

## Consultation Sounding Board Event

23 May 2017

### 1. BACKGROUND

- 1.1 ENTRUST explained the background to the consultation now taking place and the action already taken in response to feedback from stakeholders about the compliance inspection approach undertaken by ENTRUST under the Terms of Approval with HMRC and the Landfill Tax Regulations 1996 (Regulations).

### 2. CORPORATE PLAN

- 2.1 [ENTRUST's 2017-2020 Corporate Plan](#) includes a review of the current risk model:

*"Following feedback from stakeholders in 2016/2017, during 2017/2018, we plan to consult with stakeholders on the operation of our compliance risk model to ensure that it continues to provide sufficient and accurate information to allocate our limited resources to the delivery of our statutory assurance role."*

### 3. SOUNDING BOARD EVENT

- 3.1 The [presentation slides used at the event are available here](#).

### 4. FEEDBACK

- 4.1 The following points were made by EBs at the event and in other feedback meetings. In relation to the risk model itself:

- The transparent explanation of the basis and detail of the risk model used by ENTRUST was welcomed. The sharing of the risk model and profile of risk scores was welcomed and this should continue to be available.
- The current risk indicators used were appropriate in determining the risk to EB compliance with the Regulations, and it was noted that the focus was on the Regulations and addressing non-compliance and breaches and that ongoing review and improvement was in place.
- Specifically in relation to indicators the following points were made:
  - Indicators now acknowledge where an EB has improved over time;
  - Number of non-compliant recommendations which remain unaddressed should be taken into account;
  - The indicators should where appropriate be based on percentages rather than actual figures (e.g. administration costs);
  - The indicator looking at uncommitted funds should be weighted more highly; and
  - Additional indicators concerning the level of unspent funds and value of project expenditure should be considered.

- A self-assessment approach for larger EBs or funding EBs might contribute to the overall EB risk assessment and reduce the need for compliance reviews.

4.2 Other suggestions to improve the compliance inspection process (unrelated to the risk model) were also made and will be considered:

- In addition how compliance reviews are conducted might be further considered in light of recent developments with many larger EBs now holding data electronically and having recently invested in new grant management systems, which may be accessed remotely by the Regulator avoiding the need for a site visit to the EB.
- More detail in compliance reports on why a review was carried out and the EB's risk score/profile would be welcomed.

4.3 Benchmarking approaches that are being developed for the sector by ENTRUST to cover levels of unspent/uncommitted funds, administration costs and LOs requirements for CTPs are welcomed. It was further suggested that use of quartiles as well as percentage of EBs would be a useful presentation of the benchmarking data. Further benchmarks were suggested for consideration:

- Risk scores;
- Number of non-compliant findings; and
- Level of contributions/income.

## 5. NEXT STEPS

5.1 Any further comments or feedback should be sent to the Deputy Chief Executive, Alison Bennett ([alisonbennett@entrust.org.uk](mailto:alisonbennett@entrust.org.uk)) by Friday 9 June 2017.

5.2 The findings of the consultation will be provided to the ENTRUST Board and HMRC in July, and the full updated risk model will be published in September 2017.