)	73.1% (as at April 2013)
	<ul style="list-style-type: none"> Increase the % of Form 3s received by the due date from 88.5%. 	88.5%	88.8%
	<ul style="list-style-type: none"> Increase the % of Form 7s received by the due date from 95.6%. 	95.6%	88.2%*
3.4	<p>To increase the percentage of project applications submitted online from the 2012/2013 baseline of 82%.</p> <p>(Changed from 'To increase the number of EBs submitting project applications online from the 2012/2013 baseline by 10% in March 2014').</p>	82%	84.9%

*If we exclude the figures for September (where there were 158 late returns due to the guidance change), then the KPI return rate has been exceeded to date by more than 1 percentage point at 98%.

4.	Delivering value for money by increasing the effectiveness of delivering core activities.		
4.1a	Publish a customer charter by 31 July 2013.	31 July 2013	24 July 2013
4.1b	Deliver a new website by 31 December 2013.	31 December 2013	16 December 2013
4.1c	Complete a data cleanse exercise by 31 March 2014.	31 March 2014	31 March 2014
4.1d	By 31 March 2014 carry out an analysis of the value for money of the training and guidance that we offer to EBs to ensure it meets their expectations.	31 March 2014	12 March 2014
5.	Report annually to HMRC by 31 August priority regulatory improvements to the Landfill Tax Regulations 1996 (Regulations) and implement agreed changes to guidance or Regulation in accordance with agreed time-scales.		
5.1	Conduct targeted compliance interventions and if necessary consultation exercises to identify issues and make recommendations supported with robust analysis and evidence.	Report sent to HMRC on 29 August 2013. Consultation exercises launched in November 2013 and March 2014.	
6.	Work with HMRC to manage the wind-up of the LCF in Scotland.		
6.1	Establish a framework and provide information to manage the wind-up of the LCF in Scotland by 30 November 2013, for the approval of HMRC.	30 November 2013	29 November 2013



Kings Lynn Parkour.
Photo courtesy of Special Design Studio.



ENTRUST

Regulating the Landfill Communities Fund, benefiting people and the environment



The Steven Burke Sports Hub and Cycle Track.
Picture courtesy of Jason Lock.

www.entrust.org.uk

ENT110