



Entrust Corporate Plan

2023-2024

Chair and Chief Executive's Summary

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

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

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

In our 2023/2024 Corporate Plan, we have set out our aims and objectives for regulating the Fund during the year. In developing this Plan our overarching aim is to fulfil our statutory role to HMRC, while aiming to remain a lean, agile organisation, who is a proactive regulator, committed to facilitating a continuous improvement in the regulation of the LCF.

Entrust's primary role is to provide HMRC with independent assurance that LCF monies are spent compliantly. From our assurance and managing breaches work in 2021/2022 and 2022/2023, we identified a number of issues relating to EBs' compliance with the Regulations. In our 2022 Regulatory Improvement Report (RIR), we raised these issues with HMRC and made recommendations for addressing them. In 2023/2024, it is therefore our intention to take positive action to address them, for example providing general and bespoke training for EBs on best due diligence practice and updating our Guidance Manual and training materials. We also intend to carry out a fundamental review of our compliance and reporting frameworks to ensure they remain fit for purpose.

From our assurance work, we also noted that some project applications that we received did not fully comply with the Regulations. Again, in our RIR we raised this issue with HMRC and explained the background to these issues, for example, projects being focussed on specific user groups, rather than the general public. During 2023/2024, we intend to work with HMRC to develop appropriate options and solutions to address this issue, but at the same time recognising that the overarching aim of the LCF is to support the wider community rather than specific user groups.

From our discussions with EBs, we have also identified that to ensure that the LCF provides for Diversity, Equity and Inclusion, we need to work with EBs to build the LCF capacity to engage hard to reach communities. We also noted that a number of EBs are supporting renewable energy community projects. To ensure that these projects are a success, we will also work with EBs to provide guidance in this area.

During 2022/2023, we also developed our Economic, Environmental, Community, Impact Model. The model is based on the project information submitted to Entrust by EBs, on the Forms 2, 4 and 9. However, we noted in developing the model and producing the reports, that the information submitted to Entrust is not always 100% accurate, or completed. During 2023/2024, we intend to develop and implement an enhanced and improved reporting regime, enabling EBs to provide Entrust with more accurate information to assist in demonstrating to HMRC the added value that the LCF delivers.

In delivering this Plan, we continually seek to improve and increase the level of regulatory assurance to HMRC through efficient service and business delivery whilst minimising our resource requirements. In providing HMRC with an appropriate level of assurance, we noted in 2022/2023 an increase in the level of major breach management cases that it has been necessary to address. We therefore consider that our 2023/2024 organisational structure continues to reflect the core level of staffing that Entrust requires to regulate the LCF to an appropriate standard in accordance with the requirements of the TOA, and to minimise and mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance. Our organisational structure has been developed to utilise our Staff most effectively, delivering more for less. To achieve this, we ensure our organisation is cross-skilled, sharing resources and multi-skilling across teams and functions.

While we are a Small to Medium Enterprise (SME), we also believe that our organisational structure enables us to provide an appropriate governance and management framework, which allows us to provide a full cradle to grave regulatory function. We also consider that our structure enables us to comply with best data protection and cyber security practices, which we recognise are key to our business resilience. We therefore believe we will continue to remain compliant with all data protection laws and maintain our multi-layered approach to our cyber security measures.

As an organisation, which regulates local community and environmental projects, we believe it is important that we minimise our environmental footprint and to continually review and improve our environmental performance. To support us in delivering this objective, in 2022/2023 we introduced Streamlined Carbon reporting requirements, in 2023/2024 we therefore intend to build on this work to improve our Carbon footprint.

Finally, as in previous years, we look forward to working with all our Stakeholders in 2023/2024 to continue to ensure that LCF funds are spent compliantly on projects which benefit the local community and environment.



A Townsend
Entrust Chair



Christopher Welford
Entrust, Chief Executive

1. Registrations

Entrust's Registrations Team is usually the first point of contact for our Stakeholders. The Team has a wide range of responsibilities including the processing of applications to enrol as Environmental Bodies (EBs) and approving project applications. Additionally, they also process the telephone and email enquiries that we receive through our Helpline.

During 2023/2024, in accordance with our Key Performance Indicators (KPI), we will continue to enrol eligible organisations as EBs and to register compliant project applications within five working days. During 2022/2023 and following discussions with HMRC, we identified the need to increase the transparency and robustness of our scrutiny processes in order to provide organisations with increased clarity and certainty regarding their applications. In 2023/2024, we will undertake a review of these changes to ensure that they are fit for purpose. We believe the increase in the clarity of these processes, will assist in our overall aim of providing independent assurance to HMRC that Landfill Communities Fund (LCF) monies are spent compliantly, in accordance with the Landfill Tax Regulations 1996 (Regulations) and Entrust's guidance.

1.1 Enrolment of EBs

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

As an organisation committed to continuous improvement, we continually review our enrolment process to ensure that we can identify any areas of our work where we can further improve our service levels. This approach includes responding to feedback from EBs on any issues they raise to ensure that the enrolment process remains responsive, flexible and agile.

In 2022/2023, we recognised that it would be beneficial to provide bespoke training events specifically tailored to those organisations looking to enrol as EBs, to further assist applicants in understanding the enrolment process and once enrolled, their statutory responsibilities under the Regulations. This change was facilitated by our move to virtual training, which we recognised provided increased flexibility and was more convenient for the majority of organisations, thereby increasing our Stakeholder reach. For any organisation, or individual who are unable to attend this training, we also believe that our existing Helplines (telephone and email services) provide a suitable bespoke service for managing their queries.

During 2023/2024 we will continue to focus our efforts on identifying any opportunities to further enhance the enrolment process to ensure that it is straightforward and streamlined for any organisation applying to enrol as an EB. In implementing this approach, we believe that once an organisation is enrolled as an EB and their statutory responsibilities are made clear to them, it will mitigate the risk of them not complying with the Regulations.

1.2 Project applications

As one of our other KPIs, we will also continue to register eligible project applications within five working days. To support EBs in submitting projects that can be approved on first submission, we provide EBs with a range of targeted guidance and materials, to support them through the project registration process and also to provide them with a bespoke service to help them to successfully apply to register a project.

Our project registration framework also continues to be subject to the principle of continuous improvement. In 2022/2023, 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.

These changes were implemented as we noted that some project applications that we received, contained elements that did not comply with the Regulations.

We also noted that as we transitioned out of the Pandemic, a small number of EBs submitted applications to register more innovative and unique projects, which were either aligned to the Government's strategic priorities, or reflected and met the changing needs of local communities, for example, renewable energy and mental fitness and wellbeing projects. We therefore recognised that in supporting the delivery of these projects and ensuring that they complied with the Regulations, we needed to provide EBs with increased clarity on our project approval process. To achieve this objective, we completed a review of our high-risk project framework (last updated in 2020/2021) to reflect this change in project focus. We also made HMRC aware of this change in focus and the direction of travel of some EBs and the potential requirement to change the Regulations in our 2022 Regulatory Improvements Report (RIR).

In 2023/2024, we will work with HMRC to consider and, if necessary, implement any changes arising from their review of our RIR. We will also continue to focus on ensuring that any potential risks to the LCF from non-compliant project spend are proactively mitigated and managed, through our scrutiny process. Our overarching focus is to minimise the risk of non-compliant project spend by EBs, by ensuring that our project registration process is robust and challenging.

In ensuring that the changes we implemented in 2022/2023 deliver their anticipated benefits, we will also undertake a post implementation review of them in 2023/2024 to assess and identify if there are any further opportunities to refine and improve our approach and framework.

Finally, as a key component of our regulatory approach, we will also continue our focus on effective regulation through our registration function by mitigating the risk of EBs failing to comply with the Regulations when they register a project. For some EBs this is an important consideration as it may be some time after their original enrolment into the scheme, before they apply to register a project.

2. Advice, Guidance and Training

We offer a range of guidance and training materials, developed from the feedback we receive from EBs, which we believe supports them in complying with their statutory obligations. We achieve this objective by offering bespoke advice and guidance through a variety of channels, as and when EBs seek support and in a way that meets their specific needs.

We have developed over the years, a comprehensive set of training guides, however, they remain in a documented format. In 2023/2024, we will therefore undertake a comprehensive review of all of our training materials, to determine if they continue to be fit for purpose and to identify if the advancement and developments in technology can be used to improve their accessibility to end users.

In addition, the review will also seek to assess if the language of our guidance is accessible, free of unnecessary jargon and can be understood by all Stakeholders, from large, experienced organisations to small voluntary groups.

2.1 Enquiry handling

We continually strive to improve our enquiry handling and in 2023/2024, we will continue to focus on providing swift and accurate responses, processing all email Helpline enquiries within two working days. From the feedback that we receive and analyse through our monthly Helpline Satisfaction Survey, we believe we receive consistently high satisfaction scores. However, where Stakeholders provide specific and constructive feedback through this survey, we immediately respond to it in order to address any concerns that they raise. We will then work with the respondent to address any issues and identify what we could do better in the future.

2.2 Information, advice and guidance

We consider that our Guidance Manual is a key resource for helping to secure EBs' compliance with the Regulations. One of the areas where we value and recognise the important contribution that EBs can make is when we review and update our Guidance Manual. The feedback that we received from EBs, enables us to continue to provide clear and consistent guidance that is understood by all end users. This feedback is received from all of our interactions with EBs and all comments are recorded in our Stakeholder database, which is reviewed at the end of each quarter. We also welcome feedback at any time, not just through formal routes, which we record and act upon appropriately.

We reviewed and updated the Guidance Manual in 2022/2023, for example, on our project registration process in order to provide EBs with greater clarity to support EBs compliance with their statutory requirements, which directly supports the assurance level we provide to HMRC. In 2023/2024, we will continue to work with EBs to improve and clarify our Guidance Manual.

2.3 Training

We consider that it is essential, as an open, flexible and transparent regulator, to offer EBs and other Stakeholders the opportunity to visit Entrust's office, to meet with our Staff in an open forum to allow them to raise any questions and seek advice on the application of the Regulations. This opportunity supports our core ethos of 'coaching to compliance' and provides the foundation for the development of our training strategy. In 2023/2024 in addition to the offering face to face meetings, we will continue to offer and develop our virtual training sessions to meet the needs and demand from EBs, particularly organisations new to the LCF, or individuals who had recently joined EBs.

In 2022/2023, following discussions and feedback from EBs, we identified through a review of our virtual training, that we could improve the quality, delivery and content of it, by offering shorter, more bespoke training sessions. We have therefore developed in parallel with our basic training provision, shorter, tailored sessions aimed at specific training needs that have been identified, or requested by Stakeholders, for example undertaking due diligence of project invoices.

We will continue to use Entrust's website, our email and phone communications, our assurance visits and social media to ensure that EBs are fully aware of the training, advice and guidance that exists to support them when undertaking their LCF activities.

Finally, as part of our quality assurance framework, during the year, we will also review all our training guides and materials to ensure they remain fit for purpose, meet end users' expectations and are fully accessible to all end users.

3. Compliance

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

To support us in delivering these objectives, we have developed and implemented an annual risk-based compliance inspection assurance framework, which has a number of different elements, for example, undertaking the review of projects' financial records, or carrying out Project Site Visits (PSV). The basis of our assurance work is to review at least one third of active EBs to assess whether their project spend is compliant with the Regulations.

During 2021/2022 we developed our risk model and inspection approach to enable an increased number of targeted reviews of higher risk projects. We implemented this change as during our assurance work, we identified a number of projects which on completion were found to be significantly different to the project which was registered with Entrust. In 2022/2023 having introduced this revised focus, we continued to identify more examples of projects, which were not delivered in accordance with their registered details, or they lacked an appropriate level of due diligence by EBs. In 2023/2024, we will therefore undertake a fundamental review of our compliance framework to ensure that it remains fit for purpose.

During 2022/2023 for the larger EBs, we also enhanced our compliance report format to include our assessment of their overall compliance with the Regulations and Entrust guidance. During 2023/2024, we will also review this assessment process.

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

3.1 Monitoring of levels of EB administration costs

In delivering the TOA, HMRC has set Entrust a number of key priorities for the management of the LCF. One of these relates to monitoring the level of administration costs incurred by EBs should be at, or below, 7.5 per cent of annual project expenditure.

In ensuring that Entrust supports HMRC in delivering this objective, we formalised and enhanced our previous activities into a framework intended to scrutinise, monitor and implement appropriate intervention action to ensure EBs comply with the administration cost requirement. The Framework was formalised during 2018/2019 and updated in 2020/2021. The updated version was published on our website and communicated to all EBs.

The EB administration costs target continues to be achieved at Sector level and we will continue to monitor and challenge all EBs which report administration costs in excess of 7.5 per cent of annual project expenditure by applying the framework in May/June each year. We will then review the follow up actions that EBs have advised Entrust that they are taking during our compliance reviews to ensure that they are being delivered. We will also continue to review all administration costs incurred by EBs which are subject to compliance reviews during 2023/2024, regardless of the EB's performance against the 7.5 per cent guidance level, to ensure that all administration costs are reasonable and relevant to an EB's LCF activity.

During 2022/2023, three EBs who exceeded the 7.5% guidance level in 2021/2022 were placed on the Framework monitoring programme. During 2021/2022 we also identified one EB which was providing funding towards another EB's Administration Costs, after also taking the maximum allowable 7.5% of contributions towards its own costs.

Our analysis of EB administration costs and the behaviour of some EBs to not comply with Entrust's guidance resulted in Entrust recommending in our 2022 RIR that the 7.5% guidance is changed to a condition.

3.2 Reducing the level of unspent funds

Additionally, HMRC also set as one of its strategic priorities for the operation of the LCF that the overall value of unspent funds held by EBs should be reducing year on year. In monitoring this objective Entrust has set EBs a benchmark for the maximum level of funding they should hold, which should normally be no greater than 1.5 times the EB's income (contributions and transfers) received in the year.

To support EBs in delivering this requirement, we formalised and enhanced our previous activities into a framework intended to scrutinise, monitor and implement appropriate intervention action to ensure EBs comply with the administration cost requirement. The Framework was formalised during 2018/2019 and updated in 2020/2021. The updated version was published on our website and communicated to all EBs.

In 2021/2022, overall, the Sector continued to meet this target, however, there were 43 EBs who did not meet the target, which they explained was primarily related to delay in delivering projects due to the Pandemic. Although we also noted that one larger funding EB has not met this target since the Framework was formalised in 2018/2019.

In 2023/2024 we will therefore continue to monitor and challenge EBs that have reported increases in their unspent and uncommitted fund levels and/or exceeded the guidance level by applying the Framework in May/June each year. We will then review the follow up actions that EBs have advised Entrust that they are taking during our compliance reviews to ensure that they are being delivered. We will also continue to review the level of unspent funds held by EBs at compliance inspections to ensure that all EBs are aware of HMRC requirements and are taking appropriate and effective actions to reduce the levels of funds held.

3.3 Inspection and review process

As outlined above, in assessing whether EBs' projects comply with the Regulations, Entrust's inspection and review process is based on our EB and Project Risk Models. In applying these models, each EB and project is awarded an individual risk score compiled from a number of key risk indicators, based on the information that we hold on Entrust Online (EOL).

These risk scores are updated on a real time basis, based on an EB's activity. An annual assessment is made on the effectiveness of the risk scores produced by the risk models to ensure the identified risks remain relevant and are appropriately weighted. This review process enables us to focus our resources on the highest areas of risk to ensure that our assurance work mitigates the potential loss of LCF funding and therefore provides HMRC with an appropriate assurance level.

During 2022/2023, our compliance work reinforced our previous assessment that the level of assurance, which we obtain and our ability to identify and address issues of non-compliance within the LCF, has been increased by conducting a greater number of post project completion visits. In developing our 2023/2024 Compliance Programme, we will fully review the findings of our 2022/2023 work and target

our resources at the area of highest risk to ensure EBs' compliance with the Regulations and to mitigate any potential loss of LCF funding.

From the results of our 2022/2023, assurance work, we also noted that some EBs were not carrying out appropriate levels of due diligence on the projects that they had funded. As a direct consequence, Entrust took appropriate action under our managing breaches process. To support EBs in addressing these basic control issues, Entrust therefore issued:

- Guidance to EBs on the process that they should go through to check payments to projects; and
- Developed training for EBs on undertaking due diligence of projects and invoices submitted to them by projects.

In 2023/2024, Entrust will review and update our guidance and training on these areas.

During 2022/2023 we also developed a set of standards for our Compliance Inspectors (CIs). Entrust is committed to promoting and upholding the highest level of professional standards in undertaking our assurance work. To ensure that the conduct of our assurance work, complies with recognised best practice, we developed a code of practice and standards for our CIs. We believe that these documents, will ensure that our Stakeholders have trust and confidence in our work and further support the level of assurance that we provide to HMRC. In 2023/2024, we will work with Stakeholders to review the effectiveness and value added of the standards to our Stakeholders.

3.4 Contributing Third Party (CTP) payments

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

Following the 2016 Reform of the LCF, HMRC stated an expectation for LOs to absorb some, or all, of this 10 per cent shortfall. However, where an LO requires the full 10 per cent shortfall in the tax credit to be met, the funding EBs need to request project applicants make a CTP payment of over 10 per cent to make up for the elements of contributions used to meet the Entrust levy payments and EB administration costs and which cannot be used to raise CTP monies. This practice is subject to monitoring via the compliance inspection process to ensure that LOs do not receive more than the 10% shortfall in contributions to the Fund. We publish data about CTP requirements requested by funding LOs in our annual benchmarking reports and encourage EBs to make their LOs aware of their performance in relation to other LOs and HMRC expectations.

In 2023/2024, we will continue to monitor CTP requests through Form 3 LO contribution data, Form 9 project completion data and through our compliance inspections, we will continue to publicise the data through our annual report and compliance inspections.

4. Managing Breaches

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

We regularly review the Framework and its underlying processes and principles to ensure that our case management process is agile, fit for purpose, proportionate and complies with best practice and complies with the standards we have agreed with HMRC

However, to ensure that it complies with best practice, in 2022/2023, we reviewed the information published on our web-site in order to provide Stakeholders with greater clarity as to how the process operates and how we and HMRC manage it.

During 2023/2024, we will undertake a consultation exercise with EBs to seek feedback on our approach to managing breaches in order to identify any areas, where we can make improvements to our Framework.

4.1 Breach Management Case activity

In processing breach management cases, our overarching aim is to take proportionate steps to manage any breaches that we identify, “coach EBs to compliance” and where possible rectify the breach without the need to take any formal breach management action.

We believe that this approach complies with best regulatory practice and mitigates the loss of any monies to the LCF. In discharging our responsibilities in this area, we will continue to manage our case load in conjunction with other Stakeholders as necessary, such as the police and other regulators, to bring cases to a successful conclusion.

The successful resolution of a case can include the recovery of LCF monies either through an EB, or LO repaying funds voluntarily, or through HMRC initiating claw-back proceedings which recover the tax credit from the LO following a case file referral by the Entrust Board to HMRC.

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

4.2 Monthly monitoring activity

As part of our overall assurance framework, we have established a system to monitor and track the flow of LCF funding to mitigate the risk that LCF funding is not spent compliantly. We will continue with our established monthly monitoring of:

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

If during the monitoring process, or our assurance work, we identify that EBs are not submitting this information to Entrust, or complying with these requirements, we make the necessary interventions to require EBs to take corrective action., for example issuing Advice and Guidance, Warning and Final Warning letters in accordance with our published Framework.

5. Regulations

We provide advice and guidance to EBs on the Regulations and conditions agreed under those Regulations. We maintain our Guidance Manual which clarifies the meaning, interpretation and requirements of the Regulations. Our role is to support EBs to compliance using a variety of means, of

which the Guidance Manual is a key element. The Regulations, conditions and guidance are available on our website.

5.1 Consultations

We run consultation exercises to gather and understand the views of EBs and to take account of their experience and preferences when formulating policy and guidance. As part of this process, we conduct focus groups to discuss the aims of our consultation exercise and collect empirical evidence to ensure that the views of EBs are taken into consideration throughout the process.

In 2022/2023, 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 continue to engage with Stakeholders to understand their position on the regulation of the Fund. We intend to run at least one formal consultation exercise on how the Fund can provide increased evidence to demonstrate the Value for Money (VfM) that it delivers economically, socially and environmentally. We consider that this exercise will help to and inform shape our VfM policy, and what value questions are of the most useful to ask EBs on project forms.

The details of our consultation exercises (formal/informal) are published on our website and we also communicate with all Stakeholders directly when one is opened. We review all responses and publish a report outlining the next steps. In 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 ensure that any consultations have an appropriate timeframe giving EBs sufficient time to gather their views prior to submission and also appropriate time for any changes to be implemented as EBs may need to alter their internal processes or policies.

5.2 Statutory Annual Returns (Form 4)

HMRC KPI 3.2 requires Entrust to ensure that 99 per cent of LCF funds are reported through the Statutory Annual Return (Form 4) by 28 April each year. Entrust considers that our Form 4 strategy continues to operate efficiently, as we delivered against this target with 99.9 per cent of funds reported by the deadline for the 2021/2022 reporting period.

However, following an assessment of the handling of the return process, we identified a number of changes that we could implement to improve the current system, which were incorporated in to our 2022/2023 Form 4 Return Strategy. Following the completion of the 2022/2023 Annual Returns period, we will review these changes in 2023/2024 to assess their impact.

5.3 Entrust Regulator Standards (ERS) assessment

The ERS provide a framework, by which Entrust can assess the quality and consistency of our regulatory work against the best practice standards detailed in the Regulators' Code. In 2021/2022 they were reviewed and updated to ensure that they continue to both reflect recommended best practice and the latest standards for regulators. Following this review, we published our first annual self-assessment against the updated standards in 2022/2023.

In 2023/2024 we will carry out a post implementation of the ERS and at the same time continue to assess and monitor our performance against them. We will also as a transparent organisation publish the results of our annual assessment process to demonstrate that we are appropriately and responsibly carrying out our regulatory duties on behalf of HMRC.

5.4 Regulatory Improvement Report

As required by the TOA, we issued our 2022 RIR to HMRC on 25 July 2022. The report included a number of suggestions, based on our experience in regulating the Fund and from feedback from EBs, to improve the efficiency, value and regulation of the scheme.

In 2022/2023, the issues that were included covered such areas as clarifying what constitutes a public amenity, proportional registration, allowable administration costs and improvements to the breach management framework. Alongside this, we updated and informed HMRC of feedback from EBs regarding specific user groups, innovative projects and how VfM is reported.

In 2023/2024, following HMRC's consideration of the report, we will work with HMRC to take any appropriate action to implement any potential changes to the Fund.

6. Communications

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

6.1 Direct communication with EBs

To ensure that EBs are kept informed on the operation of the LCF, as part of Entrust's communication and marketing strategy, we also issue regular updates on the operation of the Fund. This information is issued to EBs' main contacts where there have been changes, or updates to guidance and also for specific activities such as our Statutory Annual Return Communications Strategy.

We also distribute a quarterly eNewsletter, which provides an update on the scheme along with key messages and updates on our training materials and events. The following outlines our annual email marketing communication schedule for 2023/2024:

- Quarterly eNewsletters – April 2023, July 2023, October 2023, and January 2024;
- 2023 – 2024 Corporate Plan issued – April 2023;
- EB Satisfaction Survey – May – June 2023;
- 2022/2023 Annual Report issued – July 2023;
- Publication of EB Satisfaction Survey – October 2023;
- Budget/Landfill Tax Briefing – November/December 2023;
- Statutory Annual Return (Form 4) communications – January to April 2024; and
- Operational eShots – throughout the year.

6.2 Stakeholder engagement

Vital to undertaking our service improvement and improving our efficiency is our Stakeholder Engagement Plan which includes positive partnering relationships between Entrust and our key Stakeholders. In managing this process Entrust's CEO and Board members hold individual meetings with the Boards of our largest Stakeholders, through a series of targeted meetings and discussions. We

will also continue to facilitate the annual meeting between HMRC and the Chairs and CEOs of the largest EBs.

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

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

6.3 Publishing non-compliance

In ensuring that Entrust complies with the principles of Better Regulation, our core ethos is to "coach EBs to compliance". To support this objective, we publish our compliance findings and managing breaches activity on our website on a quarterly basis and we include this information on our quarterly briefing notes and eNewsletters. We believe this information forms an integral part of our framework to support EBs by offering advice and guidance to enable EBs to comply with the Regulations. It also draws their attention to and highlights areas where EBs have failed to comply with the Regulations and recommending practices to avoid these issues

To mitigate the risk of EBs failing to comply with the Regulations and Entrust's guidance, we will continue to highlight the compliance inspection and review findings and recommendations and activities to manage breaches in our quarterly eNewsletter, signposting to relevant resources to help EBs maintain compliance.

We will also feed any common and potential issues of non-compliance into our training processes and resources, in order to ensure EBs have the information to mitigate the risk of non-compliance, for example, when paying contractors' invoices.

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

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

7.1 Monitoring Value for Money

In accordance with the TOA and the Reporting Schedule agreed between Entrust and HMRC, we provide HMRC with an annual VfM report. Since 2017 we have also published an annual report which summarises the VfM reporting data, which is derived from the Form 9 that EBs submit to Entrust after a project has been delivered.

The report based on the information on the Form 9s contains an analysis of data collected regarding the investment of LCF monies into local communities and the environment over the last three financial years, including details of:

- Expenditure by Object type;
- Funding generated from other sources; and
- Whether EBs consider the projects they have funded have achieved their intended aims, for example improved the lives of people in the community, achieved environmental benefits and whether the project brought together people from different backgrounds.

In 2022/2023, we published additional VfM data, gained from changes to questions on the project completion forms developed from the findings of a consultation exercise in 2019/2020. We will continue to ensure that this information is shared with all EBs and interested Stakeholders through news items on our website and through our quarterly eNewsletter.

Running alongside this work in 2022/2023, we delivered the first annual set of reports detailing the Economic, Community and Environmental Impact (ECEIM) of the LCF, including a report for each funding EB, enabling them to assess the value of the completed projects that they supported during the year. In 2023/2024, we will further to develop the ECEIM to provide Stakeholders with online access to their EBs' information.

7.2 Performance benchmarking

To Help EBs understand how their performance compares to other EBs, we publish a benchmarking report each year, based on the information that we receive from the annual Form 4 returns. When we complete an assurance review, as part of our reporting process, we also include an assessment of an EB's performance against the various benchmarks.

As part of our ethos of "coaching to compliance", in 2022/2023 where appropriate we also began to advise EBs of the actions that they could take to improve the performance against the various individual benchmarks. During 2023/2024, we will consult EBs on whether they considered this approach helped improve their overall performance.

We note from our analysis of the information that EBs publish, that a large proportion do not publish any information on how their performance complies with our benchmarking data and HMRC's KPIs for the operation of the LCF. During 2023/2024, we will therefore work with EBs to encourage them to be more transparent in their operations, which will help demonstrate the added value and VfM that the provided to the management of LCF monies.

7.3 Facilitating information sharing and networking

Entrust is committed to sharing information and best practice with EBs. As part of this process, we have developed a number of different mechanisms to achieve this aim, for example, the Information and Networking Forum (INF). Similarly, we also noted during the Pandemic the benefits of engaging Stakeholders virtually, which allows us to increase our engagement with our Stakeholders.

During our engagement with EBs in 2022/2023, some EBs raised the difficulty of building capacity with local and hard to reach communities, as well as moving to delivering innovative projects, which align with the Government's policy. To support EBs in addressing these challenges, in 2022/2023, we began development on a new virtual forum to allow increased information sharing and networking across the Sector as a means whereby EBs can share best practice. In 2023/2024, it is our intention to formalise and develop this forum.

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

7.4 Impact assessment

It remains important to demonstrate the value that the LCF delivers to local communities and the wider environment. In 2021/2022 we reviewed the Economic Impact framework to ensure that the published indices for evaluating economic impact remained up to date and relevant to the scheme. This review developed the ECEIM, which was first published in 2022/2023, and added references to numerous measures including Indices of Multiple Deprivation, Carbon Saving and Diversity.

It should be noted that Entrust is dependent upon the information submitted to us by EBs to complete the VfM report and the ECEIM. During 2021/2022 and 2022/2023, we noted through our PSV assurance reviews, that the quality and timing of the submission of information to Entrust needed to be reviewed and changed to improve its quality. This change will involve amending the project registration and completion data that EBs submitted to Entrust. During 2023/2024, working with HMRC, it is our intention to introduce to a revised project reporting framework, which will delay the submission of project completion data for at least six months after a project has been completed.

Having taken steps to improve the quality of information that we receive, we will also be assessing the accessibility of the information we collect. We will therefore consider and assess whether we can use technology to provide Stakeholders with access to a 24/7 portal to provide real-time on-line access to project information in a number of different formats.

8. Measuring satisfaction

We are committed to improving the quality of the service that we provide to HMRC and other Stakeholders. As a key part of our continuous improvement framework, we consider it is important to gather feedback from our Stakeholders on all areas of our business. This information gathering process is based on the feedback that we actively seek from EBs, through our individual satisfaction surveys and annual EB Satisfaction Survey, which retains key benchmarking questions in order that we can compare our performance year on year.

Following the analysis of the information contained in the annual survey, we review the outcomes and if necessary, develop and publish an action plan setting out our plans for improving our regulatory framework. The survey, responses and action plan are published on our website and the progress against the annual action plan is reported in the Annual Report each year.

9. Organisation

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

We continually seek methods to improve and increase our regulatory assurance to HMRC whilst minimising our resource requirement. During 2022/2023, we identified a number of different issues relating to the management of LCF monies by EBs and also the provision of accurate and complete information in relation to completed projects. In 2023/2024, working with HMRC and Stakeholders,

Entrust intends to take positive action to address these issues in order to mitigate any financial loss to the LCF.

We therefore consider that our 2023/2024 organisational structure provides Entrust with the minimum level of resources that Entrust requires to regulate the LCF to an appropriate regulatory standard. This core level of staffing enables Entrust to comply with the requirements of the Regulations and the TOA in order to mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance that LCF monies have been spent compliantly.

As a responsible regulator, we also consider through our Board that we deliver a robust governance framework, which allows an objective assessment of our work to be completed and reported to HMRC.

9.1 Organisational structure

Entrust's Board also considers that our effective and efficient organisational structure provides a "cradle to grave" regulatory function, which complies with best regulatory practice and delivers the TOA and ERS. To maximise our Staff resources most effectively and deliver more for less, our organisation is cross-skilled, sharing resources and multi-skilling across teams; for example, our CIs are able to undertake the Registrations Team's work, to increase our business resilience and flexibility in our business model. As a modern, efficient regulator, we are committed to identifying and implementing new ways of working to mitigate any potential losses to the LCF and to also ensure that we minimise the administration burden on EBs.

9.2 Thriving at work

Entrust recognises that our most important resource is our Staff. As an employer we therefore value their well-being and fitness. In 2019/2020, Entrust implemented the recommendations of the "Thriving at Work" standards, which includes developing and implementing an annual mental health and wellbeing action plan.

Furthermore, we have developed company wide and individual support programmes to ensure that our Staff are resilient and able to effectively manage the challenges presented to them. In 2023/2024 we will continue to implement these programmes and ensure that the collective and individual needs of our Staff are catered for.

9.3 Business continuity

From March 2020 until the end of Pandemic, Entrust implemented its Business Continuity Plan (BCP). Furthermore, in July 2022, in response to changes in Staff working patterns, Entrust moved to a hybrid working model. Following the end of the Pandemic, we therefore updated our BCP documentation and we subsequently carried out a test of the changes that we made to it.

9.4 Data protection and cyber security

Entrust recognises the importance of the need and requirement to have in operation robust processes, procedures and protocols to mitigate the risk of the data loss through cyber security attacks and challenges.

To mitigate these risks, Entrust believes that we have taken proportionate action to comply with the Data Protection Act 2018 (DPA 2018), UK General Data Protection Regulation (UK GDPR) and the Privacy and Electronic Communications Regulations (PECR). We consider that the policies, procedures and protocols that we have developed and implemented demonstrate to HMRC and our Stakeholders that we fully protect the personal data that we collect in order to undertake our

regulatory duties under the Regulations. Entrust is registered with the Information Commissioner's Office (ICO) as a Data Controller and we have a registered Data Protection Officer.

Recognising the importance of the potential impact of this area on our business model, we continually review our data security and Cybersecurity Risk Management framework. As part of our multi-layered cyber control regime, we have implemented a number of controls to mitigate the impact of an attack on our IT systems, including:

- Ensuring IT Assurance is a standing item at our Audit Committee meetings;
- Providing key statistics to the Board on the operation of our defence against cyber-attacks;
- Ensuring security patches are applied to all of our systems, when they are released by suppliers;
- Undertaking an annual penetration test of our systems by an independent, external IT security company;
- Undertaking an annual self-assessment of cyber security arrangements against the National Cyber Security Centre's (NCSC) guidance;
- Ensuring we remain Cyber Security Certificated by using an independent accreditation provider to assess our internal controls; and
- Continually scanning and reviewing the changing cybersecurity landscape through our IT cybersecurity monthly meetings.

9.5 Sustainability and environmental responsibility

As a responsible organisation Entrust is committed to mitigating our environmental impact. As a Small to Medium Enterprise (SME) our ability to make major changes to our resource consumption is limited. However, despite this fact, we still believe that even the small actions that we take, will make a difference to saving our planet.

We are therefore fully committed to reducing and minimising our environmental footprint and continually improving our environmental performance, by taking the following actions:

- Measuring and assessing our carbon footprint and taking proportionate steps to reduce it;
- Complying with the requirements of current environmental legislation and codes of practice for SME;
- Minimising our waste and using recycled materials and upcycling, for example IT equipment whenever possible;
- Encouraging Staff to consider the environmental impact of their actions;
- Minimising energy and water usage in our office,
- Whenever possible purchasing products and services, which minimise their impact on the environment;
- Issuing our communications electronically; and
- Encouraging Staff to use alternative and more carbon neutral ways of travelling on business.

We recognise that by our own our efforts, while small, we will still contribute to the overall protection of our environment now and in the future. We also believe that our efforts in encouraging EBs to fund new innovative projects, which reduce the UK's carbon footprint will also have an important impact. To support EBs in making their contribution to this area, in 2023/2024 we are committed to working with them and facilitating the sharing of best practice for supporting these types of projects.

9.6 Resource requirement

We are committed to delivering VfM in all of our activities. In finalising this Plan, we robustly assess our funding requirements to ensure that the resource requirement we submit to HMRC, enables us to deliver our statutory and contractual commitments will deliver VfM.

To not only deliver our statutory and contractual requirements, but to meet the costs of activity set out in this Plan our resource requirements for 2023/2024 are set out in the table below. It should be noted that in 2022/2023, Entrust has had to absorb a number of cost pressures, for example an increase in staffing and energy costs. As some of these costs are outside our control and we are contractually required to meet them, some of our 2023/2024 costs have increased. However, we also recognise that due to the excess income that we carried forward from 2021/2022 and the forecast increase in the return on our investments, that our overall resource requirements have only increased by 1%.

9.7 Details of the requirement submitted [table to be updated with revised bid]

Cost	Resource Requirements £k	
	2022/2023	2023/2024
Salary	864	905
Staff Support	45	45
Establishment Expenses	103	117
General Expenses	18	17
Professional Fees	21	21
Information Technology	40	41
Depreciation	6	5
Gross Operating Budget	1,096	1,151
Investment Income (Net)	(3)	(16)
Operating Budget	1,093	1,135
Capital Requirement	0	0
Adjustment to reflect the excess of income received in 2021/2022	17	(24)
Resource Requirements	1,110	1,111

10. Key outcomes

10.1 Actions

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

10.2 Measures

Measure	
M1.	Monitor the number of EBs with administration costs above 7.5 per cent of annual project expenditure.
M2.	Maintain Sector level performance with administration costs below 7.5 per cent of annual project expenditure.

M3.	Monitor the number of EBs with unspent funds at year-end above 1.5 times income received in year.
M4.	Maintain Sector level performance with unspent funds at year-end below 1.5 times income received in year.
M5.	Year on year reduction in the value of uncommitted funds held by EBs.
M6.	Maintain the percentage of EBs using EOL.
M7.	Increase survey return rates.
M8.	Maintain satisfaction with our services.
M9.	Increase the number of risk-based project site visits.
M10.	Maintain the return rate for Form 9s from the baseline in 2022/2023.
M11.	Retain our independent Cyber Security certification.

11. HMRC reporting requirements

We report a wide range of information relating to the LCF and our own performance to HMRC and the schedule of formal reports that will be provided during 2023/2024 are set out below:

Timing/Frequency	Title
31 May 2023	Annual Chair's Statement of Assurance
15 June 2023	Statutory Annual Return (Form 4) Data
15 July 2023	EB Administration Costs and Unspent Funds Reports
31 July 2023	Regulatory Improvement Report
31 August 2023	Value for Money Report
7 September 2023	Draft Corporate Plan and KPIs and 2024/2025 Resource Requirement
By end December 2023	Annual Accounts
31 January 2023	Update to Corporate Plan and KPIs
Quarterly	Entrust Board papers
Monthly	TOA report
Monthly	KPI update
Ad hoc	Data requests

12. HMRC Key Performance Indicators (KPIs)

HMRC monitor our performance as the Regulator of the LCF and we agree a number of KPIs with them that encompass key targets. The KPIs agreed for 2023/2024 are proposed below:

Target 1	Achieve standards of service delivery and effectiveness acceptable to Stakeholders of a modern regulator
1.1	Approve 100 per cent of eligible applications to enrol as an EB within five working days.
1.2	Approve 98 per cent of eligible project applications within five working days.
1.3	Undertake a customer satisfaction survey by 31 August 2023 and use the findings to improve EBs' level of satisfaction with our services with identified improvements included in an action plan developed by 31 December 2023.
Target 2	Enhance the accountability and transparency of the LCF by reporting and publishing information about its operation
2.1	Provide reports to HMRC against the agreed reporting schedule.
Target 3	Secure/increase the level of compliance with the Regulations
3.1	During the 2023/2024 year inspect at least one third of active EBs to monitor compliant spend, focusing on the areas of highest risk based on previous non-compliance, risks identified through the risk model and issues identified during the year.
3.2	Ensure that 99 per cent of LCF funds are reported through the 2022/2023 Statutory Annual Return (Form 4) by the due date of 28 April 2023.
Target 4	Deliver value for money
4.1	Following the implementation of our e-delivery policy, maintain the online submission of all Forms at 100 per cent in 2023/2024.
4.2	Publish 2021/2022 benchmarking data for EBs by 30 June 2023.
Target 5	Report to HMRC by 31 July 2023 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.