



ENTRUST Corporate Plan

2022-2023

Chair and Chief Executive's Summary

The Landfill Communities Fund (LCF) is an innovative tax credit scheme enabling operators of landfill sites in England and Northern Ireland to contribute money to organisations enrolled with ENTRUST as Environmental Bodies (EBs). EBs carry out projects in England and Northern Ireland that comply with the objectives set out in the Landfill Tax Regulations 1996 (Regulations).

ENTRUST has operated as the Regulator of the LCF since its inception in 1996. In undertaking this role, ENTRUST:

- Mitigates the risk of financial loss to the Exchequer by providing HM Revenue & Customs (HMRC) with independent assurance that LCF monies are spent compliantly in accordance with the Regulations; and
- Continues to deliver the requirements of the ENTRUST/HMRC Terms of Approval (TOA), which ensure that we fully support HMRC in regulating the fund and delivering the annual objectives and Key Performance Indicators (KPIs) set by HMRC.

Welcome to our Corporate Plan for 2022-2023 which sets out the regulatory activities across our business, which we consider are key across this Corporate Plan period. In developing the Plan, we have taken into consideration the impact of the COVID-19 pandemic, and the possibility of any ongoing issues during 2022/2023. Our robust Business Continuity Plan (BCP) enabled ENTRUST to maintain a 24/7 e-delivery framework, which delivered the continuation of a fully-serviced regulatory function and we are confident we will continue to do so throughout 2022/2023.

In delivering our statutory role, our overarching strategy is to remain a lean, agile, proactive and efficient regulator, committed to providing continual improvements in the regulation of the LCF.

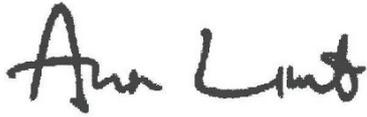
Vital to undertaking our service improvement and improving our efficiency is our innovative stakeholder engagement plan which includes positive partnering relationships between ENTRUST and our key Stakeholders. We will continue to facilitate an annual engagement meeting between these Stakeholders and HMRC, regular liaison meetings with the Association of Distributive and Environmental Bodies (ADEB) and our Information and Networking Forum (INF) which allows EBs to get together and share best practice and ask for advice and guidance. As ever, we will also continue to maintain our 'coaching to compliance' ethos by focusing on the stakeholder experience that we offer to EBs and by minimising the administration burden on them.

We continually seek to improve and increase our regulatory assurance to HMRC through efficient service and business delivery whilst minimising our resource requirement and we consider that our 2022/2023 organisational structure continues to reflect the core level of staffing that ENTRUST requires to regulate the LCF to an appropriate standard in accordance with the requirements of the TOA, and to mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance. Our organisational structure has been developed to utilise our Staff most effectively, delivering more for less. To achieve this, we ensure our organisation is cross-skilled, sharing resources and multi-skilling across teams and functions.

As a business committed to the 'thriving at work' standards, we will continue to put in place measures that do not just safeguard our Staff but also allow them to develop individual resilience and to thrive. The Company also considers that data protection and cyber security are key to our business resilience and we will continue to remain compliant with all data protection laws, and maintain our multi-layered approach to our cyber security measures. As a best practice organisation, we believe it is important to

consider our environmental footprint and to continually review and improve our environmental performance. In 2022/2023 we will commit to reporting on the Company's carbon use.

Finally, we look forward to working with all our Stakeholders in 2022 to continue to ensure that LCF funds are spent compliantly on projects which benefit the local community and environment.



Dr Ann G Limb CBE DL
Chair, ENTRUST



Christopher Welford
Chief Executive, ENTRUST

1. Registrations

ENTRUST's Registrations Team is usually the first point of contact for Stakeholders to our regulatory services. The Team are responsible for answering the telephone calls and emails we receive through our Helpline, as well as the processes for the Enrolment of organisations as EBs and the approval of Project Applications.

During the 2022-2023 Corporate Plan period, we will continue to enrol eligible organisations as EBs and to register compliant project applications within five working days. We will also ensure that our registration services remain robust and assist in our overall aim of providing independent assurance to HMRC that LCF monies are spent compliantly, in accordance with the Regulations and ENTRUST's guidance.

1.1 Enrolment of EBs

We will continue to enrol eligible organisations as EBs within five working days. To achieve this objective, we are committed to ensuring that we adopt a proactive approach to enrolment applications by offering a bespoke service to organisations to ensure that the process runs smoothly. In achieving this objective, we continue to invest our resources to support Stakeholders who are seeking to enrol as an EB, for example by improving the range of training materials and guidance available on our website.

In striving to improve our service levels, in 2021/2022 we undertook a full review of our Enrolment process obtaining feedback from Stakeholders on the quality of our services as well as reviewing the requirements of the Regulations and the ongoing regulatory requirement to maintain information about enrolled organisations. We amended our Enrolment form to improve how we seek information from potential EBs to better focus our questions and to streamline the process. We also removed or amended questions that posed a barrier to those seeking to enrol that were no longer necessary for our assurance work.

Following this review, we believe that our Enrolment process provides a robust mechanism to assess the capability of an organisation to comply with the Regulations

However, we will maintain our continual review approach. This approach also includes responding to feedback from EBs and any issues they encounter to ensure that the Enrolment process remains responsive, flexible and agile. During 2022/2023 we will continue to focus our efforts on identifying any opportunities to further enhance the Enrolment process so that it is straightforward and streamlined for organisations. At the same time, it is our intention to continue to mitigate any risks posed by new organisations, which enrol in the LCF with the aim of ensuring their compliance with the Regulations.

1.2 Project applications

We will continue to register eligible project applications within five working days. We offer a range of targeted guidance and materials for EBs to guide them through the project registration process and we also provide a bespoke tailored support service to help EBs register a project.

Our project registration framework remains subject to the principle of continuous improvement. Following the introduction of our updated Project Registration Framework in 2019 and our Project Pre-Approval Review Approach for High-Risk Projects in 2020, these were reviewed and enhanced in 2020/2021 based on our experience of implementing them and EB feedback.

In 2022/2023 we will continue to focus on ensuring that any potential risks to the LCF from non-compliant project spend are proactively mitigated and managed. Our overarching focus is to minimise

the risk of non-compliant project spend and we will therefore keep under review our processes and procedures to deliver this key objective.

In ensuring that the changes we implemented in 2020/2021 delivered the anticipated benefits, we will undertake a post implementation review in 2022/2023 to assess and identify if there are any further opportunities to refine and improve our system.

Finally, as a key component of our regulatory approach, we will also continue our focus on effective regulation through our registration function by ensuring all enrolled EBs remain compliant with the Regulations when they register a project, which may be some time after the organisation's original Enrolment, as well as through our further compliance work.

2. Advice, Guidance and Training

We continue to offer a range of guidance and training materials helping EBs to understand their obligations whilst offering bespoke advice and guidance through a variety of channels as and when they need it and in the way that suits them.

2.1 Enquiry handling

We continually strive to improve our enquiry handling and we will focus on swift and accurate responses, processing all email Helpline enquiries within two working days. Our monthly Helpline Satisfaction Survey receives consistently high satisfaction scores. Where Stakeholders provide specific feedback through the survey, we can respond immediately to address any concerns raised and work with the respondent to resolve any issues.

2.2 Information, advice and guidance

We consider that our Guidance Manual is a key resource for helping to secure EBs compliance with the Regulations. One of the areas where we value and recognise the important contribution that EBs can make is when we review and update the Guidance Manual. Feedback from EBs allows us to continue to provide clear and consistent guidance that is understood by end users. To ensure that our guidance complies with the Regulations and meets EB needs, we continually review the Guidance Manual and as part of this process, we take into consideration EBs' feedback. This feedback is received from all of our interactions with EBs and all comments are recorded in our Stakeholder database, which is formally reviewed quarterly. We also welcome feedback at any time, not just through formal routes, which we record and act upon appropriately.

Following the consultation exercise on the Guidance Manual in 2021/2022, we will continue to ensure that we implement the key findings from this consultation's action plan so that Stakeholders have the guidance manual that meets their needs.

2.3 Training

We consider that it is essential, as an open, flexible and transparent regulator, to offer EBs and other Stakeholders the opportunity to visit ENTRUST, to meet with our Staff to offer an open forum to ask any questions and seek advice. This core objective, along with our 'coaching to compliance' ethos, informs the development of our training strategy. In 2022/2023 we will offer a number of online training sessions to meet the demand from EBs, particularly organisations new to the LCF, or individuals who had recently joined existing EBs. We will continue to offer training via online video conferencing to ensure that our training sessions can reach all those that are interested, and that attendance is not limited by ability to attend physical events. However, as ENTRUST operates an open-door policy, within which we welcome EBs at any time to discuss any areas of the LCF and to meet our Staff, we will continue to provide face-

to-face meetings when they are requested. We will also review all our training guides and materials to ensure the library of numerous materials remains fit for purpose

Following the consultation on our training offer held in 2021/2022 we will continue to ensure that we implement the recommendations from the consultation so that Stakeholders have the training materials and support that meets their needs.

We will use the ENTRUST website, our email communications, our Compliance Reports and social media to ensure that EBs are fully aware of the training, advice and guidance that exists to support them when undertaking their LCF activities.

3. Compliance

We are required under Regulation 34 (1) (i) to satisfy ourselves, by reference to records, or other documents, or information held by EBs, that qualifying contributions received by EBs have been spent only in the course, or furtherance, of the Regulations and the EB's approved objects. Under paragraph 8 of the ENTRUST/HMRC Terms of Approval (TOA), we are also required to provide HMRC with independent assurance that all LCF monies have been spent compliantly.

To achieve these statutory requirements, we deliver an annual schedule of targeted risk-based compliance inspections of EBs and project sites. This schedule aims to inspect at least one third of active EBs to monitor compliant spend in accordance with the schedule of KPIs that we have agreed with HMRC. During 2021/2022 we developed our risk model and inspection approach to enable an increased number of targeted reviews of higher risk projects. We believe that this change has enabled ENTRUST to provide a greater level of assurance to HMRC that LCF monies are spent compliantly. We will keep this new approach under review in 2022/2023, and also continue to make an assessment of the impact of project approval process changes introduced in 2019/2020 and 2020/2021.

In addition to the annual inspection programme, we also carry out inspections of EBs which request voluntary revocation from the Fund. These revocation reviews ensure that EBs' funds have been correctly accounted for and all statutory reporting requirements have been fulfilled before an EB's revocation can be approved by the ENTRUST Board.

We also carry out an annual review of the Statutory Annual Return submissions to ensure all EBs comply with the statutory reporting requirement and that the data reported by EBs is accurate.

3.1 Monitoring of levels of EB administration costs

HMRC has set as one of its strategic priorities for the management of the LCF that the level of administration costs incurred by EBs should be at, or below, 7.5 per cent of annual project expenditure. In ensuring that ENTRUST supports HMRC in delivering this priority, during 2018/2019, we formalised and enhanced our previous activities into a framework, to scrutinise, monitor and implement appropriate intervention action to ensure EBs comply with the administration cost requirement. We reviewed and updated the framework in 2020/2021, and published the updated version on our website and communicated this to all EBs.

The EB administration costs target continues to be achieved at Sector level and we will continue to monitor and challenge all EBs which report administration costs in excess of 7.5 per cent of annual project expenditure by applying the framework in May/June each year. We will then review the follow up actions that EBs have advised ENTRUST that they are taking during our compliance reviews to ensure that they are being delivered. We will also continue to review all administration costs incurred by EBs which are subject to compliance reviews during 2022/2023, regardless of the EBs performance

against the 7.5 per cent guidance level, to ensure that all administration costs are reasonable and relevant to an EB's LCF activity.

3.2 Reducing the level of unspent funds

HMRC has also set as one of its strategic priorities for the management of the LCF that the overall value of unspent funds held by EBs should be reducing year on year. Based on our experience of regulating the Fund, ENTRUST would expect individual EBs to hold a maximum level of funding, which as a benchmark should normally be between 12 and 18 months and be no greater than 1.5 times the EB's income (including contributions and transfers) received in year. In ensuring that ENTRUST supports HMRC in delivering this objective, during 2018/2019 we formalised our framework for monitoring EB's performance and have where appropriate made interventions to encourage EBs to comply with our guidance. We reviewed and updated the framework in 2020/2021, and published the updated version on our website and communicated this to all EBs.

The unspent funds target continues to be achieved at Sector level and during 2022/2023 we will continue to monitor and challenge EBs that have reported increases in unspent and uncommitted fund levels and/or exceeded the guidance level by applying the framework in May/June each year. We will then review the follow up actions that EBs have advised ENTRUST that they are taking during our compliance reviews to ensure that they are being delivered. We will also continue to review the level of unspent funds held by EBs at compliance inspections to ensure that all EBs are aware of HMRC requirements and are taking appropriate and effective actions to reduce the levels of funds held.

3.3 Inspection and review process

ENTRUST's inspection and review process is based on our EB Risk Model within which all EBs are awarded an individual risk score compiled from a number of key risk indicators, which are based on the individual EB information that we hold on ENTRUST Online (EOL). These risk scores are reviewed and updated on a real time basis, based on an EB's activity and performance. Through this review process, we are able to target our resources to ensure that we maintain appropriate coverage of the key risks and requirements of the LCF, making sure that we maximise the use of data already available to us and minimise the amount of additional documentation we require from EBs.

Our review of compliance issues arising from previous inspection programmes has identified that the levels of assurance which we obtain and our ability to identify and address issues of non-compliance within the LCF, is improved by conducting a greater number of physical inspections to project sites. This is an area of our work which we began to develop with the introduction in 2021/2022 of a Project Risk Model, which is based on our well-established EB Risk Model and which scores individual projects against a number of potential risk indicators. We will continue to use the project risk score information and our project mapping application, developed in 2020/2021, to efficiently target inspection site visits to projects of greatest risk.

During the 2020/2021 COVID-19 pandemic period, we amended our compliance review process to incorporate a variety of virtual means including conducting desktop reviews by video conference (Zoom/Teams) and telephone interviews and virtual video visits to project sites. These methods provided an efficient and effective alternative to on-site interviews and we will continue to utilise this technology, where appropriate to the nature and complexity of the individual review. In particular, we believe that incorporating a virtual approach to compliance reviews will enhance ENTRUST's ability to provide HMRC with an appropriate level of assurance that LCF monies are spent compliantly during any ongoing COVID-19 restrictions.

3.4 Contributing Third Party (CTP) payments

LOs receive a tax credit of 90 per cent of their contributions (under Regulation 31 (2)) – the remaining 10 per cent is either met by the LO, or the LO can request a CTP to meet the shortfall, or a portion of it (under Regulation 32 (2)).

Following the 2016 Reform of the LCF, HMRC stated an expectation for LOs to absorb some, or all, of this 10 per cent shortfall. However, where an LO requires the full 10 per cent shortfall in the tax credit to be met, the funding EBs need to request project applicants make a CTP payment of over 10 per cent to make up for the elements of contributions used to meet the ENTRUST levy payments and EB administration costs and which cannot be used to raise CTP monies. This practice is subject to monitoring via the compliance inspection process. We publish data about CTP requirements in our benchmarking reports and from 2021/2022 we introduced an additional benchmark indicating the amount of CTP payments requested by funding LOs.

In 2022/2023, we will continue to monitor CTP requests through Form 3 LO contribution data, Form 9 project completion data and through compliance inspections. Following a review in 2020/2021, in discussion with HMRC we will consider if there is any further work to be undertaken in this area in 2022/2023.

4. Managing Breaches

The responsibility for managing breaches of the Regulations is split between ENTRUST and HMRC in accordance with paragraph 9 of the ENTRUST/HMRC TOA. ENTRUST manages cases of non-compliance using the Managing Breaches Framework, which we agreed with HMRC. The Framework is published on our website at www.entrust.org.uk/environmental-bodies/breach-management/

The Framework and its underlying processes and principles are regularly reviewed to ensure that our case management process is agile, fit for purpose, complies with best practice and any statutory requirements and meets the standards we have agreed with HMRC.

4.1 Non-compliance Case activity

All cases are subject to an ongoing case management protocol to ensure that any non-compliant use of LCF monies is rectified as soon as is practicable. We consider that this approach allows LCF funding which has been spent non-compliantly to be returned to the Fund and to be spent on compliant projects for the benefit of the environment and local communities.

We will continue to manage the portfolio of cases working with other Stakeholders such as the police and other regulators, to bring cases to a close with lost funds recovered either through the EB, or LO repaying funds voluntarily or through HMRC initiating claw-back proceedings which recover the tax credit from the LO following a case file referral by the ENTRUST Board to HMRC. We only use our powers to refer cases to HMRC for their consideration of forcible revocation of the EB and clawback of non-compliant spend where there are material breaches in the Regulations.

We continually review our approach to cases to identify areas of improvement in how we handle non-compliant use of LCF monies and other breaches in the Regulations. As a flexible and agile regulator, we always strive for innovation in our case handling processes to enhance the assurance level whilst minimising the risk of loss and actual loss of LCF funds.

4.2 Monthly monitoring activity

We will continue with our established monthly monitoring of:

- Late Form 3 submissions, notifying us of an EB receiving a contribution from a LO;
- Late Form 7 submissions, notifying us of a transfer of funds between EBs;
- Spend outside the prescribed period (SOPP), when payments are notified before the approved start date, or after the approved end date of a specific project; and
- Late levy payments, where our invoice remains outstanding following notification of a contribution.

We will bring any corrective actions required by EBs to their attention through Advice and Guidance, Warning and Manging Breaches letters in accordance with our published Framework. We will review our processes and procedures to ensure that our activity meets the aim of reducing the incidences of non-compliance and ensuring that LCF monies are monitored and accounted for correctly, escalating the level of activity appropriately.

5. Regulations

We provide advice and guidance to EBs on the Regulations and conditions agreed under those Regulations. We maintain our Guidance Manual which clarifies the meaning, interpretation and requirements of the Regulations. Our role is to support EBs to compliance using a variety of means, of which the Guidance Manual is a key element. The [Regulations, conditions and guidance are available on the ENTRUST website](#).

5.1 Consultations

We issue consultations to understand the views of EBs and to take account of their experience and preferences when formulating policy and guidance. We conduct focus groups to discuss the contents of our consultations and our aim is to ensure that the views of EBs are taken into consideration throughout the process. In 2021/2022 we ran a consultation to seek the views of stakeholders on the current provision of ENTRUST's training and guidance offering including training events, the guidance manual and other resources. The consultation sought the views of EBs on whether our training and guidance is easily accessible, easy to use and relevant to their needs and we continue to apply the lessons learned from this consultation in developing our training and guidance provision.

In 2022/23 we will engage with stakeholders to understand any concerns and issues regarding the current application of the policy of public access for LCF funded projects.

Our consultations are published on our website and we also communicate with all Stakeholders directly when one is opened. We review all responses and publish a report outlining the next steps. In 2022/2023 we will ensure that any consultations are appropriately advised to EBs providing opportunities for Stakeholders to engage with the process and provide their positions. As part of this we will ensure that any consultations have an appropriate timeframe giving EBs sufficient time to gather their views prior to submission and also appropriate time for any changes to be implemented as EBs may need to alter their internal processes or policies.

5.2 Statutory Annual Returns (Form 4)

HMRC KPI 3.2 requires ENTRUST to ensure that 99 per cent of LCF funds are reported through the Statutory Annual Return (Form 4) by 28 April each year. ENTRUST considers that our Form 4 strategy continues to operate efficiently, as we delivered against this target with 99.9 per cent of funds reported by the deadline for the 2020/2021 reporting period. Following completion of the 2021/2022 Annual Returns period, we will review the strategy during 2022/2023 to further consider areas for improvement.

Following the success in recent years of our targeted Form 4 email communication campaigns, we will maintain our strategy of segmenting our communications. This includes segments and different key

messages for EBs with funds, versus EBs not holding funds. Additionally, we will continue to undertake a flexible and agile approach to segmenting our email communications according to whether EBs have started/not started their Statutory Annual Return and offer reminders regarding the deadline of 28 April, thus ensuring that EBs are aware of their obligations and our expectations of them. In order to meet the KPI of 99 per cent of funds reported we will support our email communication towards the end of the reporting period with one-to-one support by telephoning funded EBs where our records show they have not yet started a return.

We will undertake our mid-year communication plan to ensure that EB information and Director details are up to date, to ensure that out of date records do not impact on the service we are able to offer our Stakeholders during the Statutory Annual Return period and to assist EBs to remain compliant with the requirement to make the statutory return each year. Furthermore, we will also continue to send an additional Advice and Guidance letter to all EB Governing Members of 'frozen' EBs following lack of communication from their main contact.

5.3 ENTRUST Regulator Standards (ERS) assessment

The ERS encompass the regulatory work undertaken by ENTRUST and reflect the standards detailed in the Regulators' Code. In 2018 they were updated to reflect the Government's 'digital by default strategy' and during 2021/2022 they were further reviewed and updated to ensure that they continue to both reflect recommended best practice and the latest standards for regulators. Following this review an updated ERS was published incorporating various changes to ensure the ERS was fit for purpose and met current practice.

In 2022/2023 we will continue to self-assess our regulatory services against the revised ERS to ensure that we are appropriately and responsibly carrying out our regulatory duties on behalf of HMRC and publish our self-assessment against the standards.

6. Communications

Our communications activity is undertaken to support our operational and regulatory activity. Through our website, email communications and training support materials we provide information, advice and guidance to support EBs when undertaking their LCF activity. We also provide information for those new to the LCF, which enables them to assess whether their organisation and projects comply with the Regulations. Through our online geographic funders search, prospective applicants are able to find potential funders for their project. The ENTRUST website is reviewed quarterly to ensure that all content remains up to date and relevant and all funders review the information we hold about their funds on an annual basis.

6.1 Direct communication with EBs

In addition to the information available 24/7 on the ENTRUST website, we also undertake specific communication activities to support the regulation of the fund. We use our email communication system to directly inform EB main contacts where there have been changes, or updates to guidance and also for specific activities such as our Statutory Annual Return Communications Strategy.

We also distribute a quarterly eNewsletter, which provides an update on the scheme along with key messages and updates on our training materials and events. The following outlines our annual email marketing communication schedule for 2022/2023:

- Quarterly eNewsletters – April 2022, July 2022, October 2022, and January 2023;
- 2022 – 2023 Corporate Plan to EBs – April 2022;
- EB Satisfaction Survey – May – June 2022;

- 2021/2022 Annual Report to EBs – July 2022;
- Publication of EB Satisfaction Survey – October 2022;
- Budget/Landfill Tax Briefing – November/December 2022;
- Statutory Annual Return (Form 4) communications – January to April 2023; and
- Operational eShots – throughout the year.

6.2 Stakeholder engagement

Vital to undertaking our service improvement and improving our efficiency is our innovative Stakeholder Engagement Plan which includes positive partnering relationships between ENTRUST and our key Stakeholders. In managing this process ENTRUST's CEO and Board members hold individual meetings with the Boards of our largest Stakeholders, through a series of targeted meetings and discussions. We will also continue to facilitate the annual meeting between HMRC and the Chairs and CEOs of the largest EBs.

During 2022/2023 we expect to resume face to face, in person meetings and to resume attending EB Board meetings in person, when invited, as we believe this approach best delivers the strong relationship management that our Stakeholders have come to expect from us. However, we will also continue to make use of virtual communication methods, such as Zoom technology, conference calls and other online meeting tools to ensure that our communications remain effective and where possible, reduce any need to travel unnecessarily.

Our relationship management will also be supported by our quarterly briefing notes for Chairs of the largest EBs, which include a summary of work undertaken, or upcoming, that we believe they should be aware of and further supports the face-to-face communication work undertaken by our CEO and Board members.

We will continue to publish and issue an annual briefing note for LOs who have contributed to the LCF in the last three financial years. We believe this briefing note provides a vital opportunity to increase LO awareness of the scheme and to raise awareness of relevant guidance for LOs in relation to their financial responsibilities and the potential risk, to LOs, of 'claw-back' by HMRC in the event of EB non-compliance. In addition, we will continue to work with the trade body representing LOs, the Environmental Services Association (ESA) and we will hold an annual meeting between ENTRUST and ESA.

6.3 Publishing non-compliance

As an organisation, which is fully committed to the principles of Better Regulation, we consider it is appropriate to publish our compliance findings and activity to manage breaches in the Regulations on our website on a quarterly basis and include them in our quarterly briefing notes and eNewsletters. This approach forms part of our framework to support EBs by offering advice and guidance to enable EBs to operate within the Regulations and highlight common issues and how to avoid them.

In 2022/2023, we will continue to highlight the compliance inspection and review findings and recommendations and activities to manage breaches in our quarterly eNewsletter, signposting to relevant resources to help EBs maintain compliance. We will also feed any common issues of non-compliance into our training processes and resources, in order to ensure EBs have the information to maximise the potential for compliance. As ever, we will seek feedback from EBs as to whether this level, and presentation, of information is helpful and also look at the impact it has on reducing non-compliance in the Sector.

7. Delivering Value for Money (VfM) of the LCF

As LCF monies are derived from public funds (foregone landfill tax diverted into the Fund) we believe it remains important to demonstrate the value that the LCF delivers to local communities and the wider environment. The information provided by EBs is key in supporting our regulatory activities and to provide Government and other Stakeholders with information on the impact, VfM and effectiveness of the LCF. We will continue to develop our internal reporting capacity so we can report scheme level data quickly and accurately to HMRC and we will continue to work with HMRC to publish information which demonstrates the VfM of the LCF.

7.1 Monitoring Value for Money

In accordance with the TOA and the Reporting Schedule agreed between ENTRUST and HMRC, we provide HMRC with an annual VfM report. Since 2017 we have also published an annual report which summarises the VfM reporting data, taken mainly from the project completion form (Form 9), for the LCF. The report contains an analysis of data collected regarding LCF monies which have been invested across three financial years, detailing expenditure by Object and provides the Sector with information about the amount of funding generated from other sources, which gives a better understanding of the wider financial impact that the LCF delivers to communities and the environment. The report also demonstrates that EBs consider their projects to have achieved their intended aims, improved the lives of people in the community and achieved environmental benefits and whether the project brought together people from different backgrounds.

In 2019/2020, we conducted a consultation exercise to assess the VfM questions asked in the project registration and the project completion forms. The changes identified were implemented in April 2021 and throughout 2021/2022 we began to collect additional information regarding the number of trees planted per LCF project. This small change will have a big impact on the information used by many organisations when assessing the VfM of LCF environmental projects. The first data from this new measure will be published in 2022/2023, along with other VfM data. We will continue to ensure that it is shared with all EBs and interested Stakeholders through news items on the ENTRUST website and through our quarterly eNewsletter. Publishing this data encourages understanding of the LCF and demonstrates the value that the LCF delivers to local communities in a transparent manner.

7.2 Performance benchmarking

We continue to publish Sector-wide benchmarking data on the ENTRUST website and include the EB's own performance against the benchmarks in individual compliance inspection reports. We will further review the data we collect on the operation of the LCF and seek to improve the benchmarks available to EBs by including additional data where possible, which is relevant and helpful to Stakeholders in improving the operation and transparency of the LCF. For example, in 2021/2022 we made the following changes to the published benchmark report:

- Introduced an additional benchmark indicating the amount of CTP payments requested by funding LOs; and
- Introduced red/amber/green ratings on some of the benchmarks, where this is relevant, to alert EBs to areas of their performance which may need some further attention.

We will also encourage EBs to utilise the benchmarking information by assessing themselves against the benchmarks; by publishing their own data to inform other EBs and by inform their funding LOs of appropriate benchmarks, for example CTP data. By encouraging the use of the benchmark data, we hope to enable the Sector to demonstrate good practice, whilst continuing to tackle HMRC's strategic priorities to manage administration costs and reduce levels of unspent funds held.

7.3 Facilitating information sharing and networking

Across the life of this Corporate Plan, we will continue to offer EBs the opportunity to network and share best practice, by facilitating the Information and Networking Forum (INF). Following a successful trial during the COVID-19 pandemic, these meetings will now be held online through Zoom, which allows for greater attendance and shorter, more regular (when required) meetings. This mechanism helps to maintain the efficiency and effectiveness of these meetings, but at the same time it reduces the administrative burden on those attending.

The forum provides ENTRUST with an opportunity to support EBs and to provide information, advice and guidance alongside an opportunity for EBs to meet and share ideas. We are aware that EBs have made Staff reductions, some of which were due to the pandemic and now only employ one, or two individuals. We therefore consider the INF provides VfM by harnessing the experience and skills across the Sector to share information and ideas. We will also continue to ensure that the details of the INF are published so that smaller EBs can also take advantage of the shared best practice and networking opportunities.

We will ensure that information on our website and through our other communication channels relating to the LCF, including key statistics, guidance, training materials, scheme data and case studies remain up to date and relevant. Our quarterly eNewsletters will also continue to share key information to Stakeholders and all of those interested in the LCF.

7.4 Impact assessment

It remains important to demonstrate the value that the LCF delivers to local communities and the wider environment. In March 2018 we shared with EBs the updated economic impact assessment framework we had developed. This followed on from the original framework which was published in 2015. In 2020/2021 we reviewed the framework to ensure that the published indices for evaluating economic impact remained up to date and relevant to the scheme. In 2021/2022, we further assessed and updated the framework following discussion with Stakeholders to include reference to Indices of Multiple Deprivation and Carbon Saving, and a new version. In 2022/2023 we will continue to use the framework to assess the impact of the LCF and publish updated scheme wide measures.

8. Measuring satisfaction

We remain committed to gathering the feedback, thoughts and opinions of our key Stakeholders on the quality and performance of our services through the annual EB Satisfaction Survey, retaining key benchmarking questions in order that we can compare our performance year on year. We always review the outcome of the satisfaction survey and create a published action plan for improvement based on the feedback received. The survey, responses and action plan are published on our website and the progress against the annual action plan is reported in the Annual Report each year. Our annual EB Satisfaction Survey sits alongside our other stakeholder feedback surveys, which include the Enrolment, Compliance Review and the Helpline feedback surveys.

9. Organisation

In delivering our statutory role, our overarching strategy is to remain a lean, agile, proactive and efficient regulator, committed to providing continual improvements in the regulation of the LCF while providing appropriate levels of support, advice and guidance to EBs and effective levels of assurance to HMRC on the compliant spend of LCF monies by EBs.

We continually seek methods to improve and increase our regulatory assurance to HMRC whilst minimising our resource requirement and we therefore consider that our 2022/2023 organisational

structure continues to reflect the core level of staffing that ENTRUST requires to regulate the LCF to an appropriate standard in accordance with the requirements of the TOA and to mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance.

As a responsible regulator we maintain strong self-scrutiny of our operations through our rigorous QMS and annual schedule of Quality Assurance (QA) reviews. These reviews are considered and approved by the ENTRUST Audit Committee to provide the appropriate level of governance and assurance for the organisation.

9.1 Organisation structure

ENTRUST's organisational structure represents an effective and efficient configuration with which to undertake our work regulating the LCF. To utilise our Staff most effectively and deliver more for less, our organisation is cross-skilled, sharing resources and multi-skilling across teams, for example our Compliance Inspectors being able to undertake Registrations' work, to increase our business resilience and flexibility in our business model. As a modern, efficient regulator, we are committed to identifying and implementing new ways of working to mitigate any potential losses to the LCF and to also ensure that we minimise the administration burden on EBs including more flexible working for our Staff.

9.2 Thriving at work

Since 2019/2020, ENTRUST has worked towards implementing the Thriving at Work standards, including an annual mental health and wellbeing action plan which signposts resources for Staff across a range of areas. In addition, we have offered company wide and individual support programmes in order to ensure that our Staff are resilient and able to effectively manage the challenges presented to them. In 2022/2023 we will continue to build on the foundations we have laid in order to ensure that ENTRUST remains a good place to work, respecting individual difference and supporting everyone to achieve.

9.3 Business continuity

ENTRUST's multi-layered Business Continuity Plan (BCP) has been comprehensively developed, updated and annually tested over a number of years. Following the COVID-19 pandemic at the end of 2019/2020, throughout 2020/2021 and partially throughout 2021/2022, we continued to operate using our BCP. The regular testing and structure of our plan enabled ENTRUST to maintain a 24/7 e-delivery framework, which delivered the continuation of a fully-serviced regulatory function, allowing us to offer independent assurance to HMRC that LCF funds were being spent compliantly whilst supporting EBs with advice, guidance and information to allow them to continue their work undertaking projects to support local communities and the environment. The flexibility of our BCP means it can be enacted and reversed dependent on the Government guidance. We consider this agility has provided a robust framework for our continued delivery of regulatory services and provision of independent assurance to HMRC.

Furthermore, our previous work, delivered between 2017 and 2020, to move to 100 per cent e-delivery of our services enabled us to respond quickly and efficiently to the change in working conditions. Following the introduction of a number of tools during the COVID-19 pandemic, we plan to retain the use of certain tools, such as delivering our Basic Training sessions as a webinar, using Zoom technology as these virtual opportunities have been welcomed by EBs as reducing costs and time to attend.

9.4 Data protection and cyber security

In 2022/2023, we will continue to maintain our compliance with the rigorous statutory obligations to protect our Stakeholders' data. This includes maintaining compliance with the Data Protection Act 2018 (DPA 2018) which sits alongside the UK General Data Protection Regulation (UK GDPR) and the Privacy and Electronic Communications Regulations (PECR). ENTRUST's data protection policies provide assurance to both HMRC and our Stakeholders that we fully protect the personal data that we collect in order to undertake our regulatory duties under the Regulations. ENTRUST is registered with the Information Commissioner's Office (ICO) as a Data Controller and we have a registered Data Protection Officer.

As a responsible and security conscious organisation, undertaking a statutory function on behalf of HMRC, it is essential to have adequate internal controls in operation to mitigate our risk of exposure to a cyber security attack. ENTRUST operates a multi-layered approach to our cyber security measures. In 2022/2023 we will continue to undertake the following measures to mitigate the risk of a cyber-attack on our systems by:

- Providing key statistics to the Board on the operation of our defence against cyber-attacks;
- Undertaking an annual penetration test of our systems by an independent, external IT security company;
- Undertaking an annual self-assessment of cyber security arrangements against the National Cyber Security Centre's (NCSC) guidance; and
- Ensuring we remain Cyber Security Certificated by using an independent accreditation provider to monitor our internal controls.

We have updated EOL and our website to ensure that the underlying operating systems are up to date and adhere to the latest cyber security standards in order to minimise the risk to personal and other data.

9.5 Sustainability and environmental responsibility

ENTRUST believes that businesses are responsible for achieving good environmental practice and operating in a sustainable manner. We are fully committed to reducing our environmental footprint and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. It is also our priority to encourage Stakeholders and suppliers to do the same. Not only is this sound commercial sense for all, but it is also a matter of delivering on our duty of care towards future generations. Overall, our approach to ensuring we are meeting our sustainability obligations is to:

- Wholly support and comply with, or exceed the requirements of current environmental legislation and codes of practice;
- Minimise our waste and use recycled materials wherever possible and encourage our Staff to recycle;
- Minimise energy and water usage in our office in order to conserve supplies,
- As far as possible purchase products and services that do the least damage to the environment and encourage others to do the same;
- Issue communications electronically when appropriate;
- Encourage our Staff to use alternative and more carbon neutral ways of travelling for business purposes and in their commute to work;
- Ensure that outdated computer equipment is sent to an outside vendor for refurbishing and resale; and

- Monitor and regularly review our environmental performance to assess progress towards reducing our impact on the environment.

The Government requires certain companies to report on their greenhouse gas emissions as part of their annual Directors' Report. Whilst ENTRUST is not included within this requirement, as a best practice organisation who values the environment, ENTRUST is committed to reporting on efforts to mitigate our carbon footprint. This information will be reported on in the Annual Accounts for 2021/2022, which will be published in July 2022.

9.6 Resource requirement

We are committed to delivering VfM from all of our activities. Each year we critically appraise our expenditure requirements for the coming year to ensure that the resource requirement we submit to HMRC, based on our statutory and contractual commitments will deliver VfM. Our monthly management accounts have been further developed and our expense analysis details actual spend against budget and previous year actual, to enable us to monitor progress effectively.

To ensure we can meet the costs of activity set out in this plan our resource requirement for 2022/2023 is set out in the table below. Overall accounting for a number of cost pressures that ENTRUST has had to manage, our total resource requirement between 2021/2022 and 2022/2023 rose by only two per cent:

9.7 Details of the requirement submitted

Cost	Resource Requirement £k	
	2021/2022	2022/2023
Salary	845	864
Staff Support	44	45
Establishment Expenses	103	103
General Expenses	16	18
Professional Fees	21	21
Information Technology	32	40
Depreciation	5	6
Gross Operating Budget	1,066	1,096
Investment Income (Net)	(1)	(3)
Operating Budget	1,065	1,093
Capital Requirement	4	0
Less Deficit Income	20	17
Resource Requirement	1,089	1,110

10. Key outcomes

10.1 Actions

Action	
A1.	Under the agreed framework we will provide updated information to HMRC on EBs administration costs and the level of unspent funds that they hold.
A2.	Use the pre-approval project visit and inspection criteria to allocate our resources to the areas of highest risk.
A3.	We will engage with stakeholders to understand any concerns and issues regarding the current application of the policy of public access for LCF funded projects.
A4.	Utilise our risk model and risk-based compliance approach to inspect at least one third of active EBs to monitor compliant spend.
A5.	Further develop our project risk model to identify the highest risk projects which require a site visit or review.
A6.	Undertake a mid-year contact with EBs asking them to check and update their EB details.
A7.	Communicate with Directors, Trustees and main contacts of frozen EBs following six months of no communication from the main contact.
A8.	Continue to undertake all Feedback Surveys – Helpline, Compliance, and Satisfaction.
A9.	Facilitate virtual meetings of the INF for EBs to meet and share ideas and best practice.
A10.	Publish annual benchmarking data for EBs.
A11.	Publish updates to the Economic Impact Assessment approach.
A12.	Report on Statutory Annual Return (Form 4) data to HMRC.
A13.	Publish quarterly Non-compliance activity.
A14.	Publish an annual VfM report, agreed with HMRC.
A15.	Conduct quarterly reviews of the ENTRUST website to ensure all information is current and accurate.
A16.	Undertake an annual penetration test of our systems by an independent, external IT security company.
A17.	Undertake an annual self-assessment of cyber security arrangements against the National Cyber Security Centre's (NCSC) guidance.
A.18	Ensure ENTRUST remains fully compliant with all UK data protection legislation.
A.19	Ensure that ENTRUST takes appropriate action to comply with the "Thriving at Work" Standards.

10.2 Measures

Measure	
M1.	Monitor the number of EBs with administration costs above 7.5 per cent of annual project expenditure.
M2.	Maintain Sector level performance with administration costs below 7.5 per cent of annual project expenditure.
M3.	Monitor the number of EBs with unspent funds at yearend above 1.5 times income received in year.
M4.	Maintain Sector level performance with unspent funds at yearend below 1.5 times income received in year.
M5.	Year on year reduction in the value of uncommitted funds held by EBs.
M6.	Maintain the percentage of EBs using EOL.
M7.	Increase survey return rates.
M8.	Maintain satisfaction with our services.
M9.	Increase the number of risk-based project site visits.
M10.	Maintain the return rate for Form 9s from the baseline in 2021/2022.
M11.	Retain our independent Cyber Security certification.

11. HMRC reporting requirements

We report a wide range of information relating to the LCF and our own performance to HMRC and the schedule of formal reports that will be provided during 2022/2023 are set out below:

Timing/Frequency	Title
31 May 2022	Annual Chairs Statement of Assurance
15 June 2022	Statutory Annual Return (Form 4) Data
15 July 2022	EB Administration Costs and Unspent Funds Reports
31 July 2022	Regulatory Improvement Report
31 August 2022	Value for Money Report
7 September 2022	Draft Corporate Plan and KPIs and 2023/2024 Resource Requirement
By end December 2022	Annual Accounts
31 January 2023	Update to Corporate Plan and KPIs
Quarterly	ENTRUST Board papers
Monthly	TOA report
Monthly	KPI update
Ad hoc	Data requests

12. HMRC Key Performance Indicators (KPIs)

HMRC monitor our performance as the Regulator of the LCF and we agree a number of KPIs with them that encompass key targets. The KPIs agreed for 2022/2023 are proposed below:

Target 1	Achieve standards of service delivery and effectiveness acceptable to Stakeholders of a modern regulator
1.1	Approve 100 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 2022 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 2022.
Target 2	Enhance the accountability and transparency of the LCF by reporting and publishing information about its operation
2.1	Provide reports to HMRC against the agreed reporting schedule.
Target 3	Secure/increase the level of compliance with the Regulations
3.1	During the 2022/2023 year inspect at least one third of active EBs to monitor compliant spend, focusing on the areas of highest risk based on previous non-compliance, risks identified through the risk model and issues identified during the year.
3.2	Ensure that 99 per cent of LCF funds are reported through the 2021/2022 Statutory Annual Return (Form 4) by the due date of 28 April 2022.
Target 4	Deliver value for money
4.1	Following the implementation of our e-delivery policy, maintain the online submission of all Forms at 100 per cent in 2022/2023.
4.2	Publish 2021/2022 benchmarking data for EBs by 30 June 2022.
Target 5	Report to HMRC by 31 July 2022 priority regulatory improvements to the Landfill Tax Regulations 1996. Implement agreed changes to guidance or regulation in accordance with agreed timescales
5.1	Conduct targeted compliance interventions and if necessary, consultation exercises to identify issues and make recommendations supported with robust analysis and evidence.