



**Regulating the Landfill Communities Fund  
Benefiting people and the environment**

# **2022 – 2023 ANNUAL REPORT**







**Boyton Marshes wetland expansion, Suffolk, funded by Valencia Communities Fund**

# What is ENTRUST?

Entrust is the regulator of the Landfill Communities Fund (LCF), a unique tax credit scheme that enables Landfill Operators (LOs) to contribute money to registered Environmental Bodies (EBs). These EBs then distribute the funds to environmental and community projects in the surrounding areas that meet the objectives of the Landfill Tax Regulations 1996 (Regulations).

The primary objective of the LCF is to offset some of the impacts that landfill sites have on local communities. Since its inception in 1996, the scheme has supported more than 62,000 projects with a total value of over £1.7 billion — making it one of the most successful environmental tax credit programmes in operation.

Entrust, as the regulator of the scheme, works diligently to ensure that the fund is administered with fairness and transparency and that funding is spent in compliance with the Regulations. We are responsible for overseeing the activities of the EBs and ensuring that they successfully deliver projects approved by Entrust. It is important to note, however, that we do not directly allocate, or influence the distribution of LCF funds.

## Our aim

We strive to be an independent, credible, and professional, regulatory authority, ensuring fair treatment for all stakeholders. We are dedicated to improving the comprehension and awareness of our stakeholders with regards to the regulatory responsibilities we fulfil and the broader influence and Value for Money (VfM) delivered by the scheme.

## 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 disposed 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 an LO, these not-for-profit organisations must become enrolled with Entrust as EBs.

The Regulations prescribe the following approved objectives:

### Landfill Communities Fund Objects

There are five main areas of work (Objects') that qualify for funding under the LCF

<b>Object A</b>	The reclamation, remediation or restoration of land which cannot currently be used
<b>Object B</b>	The prevention of potential for pollution or the remediation of the effects of pollution
<b>Object D</b>	The provision, maintenance or improvement of a public park or another public amenity
<b>Object DA</b>	The conservation of a natural habitat or of a species in its natural habitat
<b>Object E</b>	The restoration of a place of religious worship or of historic or architectural interest

Front cover images (clockwise from top left): Streetly Tennis Club floodlight upgrade, funded by Enovert Community Trust; Refurbishment of Artificial Turf Pitch & Floodlighting at Slazenger Sports and Social Club, funded by Veolia Environmental Trust; St Peter's Parish Church restoration, funded by Valencia Communities Fund; Willsbridge Mill Community Refresh CIC, funded by Enovert Community Trust.

# CHAIR'S OVERVIEW



**Antony Townsend**  
Chair, Entrust

Since I took up this role at the beginning of 2023, I have been learning about the remarkable track record of the Landfill Communities Fund (LCF). Over its 26-year history, the Fund has worked with 4,100 enrolled organisations, Landfill Operators (LOs), and HMRC to successfully deliver approximately 62,000 community projects, surpassing a total value of £1.7 billion.

This is an impressive record, and one which Entrust's Board is determined to develop further. Taking all this into account, I would like to extend my gratitude to my predecessor, Dame Anne Limb, for her valuable contribution and leadership of Entrust's Board since 2014.

As local communities grapple with increasing challenges—from rising living costs to escalating environmental concerns—it remains vital that the LCF continues to support and deliver a wide range of community and environmental benefits across England and Northern Ireland. From much needed sports facilities and playgrounds, to environmental improvement and biodiversity schemes, the collaborative efforts between LCF stakeholders

(including local projects, Environmental Bodies (EBs), LOs, Entrust and Government) have been shown to yield consistently positive results.

To help bolster this initiative, the team at Entrust have developed the Economic, Community Environmental, Impact Model (ECEIM) over the current reporting period. This model utilises a range of qualitative and quantitative data to help us better understand the scheme's impact on people's lives and the value it provides.

Based on the feedback received, we are pleased to see that the ECEIM has been well-received. We hope it will encourage funders and projects to maximise the Fund's benefits, particularly for harder-to-reach communities. It is worth noting, however, that 99% of LCF projects are already making positive contributions to community life and/or the environment, with 81% promoting diversity.

Crucial to our work is our continuing partnership with EBs who help deliver projects. We are pleased to report positive feedback from our annual EB satisfaction survey, with an overall satisfaction level of 76 percent. However, it is important to acknowledge that the regulatory framework has remained largely unchanged since the establishment of the LCF in the 1990s. To uphold our commitment to continuous improvement, we have been conducting research on the Fund's operations and identified several areas of potential duplication within the current LCF lifecycle. Addressing these will help us enhance the efficiency of the scheme and, in the coming year, we will collaborate with our partners to explore how this can be done in a way that maximises the scheme's potential for benefiting communities and the environment.

All these accomplishments would not have been possible without the dedication and enthusiasm of Entrust's most significant resource—our committed team. I have been impressed by their passion and unwavering commitment, and look forward to working with them and all our partners over the coming year.

Lastly, on behalf of the Board and Staff and I wanted to record the sad passing of one of our Board member's Clive Lewis, who left us on 25 May 2023. Clive was a valued and dedicated member of our team. His commitment, dedication, and the professional skills and knowledge he brought to the Company will be sorely missed. We extend our deepest sympathies to Clive's family and loved ones.

A handwritten signature in black ink, appearing to read 'Antony Townsend'.

# CHIEF EXECUTIVE'S OPERATIONAL REVIEW



**Christopher Welford**  
**Chief Executive,**  
**ENTRUST**

During the reporting period, we remained committed to implementing our 2021-2024 Corporate Plan, even as we transitioned from the 'lighter touch' regulatory approach, which was initially implemented in response to the pandemic, back into a stronger and more robust regulatory strategy. Across the last twelve months we have remained committed to our "coaching to compliance" ethos, fostering robust relationships with our EBs through transparent communication, frequent meetings, and customised training sessions

Building upon our previous assurance work, we identified several compliance issues among EBs regarding adherence to the Regulations. We promptly communicated these issues to HMRC and put forward recommendations to address them. We're currently taking proactive steps to mitigate such occurrences in the future, such as providing comprehensive training on best due diligence practices, updating our Guidance Manual and training materials, and reviewing our compliance and reporting frameworks to ensure their ongoing relevance and effectiveness

Running parallel to our commitment to continuous improvement, we continued to focus on ensuring two of HMRC'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

As per HMRC Key Performance Indicator (KPI) 3.2, we ensured that 99 percent of LCF funds are accounted for and reported through the Statutory Annual Returns (Form 4) by the deadline of 28th April each year. I am pleased to report that we surpassed this KPI by ensuring that 100% of funds held by EBs at the end of the year were reported to Entrust within the designated timeframe.

Based on discussions throughout the current reporting period, we noted that some project applications that we received did not fully comply with the Regulations, for example, projects being focused on specific user groups rather than the general public. We intend to work with HMRC to develop appropriate solutions to these issues, while also recognising that the LCF's overarching aim is to support the wider community.

As a regulator of local community and environmental projects, we understand the importance of continually improving our environmental performance. In light of this, we introduced Streamlined Carbon reporting requirements in 2022/2023, and in 2023/2024, we plan to further reduce our Carbon footprint.

Lastly, I look forward to working together with all our stakeholders in the upcoming year, continuing to ensure that LCF funds are spent compliantly on projects that bring benefits to local communities and the broader environment.

A handwritten signature in black ink, appearing to read 'Chris Welford', written in a cursive style.



**In our 2021-2024 Corporate Plan we set out the following key areas of work:**

1. Registrations;
2. Advice, Guidance and Training;
3. Compliance;
4. Breach Management (previously known as Enforcement);
5. Regulations;
6. Communications;
7. Delivering Value for Money (VfM) of the LCF;
8. Measuring satisfaction;
9. Organisation; and
10. Key outcomes

**This review sets out our achievements and impact in each of these areas in the past year.**



**The Folk of Gloucester Level Access Scheme, funded by Enovet Community Trust**

# 1. Registration

Our Registration function serves as the initial point of contact for accessing our regulatory services. This includes handling phone calls and emails through our Helpline, as well as enrolling organisations as EBs and registering project applications.

In fulfilling these objectives, we maintained the enrolment of eligible organisations as EBs and ensured the registration of compliant projects within five working days. We also upheld the robustness and transparency of our Registration process, aligning it with our overarching goal of providing independent assurance to HMRC. This assurance verifies that LCF funds are spent in compliance with the Regulations and Entrust's guidance.

## Enrolment of EBs

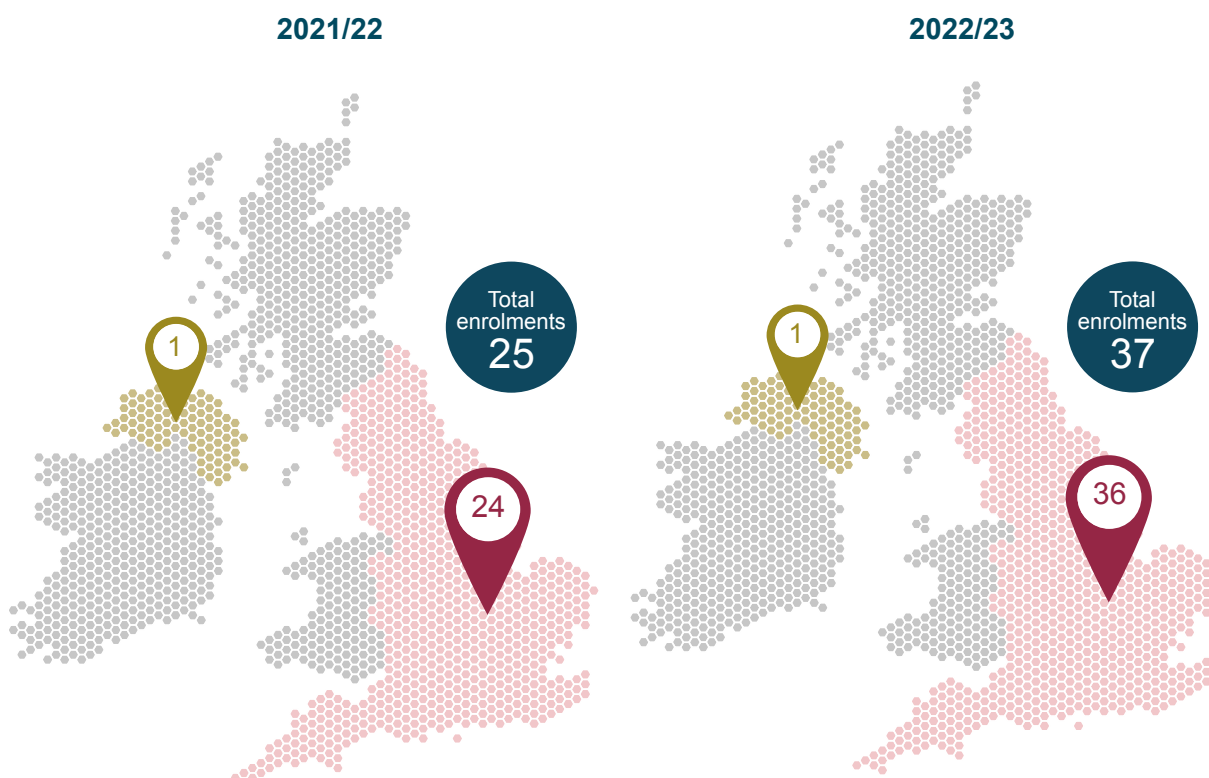
The majority of funding EBs do not require project applicants to enrol with Entrust, resulting in many organisations receiving funding from the LCF without enrolling as EBs.

However, in the year 2022/2023, the number of organisations enrolling with Entrust increased to 37, compared to 25 in the previous year. We have observed that the enrolment of EBs in the LCF is influenced by the funding practices of a major EB that mandates organisations to enrol with Entrust. Consequently, this determines the volume of enrolment applications received by Entrust. In the current reporting period, 31 out of the 37 enrolments were submitted with this primary project funder as the source of funding.

As an innovative regulator, we are committed to ensuring that we adopt a proactive approach across the business. Specifically, regarding enrolments, this takes the form of providing a tailored service to EBs, ensuring a smooth application process and minimising administrative burdens for them.

To ensure the continuation of a responsive, flexible, and agile enrolment process, we always aim to identify any opportunities to further enhance the enrolment process so that it is as straightforward and streamlined as possible for EBs. At the same time, we strive to mitigate any risks posed by new organisations, which enrol in the LCF with the aim of ensuring their compliance with the Regulations.

During 2022/2023, we reviewed our risk appetite to ensure that we identify and take appropriate action to mitigate any potential risks of LCF funding not being spent compliantly. We also reviewed and updated all associated guides which are provided on the Entrust website.





## Project Applicants

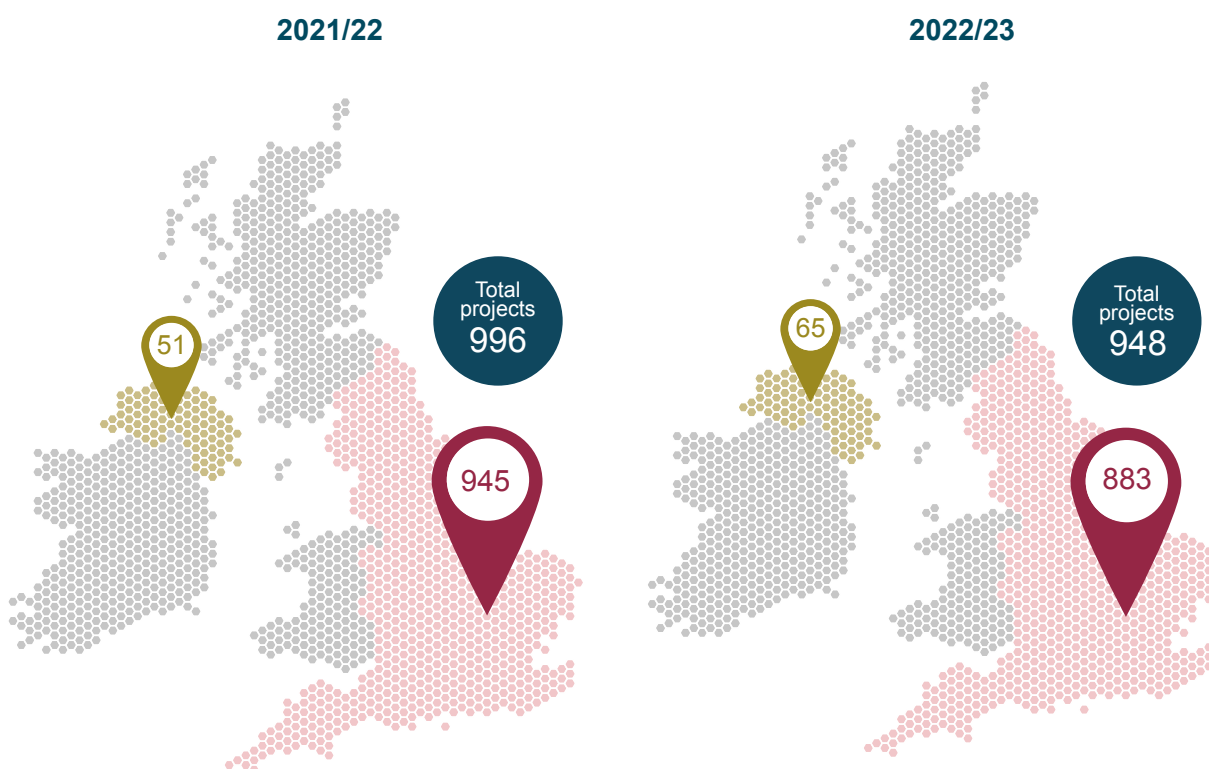
We maintain our commitment to approving projects within five working days, provided that accurate, complete, and correct information is provided. Our Registration function remains focused on effective regulation by thoroughly assessing project applications for compliance with the Regulations at the registration stage. This assessment process supports our overall compliance assurance work. Our dedicated Registrations Team evaluates every project application against a control framework to ensure adherence to the Regulations and Entrust's guidance.

During the reporting period, following an internal review of our processes, we updated our project approval process to:

- Provide Stakeholders with increased clarity of our assessment process to ensure that when submitting a project application, they are aware of the requirements they need to comply with in order for it to be approved; and
- Provide a more robust scrutiny process to ensure that the individual elements of a project comply with the Regulations, in order to mitigate the risk that a project is not compliant when it is completed.

To ensure our guidance is up to date and fit for purpose, we have also reviewed and updated all associated guides which are provided on the Entrust website.

During 2022/2023, a total of 948 projects were registered, which is a decrease of 52 projects (5.2 per cent) compared to the previous year. Notably, we achieved exceptional performance by surpassing our Registrations' KPI (approving 100 percent of projects within the targeted timeframe of five working days). The KPI target was set at 98 percent, indicating our commitment to efficient and timely project approval processes:



# Alice Cross Centre

**Total Project Cost: £51,422**

**LCF Support: £48,000**

**Funder: Valencia Communities Fund**

**Completed: May 2023**

The Alice Cross Centre in Teignmouth, UK, recently renovated its kitchen with the help of a £48,000 grant from the Landfill Communities Fund, through Valencia Communities Fund.

The centre provides food services to older and vulnerable people in the community, and the upgraded facilities have allowed it to expand its meal delivery service, offer a more varied menu and subsidised lunches, and host more attendees at its events.

The project included installing new equipment, appliances, and fixtures, as well as updating the electrical and plumbing systems. Following the completion of the new kitchen, the centre hosted a celebratory opening ceremony, with special guests Eric Crocker and Mayor of Teignmouth, Iain Palmer, cutting the ribbon and officially inaugurating the facility.



Jackie O'Brien, General Manager said:

"We couldn't have achieved this without the £48,000 funding we received from Valencia Communities Trust. We are extremely grateful they selected our project to support, which attests to the value of the food services we provide to the local community."





## 2. Advice, Guidance and Training

Throughout the reporting period, we consistently provided comprehensive guidance and training materials to assist EBs in understanding their obligations. In addition, we offered personalised advice and guidance through various communication channels, catering to the specific needs of each EB. Our approach is designed to ensure that EBs receive tailored support whenever they require it, empowering them to fulfil their responsibilities effectively.

### Enquiry handling

Our approach to handling enquiries consistently receives positive feedback, as evident from the EB Satisfaction Survey and monthly helpline satisfaction survey. Taken together, these surveys allow us to promptly address any concerns raised and work with the respondents to resolve issues. From April 2022 to March 2023, 97 percent of survey respondents reported receiving a response to their query within 24 hours (an increase of 2 percent on the previous year). Additionally, 100 percent of respondents expressed satisfaction or high satisfaction with the handling of their query (an increase of 9 percent on the previous year), and 99 percent reported a positive or highly positive experience with our helpline service (an increase of 7 percent on the previous year).

For the Statutory Annual Return (Form 4) reporting period in 2022/2023, we continued our enquiry handling strategy. This strategy was developed in 2020 in response to the pandemic and aimed to support EBs in completing their returns, such as through the use of a dedicated Form 4 Annual Return email address and Helpline.

### Information, advice and guidance

Our Guidance Manual plays a vital role in assisting EBs in complying with the Regulations. We value the input of all stakeholders in the process of reviewing and updating the Guidance Manual, as their feedback provides us with valuable insights to develop clear and consistent guidance that is easily understood by all users.

To this end, we updated the Guidance Manual in January 2023 to clarify several areas, including enrolment criteria, proportionate registration, project costs and expenditure, Contributing Third Parties (CTPs), LCF branding and Income Derived (ID). We also reformatted parts of the Manual to improve accessibility.

Beyond the Guidance Manual, however, we continued to guide EBs towards compliance through various other means, including virtual meetings, compliance inspections (both virtual and face-to-face), telephone calls, and emails. The impact of these approaches was assessed through regular reviews of quarterly compliance and breach management activities. This monitoring process allows us to identify any recurring patterns or emerging themes related to EBs' non-compliance with the Regulations and Entrust's guidance.

The feedback we receive informs our strategic thinking, guiding the production of training guides and helping us allocate resources effectively. For instance, we recognise that some EBs' failure to maintain accurate information on Entrust Online (EOL), such as governing member details, increases the administrative burden on Entrust. To address this issue, we have begun to emphasise the importance of maintaining up-to-date information on EOL in our communications.

### Training

As an open, flexible, and transparent regulator, we believe it is important to provide EBs and other stakeholders with the opportunity to visit Entrust, interact with our staff, and engage in open discussions. This allows them to raise concerns, ask questions, and seek guidance. Our commitment to fostering compliance through coaching informs the development of our training strategy.

Since March 2014, we have implemented an annual training programme for EBs, with a specific emphasis on delivering VFM. This programme aligns with the following objectives:

- Providing comprehensive induction and training to support EBs in complying with the Regulations through continuous coaching;
- Facilitating efficient and effective project delivery by granting access to knowledge and understanding of the Regulations through various guidance materials and resources;.

- Encouraging EBs to enhance their operational frameworks by facilitating networking opportunities and sharing best practices on compliance and risk management with other EBs; and
- Expanding accessibility to our training offerings and ensuring cost-effective delivery solutions that cater to the diverse needs of individuals within our target groups.
- Our primary goal is to maintain a consistent low cost per delegate and cost per access in our training programme, while extending its reach and maintaining high levels of positive feedback. We believe this approach enhances EBs compliance with the Regulations and HMRC/Entrust's guidance. In line with our training targets for the year, we achieved the following results:

	2022/2023 Target	2022/2023 Actual	Met
Cost per delegate attending a training event	£15	£7.75	✓
Feedback scores	4.5	4.7	✓
Is the information on the ENTRUST website useful	95%	97%	✓
Training event feedback form: Recommend event to a colleague	95%	100%	✓

We have curated a comprehensive collection of training resources and “How to” guides on our website to support EBs in complying with the Regulations and Entrust's guidance. These documents serve as a valuable 24/7 resource for stakeholders, offering guidance on utilising Entrust Online (EOL) for specific functions (via “How To” guides) and providing tools for smooth transitions between contacts and additional information to enhance EB understanding of their obligations (such as “Reporting and Record Keeping responsibilities”). Moreover, these guides consistently receive positive feedback through survey responses, reflecting their effectiveness and value to stakeholders.

In terms of training effectiveness, we received an average feedback score of 4.7 for the year 2022/2023, surpassing our target of 4.5. This achievement demonstrates the high level of satisfaction among participants and highlights the success of our training initiatives.

You can read the review of our [2022/2023 Training Strategy on our website](#), including feedback from attendees.





### 3. Compliance

As mandated by Regulation 34 (1) (i), it is our responsibility to verify, through records, documents, and information held by EBs, that the qualifying contributions they receive have been utilised solely in accordance with the Regulations and the EB's approved objectives. Furthermore, under paragraph 8 of the Entrust/HMRC Terms of Approval (TOA), we are also required to provide HMRC with independent assurance that all LCF funds have been spent in compliance with the regulations.

To meet these legal requirements, we deliver an annual schedule of targeted risk-based compliance inspections of EBs and project sites. This schedule ensures that at least one-third of active EBs are inspected to monitor compliant expenditure based on the KPIs agreed with HMRC. In the 2022/2023 period, a total of 211 compliance reviews were undertaken (2021/2022: 208 reviews). While a large proportion of these were on-site, we also continued to use virtual and Desk Top Reviews (DTR) where appropriate to minimise costs and ensure resources were directed towards the highest risk areas in line with the KPI set by HMRC.

Additionally, apart from the annual inspection programme, we conduct inspections of EBs that request voluntary revocation from the scheme. These inspections are carried out to ensure accurate accounting of all funds and fulfilment of statutory reporting requirements before approving an EB's revocation. Furthermore, we conduct an annual review of Annual Return submissions to ensure compliance with statutory reporting obligations and the accuracy of data reported by EBs.

#### Monitoring of levels of EB administration costs

Administration costs, as defined in Regulation 30 (1), encompass expenses incurred in the management and administration of an EB or its assets. HMRC has set a strategic priority objective for the management of the LCF, specifying that the level of administration costs incurred by EBs should be at or below 7.5 percent of their annual project expenditure.

As part of our commitment to support HMRC in achieving this objective, we have established a framework to scrutinise, monitor, and intervene appropriately to ensure EBs comply with the administration cost requirement. This framework was formalised and enhanced in 2018/2019, and subsequently reviewed and updated in 2020/2021. At the sector level, this target continues to be met.

In our monitoring of EBs' adherence to the Government's Reform of the LCF, Entrust provided a report to HMRC in July 2022, detailing the value of LCF funds spent by EBs on administration costs during 2021/2022. The report identified that the 'administration costs to project expenditure ratio remained below the 7.5 per cent guidance level'.

For 2022/2023 the ratio has increased marginally to 6.55 per cent (from 5.80 per cent in 2021/2022).

The value of administration costs incurred by EBs increased from £2.27 million in 2021/2022 to £2.31 million in 2022/2023. The number of EBs incurring administration costs greater than £100 decreased from 38 in 2021/2022 to 33 in 2022/2023.

9 EBs reported administration costs exceeding the guidance level, representing a decrease compared to the 11 EBs in the previous year (2021/2022). A full report on the 2022/2023 Administration Costs will be submitted to HMRC by 15 July 2023, as per the agreed reporting schedule.

#### Reducing the level of unspent funds

Unspent funds refer to LCF funds held by EBs at the end of each reporting period. EBs are required to disclose in their Statutory Annual Return whether these funds are committed to projects, retained for winding up, or categorised as uncommitted. As part of the strategic objectives for LCF management, HMRC aims to reduce the overall value of unspent funds held by EBs year by year. Based on our regulatory experience with the Fund, Entrust suggests that individual EBs should ideally maintain a funding level between 12 and 18 months, serving as a benchmark, and it should not exceed 1.5 times the EB's income (including contributions and transfers) received in a year.

To support HMRC in achieving this objective, we formalised our monitoring framework during 2018/2019 to assess EBs' performance and implemented interventions, where appropriate, to encourage compliance with our guidance. We have continually reviewed and updated our approach to ensure effective oversight and management.

In the 2022/2023 period, the Sector remained below the unspent funds guidance level, with EBs holding 1.13 times their income received in the year. This represents a decrease from the 1.27 level recorded in 2021/2022. We continued to closely monitor and analyse the value of funds held by EBs, as well as the amounts committed and uncommitted to projects.

During the year, we worked with those EBs which had exceeded the guidance level to ensure they worked towards compliance with HMRC'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 2022/2023, and;
- Scheduled a compliance review of each EB during 2022/2023.

## Inspection and review process

The 2022/2023 programme was designed with the objective of maximising the assurance that Entrust can provide to HMRC, while making the most of available resources and delivering more efficiently. The programme aligns with HMRC's Strategic Priorities for the management of the LCF and ensures compliance with the KPI set by HMRC for inspecting at least one third of active EBs. It also reflects HMRC's focus on risk and issues.

Entrust's inspection and review process is based on the EB Risk Model, which assigns individual risk scores to EBs using key risk indicators derived from the information stored on the Entrust Online (EOL) platform. This enables us to allocate our resources effectively, targeting the key risks and requirements of the LCF scheme. We aim to leverage existing data and minimise the additional documentation required from EBs.

The EB Risk Model, including the key risk indicators, is published on the Compliance Process page of our website and undergoes an annual review to ensure its alignment with current regulatory issues and emerging findings from our compliance work.

Key risk indicators used to calculate an EB's risk score include factors such as the amount of LCF funding received, unspent funds, number of completed projects, submission of statutory reports to Entrust, and previous instances of non-compliance.

Based on our review of compliance issues from previous inspection programmes, we have identified that conducting more physical inspections at project sites enhances our ability to obtain higher levels of assurance and address non-compliance issues within the LCF scheme. To achieve this, we expanded our Project Site Visits (PSV) programme during 2022/2023, allowing us to efficiently target site visits to projects with the highest risk.

The Project Risk Model follows a similar format and principles as the EB Risk Model. It assigns individual risk scores to projects based on key risk indicators derived from the data available on EOL. These risk scores are continuously updated in real-time based on EBs' project activities.

The project's risk score is determined by various key risk indicators, including:

- Value of LCF expenditure;
- Creation of assets;
- Nature and type of project being delivered;
- Experience of the EB in delivering the project; and
- Number of extension requests.

In 2022/2023, we carried out our review process using a combination of virtual methods and, when feasible, physical site visits. This approach involved conducting virtual desktop reviews, which we believe to be an efficient and effective ongoing inspection mechanism.

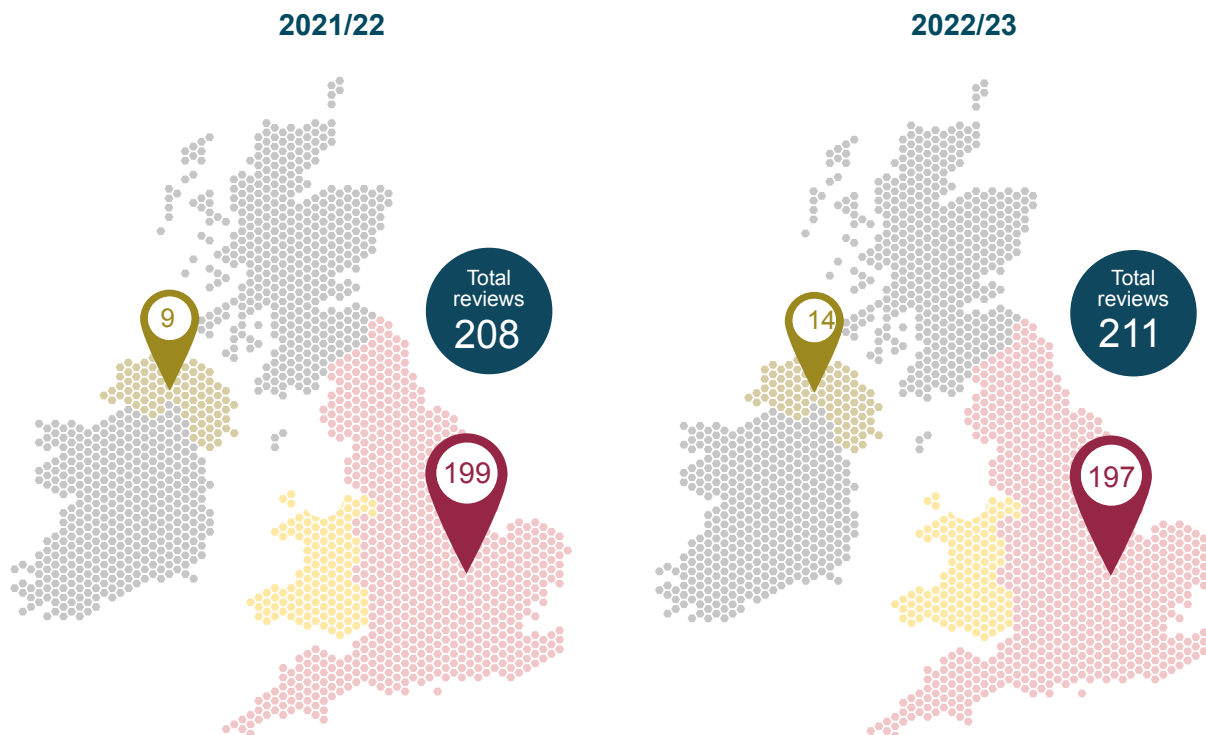


## Compliance reviews in 2022/2023

The Compliance Team had one key performance indicator (KPI) agreed with HMRC for the 2022/2023 period:

“To monitor compliant spend, focus on areas of highest risk based on previous non-compliance, risks identified through the Risk Model, and issues identified during the year by inspecting at least one third of active Environmental Bodies (EBs).”

During this period, a total of 211 compliance reviews were undertaken, surpassing the previous year's figure of 208. Among these reviews, 81 were Project Site Visits (PSVs). The findings from our compliance reviews are regularly published on our website on a quarterly basis.



## Compliance satisfaction survey

After each compliance review, we provide a link to the online compliance satisfaction questionnaire along with the final compliance report. During 2022/2023, the Compliance Team received an overall satisfaction score of 4.5 out of 5.0 for the compliance process.

We consider that through clear and open communication, we can ensure that EBs understand the scope and remit of our assurance work and the reason why they are being subject to compliance activity. We will also strive to ensure that EBs are well-informed about our Breach Management Framework and its connection to compliance inspections. Taken together, these steps will enable us to identify and address any issues promptly, preventing them from escalating into more significant concerns, and reducing the potential for confusion and frustration among EBs.

## Contributing Third Party (CTP) payments

Since the 2016 Reform of the LCF, HMRC expects LOs to absorb some or all of this 10 percent shortfall on their own. However, if an LO requires the full 10 percent shortfall to be covered by the tax credit, the funding EBs need to request project applicants to make a CTP payment exceeding 10 percent. This is done to compensate for the portion of contributions used to cover Entrust levy payments and EB administration costs, which cannot be used to generate CTP funds....

This practice is closely monitored through the compliance inspection process, and we provide information on CTP requirements in our benchmarking reports. In 2022/2023, we continued to monitor CTP requests using Form 3 LO contribution data, Form 9 project completion data, and through compliance inspections.

From the results of this review work, we identified that 48%(25) of LO's making contributions in 2022/2023 requested a CTPs of 10% and 40% (16) of LO's did not request any thereby making a contribution to the LCF. The remaining 12% (3) of LOs requested CTP's of between 6% to 9% [figures based on 2022/2023 benchmark analysis (Benchmark 4B)].

## Publishing non-compliance

Entrust is fully committed to the principles of 'Better Regulation'. As part of our "coaching to compliance" ethos and to support EBs in meeting their obligations under the Regulations, we continued to publish quarterly summaries of our compliance findings and the corrective actions taken by EBs, along with a summary of our breach management activities. These summaries include:

### Compliance findings

- Breakdown of the number of recommendations made during the year to date;
- Analysis of the recommendations raised;
- Summary of the findings; and
- Guidance on how corrections can be made by EBs.

### Breach management findings

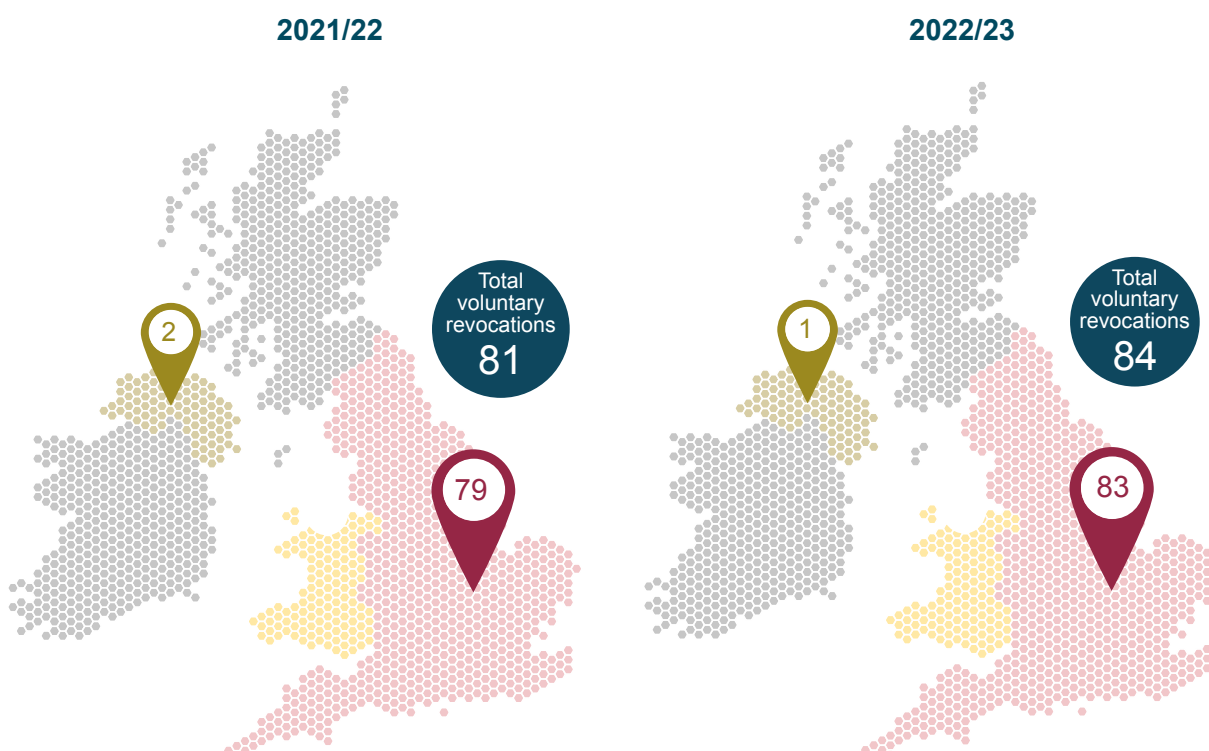
- Late statutory reporting of contribution notifications from LOs;
- Late statutory reporting of transfers to EBs;
- Late levy payments;
- Project expenditure outside of the prescribed period;
- Anonymised details of breach management cases; and
- Number of EBs frozen for failure to submit a Statutory Annual Return.

In our quarterly e-Newsletter, we also highlight the findings and recommendations from compliance inspections and reviews, and provide links to relevant resources to help EBs maintain compliance. Any common issues of non-compliance identified are incorporated into our training processes and resources, ensuring that EBs have the necessary information to achieve compliance. The full 2022/2023 [Compliance and Breach Management Findings report can be accessed on our website.](#)

## Voluntary Revocations

In the 2022/2023 reporting period, 94 EBs requested voluntary revocation and following a compliance review, 84 were approved by the Entrust Board. This is a slight increase on the previous year (81). The remaining requests require action by the EBs before they can be recommended for approval to the Entrust Board.

Notably, there was no specific activity during 2022/2023 to encourage EBs to revoke, meaning that the increase cannot be attributed to any particular actions. Figures reveal that there was an increase in EBs which had simply completed their projects and no longer wanted to be enrolled (from 55 to 63). However, the number of unfunded and dissolving EBs decreased from 26 in 2021/2022 to 21 in 2022/2023.





## 4. Breach Management

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 oversees cases of non-compliance through our [Breach Management Framework, which is available on our website](#). We conducted a review and update of this framework, ensuring it remains adaptable, effective, compliant with best practices, and aligned with any statutory requirements. Breach Management Case Activity:

We continued to address non-compliance cases through our casework, collaborating with individual EBs to address a range of identified issues, whether discovered during compliance reviews or reported to us by the EBs themselves.

Throughout 2022/2023, we encountered seven cases that required management, with all seven still subject to proceedings at the end of March 2023, although a number of these are near completion. These cases involved various non-compliant activities, including spending LCF funds on non-LCF-related purposes, failure to continue operation as a public amenity over the monitoring period, incorrect information at registration regarding public access to the facility, and project expenditure being different from what was submitted to Entrust and approved.

In accordance with the policy and procedures we have agreed with HMRC, we refer cases to HMRC where, based on our assurance work, Entrust's Board consider forcible revocation and claw-back are an appropriate sanction. During 2022/2023, there were no cases requiring referral to HMRC.

### Regular Breach Management case activity

We continued to implement the updated Breach Management Framework, which was introduced in 2015/2016, to address any instances of breaches identified in relation to the Regulations. This framework, available on our website, was designed to ensure fairness, transparency, and consistency in Entrust's breach management actions for all organisations found to be in violation of the Regulations.

On a monthly basis, we conducted monitoring activities to track the following issues:

- Late submissions of Form 3, which notify us of contributions received by EBs from LOs;
- Late submissions of Form 7, which notify us of fund transfers between EBs;
- Late payments of levies, where our invoice remains outstanding after notification of a contribution; and
- Expenditure occurring outside the prescribed period, when payments are notified before start date, or after the approved end date of a specific project.

By regularly monitoring these matters, we ensure proper accountability of funds within the LCF scheme and timely identification and rectification of any breaches of the Regulations. In line with the Breach Management Framework, EBs were notified of the necessary actions to address breaches through advice, guidance, warning letters, and final warning letters. Breach management letters were issued to EBs only if the breaches had not already been addressed through the compliance process.

The table below displays the number of letters sent during the financial year 2022/2023 to address regulatory breaches. In cases where an EB had multiple breaches within a month, a single letter was sent covering all breaches to minimise administrative burden:

Regulatory Breach	Advice and Guidance letter	Warning letter	Final Warning letter	Total letters sent for each type of breach
Late Statutory reporting – Form 3 (notification of contribution from LO)	4	3	0	7
Late Statutory reporting – Form 7 (notification of transfer of monies between EBs)	4	3	0	7
Late levy payment	0	0	0	0
Project expenditure outside of the prescribed period	3	0	0	3
Total letters sent	11	6	0	17

## Contributions and Transfers

EBs are required to notify us of contributions they receive through a Contribution form (Form 3) within seven days. In the 2022/2023 reporting period, a total of 198 contributions were reported, but 11 instances were submitted more than seven days after the EB received the contribution. This accounts for 6 percent of the reported contributions, indicating a decrease compared to the 9 percent performance in the previous year.

Similarly, transfers of funds between EBs are notified to us through a Form 7, which also requires submission within seven days of the transfer being made. In the 2022/2023 period, there were 311 transfers between EBs that were reported to us, and out of these, 20 instances were submitted more than seven days after the transfer was made. This represents 6 percent of the transfers, which shows a small increase compared to the performance in the previous year (2021/2022: 5 percent).

## Project expenditure outside the prescribed period

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

Through our communications efforts and breach management activities, we have emphasised the importance of adhering to this condition. In the 2022/2023 period, there were 6 instances of spend outside the prescribed period (compared to 44 instances in 2021/2022). This demonstrates that, overall, EBs have made improvements to their project management processes, resulting in a low number of breaches since the introduction of this condition.

## Publishing Breach Management activity

As an organisation committed to openness and transparency, we regularly publish our recent compliance findings and breach management activity on our website. This information is shared on a quarterly basis through our briefing notes and eNewsletters. Our aim is to provide EBs with the necessary guidance and support to ensure compliance with the regulations. We continuously improve our reports to make them more valuable to EBs, offering insights on common areas of non-compliance and practical advice on how to avoid them. We value feedback from EBs on the usefulness of this information and assess its impact on reducing non-compliance within the sector.



Alice Cross Centre New Kitchen, funded by Valencia Communities Fund



# Projekts MCR

**Total Project Cost: £409,415**

**LCF Support: £252,813**

**Funder: Veolia Environmental Trust**

**Completed: November 2020**

Projekts MCR, a skate park in Manchester, received a LCF grant through Veolia Environmental Trust, which was used to expand the park's facilities and make it more accessible to people from all backgrounds.

The project included the creation of an additional 700m<sup>2</sup> of concrete ramps, the renovation of the existing café area, the addition of extra community space to create more opportunities for people to connect with one another, and a brand-new spectator viewing platform.

Projekts MCR is located within a 2-mile radius of 8 council wards that are among the 10% most deprived in England, including Collyhurst, Miles Platting, Bradford, Ancoats, Ardwick, Longsight, Moss Side, and Hulme.

The park's mission is to use skateboarding to enrich lives and build communities, and the renovations have allowed it to not only expand its capacity but offer extra youth work and educational programmes, ensuring that skateboarding is accessible to everyone in the community – no matter their background or skill level.



John Haines, Projekts Managing Director said:  
“The LCF grant has been a game-changer for us, bringing about a remarkable transformation. The funds have not only allowed us to increase our impact, but also bolstered our financial & environmental sustainability. Overall attendance has grown by 25% to 25,000 visits a year, while crime and antisocial behaviour around the facility – historically, a serious problem – has now stopped.”

## 5. Regulations

Throughout 2022/2023, we actively provided EBs with advice and guidance on the Regulations and the associated conditions. To ensure clarity and understanding, we conducted one minor and one comprehensive review of our Guidance Manual during this period. The Manual serves as a crucial resource, clearly explaining the meaning, interpretation, and specific requirements of the Regulations. We utilised various channels and tools to assist EBs in achieving compliance, with the Guidance Manual playing a pivotal role in this process.

### Consultations

We actively engage in consultation exercises to gather input and insights from EBs, allowing us to understand their perspectives, preferences, and experiences. This inclusive approach enables us to incorporate their feedback into the development of our policies and guidance. As part of this process, we conduct focus groups to facilitate discussions on the content of our consultations, ensuring that EBs' views are considered at every stage.

In the 2022/2023 period, we met and consulted Stakeholders both formally and informally during the year to discuss the application of the Regulations and Entrust's approach on a number of areas, including issues regarding the policy on public access, project registrations developments on innovative projects and equipment purchases.

In 2023/2024 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 also 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.

### Statutory Annual Returns (Form 4)

The completion of Statutory Annual Returns (Form 4) is an essential requirement for EBs, and our performance indicator with HMRC (KPI 3.2) stipulates that 99 percent of LCF funds should be reported through these returns by the deadline of 28th April each year.

Building on the success of our targeted Form 4 email campaigns in recent years, we continued to implement our segmentation strategy for Form 4 communications. This involved tailoring messages and segments for EBs with funds versus EBs without funds. We also adopted a more flexible and adaptable approach to segmenting our email communications—based on whether EBs have started or not started their Statutory Annual Return. This, in turn, allowed us to provide timely reminders about the 28th April deadline and ensure that EBs were fully aware of their obligations and our expectations.

To meet the KPI of achieving 99 percent of funds reported, we also enhanced our end-of-reporting-period email communications—offering one-to-one support through telephone calls to funded EBs who had not yet started their return, based on our records.

In addition, we implemented our mid-year communication plan to ensure that EB information and director details were up to date. This proactive measure helped to prevent outdated records from disrupting the service we provide to stakeholders during the Statutory Annual Return period. Furthermore, we continued to send an additional 'Advice and Guidance letter' to all governing members of "frozen" EBs who had not been in communication with us. This assisted them in staying informed and compliant with the requirement to submit the statutory return each year.

The 2021/2022 reporting period saw 99.9 per cent of the funds held by EBs at the year-end being reported by 28 April 2022. Just three EBs, holding £24,286 of LCF funds, did not return their forms by the due date. However, two of these EBs (with funds totalling £20,539) were at the draft completion stage and having contacted them they advised that they had not pressed the submission button. The remaining EB, with funds totalling £3,746 had failed to start their return. However, all outstanding returns were submitted by 6 May 2022 culminating in 100 per cent of funds reported by this date. We therefore consider that our Strategy was successful in delivering the KPI in 2022/2023.

Furthermore, the return rate for all EBs (funded and non-funded EBs) was 89.5 per cent which is the highest return rate for the Strategy.



Aim	2020/2021	2021/2022	2022/2023
Key Performance Indicator (KP 3.2): Proportion of the value of LCF monies held by EBs by the due date (target 99 per cent)	99.9%	99.9%	99.9%
% of EBs who submitted the Statutory Annual Return (Form 4) by the deadline (28 April)	86.7%	88.5%	89.5%
EBs sent advice and guidance letter regarding failure to submit the Statutory Annual Return	248	145	161

In total, we sent out 161 advice and guidance letters or emails to EBs that had not submitted their returns by the 7 of May 2022. This number is higher than the 145 letters or emails issued in 2021. The letters were addressed to the main contact of each EB and emphasised that failure to complete the outstanding return(s) would result in the EB being frozen within two weeks of receiving the letter. Among these organisations, three had not submitted returns for two consecutive years, which is a decrease from the 17 cases in 2019/2020. Additionally, four organisations had submitted the 2020/2021 Annual Return but were frozen due to their failure to complete the 2019/2020 Annual Return, and the letter was modified to reflect this situation.

Unfortunately, 77 EBs did not comply with this request and had their status frozen, this compared with 65 EBs in 2020. The list of frozen EBs was published on our website and regularly updated throughout the year.

## Entrust Regulator Standards (ERS) assessment

The ERS encompass the regulatory work conducted by Entrust and adhere to the standards outlined in the Regulators' Code. As set out in our 2021/2022 Corporate Plan, we reviewed and updated our standards in 2021 to make sure they continue to reflect best UK regulation practice. The update condensed the 2018 ERS down from 31 to 21 standards as well as consolidating the overall structure to ensure that all standards were up to date and fit for purpose. We believe that this change will enable us to continue publishing an annual self-assessment report that demonstrates how we fulfil our regulatory responsibilities on behalf of HMRC.

In June 2022, we released our first assessment based on the updated ERS. Each aspect of the ERS was thoroughly evaluated, and evidence was provided to support the assessment. The report concluded that all requirements of the ERS were fully met and completed in 2021/2022. The complete report is [available for reference on the Entrust website](#).



Refurbishment at RSPB HQ The Lodge, funded by Grantscape



## 6. Communications

Our communications activities are essential to support our operational and regulatory functions. Through our website, email communications, and training materials, we provide valuable information, advice, and guidance to assist EBs in carrying out their LCF activities. We also offer resources for newcomers to the scheme, helping them assess their compliance with the Regulations. Our funder search feature enables prospective applicants to find potential funders for their projects.

As part of our obligations under the TOA, Entrust is required to publish up-to-date statistics on the operation of the LCF. We make this information available on the statistics page of the Entrust website, which is continuously updated in real time based on data from EOL. This includes the current number of enrolled EBs and the total number of EBs who have received funding from the LCF. Additionally, it provides a cumulative count of the contributions made by LOs to the scheme since its inception (as of May 2023, this amount is £1.93 billion). The page also displays the total number of approved, completed, and ongoing projects within each LCF Object category. This real-time data allows all stakeholders to witness the historical and ongoing impact of the LCF on local communities and the environment. As of May 2023, the LCF has made the following contributions:

### Project expenditure on each approved Object over the life of the LCF (as at May 2023):

Approved Object	Total: life of the LCF
A: Land and remediation	£26,820,918
B: Prevention of pollution	£2,151,746
C: Reduction of waste*	£240,189,652
CC: Recycling of waste*	£4,662,122
D: Public parks and amenities	£1,129,407,746
DA: Biodiversity conservation	£142,402,564
E: Restoration of places of worship and historic buildings	£113,317,109
F: Services to other EBs*	£2,540,032
<b>Totals</b>	<b>£1,661,491,889</b>

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

Throughout 2022/2023, we maintained a variety of traditional communication approaches that have served us well in the past, for example, providing information to EBs via newsletter campaigns, delivering the Form 4 Strategy, conducting the annual EB Satisfaction Survey and analysing its findings. However, we also began to cultivate a social media presence, working to promulgate the LCF brand across wider and more diverse audiences, and generate higher levels of recognition for the scheme.

Combined with establishing strong lines of communication and collaboration with EBs regarding sourcing case study content and engaging with various stakeholders across social media platforms (e.g. Twitter, LinkedIn, Instagram), we are helping to spread more awareness about the value delivered by the scheme.

### Direct communication with EBs

In addition to the comprehensive information available on the Entrust website, we actively engaged in direct communication activities to support the effective regulation of the fund. Through our email communication system, we directly informed EB main contacts about changes, updates to guidance, and specific activities such as our Statutory Annual Return Communications Strategy.

We continued to distribute a quarterly eNewsletters, providing updates on the scheme, key messages, and information on our training materials and events. As part of our mid-year contact, we reminded EBs of their obligation to keep their Governing Members and Documents up to date. In cases where contact with EB main contacts was lost, we developed a proactive strategy to reach out to other Governing Members, ensuring ongoing communication and minimising the risk of non-compliance.



## **Bradford on Avon Bowls Club funded by Community First**

The following outlines our annual email marketing communication schedule for 2022/2023:

- Quarterly eNewsletters – July and November 2022 and January 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 – September 2022;
- Budget/Landfill Tax Briefing – November/December 2022;
- Statutory Annual Return (Form 4) communications – January to April 2023; and
- Operational eShots – throughout the year.

### **Stakeholder engagement**

An integral part of our service improvement and efficiency enhancement is our innovative stakeholder engagement plan. This includes fostering positive partnerships between the Entrust Board members and the Boards and CEOs of our largest stakeholders through targeted meetings and discussions.

During 2022/2023 we resumed face to face, in person meetings as well as 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 also continued to make use of virtual communication methods, such as Zoom technology, conference calls and other online meeting tools to ensure that our communications methods remain effective and, where possible, reduce the need to travel unnecessarily. We also continued to undertake our annual engagement strategy with the Boards of the largest EBs (attending virtual Board meetings for two EBs and facilitating the annual Top 10 Chairs and CEO's meeting between EBs and HMRC in March 2023).

We continued to undertake our annual engagement strategy with the Boards of the largest EBs attending virtual Board meetings for two EBs and facilitating the annual Top 10 Chairs and CEO's meeting between EBs and HMRC in March 2023.

To assist EBs to comply with the Regulations, we continued to publish a quarterly summary of our compliance findings and the responses made by EBs along with an anonymised summary of our breach management activity.

### **Stakeholder facilitating information sharing and networking**

As part of our efforts to foster collaboration and knowledge sharing, we organised two separate LCF Information and Networking Forum (INF) events in 2022/2023. These meetings provided EBs with opportunities to network, exchange knowledge and experiences, and promote the visibility of the LCF brand through social media and case studies.

To support EBs in complying with the Regulations, we continued to publish a quarterly summary of our compliance findings and the corresponding responses from EBs. Additionally, we shared an anonymised summary of our breach management activity.

## 7. Delivering Value for Money (VfM)

As the LCF utilises public funds derived from landfill tax, it is crucial to showcase the value it brings to local communities and the environment.

We provided HMRC with an annual report on the VfM of the LCF in August 2022, which was subsequently summarised and published on our [website in October 2022](#) so that interested parties could access the information.

The information provided by EBs plays a pivotal role in supporting our regulatory activities and providing the government and other stakeholders with insights into the impact, value for money, and effectiveness of the LCF. We continue to publish sector-wide benchmarking data on our website and include the EBs' own data in their individual compliance inspection reports. The benchmarks include a range of performance related measures to help EBs understand their own performance relative to other EBs within the scheme. The data is particularly relevant to larger EBs and EBs which distribute funds to other EBs.

Additionally, we maintain an ongoing assessment and collaboration with HMRC to publish information that showcases the VfM delivered by the LCF.

### Scheme Value for Money

In accordance with the TOA and the Reporting Schedule established between Entrust and HMRC, we annually provide HMRC with a VfM report. Additionally, since 2017, we have published an annual report summarising the VfM data, primarily sourced from the project completion form (Form 9), for the LCF. This report includes an analysis of the collected data on LCF expenditures across three financial years, highlighting the allocation of funds by Object and offering insights into the funding generated from other sources, providing a comprehensive view of the broader financial impact of the LCF on communities and the environment. In October 2022, we released the latest [VfM report](#) on the Entrust website, which was also shared with all EBs through the November eNewsletter.

For the 946 projects with a submitted Project Completion form in 2022/2023, EBs provided information on whether each project achieved its intended outcome.

	Total for projects in 2021/2022	Percentage of 2020/2021 projects with positive response	Total for projects in 2022/2023	Percentage of 2022/2023 projects with positive response
Achieved intended aims	979	100%	945	99.9%
Improved the lives of people in the community or achieved environmental benefits	971	99.2%	935	98.8%
Brought together people from different backgrounds	787	80.4%	782	87.2%

We continue to publish benchmarking data for the sector on the Entrust website, and we include the individual EBs' data in their compliance inspection reports. The sixth set of annual benchmarking data was [published in July 2022](#). This data is particularly relevant for larger EBs and those that distribute funds to other EBs. The benchmarking metrics cover various areas, including EBs' administration costs, levels of unspent and uncommitted funds, the percentage of CTP requirements of LOs, EB risk scores based on return data, non-compliant recommendations from compliance reviews, and project value and duration data.

The benchmarking data is not specific to individual EBs but is provided to allow each EB to:

- Assess their performance compared to other EBs within the quartiles or banding in key areas of the scheme;
- Report their performance against sector benchmarks to their own directors, or trustees;
- Identify areas where actions could be taken to improve performance on specific measures; and
- This benchmarking information serves as a valuable tool for EBs to evaluate their performance and make informed decisions to enhance their operations within the LCF.



## Development of Economic, Environmental, Community, Impact Model (ECEIM)

In June 2015, Entrust developed the Economic Impact Assessment Model (EIA), which enabled EBs to assess the economic impact of the projects funded by the LCF. The EIA measured the additional value generated by each £1 of LCF funding across various project categories.

However, in response to evolving public sector reporting requirements, which have begun to emphasise community and environmental measures rather than solely monetary economic value, we reviewed the EIA in 2021/2022.

The review process involved an assessment as to whether the concept of the EIA should be expanded to better measure of the impact of LCF investment. On the completion of the review, it became apparent that the model needed an update to more accurately assess the overall impact of the LCF on community and environmental projects.

To develop a new model, we proposed the following adaptations:

- Developing the Model into an assessment tool, which would provide both an overall LCF Impact and an individual EB Assessment;
- Using the framework of Entrust's VfM reports, from the data we collect on EOL to deliver the new ECEIM reports alongside the VfM report annual publications; and
- Developing new areas of analysis, focussing on community and environmental measures.

To ensure that the ECEIM became a valuable and essential model for our stakeholders, we also recognised the need for more robust methods of estimating added value. This required a shift away from using external sources not directly linked to the UK Government (UKG) or UKG-approved sources.

In 2022/2023, we therefore developed the first LCF wide ECEIM, which was based on the following metrics:

Economic Impact includes:

- Total funding;
- Funding raised from other sources;
- Income Derived;
- Assets purchased; and
- Jobs created, or maintained.

Community Impact includes:

- Number of volunteers;
- Increase in site visits;
- Average deprivation rank of projects;
- Average diversity of project areas; and
- Average distance to landfill sites.

Environmental Impact includes:

- Carbon reduction through tree planting;
- Biodiversity spending; and
- Animal and plant species protected.

Initial feedback on the enhanced model has been positive, indicating that the transition from the EIA to the ECEIM was the correct decision. Our stakeholders appreciate our analysis of the broader impact delivered by the Fund.

## 8. Measuring Satisfaction

We remain dedicated to gathering feedback and opinions from our key stakeholders through the annual EB Satisfaction Survey. By retaining key benchmarking questions, we are able to compare our performance year after year, gaining insights into the quality and effectiveness of our services in regulating the LCF.

Since 2013, we have asked three core questions to gauge EB views on our performance and the quality of our services. Only respondents from EBs who had engaged with us, contacted us, or utilised our services between April 1, 2021, and March 31, 2022, were able to provide a response. The full report is available on our website.

In 2022, we received 140 responses to the EB Satisfaction Survey, a decrease compared to the 2021 sample size (199 responses).

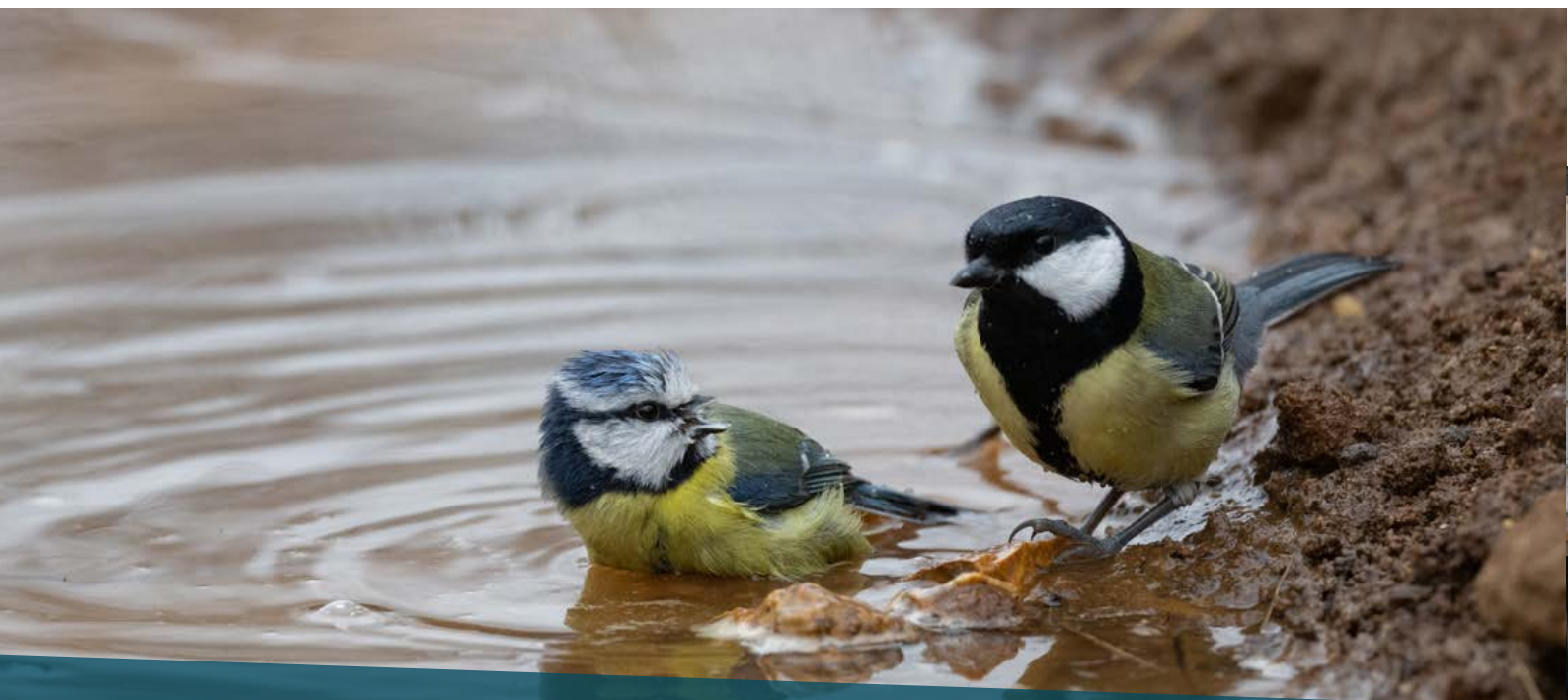
We note that overall satisfaction recorded in the 2022 EB Satisfaction Survey was 76 per cent (2021: 85 per cent), which was a nine per cent decrease on the 2021 satisfaction score and seven percentage points below the score recorded for 2020. And while all three core satisfaction measures remain relatively robust, they had fallen below the percentages given by respondents in previous years:

- 82 percent agree that they 'understand the role that Entrust undertakes as the Regulator of the LCF' (2021: 92 percent);
- 80 percent agree that Entrust staff are very professional when dealing with me and my EB' (2020: 84 percent); and
- 66 percent agree that 'overall Entrust provides high-quality services' (2021: 79 percent).

We note that Entrust's operational procedures underwent significant changes following the transition out of the pandemic. These changes were aimed at ensuring the integrity of the LCF while also providing more effective governance over our operations. That being said, we understand that making changes to existing procedures caused a certain degree of disruption and we do take these findings seriously.

The survey findings highlighted several areas in which improvements could be made to ensure that EBs have a better experience when dealing with Entrust in the future. These included communicating changes to the Registration Process and Compliance Review Process, as well as making amendments to the PSV process.

With these results in mind, we developed an action plan to make improvements, which was implemented and completed by May 2023. [The action plan is available on our website.](#)



Refurbishment at RSPB HQ The Lodge funded by Grantscape



# Frankie Howerd Trust

**Total Project Cost: £64,500**

**LCF Support: £45,600**

**Funder: Enover Community Trust**

**Completed: May 2022**

The Frankie Howerd Trust set out to transform community life in the village of Loxton. Its goal was to convert an old blacksmith's building into a lively community centre, featuring a shop, café, and social space.

A LCF grant of £38,910, awarded by the Enover Community Trust, made this project possible. The funds were used in various aspects of the project, including the renovation of the shop and café, as well as plumbing and decorating work.

A distinctive feature of the project is its commitment to improve accessibility. More than anything, the hub is designed to be a welcoming space for all, offering support and activities to a diverse range of community members: from individuals and families to single parents, the elderly, and those who are disabled or vulnerable.

The Trust intends to use the building to host art and craft activities, informal talks, physical exercise groups, and computer literacy classes. It's projected that approximately a dozen secondary school students will volunteer at the hub each year as part of their Duke of Edinburgh Award—gaining vital experience that not only allows them to build up valuable skillset but also make a positive impact on the local community.



Philip Davies, Site Owner, said:

“The grant has been instrumental in turning our vision into reality. We’ve been able to convert an old blacksmith’s building into a vibrant community hub, complete with a shop, café, and social space. This hub is more than just a building; it’s a beacon of inclusivity and support for all members of our community. From art and craft activities to exercise groups and computer literacy classes, we’re offering a range of activities that cater to everyone’s needs. None of this would have been possible without the support of the LCF and Enover. Thank you for making this possible.”



## 9. Organisation

In fulfilling our statutory role, our overarching strategy is to remain a lean, agile, proactive and efficient regulator. To this end, we are committed to continuously improving the regulation of the LCF while also providing the necessary support, advice, and guidance to EBs and ensuring effective assurance to HMRC regarding the compliant use of LCF funds by EBs.

As a responsible employer, Entrust recognises the importance of mental health and well-being among our staff, as it directly impacts our ability to fulfil our regulatory obligations and achieve our corporate objectives. To this end, we have reviewed and redeveloped the Employee Wellbeing Budget, better tailoring it to fit the needs of our employees.

To ensure the highest standards of operation, we maintain a rigorous Quality Management System (QMS) and conduct annual Quality Assurance (QA) reviews. These reviews are carefully considered and approved by the Entrust Audit Committee, providing robust governance and assurance for our organisation.

### Organisational structure

We are continuously striving to enhance our regulatory assurance to HMRC while minimising our resource requirements. In 2022/2023, our organisational structure was designed to meet the necessary staffing levels for effectively regulating the LCF in accordance with the requirements of the TOA.

Our aim continues to be to mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance. To optimise the utilisation of our staff and achieve greater efficiency, we adopt a cross-skilling approach, allowing resources to be shared and team members to possess multiple skill sets. This enables us to deliver more with fewer resources.

### Business continuity

In accordance with best governance practices, we have a well-developed and structured Business Continuity Plan (BCP) in place. This plan ensures that in the event of its activation:

- Staff are aware of their roles and responsibilities
- Staff follow established and documented procedures
- We maintain appropriate service levels for our stakeholders
- We mitigate and minimise losses to our systems and information
- We resume normal business operations as quickly as possible

To ensure that our BCP remains effective and aligns with best practices, we have taken proportionate measures in the 2022/2023 period, including:

- Conducting a formal test of the plan in September 2022
- Engaging an external IT provider to assess our IT control framework and policies
- Making the plan available on our intranet for staff reference
- Implementing system patching to reduce the risk of attacks
- Providing cyber training to staff
- Monitoring and evaluating external and internal email traffic

Based on these actions, we are confident that we have taken appropriate and proportional steps to enable us to respond effectively to a significant disruption to our business operations.

### Data protection and cybersecurity

During 2022/2023, we maintained our commitment to compliance with stringent statutory obligations in order to safeguard the data of our stakeholders. This entailed adhering to the Data Protection Act 2018 (DPA 2018), the UK General Data Protection Regulation (UK GDPR), and the Privacy and Electronic Communications Regulations (PECR). To this end, Entrust's data protection policies provide assurance to both HMRC and our stakeholders that we prioritise the protection of personal data collected for the purpose of fulfilling our regulatory responsibilities under the Regulations. We are registered with the Information Commissioner's Office (ICO) as a Data Controller and have a designated Data Protection Officer.

As a responsible organisation entrusted with a statutory function on behalf of HMRC, we recognise the importance of implementing robust internal controls to mitigate the risk of cyber security attacks. Entrust adopts a multi-layered approach to our cyber security measures. Throughout 2022/2023, we continued to implement the following measures to reduce the risk of cyber-attacks on our systems:

- Providing the Board with key statistics regarding our defense against cyber-attacks;
- Conducting an annual penetration test of our systems conducted by an independent, external IT security company;
- Performing an annual self-assessment of our cyber security arrangements against the guidance provided by the National Cyber Security Centre (NCSC);
- Maintaining our Cyber Security Certification through the oversight of an independent accreditation provider to monitor our internal controls; and
- We have taken steps to update our End of Life (EOL) systems and website to ensure they meet the latest cyber security standards, thereby minimising the risk to personal and other data.

## **Sustainability and environmental responsibility**

Entrust is firmly committed to promoting good environmental practices and operating in a sustainable manner. We recognise the importance of reducing our environmental impact and continually improving our environmental performance as an integral part of our business strategy. Encouraging our stakeholders and suppliers to adopt similar practices is also a priority for us. Taken together, we believe that these efforts not only make good commercial sense but also fulfil our responsibility to future generations. Our approach to meeting our sustainability obligations includes the following:

- Wholeheartedly supporting and complying with, or even exceeding, current environmental legislation and codes of practice;
- Minimising waste generation and utilising recycled materials whenever possible, while also promoting recycling among our staff;
- Implementing measures to conserve energy and water in our office, contributing to the preservation of these valuable resources;
- Preferring to purchase products and services that have minimal environmental impact, and encouraging others to do the same;
- Opting for electronic communications whenever appropriate, reducing paper waste;
- Encouraging our staff to use alternative modes of transportation for business purposes and commuting, with a focus on more carbon-neutral options;
- Ensuring that outdated computer equipment is sent to external vendors for refurbishment and resale, extending their lifespan; and
- Regularly monitoring and reviewing our environmental performance to assess progress in reducing our environmental impact.

While Entrust is not required to report on greenhouse gas emissions in our annual accounts, as an environmentally conscious organisation, we are committed to reporting on our efforts to mitigate our carbon footprint. This information will be included in the Annual Accounts for 2022/2023, which will be published in July 2023.

## **Resource requirement**

We are dedicated to achieving VfM in all our activities. Each year, we carefully evaluate our projected expenses for the upcoming year to ensure that the resources we request from HMRC align with our statutory and contractual obligations while delivering VfM. Our monthly management accounts have been enhanced to include expense analysis, allowing us to track actual expenditures against the budget and previous year's figures, thus enabling effective monitoring of our progress.

Our agreed resource requirement funded through the levy on contributions for 2022/2023 was £1,110m.





**Brockweir and Hewelsfield Play Area, funded by Enovert Community Trust**

In our statutory accounts for 2022/2023 (which are subject to final approval by External Audit and our Board), we are reporting an operating surplus after taxation of £64k (2021/2022: deficit of -£258k). A full copy of our audited statutory accounts will be submitted to HMRC following our Annual General Meeting (AGM) in June 2023. The table below provides a summary of the reported operating surplus after taxation:

The following table provides a more detailed breakdown of our financial position for the year:

	2022/2023 £'000	2021/2022 £'000
Turnover	1,089	836
Cost of regulatory activity	(1,051)	(1,096)
Operating surplus/(deficit)	38	(260)
Interest less taxation	26	2
Operating surplus/(deficit) after taxation	64	(258)

#### **Breakdown of LCF by EB country (as at 31 March 2023)**

Total EB Levy 2022/2023	£1,282k	Total Enrolled EBs at 31 March 2022	1780
England	£1,239k	England	1741
NI	£43k	NI	39



## 10. Key Outcomes

### 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.	July 2022
A4	Utilise our risk model and risk-based compliance approach to inspect at least one third of active EBs to monitor compliant spend.	Completed
A5	Review the Environmental Regulatory Standards (ERS) to ensure we maintain strong self-scrutiny of our operations through our internal Quality Management System (QMS).	Completed and a new ERS published in January 2023
A6	Review Entrust's Customer Charter and Standards of Service.	Due for December 2023
A7	Undertake a bi-annual contact with EBs asking them to check and update their EB details.	Completed
A8	Communicate with Directors, Trustees and main contacts of frozen EBs following six months of no communication from the main contact.	Completed
A9	Continue to undertake all feedback surveys – helpline, compliance, and satisfaction.	Completed
A10	Facilitate virtual meetings of the INF for EBs to meet and share ideas and best practice.	Two meetings held
A11	Publish annual benchmarking data for EBs	Published June 2022
A12	Report on Statutory Annual Return (Form 4) data and Contribution (Form 3) data to HMRC.	Completed
A13	Publish quarterly compliance and Breach Management activity.	Completed
A14	Publish an annual VfM report, agreed with HMRC.	Completed
A15	Conduct quarterly reviews of the Entrust website to ensure all information is current and accurate.	Redevelop
A16	Undertake an annual penetration test of our systems by an independent, external IT security company.	Completed
A17	Undertake an annual self-assessment of cyber security arrangements against the National Cyber Security Centre's (NCSC) guidance.	Completed
A18	Review all data protection policies to ensure that any legislative changes as a result of Brexit are incorporated and that Entrust remains fully compliant with all UK data protection legislation.	Completed

## Measures

Measure		
M1	Reduce the number of EBs with administration costs above 7.5 per cent of annual project expenditure	The number of EBs incurring administration costs above 7.5 per cent reduced from 9 in 2021/2022 to 8 in 2022/2023.
M2	Sector level performance with administration costs below 7.5 per cent of annual project expenditure	The Sector level performance for all EBs decreased from 7.29 per cent in 2021/2022 to 6.88 per cent in 2022/2023 (below the guidance of 7.5 per cent).
M3	Reduce the number of EBs with unspent funds at yearend above 1.5 times income received in year.	The number of EBs with unspent funds above 1.5 decreased from 43 in 2021/2022 to 36 in 2022/2023.
M4	Sector level performance with unspent funds at yearend below 1.5 times income received in year.	The Sector as a whole remained the guidance level, with EBs holding 1.13 times the income received in year.
M5	Year on year reduction in the value of uncommitted funds held by EBs.	The level of uncommitted funds decreased from £12.4m in 2021/2022 to £10.2m in 2022/2023.
M6	Maintain the percentage of EBs using EOL.	100 per cent of forms were completed through EOL in 2022/2023.
M7	Increase survey return rates.	<p>Year on year the EB Satisfaction Survey return rate decreased to 140 responses.</p> <p>The compliance feedback satisfaction survey return rate decreased from 56 per cent to 32 per cent. The Helpline satisfaction survey return rate increased from 20 per cent to 25 per cent. Whilst lower than other feedback surveys this includes contact with people who are not already engaged with the LCF.</p>
M8	Maintain satisfaction with our services.	Entrust Satisfaction Score for 2021/2022 was 76 per cent (down 9 points from 2021/2022 score of 85).
M9	Increase the number of risk-based project site visits.	We increased the number of risk-based project site visits to 81 in 2022/2023.
M10	Increase enrolments on first submission.	The number of enrolments on first submission decreased from 30 per cent in 2021/2022 to 9 per cent in 2022/2023 due to more stringent enrolment criteria.
M11	Maintain the return rate for Form 9s from the baseline in 2021/2022.	We maintained the return rate for Form 9s at 85 per cent at the end of the financial year.
M12	Retain our independent Cyber Security certification.	Retained in October 2022.

## 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 were provided during 2022/2023 are set out below:

Timing/Frequency	Title	Date delivered
31 May 2022	Annual Statement of Assurance	17 May 2022
15 June 2022	Statutory Annual Return (Form 4) Data	11 June 2022
15 July 2022	EB Administration Costs and Unspent Funds Report	13 July 2022
31 July 2022	Regulatory Improvement Report	22 July 2022
31 August 2022	Value for Money Report	24 August 2022
7 September 2022	Draft Corporate Plan and KPIs and	7 September 2022
By end December 2022	Annual Accounts	12 July 2022
31 January 2023	Update to Corporate Plan and KPIs	28 January 2023
Quarterly	Entrust Board papers	Completed
Monthly	TOA report	Completed
Monthly	KPI update	Completed
Ad hoc	Data requests	Completed





## HMRC key performance indicators

Target		Target Value	Actual	
<b>1</b>	<b>Standards of service delivery</b>			
1.1	Approve 100 per cent of eligible applications to enrol as an EB within five working days.	100% (applications to enrol)	100%	✓
1.2	Approve 98 per cent of eligible project applications within five working days.	98% (project applications)	99.8%	✓
1.3	Undertake a customer satisfaction survey by 31 August 2021.  Use the findings to improve EBs' level of satisfaction with our services with identified improvements included in an action plan developed by 31 December 2021.	31 August 2021	Our annual EB satisfaction survey closed in August 2021 and the findings were published in September 2021.  An action plan was published in September 2021 and has been implemented throughout the year.	✓
<b>2</b>	<b>Enhance the accountability and transparency of the LCF by reporting and publishing information about its operation</b>			
2.1	Provide reports to HMRC against the agreed reporting schedule.	Agreed reporting schedule	All due dates were met.	✓
<b>3.</b>	<b>Compliance with the Regulations</b>			
3.1	During the 2021/2022 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	208 EBs were inspected, meeting the KPI target to inspect a third 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 2021.	99%	99.9% of funds were reported by 28 April 2021.	✓
<b>4</b>	<b>Deliver value for money</b>			
4.1	Following the implementation of our e-delivery policy, maintain the online submission of all Forms at 100 per cent in 2021/2022.	100%	100%	✓
4.2	Publish 2020/2021 benchmarking data for EBs by 30 June 2021.	30 June 2021	EB Benchmarking Data was published on 23 June 2021.	✓
<b>5</b>	<b>Report to HMRC by 31 July 2021 priority regulatory improvements to the Landfill Tax Regulations 1996. Implement agreed changes to guidance or regulation in accordance with agreed timescales</b>			
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 by 22 July 2021.  Conducted 208 targeted compliance inspections.	✓

## 17. The Board & Our Committees

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

### The Entrust Board April 2022 – March 2023

#### Non Executive Directors

**Chair:** Antony Townsend (appointed 01 January 2023)

**Chair:** Dame Ann G Limb DBE DL (retired 31 December 2022)

Jon Carlton (retired 6 June 2022).

Gerry McCormack

Julian Atkins

Clive Lewis OBE DL

#### 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 to provide an appropriate level of scrutiny.

#### General purposes

The general purposes committee meets as and when required, and once during the last financial year. The committee comprises all of the company's Board members.

#### Audit

**Chair:** Gerry McCormack

Jon Carlton (retired 6 June 2022).

Dame Ann G Limb DBE DL (retired 31 December 2022)

Julian Atkins

Clive Lewis OBE DL

#### Human resources and remuneration

**Chair:** Julian Atkins

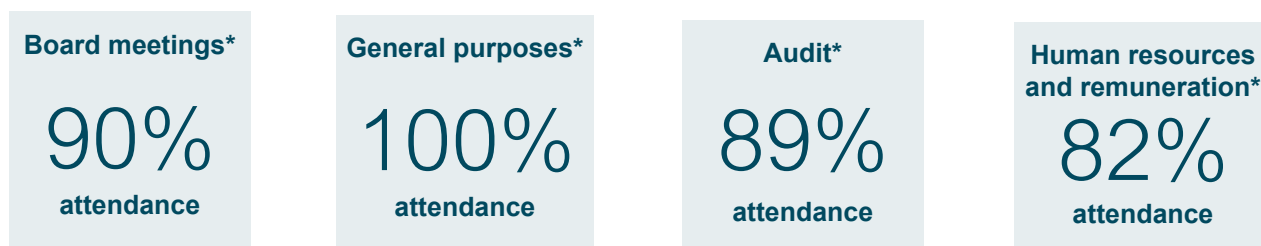
Dame Ann G Limb DBE DL (retired 31 December 2022)

Clive Lewis OBE DL

Jon Carlton

Gerry McCormack

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



\*Board and Committee meetings in 2021/2022 were held online through a mix of virtual conference methods and face to face meetings.





# ENTRUST

Regulating the Landfill Communities Fund  
Benefiting people and the environment

[www.entrust.org.uk](http://www.entrust.org.uk)



Heart of BS13, Bristol Roundhouse and Gardens Redevelopment, funded by Enovert Community Trust