ENTRUST

Value for Money questions

1. Introduction

1.1 This report details the findings of our consultation on the Value for Money (VfM) questions which we ask in respect of registered projects. Environmental Bodies (EBs) were previously asked the VfM questions at project registration but in our consultation document, we announced our intention that from 1 April 2014 we would seek this information after a project had been completed.

1.2 The consultation paper sought stakeholders' views upon on the content of our proposed new VfM questions to be included in the proposed completion form, a copy of which were set out in the consultation paper. (The questions we asked of stakeholders in our consultation paper are attached at Appendix A.)

1.3 The consultation paper was published on 11 March 2014 and the consultation closed on 11 April 2014. The consultation was open for four weeks, a shorter period than the usual time. This was due to the more focussed content of the consultation and also to ascertain whether a shorter consultation period would adversely affect the number of responses.

1.4 We held a small focus group (6 attendees) on 20 March 2014 and received 22 consultation responses. This was similar to the number of responses received to other consultations which we held open for longer periods.

2. Summary of issues, conclusions and recommendations

Issues

2.1 In compiling this report, we note that although the majority of the proposed VfM questions were well received, the final three draft questions (questions 11, 12 and 13 in Appendix C) were less so. These three draft questions attempt to elicit information about the impact of the LCF and whether LCF monies have positively affected social cohesion in the area of the completed project.

2.2 We considered carefully the concerns expressed but, as no other realistic alternative options were proposed, we concluded that it would be appropriate to introduce all of the draft VfM questions set out in the consultation paper. We consider it important that we endeavour to measure the impact of the LCF, particularly in the present economic climate and against the background of the reforms to be proposed by HM Revenue and Customs following the discussions of the Reform Working Group. Once we have collected the first set of new VfM data, we will reconsider which VfM questions should be asked of EBs after completion of their projects.

Conclusions

2.3   We were pleased to note that the majority of those who responded agreed that it would be sensible to review the VfM questions asked and that it was worthwhile endeavouring to measure the impact of the LCF.

2.4   A number of respondents considered that the same VfM questions should be asked of all project applicants. Some of those who responded also believed that more biodiversity-focussed VfM questions should be asked for projects under Object DA. A number of additional VfM questions (predominantly for projects under Object DA but also under Objects D and E) were proposed.

2.5   The majority of those who responded agreed with our proposal that a project should be considered to be completed on the date on which the final LCF payment was made. Whilst we note that there are merits to other options which could have been chosen, the definition of completion occurring on the date when the final LCF payment is made fits in with the definition already used in the Form 4statutory Annual Return. This approach therefore ensures a measure of consistency of approach across the LCF.

2.6   The majority of those who responded agreed with our proposal that it should become compulsory to provide the postcode (or nearest postcode) of the project site though it was noted that the nearest postcode might be several miles from a project location for projects in very remote areas. This is already the case for a number of projects which cover a large geographical area and has not caused any particular issues.

2.7   The majority of respondents considered that the most of the draft VfM questions proposed in the consultation paper were sufficiently clear. However, there was concern over the final three draft VfM questions proposed (whether the project achieved its aims, whether the project had improved the lives of people in the community or achieved environmental benefits, and whether the project had brought together people from different backgrounds). Given the lack of viable alternatives, we concluded it would be sensible to retain these questions, but review these questions once we had sufficient data to make this a feasible exercise.

2.8   A minority of respondents expressed concern that there were no volunteering questions in our proposed new VfM questions. The reason for this apparent omission is that the volunteering questions we previously asked on Form 2 remain in place in Form 2. These questions were not addressed in our consultation as the volunteering questions are not classed as VfM questions by HM Revenue and Customs. Therefore they were not removed from Form 2 when the VfM questions were removed.

Recommendations

2.9   In our consultation paper, we announced our intention to move the stage at which we would ask the VfM questions from project registration to project completion. Our first recommendation was to implement this change:

2.9.1   The first stage of our changes was announced on 1 April 2014, which advised that EBs need not answer the VfM questions which were (at that stage) set out on the Project Registration Form (Form 2);

2.9.2   The VfM questions were subsequently removed from the electronic and hard copies of our Form 2; and

2.9.3   On 1 December 2014 we reintroduced a project completion form (Form 9) with the new VfM questions, to be completed for all projects which were completed on or after 1 April 2014.

2.10   Our second recommendation was the adoption of the VfM questions, which were proposed in the consultation paper. This recommendation is based upon the positive response, which the majority of the draft new VfM questions received in the responses to our consultation, and the lack of suggested alternatives to those VfM questions which were not received as positively. This recommendation has been carried out by the introduction of the new project completion form in December 2014.

2.11   Our final recommendation is to review the VfM questions, which are included on the revised project completion form once we have VfM data for one reporting period. Once we have the data for one complete reporting period we will be able to analyse the responses provided to consider how effective the VfM questions have been in providing us with useful data on the impact of the LCF.

3.   Next steps

3.1   As indicated above in our recommendations, we will undertake a review of the VfM questions once one full reporting cycle has been completed. In undertaking this review we will have regard to the outcome of the consultation, due to be issued shortly by HM Revenue and Customs, as to the proposals for reform of the LCF.

3.2   When undertaking our review of the VfM questions asked to assess impact and end user satisfaction, we will consider:

3.2.1   Government priorities for the future of the LCF and whether alternative VfM questions could better indicate whether those priorities are being delivered;

3.2.2   Ease of completion of the VfM questions (indicated through the volume of project completion forms received compared to the number of projects reported as being completed, and whether there are significantly fewer answers to any particular VfM question asked); and

3.2.3   Feedback from EBs (either at compliance visits or otherwise) as to their perception of the VfM questions on the project completion forms.

ENTRUST
March 2015

Appendix A

The questions asked in the consultation

	Question	Paragraph of consultation paper
1.	We propose revising the VFM questions currently asked in order that the VFM achieved by the LCF can be more accurately reported. Would you agree with this proposal?	3.4
2.	Do you consider that changing the VFM questions will affect the project funding decisions made by DEBs? Please provide reasons in support of your response.	4.5
3.	Do you agree with the proposal that all project applicants should answer the same VFM questions irrespective of the Object under which their project is registered?	6.3
4.	If you answered "no" to the previous question, please state why you disagree.	6.3
5.	If you consider that additional Object-specific VFM question(s) should be asked, what additional Object-specific VFM question(s) would you suggest?	6.3
6.	Do you agree with our proposal that a project should be considered to be "completed" when all the final LCF payment has been made?	9.2
7.	If you answered "no" to the previous question, what alternative would you suggest, and why? How would you integrate this different date with Form 4?	9.2
8.	Do you agree with the proposal to make it compulsory for the postcode of the project site (or the nearest postcode when the project site does not have a postcode) to be provided at project registration?	Appendix A
9.	If you answered "no" to the previous question, please state why you disagree.	Appendix A
10.	Do you consider that the proposed new VFM questions are clear?	Appendix C
11.	If you answered "no" to the previous question, what changes would you suggest?	Appendix C
12.	Do you consider that any additional VFM question(s) should be asked (either of all project applicants or of specific applicants)?	Appendix C
13.	If you answered "yes" to the previous question, what additional VFM question(s) would you suggest?	Appendix C
14.	Please state any revisions to the proposed new VFM questions which you would like to suggest. Please use this space if there are additional VFM questions which you would like to suggest.	Appendix C
15.	If there are any other comments you wish to make in response to this consultation, please make those comments here.	

Appendix B

The responses to questions asked

1.   We propose revising the VFM questions currently asked in order that the VFM achieved by the LCF can be more accurately reported. Would you agree with this proposal?

1.1   The overwhelmingly majority of respondents agreed that an attempt to measure the VFM achieved by the LCF was a positive proposal. Many of the respondents also welcomed our decision to move the VFM questions to the completion of the project and agreed that this move was likely to result in gathering more accurate data.

1.2   A small minority of respondents either queried the purpose to which the answers would be put and/or commented upon the potential for an additional burden to be placed upon funding EBs who registered projects for non EB project applicants.

2.   Do you consider that changing the VFM questions will affect the project funding decisions made by distributive EBs? Please provide reasons in support of your response.

2.1   The majority of respondents considered it unlikely that a change to the VFM questions we ask would affect project funding decisions taken by distributive EBs as those funders had their own criteria for assessing project applications.

2.2   Most distributive EBs who responded reported that VFM was taken into account but was a relatively small aspect by comparison to other factors such as community need. Some distributive EBs asked their own VFM measures in addition to our VFM questions. One distributive EB which responded reported that it did not take VFM into account when making a decision whether to fund a project application.

3.   Do you agree with the proposal that all project applicants should answer the same VFM questions irrespective of the Object under which their project is registered?

3.1 A slim majority considered that the same question should be asked irrespective of the project's Object. (The responses of those who did not agree with this suggestion are set out under question 4, below.)

3.2 Those in favour of asking the same VFM questions in respect of all completed projects pointed to the fact that all the Objects under the LCF should be subject to the same VFM scrutiny. It was suggested that "not applicable" could also be given as an answer where an EB considered itself unable to answer a specific VFM question due to the nature of the project. The breadth of the VFM questions proposed was appreciated.

4.   If you answered "no" to the previous question, please state why you disagree

4.1   Those who considered it appropriate to have different questions, suggested that if different VFM questions were asked then the VFM questions could be more specific to the specific Object under which the project had been completed. It was suggested that this would give more meaningful data about the completed projects, and would enable projects under Objects DA and E to demonstrate value on a level playing field.

5.   If you consider that additional Object-specific VFM question(s) should be asked, what additional Object-specific VFM question(s) would you suggest?

5.1   Those who responded to this question suggested questions around:
* the grade listing of buildings and whether buildings are on an at risk register for projects under Object E;
* the likely loss of habitat or species if funding were not forthcoming for projects under Object DA;
* the use of sustainable / recycled / local construction materials for projects under Objects D and E;
* to what extent the project had maintained, protected or enhanced biodiversity for projects under Object DA;
* the number of priority habitat hectares that had been managed, restored or created for projects under Object DA;
* the number of SSSI sites which have been worked upon for projects under Object DA; and
* the number of users for projects under Object D.

6.   Do you agree with our proposal that a project should be considered to be "completed" when all the final LCF payment has been made?

6.1   There was general agreement that a project should be considered to be completed when the final LCF payment was made.

6.2   Some EBs commented that the physical works were not always complete at this time, and also that the LCF element might be only part of a larger project which might not be complete. This could affect the accuracy of the VFM data collected (though it would be open to EBs in some cases to delay completing their project completion form until the wider project was also completed). These EBs acknowledged the difficulties in selecting any other date which could be easily identified and would be appropriate for all types of project. A few EBs made the point that any definition would be acceptable so long as it was consistently applied.

7.   If you answered "no" to the previous question, what alternative would you suggest, and why? How would you integrate this different date with Form 4?

7.1   One EB suggested that the project completion date be either the date of final payment of LCF funds or the date on which physical works were finished, whichever

came later. No suggestions were made as to how this choice of date could be integrated with the one date required for Form 4.

8. Do you agree with the proposal to make it compulsory for the postcode of the project site (or the nearest postcode when the project site does not have a postcode) to be provided at project registration?

8.1 The majority of those who responded were in agreement with this proposal though it was noted that, for remote locations, the nearest postcode might be several miles away.

9. If you answered "no" to the previous question, please state why you disagree.

9.1 The use of grid coordinates as a more precise alternative was also noted.

9.2 A few EBs noted that projects under Object DA often cover large areas with more than one postcode.

10. Do you consider that the proposed new VFM questions are clear?

10.1 The majority of those responding agreed that some of the questions were clear but considered that definitions would be required to enable them to answer some of the proposed questions. The need to have guidance on the definition of "asset" was raised by several respondents. One respondent also questioned whether it was appropriate for ENTRUST to ask questions about assets at a stage when there remained a lack of clarity over what constituted Income Derived.

10.2 However, the majority of respondents considered that the final three VFM questions proposed could be interpreted in different ways and would not be easy to answer. One respondent also commented that it did not see the relevance of improved social cohesion to the objects of the LCF.

11. If you answered "no" to the previous question, what changes would you suggest?

11.1 Several of those who responded to our consultation suggested the removal of the final three VFM question proposed on the basis that they were considered:
- Unclear;
- Too subjective; or
- Too likely to prompt the answer "yes" (from a yes/no option),
and thus return unreliable data.

11.2 Some respondents also considered that it was confusing to have VFM questions and questions about assets on the same project completion form, and suggested the removal of the asset monitoring questions.

12. Do you consider that any additional VFM question(s) should be asked (either of all project applicants or of specific applicants)?

12.1 The majority of respondents stated that they did not consider any additional VFM questions should be asked. A minority of respondents suggested additional VFM questions – these are summarised below in the responses to question 13.

13. If you answered "yes" to the previous question, what additional VFM question(s) would you suggest?

13.1 The additional VFM questions suggested as appropriate to be asked were predominantly questions which required a yes/no response or which were variations on the VFM questions which were proposed in the consultation. The new VFM questions suggested were also predominantly directed at gathering data about projects completed under Object DA.

13.2 There were also some responses which suggested we ask additional VFM questions to measure:
- Ecosystem services;
- biodiversity outcomes; and
- The improvement to quality of life for local people.

   Unfortunately no specific questions were suggested to measure these outcomes.

14. Please state any revisions to the proposed new VFM questions which you would like to suggest. Please use this space if there are additional VFM questions which you would like to suggest

14.1 Some respondents noted the absence of VFM questions concerning training and volunteering.

14.2 One respondent requested the removal of question 13 on the basis that improving social cohesion is not an aim of the LCF.

15. If there are any other comments you wish to make in response to this consultation, please make those comments here.

15.1 A few respondents questioned whether the VFM questions adequately addressed VFM and suggested that they were in fact more concerned with the impact of the LCF.

15.2 Some respondents raised concerns about the additional administrative burden which would be imposed by the addition of a new form (although a minority of these also acknowledged that the majority of the VFM question proposed would be simple to answer).

15.3   One respondent made the helpful suggestion that EBs should be notified at project registration that they would be required to fill in project completion form after completion of their project, and so should keep appropriate records (if required) during the project.

15.4   A few respondents also made helpful suggestions regarding the timing of the deadline for project completion forms to be submitted, with acknowledgments that there was a balance to be struck between early submission of the project completion form (with potentially flawed data) and later submission (with more accurate data available but the risk that fewer EBs would submit project completion forms).

15.5   One EB requested that the introduction of the forms be delayed by one complete reporting period due to concerns about added complexity being introduced to Form 4.

Appendix C

The new VFM questions proposed in the consultation

Project details

1. Project number:

2. Project title:

3. When did you complete spending LCF funds on this project? (mm/yy e,g 03/09).

4a. What was the total of LCF funds spent on this project in the current reporting period? (1 April to 31 March)

£

4b. What was the total of LCF funds spent on this project in all previous reporting periods?

£

4c. What was the total of LCF funds spent on this project?

£

Project assets

5. Has the LCF funds provided for this project been used to purchase or create a capital asset (including land or buildings)?

☐ Yes   ☐ No

5a. What type of asset is this?

5b. The name or brief description of this asset:

5c. How much LCF funding was spent on this capital asset?

£

5d. How much was spent in total on this capital asset? (including LCF monies and funds from non-LCF sources).

£

5e.	Is this capital asset on a LCF asset register?	☐ Yes	☐ No

5f. What protection is in place for the LCF monies used to purchase or create this capital asset?

5g.	Has another capital asset been created or purchased by the LCF monies provided for this project?	☐ Yes	☐ No

Value for Money: optimal use of resources

6.	Did this project receive funding from other sources?	☐ Yes	☐ No

If yes, how much other funding (in total) was received? £

Value for Money: project sustainability

7.	Will any income be generated by the project?	☐ Yes	☐ No

If yes, how much income each year (to the nearest £1,000) is expected? £

8. Has this project reduced the total utility costs of the structure, building or amenity (e.g. through reduced energy consumption, energy efficiency measures or energy generation)?

☐ Yes ☐ No ☐ N/A

If yes, please estimate the reduction in total utility costs (to the nearest £1,000) each year. £

9. Have any new jobs been created and / or existing jobs maintained, as a result of the project?

☐ Yes ☐ No

If yes, please provide the number of:

a) jobs created (use full time equivalent, e.g. 0.5, for part time jobs)

b) jobs maintained (use full time equivalent, e.g. 0.5, for part time jobs)

10. Please estimate the number of visits to the project site each year prior to the project.

Please note that this counts every visit. For example, 1 person visiting the project site 10 times in a year counts as 10 visits.

Please estimate the number of visits to the project site after the project has completed.

Please note that this counts every visit. For example, 1 person visiting the project site 10 times in a year counts as 10 visits.

Value for Money – achieving the intended outcome

11. Did the project achieve its aims? ☐ Yes ☐ No

12. Do you consider that this project has improved the lives of people living in the community of the project, and / or achieved environmental benefits? ☐ Yes ☐ No

13. Do you consider this project directly brought together people in the community of the project who are from different backgrounds and who otherwise would not have been brought together? ☐ Yes ☐ No

If you answered yes to any of questions 11 - 13, please provide more detail in your response to question 14

14. Is there any additional information you would like to provide about this project?

15. Would you would be prepared to have this project considered as an ENTRUST case study? ☐ Yes ☐ No