



Regulating the Landfill Communities Fund
Benefiting people and the environment

2020 – 2021 ANNUAL REPORT





Wandlebury Country Park funded by Mick George Community Fund, administered by Grantscape
 Photo courtesy of: Cambridge PPF

What is ENTRUST?

ENTRUST is the regulator of the Landfill Communities Fund (LCF), an innovative government tax credit scheme enabling Landfill Operators (LOs) to contribute money to enrolled Environmental Bodies (EBs) to carry out projects in local communities.

The aim of the LCF is to offset some of the impacts that landfill sites have on local communities. All projects must satisfy the objectives set out in the Landfill Tax Regulations 1996 (Regulations).

We regulate both the EBs' activities and their work in delivering ENTRUST approved projects. Our processes (if complied with by EBs) assess individual projects before any LCF money is spent, to mitigate the risk that a project does not comply with the Regulations. We do not allocate, or have influence over the distribution of LCF monies.

Our aim

To be an independent, credible and professional regulator that treats all Stakeholders fairly in all their dealings with us. To improve awareness amongst our Stakeholders of the regulatory role we perform and the work we do.

How the Landfill Communities Fund works

LOs in England and Northern Ireland pay landfill tax to HM Revenue & Customs (HMRC) on every tonne of waste that they dispose of in a landfill site. Under the LCF, LOs are able to divert a proportion of their landfill tax liability to not-for-profit organisations which deliver projects in England and Northern Ireland for the benefit of communities and the environment in the vicinity of a landfill site.

In order to receive LCF funds directly from a LO these not-for-profit organisations must become enrolled with ENTRUST as EBs.

| Landfill Communities Fund Objects | |
|---|--|
| There are five main areas of work (Objects') that qualify for funding under the LCF | |
| Object A | The reclamation, remediation or restoration of land which cannot currently be used |
| Object B | The prevention of potential for pollution or the remediation of the effects of pollution |
| Object D | The provision, maintenance or improvement of a public park or another public amenity |
| Object DA | The conservation of a natural habitat or of a species in its natural habitat |
| Object E | The restoration of a place of religious worship or of historic or architectural interest |

Front cover images (clockwise from top left) courtesy of: Sutton Parish Council Outdoor Gym, image courtesy of Grantscape; Warmley Forest Park, image courtesy of Enover Community Trust; Kirtlington Village Hall Solar Panels, image courtesy of Viridor Credits Environmental Company; Skipper Butterfly, Southern Pennines Grassland, Lancashire Wildlife Trust funded by FCC Communities Foundation Ltd, image courtesy of Phil Reddell, image courtesy of Yorkshire Wildlife Trust.

CHAIR'S OVERVIEW



Dr Ann G Limb CBE DL
Chair,
ENTRUST

The LCF was launched in 1996 and ENTRUST has operated as the Regulator of the scheme since its inception. In July 2020, we agreed new Terms of Approval (TOA) with HMRC, which will run until 30 June 2025. In signing the TOA, ENTRUST will continue to:

- Mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance that LCF monies are spent compliantly in accordance with the Regulations; and
- Continue to deliver the requirements of the TOA, which ensures that we fully support HMRC in regulating the Fund and deliver the annual objectives and Key Performance Indicators (KPIs) set by HMRC.

ENTRUST's 2020-2023 Corporate Plan set out the activities, which we considered were key to our provision of regulatory services. As always, this report reflects on the delivery of those activities. However, 2020/2021 also required ENTRUST to respond flexibly and proactively to the changing landscape due to the impact of COVID-19 on our Staff and Stakeholders.

In accordance with the Government's advice and guidance, ENTRUST moved to a homeworking-based model. As a 24/7 e-enabled business, ENTRUST had already developed and tested a full Business Continuity Plan (BCP), which facilitated Staff working at home. The implementation of this plan therefore had a negligible impact on ENTRUST's overall capability and ability to deliver our Corporate Plan and recognised Service Standards. Furthermore, our previous strategy, to move to 100 per cent e-delivery of services, enabled us to quickly and efficiently respond in an agile manner which has ensured that ENTRUST continued to provide a 24/7 service for our Stakeholders.

I continue to be proud of ENTRUST's ability to manage our business and respond to the challenging circumstances under which we have all operated, for more than a year now. I have been particularly pleased to note the positive feedback from Stakeholders and the Association of Distributive Environmental Bodies (ADEB) regarding ENTRUST's support for the Sector during the pandemic.

Reflecting back on our core activities across the year, we have continued to work closely with all LCF Stakeholders including ADEB, the Chairs of the largest EBs, and LOs. 2020/2021 was another strong year for ENTRUST, during which we delivered all of our objectives and KPIs. We also finalised the closure of the LCF in Wales and submitted our final closure report to HMRC. Alongside these achievements, we also continued to receive positive feedback from our annual EB satisfaction survey, which highlighted an 83 per cent overall level of satisfaction from those EBs who responded.

As ever, these results would not be possible without ENTRUST's most important asset – our Staff. I would like to end by thanking them for their hard work, and in particular for how they have adapted and responded to the significant changes across the last year.

A handwritten signature in black ink that reads "Ann Limb".

CHIEF EXECUTIVE'S OPERATIONAL REVIEW



Christopher Welford
Chief Executive,
ENTRUST

Throughout the last twelve months, despite the COVID-19 pandemic, we continued to fully operate following the implementation of our BCP. In improving our operational capability, we also undertook a post-implementation review of the BCP and made a number of recommendations based on the lessons learnt. These will be carried forward in 2021/2022 to further strengthen our business model to continue to manage the impact of the pandemic and provide for any other disaster recovery scenarios.

ENTRUST's Corporate Plan for 2020-2023 set out the activities which we considered key to our delivery of regulatory services across the Corporate Plan period. Alongside delivery of our core services, we further implemented plans for strategic change and service improvement, looked to better ensure Value for Money (VfM) of the scheme and completed the closure of the scheme in Wales with the end of the transitional closure period. Furthermore, we continued to place emphasis on ensuring the Government's strategic priorities for the LCF continued to be met. In particular to:

- Reduce EB administration costs to below the recommended guidance of 7.5 per cent of annual project expenditure; and
- Reduce EB unspent funds at year end to no more than 1.5 times an EB's LCF income in that year.

I am pleased to note that in July 2021 we provided HMRC with an updated report about the Sector's use of Administration Costs and Unspent Funds for the 2020/2021 reporting data. For both measures the Sector as a whole remains below the recommended guidance levels. ENTRUST continues to monitor and work closely with organisations who are performing outside of the guidance levels.

As part of our continuous improvement programme, and following feedback from EBs, we reviewed and updated the framework for processing projects considered to be high risk, originally implemented in 2019. This review ensured that it remains an effective tool in obtaining the necessary assurance that a potential project is compliant with the Regulations. During 2020/2021 we also further reviewed and updated the criteria based upon which the need for a pre-approval project visit or review is required. This innovative approach enables ENTRUST to verify information provided at the project approval stage to help mitigate the risk of any potential compliance issues before a project commences. It also provides a valuable opportunity for project applicants to discuss the project with a member of ENTRUST's Staff. The process was implemented in April 2020 and during the pandemic the reviews have taken place via telephone or videoconference as an alternative to physical project site visits.

Under our agreed KPIs with HMRC, KPI 3.2 requires us to ensure that 99 per cent of LCF monies are reported through the Statutory Annual Returns (Form 4) by the due date of 28 April each year. I am pleased to note that we exceeded this KPI in 2020, reporting 99.9 per cent of funds by the due date.

Whilst the impact of COVID-19 has been ever present across the last year, I hope that the content of this report will showcase the depth and breadth of work that ENTRUST has continued to undertake during the unprecedented twelve months.



In our 2020-2023 Corporate Plan we set out four thematic key areas of work:

1. Service improvement and efficiency;
2. Delivering Value for Money (VfM);
3. Scheme closure in Wales; and
4. Organisation.

1. Service improvement and efficiency

ENTRUST's 2020-2023 Corporate Plan set out the activities, which we considered were key to our delivery of regulatory services across the reporting period. Our Plan for 2020-2023 continued to prioritise our 'coaching to compliance' ethos. This was further supported by continued focus on our strong customer service levels and an emphasis on efficiency to further minimise the administrative burden on EBs. Alongside these objectives we also maintained a core emphasis on ensuring that the Government's strategic priorities were met. In particular we focused on supporting EBs to reduce:

- EB administration costs to below the recommended guidance of 7.5 per cent of annual project expenditure; and
- EB unspent funds at year end to no more than 1.5 times LCF income in that year.

The following section details the activities we undertook during 2020/2021.

Monitoring of levels of EB administration costs

Administration costs are defined within Regulation 30 (1) as those costs "incurred in connection with the management and administration of an EB or its assets". Running costs should be reasonable and relevant to the administration of the LCF and not exceed 7.5 per cent of the organisation's actual funding spent during the year on LCF project expenditure.

In monitoring EBs' behaviour in implementing and complying with the Government's Reform of the LCF, ENTRUST provided a report to HMRC in July 2021 detailing the value of LCF monies spent by EBs on administration costs during 2020/2021 and which identified those EBs whose costs were above the guidance level of 7.5 per cent of their LCF project expenditure.

We implemented our Framework for reviewing, monitoring and managing the level of Administration Costs and Unspent Funds held by EBs. To ensure EBs complied with HMRC's guidance levels, we continued to work with those EBs who had not met the level, to ensure that they took corrective action to comply with it in the future. Our support included seeking:

- An explanation of the reason(s) why their administration costs were above the 7.5 per cent guidance level; and
- Details of the organisation's plans to reduce the value of their administration costs to 7.5 per cent of LCF expenditure or below, during 2021/2022.

Overall, in the 2020/2021 reporting year, across the Sector, the administration costs to project expenditure ratio remained below the 7.5 per cent guidance level. The value of administration costs incurred by EBs decreased by £209,789 (from £2.5m in 2019/2020 to £2.3m in 2020/2021). The number of EBs incurring any administration costs greater than £100 also decreased from 41 in 2019/2020 to 38 in 2020/2021.

The ratio of administration costs to annual project expenditure for the whole scheme (all EBs) increased slightly from 5.97 per cent in 2019/2020 to 6.65 per cent in 2020/2021. The report also identified that thirteen EBs had reported administration costs in excess of the guidance level, which was an increase on the 2019/2020 figure of nine EBs. However, four of these EBs intend to revoke from the scheme during 2021/2022.

Reducing the level of unspent funds held by EBs

Unspent funds are those LCF funds held by EBs at the end of each reporting period. EBs are required to state within their Statutory Annual Return whether these funds are committed to projects, retained for winding up, or classed as uncommitted. ENTRUST's current guidance requires that an EB's total unspent funds at year end should be no more than 1.5 times an individual EB's LCF income (including contributions and transfers) in that year.

In monitoring EBs' behaviour in implementing and complying with our guidance, ENTRUST provided a report to HMRC in July 2021 detailing the value of unspent funds held by EBs and which identified those EBs holding funds at 31 March 2021 in excess of the 1.5 times annual income guidance level.

Overall, in 2020/2021, the Sector as a whole remained below the unspent funds guidance level of 1.5 with EBs holding 1.27 times the income received in year. The report further identified that, for the Sector the total value of unspent LCF funds held by EBs as at 31 March 2021 was £41m; a reduction of £5m from the 2019/2020 level of £46m. Within this total, the level of uncommitted funds continued to decrease from £10.09m in 2019/2020 to £9.50m in 2020/2021 (a decrease of £590k or 5.84 per cent).

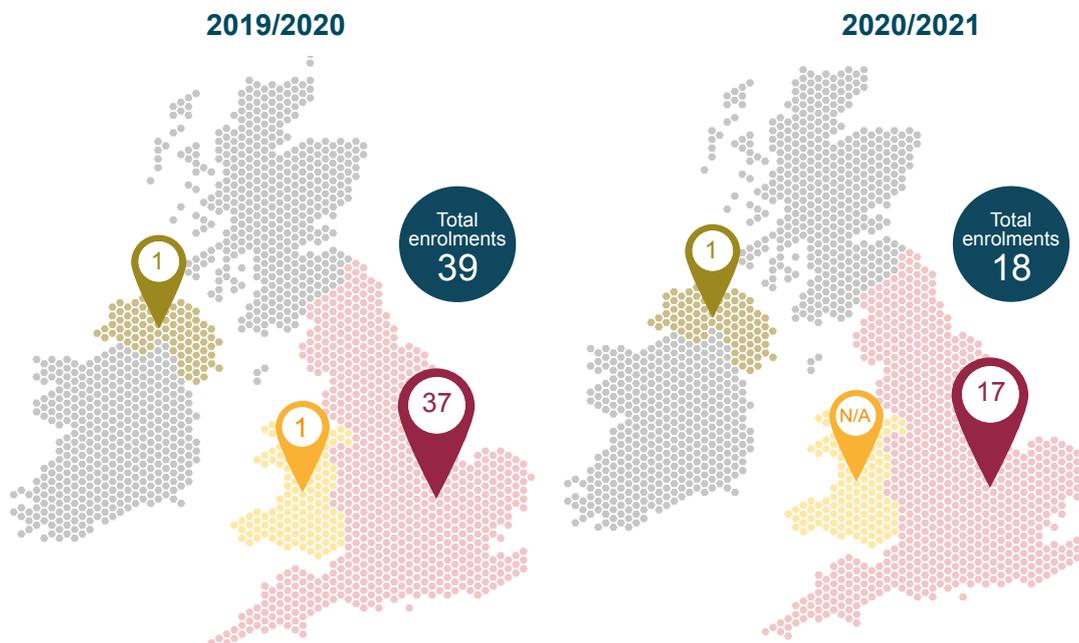
We worked with those EBs which had exceeded the guidance level to ensure they worked towards compliance with ENTRUST's guidance, this included:

- Seeking an explanation for the reason(s) why the level of unspent funds was above the 1.5 times income guidance level;
- Details of the organisation's plans to reduce the value of their unspent funds to 1.5 times income or below, during 2021/2022; and
- Scheduled a compliance review of each EB during 2021/2022.

Enrolment for Environmental Bodies

The majority of funding EBs now do not require project applicants to enrol with ENTRUST and therefore many organisations who receive funding from the LCF do so without enrolling as an EB. In 2020/2021, the number of organisations enrolling with ENTRUST decreased to 18 compared to 39 in the year before. The number of EBs enrolling in the LCF is dependent on the funding practices of the one major funder who requires organisations to enrol with ENTRUST, which will impact on the number of EBs which enrol with ENTRUST during the year.

We assess and process enrolments using a risk-based approach, which we updated in 2019/2020 as part of our continuous improvement activities based on analysis of compliance findings. We believe that this revised approach ensures that any potential risks with a new organisation enrolling as an EB are identified and addressed at an early stage in the organisation's enrolment. As an innovative regulator, we are committed to ensuring that we adopt a proactive approach across the business and in relation to enrolments this is focussed on offering a bespoke service to organisations to ensure that the application process runs smoothly and to reduce any administrative burden on them. In 2020/2021 we exceeded the KPI by enrolling 100 per cent of EBs within the target of five working days (KPI target: 98 per cent).



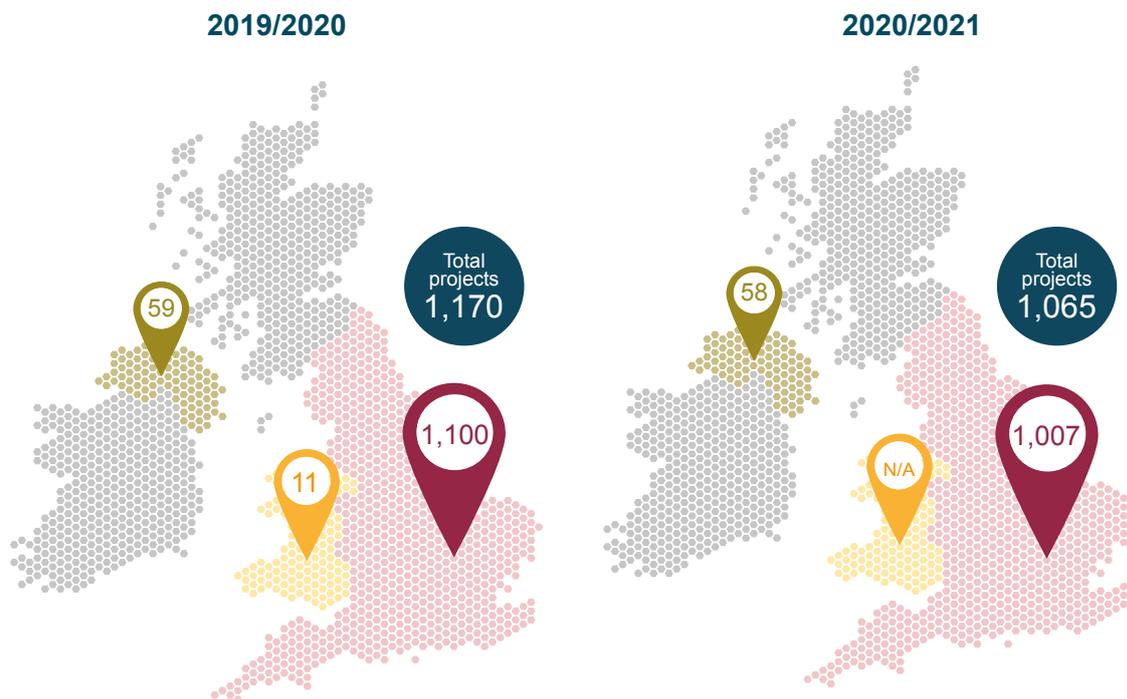
Project applications

We continued to approve projects, where all of the required information to complete this task has been provided, within five working days. We also continue to focus on effective regulation through our Registrations function by ensuring all enrolled EBs remain compliant with the Regulations at the project registration stage, supported by our compliance work. Every project application submitted to ENTRUST is assessed against a control framework by our Registrations Team to ensure it complies with the Regulations and ENTRUST's guidance.

As part of our continuous improvement programme, we reviewed and updated our framework for processing projects that we assessed and considered were high risk, which we first implemented in 2019/2020. We carried out the review to ensure that the benefits we envisaged, when we introduced it, were delivered and that it remained an effective tool in facilitating a potential project's compliance with the Regulations. We also made some updates to the project information, which we collect on ENTRUST Online (EOL) to ensure that we are gathering information from EBs in the most efficient and appropriate manner.

During the year, we also reviewed and updated the criteria we use to assess whether there is a need for ENTRUST to carry out a pre-approval project visit. These criteria enable ENTRUST to verify information provided at the project approval stage, which helps mitigate the risk of any potential compliance issues before a project commences. It also provides a valuable opportunity for project applicants to discuss the project with a member of ENTRUST's Staff. This process was implemented from 1 April 2020 and during this period the reviews have taken place via alternative means to a physical visit such as via telephone or videoconference. We updated the criteria twice in the year based on both our experience of implementing the new process and from EB feedback. This ensured that the reviews remain an appropriate and effective means by which we are assessing higher risk projects.

In 2020/2021, 1,065 projects were registered with ENTRUST, which was 105 fewer than the previous year. We exceeded the KPI by registering 99 per cent of projects within the target of five working days (KPI target: 98 per cent).



Enquiry handling, information, advice and guidance

Our enquiry handling approach consistently receives high feedback, via the annual EB Satisfaction Survey and the monthly helpline satisfaction survey. For the year April 2020 to March 2021, we received consistently high feedback scores with 97 per cent of respondents to the survey identifying that we had responded to their query within 24 hours, 93 per cent of respondents were satisfied/very satisfied with the way their query was handled and 94 per cent of respondents reported a good/very good experience of the helpline service.

Throughout 2020/2021, we were mindful of the additional needs of Stakeholders due to the pandemic and issued regular updates to our COVID-19 guidance. Our telephone and email Helpline service remained fully available and Stakeholders continued to have direct access to ENTRUST Staff through our direct dial phone numbers and email addresses. The 2021 EB Satisfaction Survey showed that, of those who tried to contact ENTRUST during the lockdown, 8 per cent of respondents said that it had actually been easier to contact ENTRUST and 90 per cent said it had been 'neither easier nor harder'. Just 2 per cent believed it was more difficult.

In March 2020, we updated our enquiry handling strategy for the Statutory Annual Return (Form 4) period in response to the COVID-19 outbreak. By making this change, we considered we could provide more targeted support to EBs in completing their return, which we achieved by replacing our telephone Helpline Form 4 option with a new Form 4 Annual Return email address.

We also consider that our Guidance Manual provides a key resource for EBs and this is one of the areas where we value and recognise the important contribution that EBs make in regulating the LCF. The feedback that we received from EBs allows us to provide clear and consistent guidance that is understood by all end users. In 2020/2021, we utilised this support by working with our Stakeholders to ensure that we understood the impact that COVID-19 was having on their business models and LCF activity and to ensure that our COVID-19 guidance reflected and addressed these issues. We have been pleased to note the positive feedback from Stakeholders and ADEB in particular regarding ENTRUST's support for the Sector during the pandemic. Furthermore, 83 per cent of EBs who had read our COVID-19 guidance relating to the LCF said that 'ENTRUST acted quickly to release guidance' and 88 per cent agreed they 'found it easy to find the guidance on ENTRUST's website'.

To ensure that our Guidance Manual helps facilitate compliance with the Regulations and meets EB needs, we continually review the manual and as part of this process, we take into consideration EBs' feedback. The Guidance Manual was updated in October 2020. In February 2021 we further updated the Guidance Manual again to clarify four areas of guidance. All EBs were informed about the updates to the Guidance Manual.

We continued to coach EBs to compliance by offering advice and guidance through virtual meetings, inspections, telephone calls and emails. The impact of this approach is monitored through our review of quarterly compliance and enforcement activities. This monitoring identifies any patterns or new themes in EBs failing to comply with the Regulations and ENTRUST's guidance, which flows through to our approach, not only in the production of training guides, but in how we focus our resources in increasing EBs' understanding through our relationship management framework. For example, it is a frequent failing of EBs in updating their details on EOL such as governing member information; this is now stressed as being of key importance at training events.

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, meet with Staff and have an open forum to ask questions and seek advice. This core objective, along with our 'coaching to compliance' ethos, informs the development of our training strategy. Since March 2014, we have delivered an annual training programme for EBs with a focus on delivering VFM and meeting the following objectives:

- Offering induction and training which helps facilitate EBs' compliance with the Regulations by providing continuous coaching;
- Promoting efficient and effective delivery of projects by providing access to knowledge and understanding of the Regulations through a range of guidance and supporting materials;
- Providing EBs with the opportunity to continually improve their operational frameworks through networking and sharing with other EBs best practice information on compliance and risk; and
- Increasing access points to, and take-up of, our training offerings whilst maintaining cost effective delivery solutions, which meet the differing needs of a wide range of individuals across our target groups.

It is also our intention that the programme delivers a consistent low cost per delegate and cost per access whilst extending reach, maintaining high levels of positive feedback and resulting in a positive impact on compliance levels.

Due to the COVID-19 pandemic, our Basic Training events were unable to take place at the ENTRUST office. However, we moved to a virtual training model by holding our training events using Zoom in September and November 2020 and February 2021. A further event was held for one EB at their request as they had multiple

members of Staff who they believed would benefit from our training. We note that in running these virtual training events, attendance increased significantly from the previous year as they removed some of the barriers relating to attending a physical event, such as costs and travel time.

Considering the lower cost and higher attendance achieved by delivering virtual training events, we believe that running the events in this way delivers excellent VfM, as well as now being more convenient for delegates to attend. However, we will still remain open to holding physical events if requested to do so and we will also retain our “open door” policy once we have returned to more office-based working.

We continued to maintain a suite of training resources and ‘How to’ guides on our website to help EBs when interacting with the scheme. This suite of documents is now considerable and provides a 24/7 resource for Stakeholders, providing advice on how to use EOL for certain functions (‘How To guides), as well as handover tools for new contacts or further information to aid EBs in understanding their obligations (e.g. ‘Reporting and Record Keeping responsibilities’). These guides consistently receive positive feedback via our Stakeholder satisfaction surveys.

The average training feedback score for 2020/2021 was 4.8, exceeding our target of 4.5/5:

| Type of event | No of events | No of delegates | Average feedback |
|-------------------------------|--------------|-----------------|------------------|
| Basic Training | 4 | 34 | 4.8 |
| Total average feedback | | | 4.8/5.0 |

You can read the full review of our Training Strategy, including feedback from attendees, at www.entrust.org.uk/assets/uploads/documents/Training_Report_2020_2021.pdf

Inspection process

ENTRUST has a statutory responsibility to ensure LCF monies are spent compliantly in accordance with the Regulations. To meet this responsibility, we carry out an annual schedule of risk-based compliance inspections on EBs, which aims to inspect at least one third of active EBs each year. These inspections ensure that LCF monies have been spent compliantly and for 2020/2021 all were carried out as a Desktop Review (DTR) due to the COVID-19 restrictions on travel and face to face contact. The annual inspection programme is based on an EB Risk Model.

The EB Risk Model is published on the Compliance Process page of our website and is subject to an annual review to ensure the risks continue to accurately reflect current regulatory issues and the emerging findings from carrying out our compliance work.

The Risk Model generates an individual risk score for each EB which is calculated from a number of key risk indicators which are based on the data held on EOL. The risk scores are updated in real time based on EBs activity and performance.

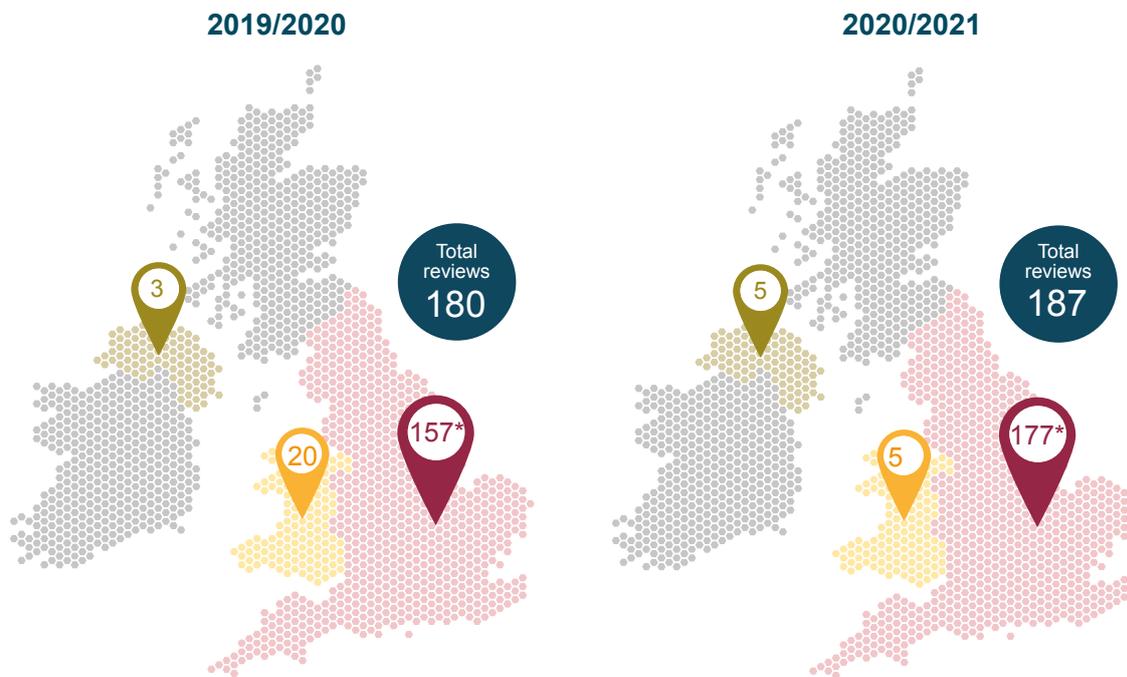
The key risk indicators which make up an EB’s risk score include, for example:

- The amount of LCF funding received;
- The amount of LCF monies held as unspent;
- The number of projects completed by the EB;
- Performance in submitting statutory reports to ENTRUST; and
- The number of previous non-compliance issues identified at an EB.

The 2020/2021 programme was developed taking into account ENTRUST’s available resources with the aim of delivering more for less and to maximise the assurance that ENTRUST can provide to HMRC to:

- Reflect HMRC’s strategic priorities for the management of the LCF;
- Ensure the KPI that HMRC set ENTRUST to inspect at least one third of active EBs was delivered; and
- Ensure that the compliance programme reflects HMRC’s focus on risk and issues.

A total of 187 reviews were completed in 2020/2021, compared to 180 in 2019/2020.



*includes Landtrust who are based in Scotland but operate in England

Compliance satisfaction survey

A link to the online compliance satisfaction questionnaire is issued with the draft compliance report following every compliance review. During 2020/2021 we maintained the survey rate for the Compliance Inspection survey at 53 per cent. The Compliance Team achieved the score of 4.4 out of 5.0 for overall satisfaction with the compliance process:

| Overall satisfaction with compliance process* | | | |
|---|-----|--------|-----|
| Target | 4.5 | Actual | 4.4 |

Although EBs had been willing to entertain compliance reviews during the lockdown period the 2020/2021 reviews have been more difficult to complete for a number of reasons, for example, EBs had to furlough Staff and therefore, sometimes they were unable to provide information to ENTRUST.

We also believe this furloughing of Staff led to the slight reduction in satisfaction with the compliance process, as many of our reviews were completed with EB Staff who were unfamiliar with ENTRUST, the application of the Regulations and our compliance process. From the review of EBs' comments, it was clear to ENTRUST that a considerable proportion of the negative comments made and overall ratings related to the operation of the LCF. This difference was highlighted as EBs continued to provide positive feedback about ENTRUST Staff and their professionalism. During the year, we attempted to address this difference by revising the satisfaction questionnaire to focus our questions on the actual compliance review and also provided a separate section for EBs to provide comments on other issues outside of the inspection process.

Voluntary revocations

In 2020/2021 there were 88 requests for voluntary revocation, which were reviewed and approved by the ENTRUST Board compared to 119 in the previous year. This does not include the Wales auto cessation of enrolment (see section 3 for further details on this).

Regular enforcement activity

We continued to utilise the updated Enforcement Framework introduced in 2015/2016 applying it to all cases where a breach of the Regulations was identified. The [Enforcement Framework, which is available on our website](#), was developed to ensure that ENTRUST's enforcement action was fair, transparent and consistent for all organisations found to be in breach of the Regulations.

We continued to undertake 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;
- Late levy payments, where our invoice remains outstanding following notification of a contribution; and
- Spend outside the prescribed period, when payments are notified before or after the approved end date of a specific project.

By continuing to monitor these issues on a monthly basis, we ensured that monies within the LCF scheme were monitored and correctly accounted for and that breaches of the Regulations were identified and rectified in a timely fashion. In accordance with the enforcement framework, EBs were informed of the actions required to rectify breaches through advice and guidance, warning, and enforcement letters. EBs which breach the Regulations are issued with an enforcement letter only if the breach has not already been addressed through the Compliance process.

The following table provides the number of letters addressing regulatory breaches sent during the financial year 2020/2021. If an EB had multiple breaches in a month then they received one letter covering all breaches, to minimise the administrative burden:

| Regulatory breach | Advice and guidance letter | Warning letter | Enforcement letter | Total letters sent for each type of breach |
|--|----------------------------|----------------|--------------------|--|
| Late Statutory reporting – Form 3 (notification of contribution from LO) | 3 | 2 | 0 | 5 |
| Late Statutory reporting – Form 7 (notification of transfer of monies between EBs) | 8 | 1 | 0 | 9 |
| Late levy payment | 0 | 0 | 0 | 0 |
| Project expenditure outside of the prescribed period | 7 | 0 | 4 | 11 |
| Total letters sent | 18 | 3 | 4 | 25 |

Contributions and Transfers

Contributions are notified to us by EBs via a Form 3. The Regulations provide that this notification should be made within seven days of the EB receiving the contribution. In 2020/2021 there were 197 contributions notified to us, of which seven were submitted more than seven days after receipt by the EB. This equates to 4 per cent of reported contributions and is an improvement on the 2019/2020 performance of 5 per cent.

Transfers of funds between EBs are notified to us by EBs via a Form 7. The Regulations also provide that this notification should be made within seven days of the EB making the transfer. In 2020/2021 there were 329 transfers between EBs notified to us, of which 18 were submitted more than seven days after the transfer was made. This equates to 5 per cent of transfers, representing a small increase on the previous year (2019/2020: 4 per cent).

Project expenditure outside the prescribed period

In April 2015, HMRC approved a condition which means any project expenditure outside of the estimated start and end dates in the project approval will be non-compliant and a breach of that condition.

Following our communications activity about this condition and our enforcement activity for those who spend outside of the prescribed period, in 2020/2021 there were 24 instances of spend outside the prescribed period (2019/2020: 21 instances). This data highlights the fact that since the introduction of the condition, EBs have made improvements to their processes to manage project activity and spend, and the number of breaches remains low.

Enforcement cases

We also continued to undertake our casework, working with individual EBs demonstrating a range of non-compliance, or serious non-compliance identified through compliance reviews, or notified to us, in order that corrective actions can be agreed. Across 2020/2021 there were 12 cases being handled with five still subject to proceedings at the end of March 2021. The twelve cases were opened to address the following breaches:

- Non-compliant spend of LCF funds including spending on non LCF activity;
- EB not able to provide proof of LCF monies held;
- Project expenditure not being supported by invoices or other appropriate evidence of expenditure; and
- EBs not responding to ENTRUST regulatory requests for information;

We only use our powers to refer cases to HMRC to consider forcible revocation and claw-back under circumstances where no agreement on required actions can be reached, or agreed actions are not taken in the relevant timescale. One case was referred to HMRC regarding a non-EB in relation to the collection of Contributing Third Party (CTP) payments where these payments had not been handled according to the Regulations. Two further case reviews were completed during the year and the case files submitted to HMRC in 2021/2022.

We will continue to work with HMRC to ensure that any cases are handled appropriately and as per the agreed framework and updated evidence standards for referral and that we use the powers available to us effectively to address the risk and incidence of non-compliant activity by EBs.

Statutory Annual Returns (Form 4)

Under our agreed Performance Indicators with HMRC, KPI 3.2 requires us to ensure that 99 per cent of LCF monies are reported through the Statutory Annual Returns (Form 4) by the due date of 28 April each year.

Despite the impact of COVID-19 on EBs' operations, which resulted in the furloughing of some EB Staff, we consider that the 2019/2020 Annual Returns strategy successfully delivered its objectives as 99.9 per cent of LCF funds were reported by 28 April 2020, exceeding the KPI. Six funded EBs, did not return their forms by the due date (compared to £291,419 outstanding funds in 2019). However, as at 7 May 2020, there was only one EB holding funds of circa £10k that had not submitted their return, which they finally provided to ENTRUST on 26 May 2020. Furthermore, for all EBs, 86.7 per cent had submitted their Annual Return by the due date of 28 April, just 1.1 percentage points below the previous year (2018/2019: 87.8 per cent). Despite a decrease, this is the second highest return rate in recent years:

| Aim | 2018/19 achieved | 2019/2020 |
|---|------------------|-----------|
| Key Performance Indicator (KPI 3.2): Proportion of the value of LCF monies held by EBs reported by the due date (target 99 per cent) | 99.5% | 99.9% |
| % of EBs who submitted the Statutory Annual Return (Form 4) by the deadline (28 April) | 87.8% | 86.7% |
| EBs sent advice and guidance letter regarding failure to submit the Statutory Annual Return | 178 | 248 |

248 advice and guidance letters, or emails were sent to all those that had failed to return their forms as at 1 May 2020. This compares to 178 letters sent on 8 May 2019 and 169 letters sent on 11 May 2018. The letters or emails were sent to the main contact of the EB to state that if the outstanding return(s) were not completed the EB would be frozen within two weeks of receipt of the letter. Unfortunately, 181 EBs did not comply with this request and had their status frozen, this compared with 100 EBs in 2019. The list of frozen EBs was published on our website and regularly updated throughout the year.

In September 2020, we sent advice and guidance letters to all listed Governing Members of one-year frozen EBs, following lack of communication from their main contact and at 31 March 2020 just 11 EBs remained on the Frozen list.

Fourteen EBs had failed to submit a Statutory Annual Return for two, or more years. Following enforcement action and contact from our Policy and Regulations Team, by March 2020 these cases had been resolved and no EBs were required to be referred to HMRC in 2020/2021, for consideration for forcible revocation for this reason.

ENTRUST Online (EOL), online reporting and eDelivery

In our 2017-2020 Corporate Plan, we set out a three-year plan to migrate to 100 per cent online reporting and eDelivery of our services through EOL and the final paper form was removed in April 2019. In 2020/2021, our full e-delivery of services proved invaluable in the pandemic and it was apparent that all organisations and most individuals possessed the relevant skills to use an e-delivery system. We were, however, also able to provide support to all Stakeholders through our telephone and email helplines.

In 2019/2020 we updated the operating system for EOL to ensure it remained robust and secure and interfaces with the latest browsers and operating systems used by EBs. In 2020/2021, we actively managed our Stakeholders ongoing experience of EOL and introduced further enhancements to improve its usability, including improvements to the EB dashboard to provide additional information about required actions.

Communications

Our communications activity is undertaken to support our operational and regulatory activity. Through our website, email communication 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 scheme, which enables them to assess whether their organisation and projects comply with the Regulations. Following Stakeholder feedback, we updated the information available on the ENTRUST website to help those new to the scheme to understand how it operates and whether they are eligible for LCF funding. Through our funders search prospective applicants are able to find potential funders for their project.

In February 2020 we completed the upgrade of the existing ENTRUST website Content Management System (CMS). This has allowed us to future proof the technology, whilst providing minimal disruption to Stakeholders at a low cost to our financial resources, offering the best possible VfM. Additionally, the decision to upgrade had taken into account that the existing website and CMS operate well and has been subject to significant user development, feedback and updates where required. Throughout 2020/2021 the upgraded website has performed well and continued to receive strong feedback from the EB Satisfaction Survey.

COVID-19 guidance has been featured in a prominent position on the ENTRUST home page throughout the pandemic, in order to ensure that all EBs and Stakeholders could easily find the guidance. To further support this we created a new website page to capture all of the advice, guidance and information for ENTRUST and the LCF in relation to COVID-19. This page follows the same format we have previously used for the closure of the LCF in Wales and Scotland and includes a dated timeline of all the information as published by us. This allows all Stakeholders to find the information they need quickly and in one place. It also includes all issued guidance notes and information about ENTRUST's working arrangements.

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 communicate directly with the main contacts of EBs where there have been changes, or updates to guidance and also for specific activities such as our Statutory Annual Return communications strategy.

More widely, throughout 2020/2021 we continued to use our email communications system to communicate directly with the main contacts of EBs where there have been changes, or updates to guidance and also for specific activities such as our Statutory Annual Returns communications strategy. We also continue to undertake a mid-year contact to EBs to remind them of their obligation to keep their Governing Members and Documents up to date. Where we have lost contact with EB main contacts we have also developed a more proactive strategy for contacting Governing Members to bring the EB back into contact with ENTRUST, thus minimising the potential for non-compliance. We also continued to distribute our quarterly eNewsletter, which provides a quarterly update on the scheme along with key messages and updates on our training materials and events. The following shows the annual email communications schedule for 2020/2021. All emails are sent to the registered main contact of the EB:

- Quarterly eNewsletters – April 2020, July 2020, October 2020, and February 2021;
- Corporate Plan to Top 150 – April 2020;
- EB satisfaction survey – June – August 2020;
- COVID-19 Guidance – April 2020, June 2020, September 2020, December 2020;
- Project Pre-Approval Approach– April 2020, September 2020;
- Annual Report to Top 150/All EBs – July 2020;
- VfM Consultation Outcomes Report– July 2020;
- Statutory Annual Return (Form 4) communications – January to April 2021; and
- Operational eShots – throughout the year.

Stakeholder engagement

Vital to undertaking our service improvement and efficiency is our innovative Stakeholder engagement plan which includes positive partnering relationships between the ENTRUST Board and the Boards of our largest Stakeholders, through a series of targeted meetings and discussions.

In December 2020, we facilitated the annual meeting between HMRC and the Chairs and Chief Executive Officers (CEO) of the largest EBs. This continued to be supported by our quarterly briefing notes, which include a summary of work undertaken, or upcoming, that we believe Chairs should be aware of and further supports the communications work undertaken by our Board. With the agreement of HMRC, we continue to engage with LOs by sending all of those who have contributed to the LCF over the last three years an annual briefing note. This was sent in October 2020 and included:

- An operational update on the amount of funding across the life of the LCF by 'Object' type;
- COVID-19 ENTRUST/LCF updates;
- 2019/2020 LCF summary briefing;
- 2020/2021 LCF update;
- Information about EB Benchmarking;
- Relevant information for LOs about Contributing Third Party (CTP) payments following the Government's reform of the LCF; and
- ENTRUST assistance to LOs.

Measuring satisfaction

In line with best practice, we undertake an annual Stakeholder satisfaction survey each year, which provides EBs with an opportunity to submit their feedback, thoughts and opinions on the quality and performance of our services. The responses and the findings that we receive enable us to form a better understanding of our effectiveness in regulating the LCF.

Due to the COVID-19 outbreak and the availability of EBs to respond to the survey (due to furloughing or the temporary closure of organisations), we considered it appropriate to delay the EB Satisfaction Survey from the planned start date of May 2020 (with an end date of July 2020) to a new start date of June 2020 (with an end date August 2020). Furthermore, to allow additional time for those returning to their roles in August 2020, we extended the length of time the survey was open from six to eight weeks. We also introduced a new set of questions to obtain feedback from our Stakeholders on how they perceive we have handled providing guidance and information during the COVID-19 pandemic.

In 2020 we received 158 responses, the response rate was down on the last three years (2019: 209 responses; 2018: 179 responses; 2017: 164 responses), which we believe was due to COVID-19 and the availability of EB Staff and volunteers. The overall level of satisfaction reported for 2020 was 83 per cent. Whilst this is a strong satisfaction score, it was slightly lower than the score recorded for 2019, 2018 and 2017 (86 per cent). This rating is calculated across the overall survey results as a percentage of questions requiring a response from 1-5 which were responded to positively, with a rating of 4 (agree) or 5 (strongly agree).

Since 2013, we have asked three core questions, with the aim of obtaining EB views on our performance and the quality of our services. Only respondents from EBs who had worked with us, contacted us, or accessed our services since 1 April 2019 were able to provide a response. The full report is [available on our website](#).

Whilst all three core satisfaction measures remain high, there has been some decline to the percentage of respondents agreeing with them. However, this represents an increase of those who recorded 'neutral' scores rather than an increase in those disagreeing with the statement:

- 92 per cent agree that they 'understand the role that ENTRUST undertakes as Regulator of the LCF' (2019: 94 per cent);
- 79 per cent agree that 'overall ENTRUST provides high quality services' (2019: 83 per cent); and
- 78 per cent agree that 'ENTRUST Staff are very professional when dealing with me and my EB' (2019: 91 per cent).

With these results in mind, we developed an action plan to make improvements which was implemented and completed by 31 March 2021. The action plan is [available on our website](#).

ENTRUST Regulator Standards (ERS)

In 2017, the ERS were reviewed to ensure they remained applicable and relevant. In particular they were reviewed in keeping with the Government's 'digital by default' strategy, in light of our move to digital information and service provision. Following the review, the ERS were extended from the original 25 standards across seven areas, to 31 standards encompassing the regulatory work undertaken throughout the organisation and reflecting the standards detailed in the Regulators' Code.

In June 2021 we published our fourth assessment against the updated ERS. As part of our self-assessment each area of the ERS was considered and evidence provided in support of the assessment made. The report concluded that all requirements of the ERS were rated as completed and met in 2020/2021. The [full report is available on the ENTRUST website](#).

Service improvement and efficiency 2020-2023 Corporate Plan actions

To deliver service improvement and efficiency we have completed the following actions:

- Provided updated information to HMRC on EBs administration cost expenditure and the level of unspent funds;
- Implemented the pre-registration project visit and inspection criteria to allocate our resources to the areas of highest risk;
- Utilised our EB risk model and risk-based compliance approach to inspect at least one third of active EBs to monitor compliant spend;
- Published our annual self-assessment against the ERS and maintained strong self-scrutiny of our operations through our internal Quality Management System (QMS);
- Conducted a mid-year contact with EBs asking them to check and update their EB details;
- Communicated with Directors, Trustees and main contacts of frozen EBs following six months of no communication with their main contact; and
- Continued to collect Stakeholder feedback through our Helpline, Compliance and EB satisfaction surveys.

Progress against measures set in 2020-2023 Corporate Plan

- We contacted 13 active EBs, under the Framework, with administration costs above 7.5 per cent of project expenditure compared to nine in the previous year;
- We reduced the number of EBs, contacted under the Framework, with unspent funds at yearend, above 1.5 times income received in year, from 19 in 2019/2020 to 13 in 2020/2021;
- We reduced the value of unspent funds held by EBs from £46m in 2019/2020 to £41m in 2020/2021;
- We maintained the proportion of EBs using EOL;
- We maintained the survey rate for the Compliance Inspection survey at 53 per cent in 2020/2021. Survey rates for the Helpline survey increased from 22 per cent in 2019/2020 to 25 per cent in 2020/2021. Due to COVID-19 and the first lockdown survey responses for the 2020 EB satisfaction survey (2020: 158 responses) were down on the last three years;
- We attained high levels of satisfaction with our regulatory services at 83 per cent;
- Increased the number of risk-based project reviews from 0 to 106 (risk-based project reviews were only introduced in 1 April 2020); and
- The number of enrolments on first submission was 11 per cent in 2020/2021.

Manton Jubilee Community Outdoors

Total Project Cost: £50,000

LCF Support: £10,000

Funder: The Hills Group, through Community First

Completed: August 2020

The project established a new playground in keeping with the natural surroundings to improve the aesthetics of the local area.

The playground provides a safe space for children to play outdoors – which has been achieved through consultation with the local community and careful consideration of design and choice of materials used.

The project has brought the local community together through the consultation process which developed a design to meet the needs of all members of the community. The design provides everything from seating, to a range of play equipment for a wide age range from toddlers upwards to teenagers and adults.



Mayor Mark Cooper, himself a resident of Manton, said: “What an amazing achievement by Manton Community Outdoors. It’s been great to work with such an inspiring group, all working so hard to make it happen. I remember playing here as a child, how much more it has to offer now. There’s something for everyone and the play equipment reflects the natural environment so Jubilee Field still retains its reputation as a wonderful green open space.”

Katie Tilney, of fundraisers Manton Community Outdoors said: “We are so thrilled to have this playground officially open. It is wonderful to see so many people enjoying it already. We are so grateful to all those that have contributed and helped to make this fantastic project a reality.”

Photos courtesy of: Community First and Marlborough Town Council

2. Delivering Value for Money (VfM)

As LCF monies are derived from public funds (foregone landfill tax diverted into the LCF scheme) 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 continued to develop our internal reporting capacity so we can report scheme level data quickly and accurately to HMRC and we continually assess and work with HMRC to publish information which demonstrates the VfM of the LCF.

Scheme Value for Money (VfM)

In accordance with the TOA and the Reporting Schedule agreed with HMRC, ENTRUST provides HMRC with yearly reports regarding the VfM of the LCF scheme. In particular, the VfM report gives a summary of data collected from the Project Completion Form (Form 9), which provides data about the benefits delivered by projects. Since 2017 we have also published a summary of the data so that interested parties may access the information. The latest data was published in October 2020. The data highlights the achievements of the LCF and demonstrates the positive impact of the LCF on communities and the environment.

The report focuses on the expenditure on projects across a three-year period, 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 whether 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 people together from different backgrounds.

For the 1,139 projects for which there was a submitted Project Completion form for 2019/2020, EBs reported whether the project had achieved its intended outcome:

| | Total for projects in 2018/2019 | Percentage of 2018/2019 projects with positive response | Total for projects in 2019/2020 | Percentage of 2019/2020 projects with positive response |
|--|---------------------------------|---|---------------------------------|---|
| Achieved intended aims | 1,496 | 99.8% | 1,138 | 99.9% |
| Improved the lives of people in the community or achieved environmental benefits | 1,453 | 96.9% | 1,112 | 97.6% |
| Brought together people from different backgrounds | 1,145 | 76.4% | 944 | 82.9% |

You can read the full [VfM report on our website](#). The report with 2020/2021 data will be published in September 2021.

In January and February 2020, we undertook a consultation with EBs regarding the VfM data we collect through the project registration form (Form 2) and the project completion form (Form 9) to ensure that it remains useful and the most appropriate measures for assessing the impact of the scheme. The results of this consultation were published in July 2020 with the outcome of three changes being made to the VfM questions on the Form 9, which came into effect from 1 April 2021. All VfM data is now collected on the Form 9. The resulting data will input into the VfM report from 2021/2022 onwards.

Benchmarking EB performance

We continue to publish Sector-wide benchmarking data on the ENTRUST website and include the EB's own data in their individual compliance inspection reports. We published the fourth set of annual benchmarking data in June 2020. This data is particularly relevant to larger EBs and EBs which distribute funds to other EBs. The areas covered by the benchmarking metrics are:

- EBs' administration costs;
- Level of unspent funds held by EBs;
- Level of uncommitted funds held by EBs;
- Percentage of Contributing Third Party (CTP) requirements of LOs;
- EB risk scores calculated from EB return data;
- Non-compliant recommendations arising from compliance reviews; and
- Project value and duration data.

The data is not EB specific and is provided to allow individual EBs to:

- Assess their performance in relation to other EBs within the quartiles or banding, on key areas within the overall scheme;
- Report their performance against Sector benchmarks to their own Directors or Trustees; and
- Identify where actions could be taken by EBs to improve performance on individual measures.

Contributing Third Party (CTP) payments

LOs receive a tax credit of 90 per cent of their contributions. The remaining 10 per cent is either met by the LO, or the LO can request a CTP to pay the shortfall or a portion of it. LOs are expected to absorb some or all of this 10 per cent shortfall themselves. Some LOs request project applicants to make a CTP payment of over 10 per cent to allow for the fact that there is no CTP mechanism for contributions used for the ENTRUST levy payments and EB administration costs. This practice is subject to monitoring via the compliance inspection process. In 2019/2020, it was noted that most LOs continued to ask for a CTP payment of 10 per cent of their contribution.

During 2020/2021, we continued to monitor CTP requests through Form 3 LO contribution data, Form 9 project completion data and through compliance inspections.

Publishing non-compliance

ENTRUST is committed to the principles of Better Regulation. In accordance with our coaching to compliance ethos and to assist EBs to comply with the Regulations, we continued to publish a quarterly summary of our compliance findings and the corrective actions made by EBs, alongside a summary of our enforcement activity. The summary includes:

Compliance findings

- A breakdown of the number of recommendations made during the year to date;
- Analysis of the recommendations raised;
- A summary of the findings; and
- The corrections made by EBs.

Enforcement findings

- Late statutory reporting of the notification of a contribution from a LO;
- Late statutory reporting of the notification of a transfer to an EB;
- Late levy payment;
- Project expenditure outside of the prescribed period;
- Anonymised details of enforcement cases; and
- The number of EBs frozen for failure to submit a Statutory Annual Return.

We also highlight the compliance inspection and review findings and recommendations 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.

The full 2020/2021 [Compliance and Enforcement Findings report can be read here on our website.](#)

Communications

The Information and Networking Forum (INF) brings together EB Staff and volunteers to meet with ENTRUST, network and share best practice across all areas of the LCF – not just communications. In 2020/2021, it was even more essential for Sector Staff and volunteers to have an opportunity to network and discuss issues relating to the LCF arising from the COVID-19 pandemic. As physical meetings were no longer possible, we trialled virtual meetings using Zoom technology in July 2020. This was not only successful but also allowed for a greater number of EBs to attend. Additionally, those from further away, such as Northern Ireland EBs, no longer have any barriers to attend. Furthermore, without the impact of travel time, it was felt that the meetings could happen for shorter periods of time, but more frequently during the pandemic, to allow ‘touch points’ for EB Staff and volunteers to get together and discuss issues. In total three INF meetings were held by zoom (July 2020, September 2020 and February 2021). Following the success of this approach in 2020/2021 all INF meetings will now be held by virtual technology.

Under the TOA, ENTRUST is required to publish up to date statistics on the operation of the LCF. We publish this information on the statistics page of the ENTRUST website which is updated in real time from EOL data on an hourly basis, which includes the total number of enrolled EBs at present and the total number who have received funding from the LCF. It also includes a cumulative count of the contributions that LOs have made to the scheme since its inception (at May 2021 this is £1.72 bn).

The statistics page also shows the total number of projects which have been approved, completed and are currently underway within each LCF Object category – this enables all Stakeholders to see, in real time, the difference that the LCF has historically made, and continues to make, to local communities and the environment. As at May 2021 the LCF has contributed the following:

Project expenditure on each approved Object over the life of the LCF (as at May 2021):

| Approved Object | Total: life of the LCF |
|--|------------------------|
| A: Land and remediation | £26,265,525 |
| B: Prevention of pollution | £2,151,746 |
| C: Reduction of waste* | £240,745,045 |
| CC: Recycling of waste* | £4,662,122 |
| D: Public parks and amenities | £1,069,825,315 |
| DA: Biodiversity conservation | £133,217,373 |
| E: Restoration of places of worship and historic buildings | £111,292,644 |
| F: Services to other EBs* | £2,540,032 |
| Totals | £1,590,699,802 |

*Objects C, CC and F are no longer included in the Regulations

Throughout 2020/2021, we continued to ensure that the information on our website and through our other communication channels relating to the LCF, including guidance, training materials, scheme data and case studies remained up to date and relevant. In particular we undertook a quarterly review of the content on the website, with a full content review in the final quarter of 2020/2021. Through our quarterly eNewsletters we continued to share key information to Stakeholders and all of those interested in the LCF.

During 2020/2021, we also published four new case studies. These case studies were also highlighted in last year’s Annual Review. Our objective continues to be to showcase the VfM that the LCF can bring to local communities and the environment across a diverse range of quality projects. These can range from a project that has received just a small sum of money, but has a big impact on the local community, to projects which receive in excess of £1m and allow the wider project to leverage far greater funds and have an impact at national level, as well as for the local community. We also continue to showcase the breadth and depth of the LCF through case studies in this annual report and you can read about three projects in this report on pages 16, 21 and 23.

Delivering VfM of the LCF 2020-2023 Corporate Plan actions

To deliver and demonstrate the VfM of the LCF we have completed the following actions:

- We facilitated three Information and Networking Forums (INF) for EBs to meet and share ideas and best practice;
- In June 2020 we published our fourth annual set of benchmarking data to enable EBs to assess their own performance against a series of Sector-wide measures;
- We reported on Statutory Annual Return (Form 4) data and Contribution (Form 3) data to HMRC;
- We published our quarterly compliance and enforcement activity;
- We commenced a project to update ENTRUST's Economic Impact Assessment (EIA) framework, which allows an objective assessment to be made of the added value that the LCF brings to communities and the environment;
- We published our annual VfM report, agreed with HMRC, in October 2020; and
- We undertook quarterly reviews of all information on the ENTRUST website to ensure information remained current and accurate.

Progress against measures set in 2020-2023 Corporate Plan

- The return rate for the Project Completion Form (Form 9) was 98.7 per cent for projects completing in 2019/2020.



Nene Park, Wildlife Enhancement Measures Bug Hotel

Photo courtesy of: Nene Park Trust, funded by Mick George Group, administered by Grantscape

Canterbury Cathedral, Quire Restoration

Total Project Cost: £372,884

LCF Support: £99,907

Funder: Viridor Credits Environmental Company

Completed: February 2020

Critical restoration of the fabric of the building in the 12th century Quire. The much-visited Quire at Canterbury has a claim to be the earliest Gothic structure in Britain. This urgent restoration was closely aligned to the conservation of the Grand Organ.

The roof work ensured that the fabric of the 12th century Quire remained a safe and accessible environment for worshippers; for local, national and international musicians to perform in; and for the one million people who visit annually.

Furthermore in non-COVID-19 years, 160,000 people attend 1,600 sung services every year. Canterbury's choral foundation includes over 100 talented musicians and choristers, supported by countless visiting choirs and artists.



Head of Fundraising at Canterbury Cathedral, Joanna Luck said “We are hugely grateful for the generous donation made by Viridor Credits which enabled us to carry out vital repairs to the Quire roof. Canterbury Cathedral relies on donations such as this to protect its precious fabric and to conserve its 1,400 year legacy of social and architectural history.”

Gareth Williams, Operations Manager for Viridor Credits said “It’s vitally important to protect and conserve our wonderful heritage. Viridor Credits was excited to, once again, be involved with the great work being carried out at Canterbury Cathedral.”

Photos courtesy of: Top right Chapter of Canterbury Cathedral
Remaining images Purcell Architecture Ltd

3. Scheme closure in Wales

Landfill tax was devolved to the Welsh Government on 1 April 2018 which also meant the LCF closed in Wales from 1 April 2018, commencing a two-year transitional closure period which concluded on 31 March 2020.

Following the end of the transitional closure period on 31 March 2020, we submitted our final assessment of the Wales LCF closure to HMRC in June 2020. This report provided HMRC with a final position regarding the closure of the LCF in Wales and included a summary of the actions ENTRUST took in 2019/2020 to deliver its aims, along with details of any actions taken in early 2020/2021.

All projects based in Wales were reported as completed by 31 March 2020 and all EBs in Wales with remaining funds reported their funds as spent at 31 March 2020. A small number of EBs were subject to compliance scrutiny by ENTRUST in 2020/2021 to ensure that the expenditure was validated.

Following our experience of the closure of the scheme in Scotland, ENTRUST previously proposed and HMRC agreed that all EBs based in Wales who remained enrolled at 31 March 2020 would have their enrolment automatically ceased, unless an EB informed ENTRUST by 30 September 2019 of their intention to continue to operate in England and/or Northern Ireland. 11 EBs based in Wales requested voluntary revocation prior to 31 March 2020 and this was approved by the ENTRUST Board in June 2020. None of the 69 EBs based in Wales which remained enrolled on 31 March 2020 stated an intention to continue to operate in England and/or Northern Ireland and therefore, following a final compliance review of the activities of the EBs, their enrolment was automatically ceased in September 2020. The list of 69 EBs who had automatic cessation of enrolment was published on the ENTRUST website.

Scheme closure in Wales 2020-2023 Corporate Plan actions

To support the closure of the LCF in Wales we have completed the following actions:

- In June 2020 we provided HMRC with a report on the closure of the LCF in Wales. A summary version of this report was published on the ENTRUST website in September 2020; and
- We completed the voluntary revocations from the scheme for those EBs based in Wales who met the requirements.

Progress against measures set in 2020-2023 Corporate Plan

- We reduced the reported value of remaining LCF funds in Wales from £800,000 at 31 March 2019 to nil at 31 March 2020. All funds were spent compliantly on projects;
- In September 2020 we completed the auto cessation of enrolment for all Welsh EBs remaining in the scheme.



Brandon Reach Gates

Photo courtesy of: Karl Curtis, Warwickshire Wildlife Trust, project funded by FCC Communities Foundation

Restoring Wetland Habitats – New Moss Wood, Woodland Trust

Total Project Cost: £70,498

LCF Support: £50,000

Funder: Enover Community Trust

Completed: April 2020

New Moss Wood is located on the edge of the Greater Manchester conurbation and is a stepping stone site for wildlife.

The project was undertaken with LCF funding from Enover Community Trust, alongside wider project support from other funders.

Previously water drained from the site through an intensive network of drains and ditches, resulting in dry habitats and so a 'plygene sheet' and dams were installed to retain water and re-wet the peat. The new ponds, scrapes and peat bog area have quickly revegetated. The project aims to enhance the site for local wildlife, including creating suitable habitat for water vole and willow tit.

The site will also have a range of improvements for visitors including resurfacing the car park, new information panels, a nature trail and natural play features.



Angela Haymonds, Trust Secretary of Enover Community Trust said:

“Biodiversity projects are a priority for Enover Community Trust and the Trustees were really pleased when the New Moss Wood project was tabled.

Wetlands in particular are an endangered habitat and as well as restoring existing wet woodland, this project involved the creation of new wetland areas and lowland raised peatbog.

The project also engaged directly with volunteers which brings added value on many levels. All in all, a project to be proud of.”

Photos courtesy of: Woodland Trust

4. 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 and advice and guidance to EBs and effective levels of assurance to HMRC on the compliant spend of LCF monies by EBs.

Our 2020-2023 Corporate Plan acknowledged that whilst we continually seek methods to improve and increase our regulatory assurance to HMRC, we do so whilst minimising our resource requirement. ENTRUST's Board considers that ENTRUST's organisational structure reflected the core level of Staffing that is required 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. In 2020/2021, to utilise our Staff most effectively, we continued to ensure that Staff were multi-skilled across teams – developing a cross-skilled organisation, which can share resources and Staff members across teams, for example Inspectors being able to undertake Registrations work to increase our business resilience and flexibility in our business models.

In accordance with the Government's advice and guidance in relation to the COVID-19 pandemic, ENTRUST moved to a homeworking-based model and only those individuals who could not work from home, or who had a genuine business need to attend ENTRUST's office, attended the office during the year. As a 24/7 e-enabled business, ENTRUST had already developed and tested a full Business Continuity Plan (BCP), which facilitated Staff working at home during the pandemic. The implementation of this Plan therefore had a negligible impact on ENTRUST's overall capability and ability to deliver our Corporate Plan and recognised Service Standards. We also consider that the positive feedback that we have received from our Stakeholders provides independent feedback of the success of our BCP.

As a responsible employer, ENTRUST considers the mental health and wellbeing of Staff to be vital to the Company's ability to deliver its regulatory obligations and Corporate Plan objectives. In 2020/2021 we continued to make this a priority and have in operation a well-being and fitness strategy that we believe complies with the "Thriving at Work Standards" and which is regularly reviewed and updated. Despite the impact of the pandemic, and the challenges that Staff have faced whilst working from home, we consider that this strategy has supported Staff and provided appropriate resources where necessary.

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.

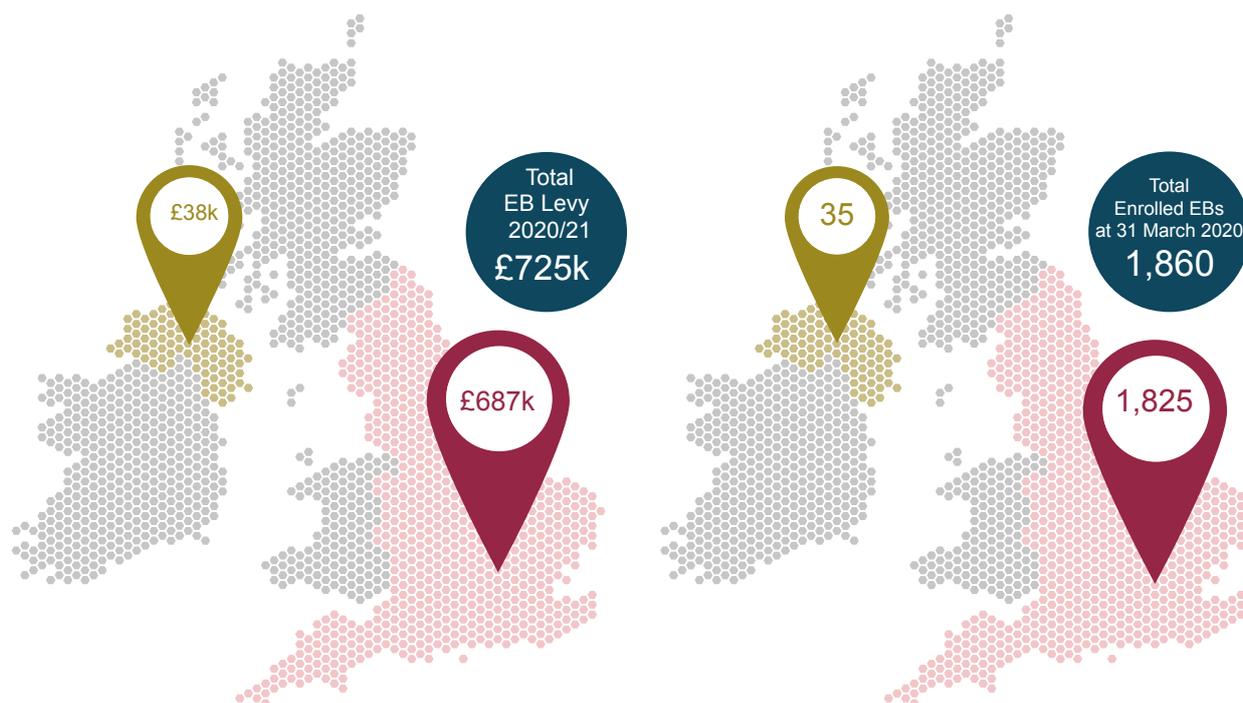
When ENTRUST submitted our resource requirement for 2021/2022, we estimated that our overall income would be reduced during 2020/2021 by £120k. However, due to the ENTRUST/HMRC funding mechanism the surplus income we received in 2019/2020 of £100k meant the net shortfall was a maximum of £20k, which HMRC agreed to fund in 2021/2022. However, at the year end, the actual shortfall was higher at £136.6k (net shortfall of £36.6k). ENTRUST and HMRC have previously agreed that should the yearly contributions be below the agreed annual funding settlement, the reduced income will be offset against previous years surplus with any balance to be recovered against ENTRUST's future funding requirements.

Our reported operating deficit after interest and taxation for 2020/2021 is – £74k (2019/2020: surplus of £150k). The following table provides a more detailed breakdown of our financial position for the year:

| | 2019/2020 £'000 | 2020/2021 £'000 |
|--|--------------------|--------------------|
| Turnover | 1,206 | 1,003 |
| Cost of regulatory activity | (1,073) | (1,085) |
| Operating surplus/(deficit) | 133 | (82) |
| Interest less taxation | 17 | 8 |
| Operating surplus/(deficit) after taxation | 150 | (74) |

It is important to note that the principal cause for the operating (deficit) after taxation reported for 2020/2021 was the reduced levy fee income arising from the contributions reported to ENTRUST being below the expected amount when the funding was agreed with HMRC due to the COVID-19 pandemic which led to less refuse being sent to landfill with trading businesses being largely shutdown.

Breakdown of LCF by EB country (as at 31 March 2021)



Cyber security and complying with Data Protection

In 2020/2021, we ensured that we maintain our compliance with the rigorous statutory obligations to protect our Stakeholders' data. This included maintaining compliance with the Data Protection Act 2018 (DPA 2018) which until 31 December 2021 incorporated the European Union (EU) General Data Protection Regulation (EU GDPR), and from 1 January 2021 incorporates the UK GDPR and the Privacy and Electronic Communications Regulations (PECR). Following the end of the UK-EU withdrawal period, in January 2021 we updated ENTRUST's Privacy Policies to reflect the change from EU GDPR to UK GDPR. This was published on the ENTRUST website in January 2021.

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 Landfill Tax 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, we consider it essential to have adequate internal controls in operation to mitigate our risk of exposure to a cyber security attack. In 2020/2021 we continued to undertake the following measures to mitigate the risk of a cyberattack on our systems by:

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

HMRC key performance indicators

| Target | | Target Value | Actual | Target met |
|----------|---|--------------------------------------|--|---|
| 1 | Standards of service delivery | | | |
| 1.1 | Approve 98 per cent of eligible applications to enrol as an EB within five working days. | 98% (applications to enrol as an EB) | 100% |  |
| 1.2 | Approve 98 per cent of eligible project applications within five working days. | 98% (project applications) | 99% |  |
| 1.3 | Undertake a customer satisfaction survey by 31 August 2020. Use the findings to improve EBs' level of satisfaction with our services with identified improvements included in an action plan developed by 31 December 2020. | 31 August 2020 | Our annual EB satisfaction survey closed in August 2020 and the findings were published in September 2020. An action plan was published in September 2020 and has been implemented throughout the year. |  |
| 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. | Agreed reporting schedule | All due dates were met |  |
| 3 | Compliance with the Regulations | | | |
| 3.1 | During the 2020/2021 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. | One third of active EBs | 187 EBs were inspected, meeting the KPI target to inspect a third of active EBs. |  |
| 3.2 | Ensure that 99 per cent of LCF funds are reported through the Statutory Annual Return (Form 4) by the due date of 28 April 2020. | 99% | 99.9% of funds were reported by 28 April 2020. |  |
| 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 2020/2021. | 100% | 100%* |  |
| 4.2 | Publish 2019/2020 benchmarking data for EBs by 30 June 2020. | 30 June 2020 | EB Benchmarking Data was published on 29 June 2020. |  |
| 5 | Report to HMRC by 31 July 2020 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. | | Submitted the Priority Regulatory Improvement report to HMRC on 20 July 2020. Conducted 187 targeted compliance inspections. |  |

* includes those supported to complete electronic returns via email, as well as those completed directly online

The Board and our Committees

Our Board sets the strategic direction of the Company and our objectives each year.

The ENTRUST Board April 2020 – March 2021

Non Executive Directors

Chair: Dr Ann G Limb CBE DL

Jon Carlton

Anna East

Gerry McCormack

Justin McCracken

Executive Director

Chief Executive: Christopher Welford

Our Board is also observed by a representative from HMRC.

Committees

In addition to the board we also have three sub committees of the Board to steer the direction of the organisation and provide governance.

General purposes

The general purposes committee meets as and when required, and met four times during the last financial year. The committee comprises all of the Company's Board members.

Audit

Chair: Gerry McCormack

Jon Carlton

Dr Ann G Limb CBE DL

Human resources and remuneration

Chair: Anna East

Dr Ann G Limb CBE DL

Justin McCracken

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



*All Board and Committee meetings in 2020/2021 were held by conference call/video conferencing.



ENTRUST

Regulating the Landfill Communities Fund
Benefiting people and the environment

www.entrust.org.uk



Waverton BMX Track

Photo courtesy of: Waverton Village, project funded by FCC Communities Foundation