



**Regulations Team Standards
Report on 2013/2014**

June 2014

1. Introduction

- 1.1 This report provides a summary of the main areas covered in the Regulations Team Standards (RTS) which were in force in 2013/2014; and highlights key performances against those standards in the year.

2. Policy review and development of change proposals

- 2.1 This section of the RTS focuses on the development of consultation exercises and proposals for change, either to the Regulations, or to the guidance which we issue to stakeholders. The emphasis in this area is to ensure that our work is clear and supported by evidence based proposals.
- 2.2 Two formal consultations opened in 2013/2014:
- Income Derived
 - The Value for Money questions

Income Derived

- 2.3 In line with RTS assessment 1.1.3 to “review and monitor policy and the Regulations to ensure that they are effective, proportionate and not unnecessarily burdensome”, we identified through compliance inspections and enquiries that Income Derived is not well understood and that the current requirements of the Regulations are difficult for EBs to apply in practice. As a result, currently some EBs do not appear to be adhering strictly to their statutory reporting requirements.
- 2.4 The Income Derived consultation sought views upon the continuation of the current reporting requirements in relation to income derived and the option of an assurance that all income generated from the running of an amenity will be spent on the maintenance and operation of LCF amenities. This assures the sustainability of a project by allowing revenue costs of the facility to be funded.
- 2.5 The consultation was published on 1 November 2013 and closed on 24 January 2014. We held a well attended focus group (14 attendees) on 16 January 2014 and received 30 consultation responses. The overwhelming majority of respondents are in favour of the option that income derived which is spent on the running costs of the project need not be reported. This was also the view of those EBs who attended the focus group.
- 2.6 One point which arose in the focus group was EBs’ understanding that they need only report the income derived which they receive (and not the income derived received by a project applicant whose project has been funded by the EB). After we noted this point informally with HMRC, HMRC were concerned that this did not accord with legal advice they had received. In April 2014 HMRC shared its legal advice with us, which confirmed the EBs’ understanding but made clear EBs’ asset

monitoring responsibilities. This advice will be incorporated into our report and recommendations on income derived.

- 2.7 We are now in the process of drawing out common themes to the preferences expressed by EBs and considering the evidence presented by them in support of their preferences. We will then provide feedback of the outcome of the consultation to all participants as per standard 1.2.5. We will also provide a report, with our recommendations, to HMRC for their consideration.

Value for Money questions

- 2.8 Our consultation on the Value for Money (VFM) questions opened on 11 March 2014 and closed on 11 April 2014. This consultation sought views on the proposed new VFM questions which we would like to ask project applicants at the conclusion of their project in order to gather data on the impact of the LCF. In trialling a shorter consultation period, we wanted to see whether this had an impact (positive or negative) on expected response rates. Although we had fewer responses (25 compared to 30) than for our Income Derived consultation, this was not a significant difference.
- 2.9 We held a focus group for this consultation on 20 March 2014. At both the focus group and in the responses there was general agreement with most of the proposed questions (although some responses suggested that the later questions were of questionable value) and no alternative questions were suggested.
- 2.10 We are working to implement the required changes to Form 2 (project registration) following our decision to move the VfM questions asked from project registration stage to project completion stage. EBs have been informed that they need not respond to the VfM questions on Form 2 while the new form is being prepared.

Other consultation work undertaken in 2013/2014

- 2.11 Work was also undertaken during 2013/2014 preparing a consultation on the public element of Object D and Object E. A sounding board for this took place on 4 February 2014 and the consultation was published in June 2014.

This consultation looks at what is meant by “public” in the context of projects registered under Object D and Object E. In this consultation we seek stakeholders’ views on:

- The level of admission fees or hire charges
- How often a public park or other public amenity should be open to the public
- Whether the difference between D and E should continue?
- Whether amenities for certain specific users groups are for the public
- Proportional registration when amenities are restricted to specific user groups for a proportion of the time, and

- The circumstances under which we request access statements when considering projects for registration.

3. Advice and guidance

- 3.1 This section of the RTS aims to ensure that advice and guidance issued to EBs assists them in complying with the Regulations. Advice and guidance is given freely, most commonly over the phone, by all operations teams. In addition, advice and guidance is provided at training events and compliance inspections.
- 3.2 Following standard 2.1.3 “Advice and guidance should be accurate, clear, accessible (avoiding acronyms and jargon), comprehensive, timely, and be in appropriate formats”, a Contributing Third Party (CTP) guidance note was issued to all EBs on 4 September 2013 with the clarification of the Regulations being enforced as of 1 October 2013. This guidance was praised by HMRC and EBs for its clarity and comprehensiveness.
- 3.3 A follow up CTP note to larger EBs was issued on 18 November 2013 to outline actions they could take to make project applicants who are EBs aware of the CTP requirements at the earliest possible stage.
- 3.4 In July 2013, we also issued updated guidance to all EBs on making transfers of qualifying contributions to other EBs and related changes to EOL. This related to the recording of project expenditure against a project held by another EB, and provided clarification of the Regulations for EBs.
- 3.5 The guidance manual was consolidated and this new version (incorporating all standalone guidance notes issued since January 2012) was published on 31 March 2014. A revised guidance manual will be published in the 2014/2015 reporting period, in line with the modular approach set out in the revised training strategy – see paragraph 5.4 below for further detail.

4. Forms

- 4.1 This area of RTS aims to ensure that forms and requests for information which are required by the Regulations are clear, comprehensive and not overly burdensome for those required to provide the information sought.
- 4.2 In line with assessment 3.2.1, the Statutory Annual Return (Form 4) has been updated to allow for multiple EBs to report expenditure against the same project following our transfers guidance (mentioned in paragraph 4.2.4 above) and to assist EBs in complying with the Regulations regarding Form 7s. As per standard 3.2.7, the new fields are intelligent and pre-populated where possible.

- 4.3 We are also concluding a major review of all the forms we require EBs to complete, including the Statutory Annual Return (Form 4). As a result of this review a number of updates will be implemented, which will improve the clarity of our forms. Part of this project involves the creation of two new forms, for an extension of time in which to complete a project and a form to notify completion of a project. Changes to the functionality of other forms will result in the pre-population of much of the data required for these two new forms.

5. Training

- 5.1 The main aims of the RTS in this area are to ensure that training needs of EBs are identified, met and reviewed.
- 5.2 In accordance with standard 4.2.2 - “carry out a number of events around the country to ease access for users as appropriate”, this year we held training days in Edinburgh, Belfast, Wigan, London and Bristol as well as training days in our offices in Leamington Spa. In accordance with standard 4.3.1 we encouraged those who attended our training to provide feedback. Our average training feedback score from these training events for the year was 4.6 out of five.
- 5.3 We have undertaken a review of the training needs of our stakeholders, in accordance with assessment 4.3.2 – ‘evaluate the comments of training event attendees and identify areas for improvement and areas of good practice’. We have developed a new training strategy based on EBs’ needs, comments and with the view to expanding the reach of the training we provide – this is set out below.

Training strategy

- 5.4 Having taken into account stakeholder feedback and our costing and review work, the principles of “better regulation” and the requirements of the new Regulators’ Code, we have developed the following aims for our new strategy:
- We will offer induction and training which supports EBs in delivering projects through the LCF, providing on-going coaching towards compliance;
 - We will promote efficient and effective delivery of projects by providing access to knowledge and understanding of the Regulations through a range of guidance and supporting materials;
 - We will provide improvement opportunities to EBs through networking and sharing best practice as well as information on compliance and risk; and
 - We will increase access points to and take-up of our training offer whilst maintaining cost effective delivery solutions which meet the needs of a wide range of individuals across our target groups.
- 5.5 In accordance with this new training strategy, so far in 2014/2015 we have held an Open Day (26 June 2014) which was well received by those attending. This is in addition to our basic training events which have so far in the 2014/2015 reporting

period been held at our offices (21 May 2014). We will be holding our next basic training event at the offices of one of the largest EBs on 17 July 2014.

6. Going forward

- 6.1 The current RTS were agreed with 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 were based upon the Regulator's Compliance Code (2007) and the Code of Practice on Consultation (2008).
- 6.2 The Regulator's Compliance Code (2007) has now been replaced by the Regulators' Code (which came into force in April 2014); and the Code of Practice on Consultation (2008) has been replaced by new Consultation Principles (October 2013). In light of the revision to these external standards, we have reviewed the RTS to update and simplify the requirements and continue to drive good practice within our Regulation Team's work.
- 6.3 As part of our review work, we concluded that it would be more appropriate and more in line with the Regulators' Code, for the RTS to include all of our regulatory work. The RTS will become the ENTRUST Regulator Standards (ERS) to reflect and measure the regulatory work that we complete each year.
- 6.4 From 2014/2015 onwards our annual review will consist of 25 standards spread across the seven areas encompassing the regulatory work undertaken throughout the organisation and reflect the standards detailed in the Regulators' Code. The seven areas covered are:
- Policy review;
 - Advice and guidance;
 - Training;
 - Data and information requests;
 - Compliance;
 - Enforcement; and
 - Transparency.
- 6.5 The new ERS is annexed as Appendix A. The standards are based upon the framework set out in the Regulators' Code and (where appropriate) the Consultation Principles.