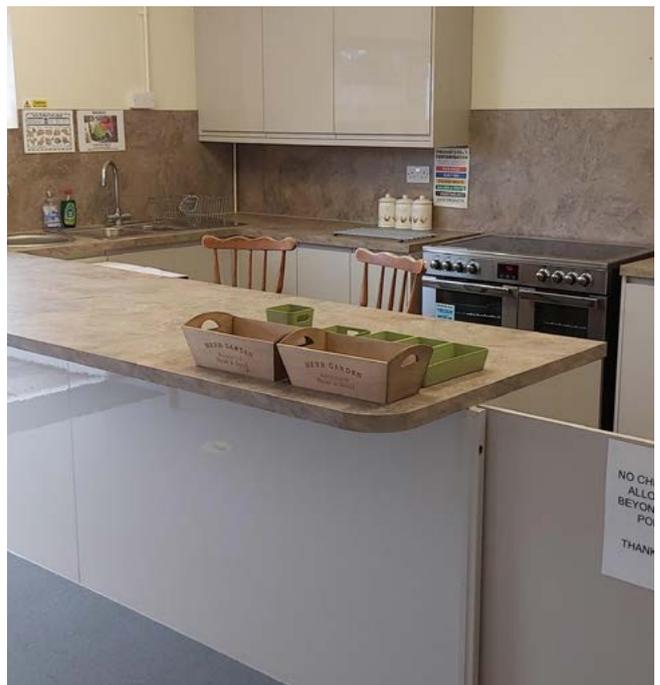
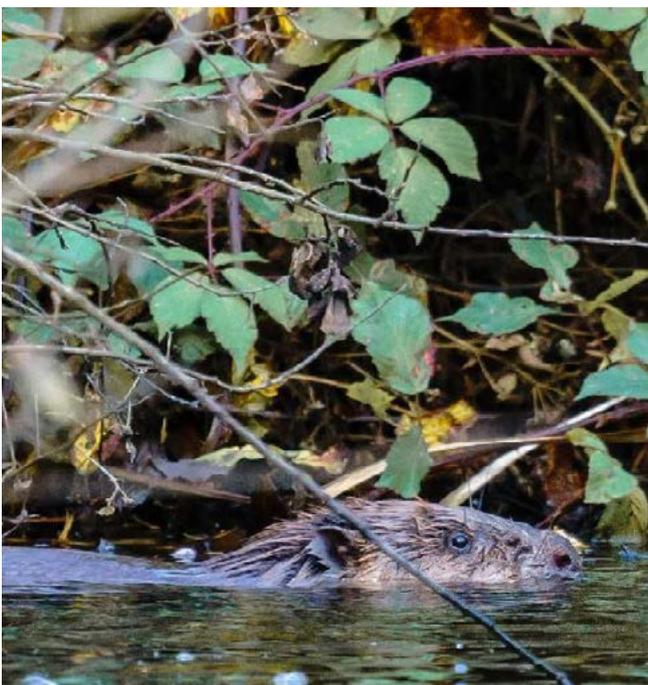
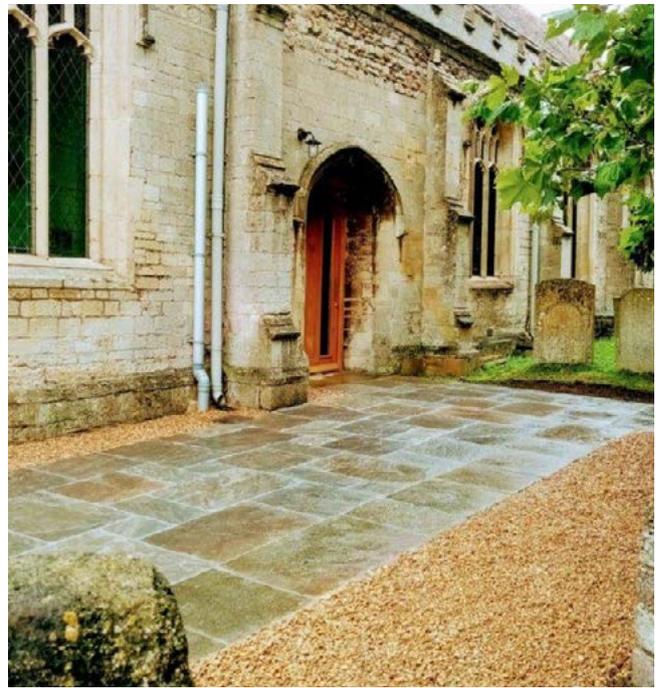




Regulating the Landfill Communities Fund
Benefiting people and the environment

2021 – 2022 ANNUAL REPORT





Dean Lane Skatepark, funded by Enover Community Trust

Photo courtesy of: Enover Community Trust

What is ENTRUST?

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

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

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

Our aim

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

How the Landfill Communities Fund works

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

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

Landfill Communities Fund Objects

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

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

Front cover images (clockwise from top left): Manton Jubilee Field Community Outdoors, image courtesy of Community First; St Thomas a Becket Church, image courtesy of Mick George Community Fund administered by Grantscape; Charteris Community Centre, image courtesy of Augean Community Fund administered by Grantscape; Delamere Beaver Project, Cheshire Wildlife Trust funded by Biffa Award image courtesy of Rachel Bradshaw

CHAIR'S OVERVIEW



Dame Ann G Limb DBE DL
Chair,
ENTRUST

ENTRUST has operated as the Regulator of the LCF, under Terms of Approval (TOA) from HMRC since the inception of the Fund in 1996. This reporting period represented the 25th anniversary of the Fund and I'm delighted that, as the Regulator of the Fund, ENTRUST has supported almost 4,100 enrolled EBs to complete more than 61,000 projects with a value of more than £1.62 bn across the lifetime of the Fund.

Throughout our tenure as the Regulator our core objectives have always been to:

- Mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance that LCF monies are spent compliantly in accordance with the Regulations;
- Continue to deliver the requirements of the TOA, which ensures that we fully support HMRC in regulating the Fund and deliver the annual objectives and Key Performance Indicators (KPIs) set by HMRC; and
- To support funders, EBs and project applicants, using our 'coaching to compliance' ethos to deliver projects which improve their local community or environment whilst remaining in line with The Landfill Tax Regulations (1996) (Regulations).

ENTRUST's 2021-2024 Corporate Plan set out the activities, which we considered were key to our provision of regulatory services. As always, this report reflects on the delivery of those activities. However, at the year-end I would also like to reflect on the continued challenges which faced the Sector during the ongoing Pandemic. Despite these challenges, local communities across England and Northern Ireland have continued to register and deliver projects which have made a difference.

In October 2021 we published our latest Value for Money (VfM) report which is based on the information that EBs submit to ENTRUST. This indicated that 99 per cent of LCF projects completed in 2020/2021 improved the lives of people in the community, or achieved environmental benefits and 81.2 per cent brought together people from different backgrounds. In a time of economic uncertainty in local communities and in protecting our environment, the need for LCF projects to deliver VfM is more important than ever. In validating the information that is provided to ENTRUST by EBs, ENTRUST ensures that the LCF continues to make a difference to as many people and environments as possible. You can read more about our approach in this area in our [2022-2023 Corporate Plan](#).

2021/2022 was another challenging year for ENTRUST, but I am pleased to note that we delivered all of our objectives and Key Performance Indicators (KPIs). We also continued to receive positive feedback from our annual EB satisfaction survey, which highlighted an 85 per cent overall level of satisfaction from those EBs who responded. Reflecting back on our core activities across the year, despite the Pandemic, I believe we maintained our commitment to work closely with all of our Stakeholders including the Association of Distributive and Environmental Bodies (ADEB), the Boards of the largest EBs and LOs to make the LCF a success.

As ever, these results would not be possible without ENTRUST's most important asset – our Staff. I would like to end by thanking them for their hard work across the reporting period.

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

CHIEF EXECUTIVE'S OPERATIONAL REVIEW



Christopher Welford
Chief Executive,
ENTRUST

Throughout the reporting period, despite the ongoing challenges of the Pandemic, we continued to deliver the 2021-2024 Corporate Plan.

Across the last twelve months we continued to prioritise continuous improvement measures, from scaling up our analysis and understanding of Stakeholder satisfaction scores, to delivering all of our training by virtual means (thus reducing costs and resource issues), to increasing the rigour of our assurance work by developing our Project Site Visits (PSVs) framework. From our previous assurance work, we identified a gap between assessing the financial compliance of a project, with the project initially registered with ENTRUST compared to the actual project that was delivered. Furthermore, we also considered it was prudent to assess a project's VfM and whether the project had delivered its aims and objectives. Across the year, our approach in developing the framework evolved and in 2022/2023, we are committed to working with our Stakeholders to further refine and improve it.

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.

In July 2021 we provided HMRC with an updated report on the value of the Sector and individual EBs use of Administration Costs and level of Unspent Funds for the 2020/2021 reporting data. For both measures the Sector comfortably met the recommended guidance levels. However, there were some EBs who failed to deliver HMRC's guidance levels and ENTRUST continued to monitor and work closely with organisations who required our support. We will report the 2021/2022 data to HMRC in July 2022.

HMRC KPI 3.2 requires us to ensure that 99 per cent of LCF monies are reported through the Statutory Annual Returns (Form 4) by the due date of 28 April each year. I am pleased to note that working with EBs, we exceeded this KPI, by ensuring that 99.9 per cent of funds held by EBs at the year-end were reported to ENTRUST by the due date. Furthermore, despite the continued challenges of the Pandemic we also delivered the highest ever return rate, of 88.5 per cent of all returns (from both funded and unfunded EBs) by the due date.

Whilst the impact of the Pandemic has been an ever present challenge over the last two years, I am hopeful that we are now moving back to a more settled period of time. As ever, we will continue to provide support to all our Stakeholders where they experience any continued difficulty, but we also look forward to the LCF continuing to deliver innovative, strong, compliant projects which improve local communities and the environment in England and Northern Ireland.

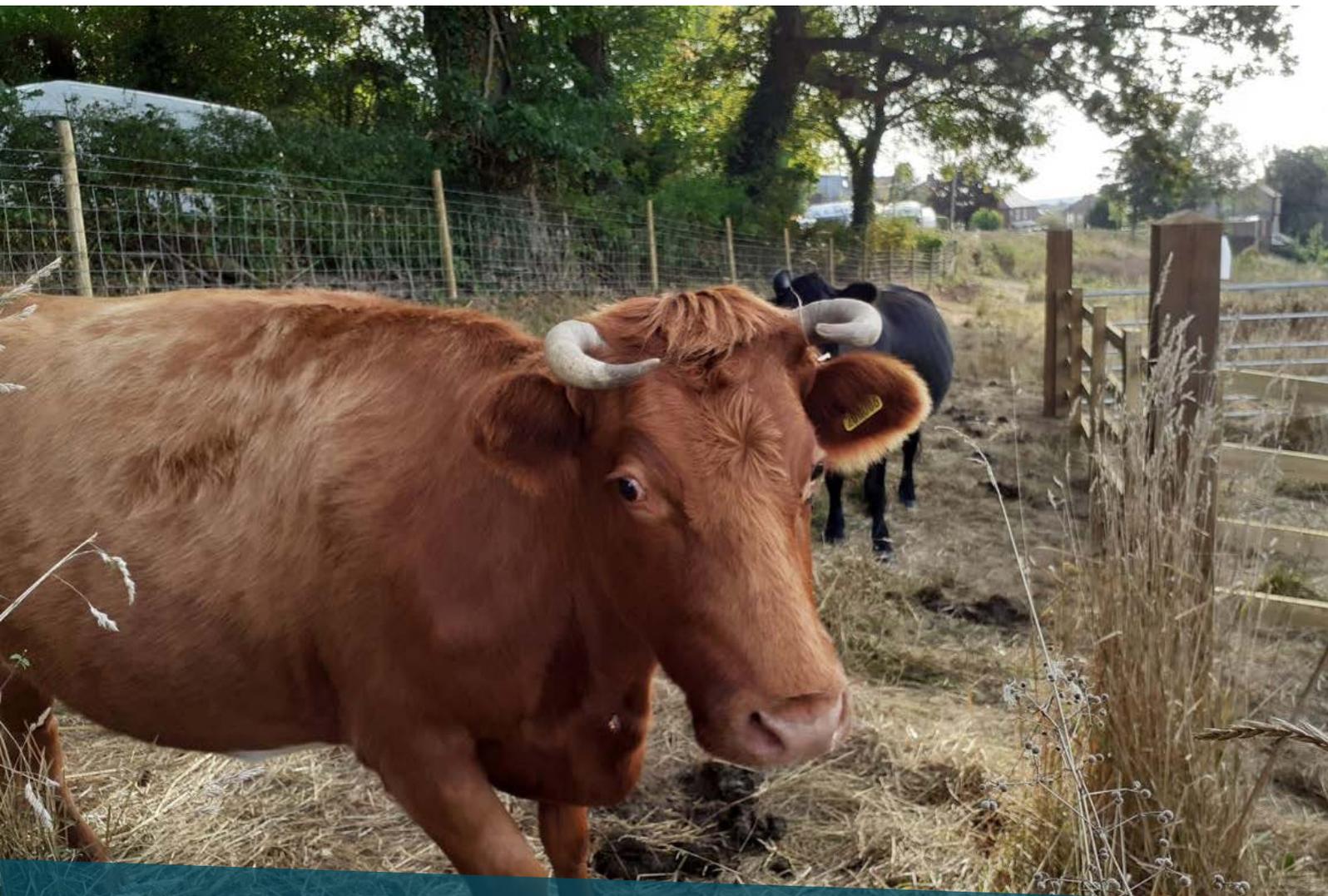
I would like to thank our Stakeholders for the flexibility and support in enabling ENTRUST to deliver our statutory duties to HMRC. Finally, I would also like to reiterate the Chair's thanks to ENTRUST Staff for their commitment to ENTRUST and facilitating the LCF's continued success.



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.



Greno Woodland and Mike's Field Restoration, Sheffield Wildlife Trust, funded by Biffa Award
Photo courtesy of: Sheffield Wildlife Trust and BIFFA Award

1. Registration

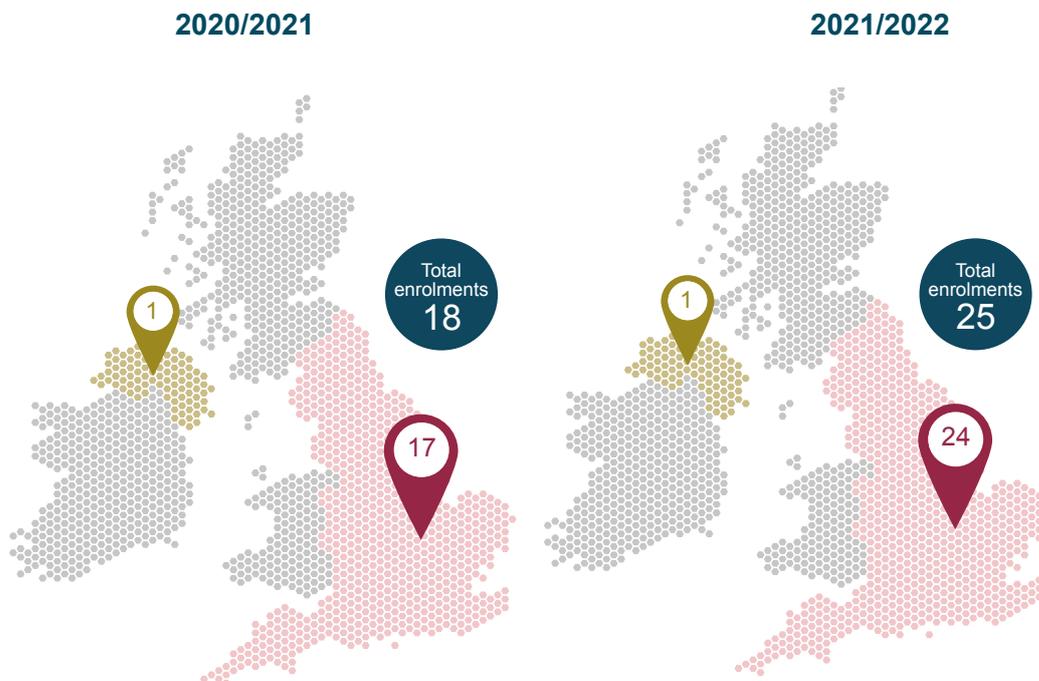
Our Registration function is our first point of access to our regulatory services. This includes the telephone calls and emails we receive and respond to through our Helpline, as well as the enrolment of organisations as EBs and the registration of project applications.

In delivering these objectives, we continued to enrol eligible organisations as EBs and registered compliant projects within five working days. We also ensured that our Registration process remained robust and transparent, and also supported the delivery of our overall aim of providing independent assurance to HMRC that LCF monies are spent compliantly in accordance with the Regulations and ENTRUST's guidance.

Enrolment of EBs

The majority of funding EBs do not require project applicants to enrol with ENTRUST and therefore many organisations who receive funding from the LCF do so without enrolling as an EB. In 2021/2022, the number of organisations enrolling with ENTRUST increased to 25 compared to 18 in the year before. In ENTRUST's experience the number of EBs enrolling in the LCF is dependent on the funding practices of one of the major funding EBs who require organisations to enrol with ENTRUST. As a direct consequence this determines the number of enrolment applications that ENTRUST receives. During this reporting period 23 of the 25 enrolments were submitted with this EB being the primary project funder.

As an innovative regulator, we are committed to ensuring that we adopt a proactive approach across the business. In relation to enrolments, this is focused on offering a bespoke service to organisations to ensure that the application process runs smoothly and to minimise the administrative burden on them. To ensure that the enrolment process remains responsive, flexible and agile, we reviewed our enrolment application process and made a number of simplifications to the form on Entrust Online (EOL). During this process, we also 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.

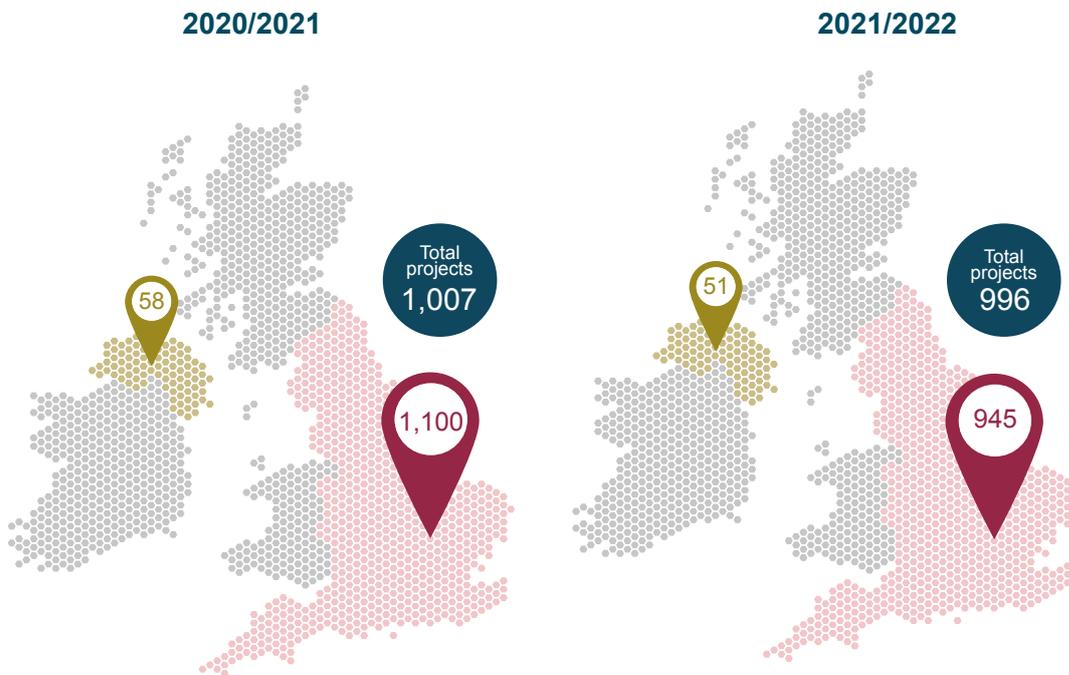


Project applications

We continue to approve projects, where all of the accurate, complete and correct information has been provided, within five working days. We also continue to focus on delivering effective regulation through our Registration function by ensuring all project applications are assessed for their compliance with the Regulations at the project registration stage, which then supports our compliance assurance work. In delivering this aim, every project application submitted to ENTRUST is assessed against a control framework by our Registrations Team to ensure compliance with the Regulations and ENTRUST's guidance.

As part of our continuous improvement programme, we have begun further review of the framework for processing projects considered high risk, originally implemented in 2019. The review will ensure that it remains an effective tool in obtaining the necessary assurance that a potential project is compliant with the Regulations. 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.

In 2021/2022, we registered 996 projects, 69 fewer than the previous year. We also exceeded our Registrations' KPI by approving 99 per cent of projects within the target of five working days (KPI target: 98 per cent):



Widnes St Paul's Amazing Space

Total Project Cost: £218,000

LCF Support: £68,000

Funder: FCC Communities Foundation

Completed: July 2021

The Parochial Church Council of St Pauls Church, Widnes applied for funding to reorder their church to create a new space for community use in Widnes.

The project included new heating, toilets, and entrances, making the space DDA compliant and creating a safe, comfortable, and attractive community hub and venue. The new space would be a venue for performing arts and a community hub, along with a centre for contemporary Christian worship. This space will be used by the local community, community groups and the wider town, to meet its social and physical needs.

The LCF, through FCC Communities Foundation, funded the costs of creating the performance space, electrical works, underfloor heating, sound, lighting, and security alarms alongside the creation of more accessible and welcoming entrances.



Richard Smith, Senior Grant Manager said:

“St Paul's Amazing Space is exactly that! We were really impressed with the determination and fundraising commitment of the applicants and community to complete an ambitious refurbishment programme.

The transformation of this iconic church in the centre of Widnes is remarkable and it is a fantastic example of how a traditional church building can be re-ordered to create a modern community building. The building is packed with features is already making a huge difference to the groups who use the building and we look forward to this continuing for many years to come.”

Photos courtesy of: FCC Communities Foundation

2. Advice, Guidance and Training

We continued to offer a range of guidance and training materials helping EBs to understand their obligations whilst offering bespoke advice and guidance through a variety of channels as and when they require it, which is specifically tailored to their individual needs.

Enquiry handling

Our enquiry handling approach consistently receives positive feedback, both through the EB Satisfaction Survey and through the monthly helpline satisfaction survey. These surveys enable us to respond immediately to address any concerns raised and work with the respondent to resolve any issues. For the year April 2021 to March 2022, 95 per cent of respondents to the survey reported that we had responded to their query within 24 hours, 91 per cent of respondents were satisfied/very satisfied with the way their query was handled and 92 per cent of respondents reported a good/very good experience of the helpline service.

Throughout 2021/2022 we were mindful of the additional needs of Stakeholders due to the latter stages of the Pandemic and we therefore issued regular updates regarding our COVID-19 guidance. Our telephone and email Helpline service remained fully available and Stakeholders continued to have direct access to our Staff through Direct Dial phone numbers and email addresses.

In 2021, we continued our enquiry handling strategy for the Statutory Annual Return (Form 4) reporting period. This was based on the approach we developed in 2020 after taking into consideration the impact of the Pandemic to ensure that we could support EBs in completing their returns, for example using a dedicated Form 4 Annual Return email address. We also reviewed our Customer Charter and Service Standards, ensuring that they remain effective when responding to, and working with, our stakeholders.

Information, advice and guidance

Our Guidance Manual is a key document in facilitating EBs' compliance with the Regulations. One of the areas where we recognise the important contribution that EBs make is when we review and update the Guidance Manual. Feedback from EBs provides empirical evidence to allow us to develop clear and consistent guidance that is understood by all end users. In 2021/2022 we further utilised this strength by working with our Stakeholders to ensure that we understood the impact that the Pandemic was having on their LCF activity and to ensure that our guidance reflected and addressed these issues for example, adding a section to document specifically regarding NHS use of public amenities in December 2021.

To ensure that the Guidance accurately reflects the requirements of the Regulations and supports EBs, we continually review the document and as part of this process, we take into consideration EBs' feedback. In 2021/2022 we undertook a formal consultation on the effectiveness of the Guidance Manual and our Training package. After considering and analysing the responses, we published the findings of the exercise on our website, which in summary did not recommend any changes to the Guidance Manual as the feedback was positive. During the year, the Guidance Manual was updated in July and December 2021 to clarify the role of the Conditions introduced in 2015 and replace the word 'enforcement' with 'breach management'.

We continued to coach EBs to compliance by offering advice and guidance through virtual meetings, compliance inspections (both virtual and face to face) telephone calls and emails. The impact of this approach was monitored through our review of quarterly compliance and breach management activities. This monitoring identifies any patterns or new themes in EBs failing to comply with the Regulations and ENTRUST's guidance. This feedback develops our strategic thinking not only in the production of training guides, but in how we focus our resources in increasing EBs' understanding through our relationship management framework, for example, we consider that the failure of EBs to maintain their details on EOL such as governing member information increases the administration burden of ENTRUST. To address this issue, we are stressing the importance of maintaining this information.

Training

We consider that it is essential, as an open, flexible and transparent regulator, to offer EBs and other stakeholders the opportunity to visit ENTRUST, to meet with our Staff and to have an open forum to raise issues, ask questions and seek advice. This core objective, along with our 'coaching to compliance' ethos, informs the development of our training strategy. Since March 2014, we have delivered an annual training programme for EBs with a focus on delivering Value for Money (VfM) and meeting the following objectives:

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

It is also our key aim that the programme delivers a consistent low cost per delegate and cost per access whilst extending reach, maintaining high levels of positive feedback, which we believe improves EBs' compliance with the Regulations and HMRC/ENTRUST's Guidance. Against the training targets we set for the year, we delivered the following:

	2021/2022 Target	2021/2022 Actual	Met
Cost per delegate attending a training event	£15	£3.20	✓
Feedback scores	4.5	4.6	✓
EB Satisfaction Survey: Accessing training information on the ENTRUST website	95%	97%	✓
Is the information on the ENTRUST website useful	95%	97%	✓
Training event feedback form: Recommend event to a colleague	95%	100%	✓

In November 2021, we ran consultation exercises in relation to the provision of our training and guidance. This, and subsequent discussion with ADEB members, provided evidence that EBs are, in general, content with our training provision, but it also provided some constructive recommendations as to how we could make further improvements. These improvements and our actions to implement them, include maintaining virtual training events and making better use of the Training Module provided online, are set out in the consultation report which was published in April 2022 on our website.

Since the beginning of the Pandemic, our Basic Training events have been unable to take place at the ENTRUST office. However, to manage this issue, we provided our training events virtually. After successfully delivering virtual events in 2020/2021, in June, September, November 2021 and February 2022 and after taking into consideration EBs feedback from the consultation exercise, we considered it was appropriate to continue holding all of our training events virtually unless we received a specific request to hold a face-to-face event. In January 2022, a further event was held for one EB at their request as they had multiple members of Staff who they considered would benefit from the training. Overall, attendance at events increased from the previous year reflecting the growing trend after last year's increase and therefore based on this evidence we consider running virtual training events delivers excellent VfM. However, we will still remain open to holding physical events if requested to do so, retaining our "open door" policy.

We also continue to maintain a suite of training resources and 'How to' guides on our website to help EBs comply with the Regulations and ENTRUST's guidance. This suite of documents is now considerable and provides a 24/7 resource for stakeholders, providing advice on how to use EOL for certain functions ('How To guides'), as well as handover tools for new contacts or further information to aid EBs in understanding their obligations (e.g., 'Reporting and Record Keeping responsibilities'). These guides consistently receive positive feedback in responses to our surveys.

The average training feedback score for 2021/2022 was 4.6, exceeding our target of 4.5:

Type of event	No of events	No of delegates	Average feedback
Basic Training	5	45	4.6
Total average feedback			4.6/5.0

You can read the review of our [2021/2022 Training Strategy on our website](#), including feedback from attendees.

3. Compliance

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

To achieve these statutory requirements, we deliver an annual schedule of targeted risk-based compliance inspections of EBs and project sites. This schedule aims to inspect at least one third of active EBs to monitor compliant spend in accordance with the schedule of KPIs that we have agreed with HMRC. During 2021/2022 we developed our risk model and inspection approach to enable more targeted reviews of higher risk projects and larger EBs rather than focusing on smaller EBs with lower risk projects. We believe that this change has allowed ENTRUST to provide a greater level of assurance to HMRC that LCF monies are spent compliantly.

In addition to the annual inspection programme, we also carry out inspections of EBs which request voluntary revocation from the scheme, to ensure all funds have been correctly accounted for and all statutory reporting requirements fulfilled before an EB's revocation can be approved. We also carry out an annual review of Annual Return submissions to ensure all EBs comply with the statutory reporting requirement and that the data reported by EBs is accurate.

Monitoring of levels of EB administration costs

Administration costs are defined within Regulation 30 (1) as those costs "incurred in connection with the management and administration of an EB or its assets". HMRC has set as one of its strategic priority objectives for the management of the LCF that the level of administration costs incurred by EBs should be at, or below, 7.5 per cent of annual project expenditure. In ensuring that ENTRUST supports HMRC in delivering this priority, during 2018/2019, we formalised and enhanced our previous activities into a framework, to scrutinise, monitor and implement appropriate intervention action to ensure EBs comply with the administration cost requirement. We reviewed and updated the framework in 2020/2021. This target continues to be achieved at Sector level.

In monitoring EBs' behaviour in implementing and complying with the Government's Reform of the LCF, ENTRUST provided a report to HMRC in July 2021 detailing the value of LCF monies spent by EBs on administration costs during 2020/2021 and which identified those EBs whose costs were above the guidance level of 7.5 per cent of their LCF project expenditure. Overall, in the 2021/2022 reporting year, across the Sector, the administration costs to project expenditure ratio remained below the 7.5 per cent guidance level. The value of administration costs incurred by EBs rose from £2.27m in 2020/2021 to £2.38m in 2021/2022. The number of EBs incurring any administration costs greater than £100 decreased from 38 in 2020/2021 to 35 in 2021/2022.

The ratio of administration costs to annual project expenditure for the whole scheme (all EBs) increased slightly from 5.33 per cent in 2020/2021 to 5.80 per cent in 2021/2022. The report also identified that 9 EBs had reported administration costs in excess of the guidance level, which was a decrease on the 2020/2021 figure of 11 EBs. One of these EBs revoked from the scheme during 2021/2022.

The full report on Administration Costs for 2021/2022 will be provided to HMRC in July 2022.

Reducing the level of unspent funds

Unspent funds are those LCF funds held by EBs at the end of each reporting period. EBs are required to state within their Statutory Annual Return whether these funds are committed to projects, retained for winding up, or classed as uncommitted. HMRC has set as one of its strategic objectives for the management of the LCF that the overall value of unspent funds held by EBs should be reducing year on year. Based on our experience of regulating the Fund, ENTRUST would expect individual EBs to hold a maximum level of funding, which as a benchmark should normally be between 12 and 18 months and be no greater than 1.5 times the EB's income (including contributions and transfers) received in year.

In ensuring that ENTRUST supports HMRC in delivering this objective, during 2018/2019 we formalised our framework for monitoring EB's performance and have where appropriate made interventions to encourage

EBs to comply with our guidance. We reviewed and updated the framework in 2020/2021. This target continues to be achieved at Sector level.

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

Overall, in 2021/2022, the Sector as a whole remained below the unspent funds guidance level of 1.5 with EBs holding 1.13 times the income received in year (compared to 1.27 in 2020/2021). The report further identified that, for the Sector the total value of unspent LCF funds held by EBs as at 31 March 2022 was £43.3m; an increase of £2m from the 2020/2021 level of £41.3m. Within this total, the level of uncommitted funds increased from £9.9m in 2020/2021 to £12.4m (an increase of £2.5m or 25 per cent).

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 2021/2022; and
- Scheduled a compliance review of each EB during 2021/2022.

Inspection and review process

The 2021/2022 programme was developed taking into account ENTRUST's available resources with the aim of delivering more for less and to maximise the assurance that ENTRUST can provide to HMRC to:

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

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

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

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

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

Our review of compliance issues arising from previous inspection programmes has identified that the levels of assurance, which we obtain and our ability to identify and address issues of non-compliance within the LCF scheme is improved by conducting a greater number of physical inspections to project sites. This is an area of our work, which we expanded during 2021/2022 through the development of our Project Site Visits (PSV) programme, which allow ENTRUST to efficiently target site visits to projects of greatest risk.

The Project Risk Model follows the same format and principles as the EB Risk Model. Projects are awarded an individual risk score compiled from a number of key risk indicators which are based on the data held on EOL. The risk scores are updated in real time based on EBs project activity.

The key risk indicators which make up a project’s risk score include, for example:

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

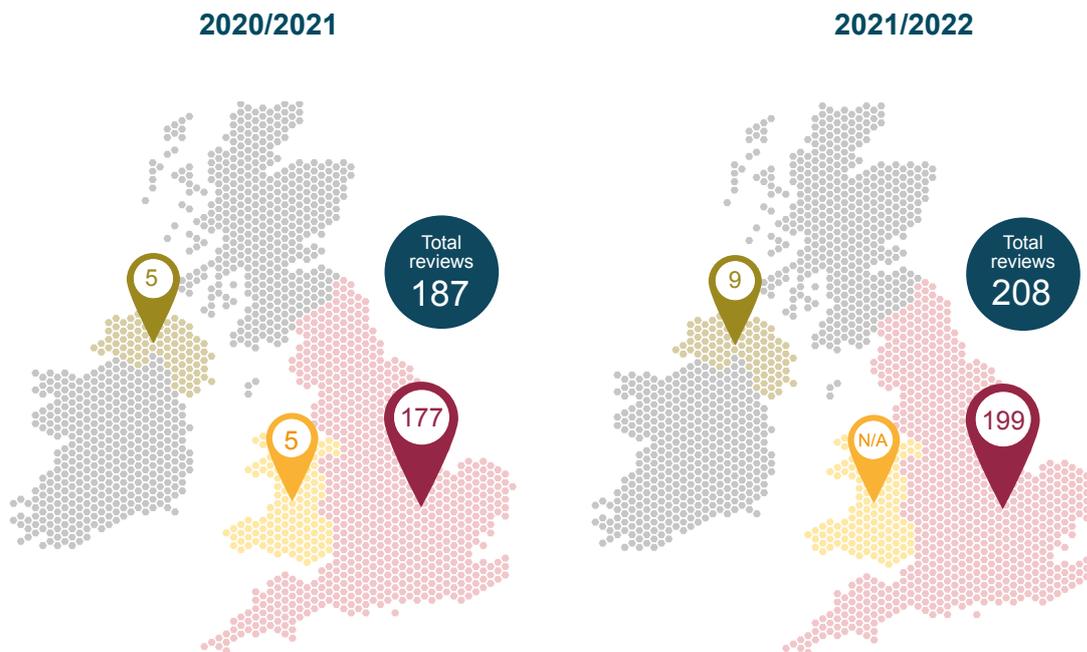
During 2021/2022 we completed our review process using a variety of virtual mediums alongside reintroducing physical site visits when possible. This approach included conducting desktop reviews virtually, which we believe has provided another efficient and effective ongoing inspection mechanism.

Compliance reviews in 2021/2022

There was one KPI for the Compliance Team which was agreed with HMRC for 2021/2022:

“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.”

A total of 208 compliance reviews were undertaken which was greater than in the previous year (187). Of these, 64 were Project Site Visits (PSVs). The findings identified from our compliance reviews are published quarterly on our website:



Compliance satisfaction survey

A link to the online compliance satisfaction questionnaire is issued with the draft compliance report following every compliance review. During 2021/2022 we increased the survey response rate for the Compliance Inspection survey to 56 per cent (up from 53 per cent in 2020/2021). The Compliance Team achieved a score of 4.2 out of 5.0 for overall satisfaction with the compliance process:

Overall satisfaction with compliance process			
Target	4.5	Actual	4.2

Although some EBs had been willing to host ENTRUST compliance reviews during 2021/2022, some EBs found the Pandemic challenging due to Staff being furloughed and some of them temporary closing their businesses. Additionally, many of our reviews were completed with EB Staff who were unfamiliar with the process and ENTRUST as the Regulator of the scheme, which we consider also had a detrimental impact on the overall satisfaction score. From the review of EBs' comments, it was apparent that some of the constructive comments and ratings were focused on the LCF, and ENTRUST procedures, and not specifically about ENTRUST Staff.

To address this issue, during 2021/2022 we reviewed and updated our monitoring and follow up process of all lower survey scores and constructive comments which is now carried out by ENTRUST's Investigation and Assurance Officer (I&AO). These follow up reviews are used to improve our processes and procedures, identify problems with the operation of the Fund, which is then referred to HMRC and areas where our Staff can improve their approach when working with EBs.

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 themselves. However, where an LO requires the full 10 per cent shortfall in the tax credit to be met, the funding EBs need to request project applicants make a CTP payment of over 10 per cent to make up for the elements of contributions used to meet the ENTRUST levy payments and EB administration costs and which cannot be used to raise CTP monies. This practice is subject to monitoring via the compliance inspection process. We publish data about CTP requirements in our benchmarking reports.

In 2021/2022, we continued to monitor CTP requests through Form 3 LO contribution data, Form 9 project completion data and through compliance inspections.

Publishing non-compliance

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

Compliance findings

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

Breach Management findings

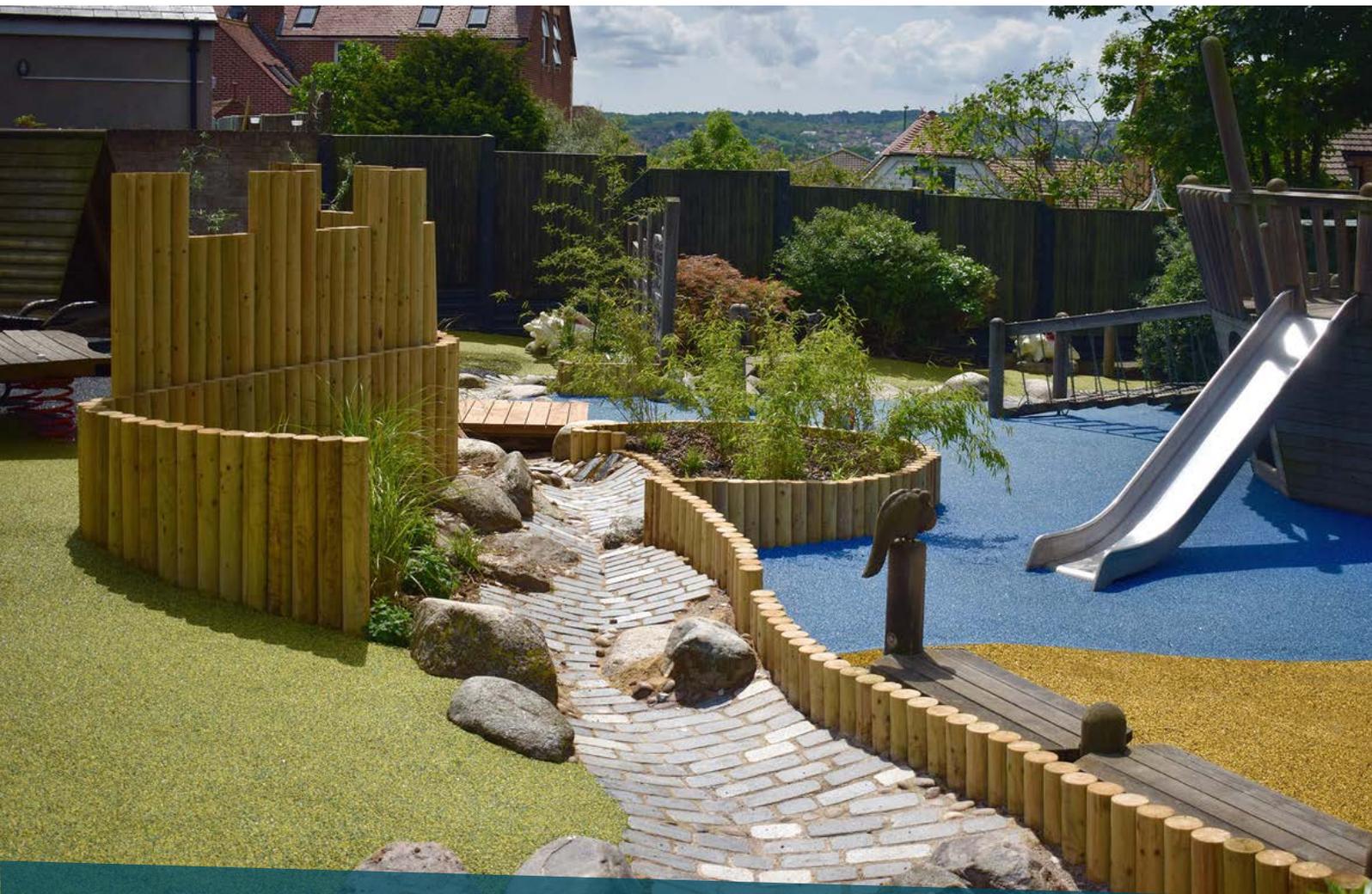
- Late statutory reporting of the notification of a contribution from a LO;
- Late statutory reporting of the notification of a transfer to an EB;
- Late levy payment;
- Project expenditure outside of the prescribed period;
- Anonymised details of Breach Management cases; and
- The number of EBs frozen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

We also highlight the compliance inspection and review findings and recommendations in our quarterly eNewsletter signposting to relevant resources to help EBs maintain compliance. We will also feed any common issues of non-compliance into our training processes and resources, in order to ensure EBs have the information to maximise the potential for compliance.

The full 2021/2022 [Compliance and Breach Management Findings report can be read here on our website.](#)

Voluntary revocations

In 2021/2022 there were 81 requests for voluntary revocation, which were reviewed and approved by the ENTRUST Board, this compared to 88 in the previous year:



Whitstable Castle Play Area, funded by Viridor Credits Environmental Company
Photo courtesy of: Whitstable Castle Trust

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 manages cases of non-compliance using our [Breach Management Framework, which is published on our website](#). This framework and its underlying processes and principles were reviewed and updated to ensure that our case management process remained agile, fit for purpose, complies with best practice and any statutory requirements and meets the standards we have agreed with HMRC. Additionally, during 2021/2022, to bring our terminology in line with HMRCs, the word 'enforcement' was replaced with 'breach management'.

Breach Management case activity

We also continued to undertake our casework, working with individual EBs demonstrating a range of non-compliance identified through our compliance reviews, or notified to us by an EB, in order that corrective actions can be agreed. Across 2021/2022 we identified seven cases, which we had to manage and at the year-end, three of these were subject to ongoing breach management work. The seven cases related to:

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

In accordance with the breach management framework, we only refer cases to HMRC to consider forcible revocation and claw-back under circumstances where no agreement on required actions can be reached, or agreed actions have not been completed. To ensure we remain a flexible and agile regulator, we reviewed our case handling process following the referral of two long term cases to HMRC in order to identify what we could have done better.

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

Regular Breach Management activity

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

We continued to undertake monthly monitoring of:

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

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

The following table provides the number of letters addressing regulatory breaches sent during the financial year 2021/2022. If an EB has had multiple breaches in one month, then they receive one letter 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)	10	4	0	14
Late Statutory reporting – Form 7 (notification of transfer of monies between EBs)	4	1	0	5
Late levy payment	0	0	0	0
Project expenditure outside of the prescribed period	3	2	1	6
Total letters sent	17	7	1	25

Contributions and Transfers

Contributions are notified to us by EBs via a Contribution form (Form 3). The Regulations provide that this notification should be made within seven days of the EB receiving the contribution. In 2021/2022 there were 204 contributions notified to us, of which 19 were submitted more than seven days after receipt by the EB. This equates to 9 per cent of reported contributions and is a rise on the 2020/2021 performance of 4 per cent.

Transfers of funds between EBs are notified to us by EBs via a Form 7. The Regulations also provide that this notification should be made within seven days of the EB making the transfer. In 2021/2022 there were 285 transfers between EBs notified to us, of which 15 were submitted more than seven days after the transfer was made. This equates to 5 per cent of transfers, representing no change on the performance of the previous year (2020/2021: 5 per cent).

Project expenditure outside the prescribed period

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

Following our communications activity about this condition and our breach management activity for those who spend outside of the prescribed period, in 2021/2022 there were 44 instances of spend outside the prescribed period (2020/2021: 24 instances); however, 38 of these were for one EB currently referred to HMRC as part of a breach management case. This illustrates that since the introduction of the condition, generally, EBs have made improvements to their processes to manage project activity and spending and the number of breaches remains low.

Publishing Breach Management activity

As an open and transparent organisation, we publish our recent compliance findings and breach management activity on our website on a quarterly basis and include them in our quarterly briefing notes and eNewsletters. This approach forms part of our framework to support EBs by offering the appropriate level of advice and guidance wherever needed. We have continued to refine this report to make it more useful to EBs and to provide guidance on how to avoid the common areas of non-compliance. As ever, we will seek feedback from EBs as to whether this level of information is helpful and also look at the impact it has on reducing non-compliance in the Sector.



Willington Wetlands Beaver Release, Derbyshire Wildlife Trust, funded by Biffa Award

Photo courtesy of: Derbyshire Wildlife Trust

Great Braxted Play Area

Total Project Cost: £65,000

LCF Support: £22,000

Funder: Enovert Community Trust

Completed: August 2021

Great Braxted's play area previously featured ageing pieces of play equipment, most suitable only for older children.

The new playground now includes outdoor picnic areas and meeting space, together with inclusive, accessible play equipment for children of all ages and abilities, including a variety of swings, see saws and spring rockers, play units and climbing frames, as well as a new accessible roundabout and sensory hub.

The new playground within Great Braxted's playing field was officially opened on Saturday 30 April 2022, when more than 150 people turned out to see the results of the project.



Richard Collins, lead fundraiser for the project, said:

“The new playground is a fantastic resource which will benefit the area and local community by providing safe outdoor play for children.

The nearest park offering play inclusion and provision for abilities was previously six miles away on the far side of Maldon town centre, so this new playground will be giving time, fun, and exercise to local families, while reducing travel, encouraging exercise, and promoting good health, social interaction, and plenty of fun!”

Photos courtesy of: Craig Knapton and Enovert Community Trust

5. Regulations

In 2021/2022, we provided advice and guidance to EBs on the Regulations and conditions agreed under those Regulations. We reviewed and updated our Guidance Manual twice within the period, which clarifies the meaning, interpretation and requirements of the Regulations. We supported EBs to compliance using a variety of means, of which the Guidance Manual is a key element.

Consultations

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

In 2021/2022 we undertook a formal consultation on the ENTRUST Guidance Manual and our Training package. The consultation was communicated with all EBs, inviting them to take part directly. After considering the responses, the consultation report has now been published on our website detailing the next steps. Those changes that have little to no impact on Stakeholders were implemented immediately. Other changes have been appropriately scheduled to ensure time for EBs to recognise any impact they may have on their organisations.

Statutory Annual Returns (Form 4)

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

The 2020/2021 Annual Return Strategy was developed to take into consideration the impact of the Pandemic on EBs' operations, whilst acknowledging that the statutory deadline of 28 April is set in legislation and cannot be changed. Throughout 2020/2021, we shared our Guidance relating to the LCF and Pandemic, which made our position clear to EBs. However, we also recognised that some EBs could have difficulty in completing their return and we therefore requested that those EBs contact ENTRUST as early as possible in the return process to discuss any assistance that ENTRUST could provide. This position was reinforced through our Form 4 communication plan.

Overall, 99.9 per cent of funds were reported by 28 April 2021. Just two EBs, holding £10,648.87 of LCF funds, did not return their forms by the due date (compared to EBs holding funds of £43,726.37 in 2020 and £291,419 in 2019). However, both of these organisations submitted their returns by 5 May 2021 culminating in 100 per cent of funds reported by this date.

Furthermore, the return rate for all EBs (funded and non-funded EBs) was 88.5 per cent which, despite the impact of Pandemic is the highest return rate for our Annual Return Strategy. We therefore consider that our Strategy was successful in both delivering and exceeding the required KPI:

Aim	2018/2019	2019/2020	2020/2021
Key Performance Indicator (KP 3.2): Proportion of the value of LCF monies held by EBs by the due date (target 99 per cent)	99.5%	99.9%	99.9%
% of EBs who submitted the Statutory Annual Return (Form 4) by the deadline (28 April)	87.8%	86.7%	88.5%
EBs sent advice and guidance letter regarding failure to submit the Statutory Annual Return	178	248	145

The two funded EBs who failed to meet the Statutory Annual Return deadline were sent advice and guidance letters on 29 April 2021 to advise them of their failure to submit their return and to advise them of the actions they needed to take to resolve their breach of the Regulations.

Additionally, 145 advice and guidance letters, or emails were sent to those EBs, which had failed to submit a return as at 7 May 2021. This compares to 248 letters, or emails issued in 2020. The letters were sent to the main contact of the EB to state that if the outstanding return(s) were not completed the EB would be frozen within two weeks of receipt of the letter. Of these organisations, three had failed to submit returns for two years (compared to 17 in 2019/2020). A further four had submitted the 2020/2021 Annual Return, but were frozen for failure to complete the 2019/2020 Annual Return and the letter was amended to reflect this.

Unfortunately, 65 EBs did not comply with this request and had their status frozen, this compared with 181 EBs in 2020. There were also five EBs frozen for not returning the 2019/2020 Annual Return (compared to 17 in the previous year). The list of frozen EBs was published on our website and regularly updated throughout the year.

In September 2021, we sent advice and guidance letters to all listed Governing Members of one-year frozen EBs, following lack of communication from their main contact and at 31 March 2022 just five EBs remained on the frozen list.

By March 2021 our Policy and Regulations Team, had resolved all instances of EBs frozen for failure to complete two Statutory Annual Returns and therefore, no EBs were required to be referred to HMRC in 2020/2021, for consideration of forcible revocation for this reason.

ENTRUST Regulator Standards (ERS) assessment

The ERS encompass the regulatory work undertaken by ENTRUST and reflect the standards detailed in the Regulators' Code. In 2021/2022 we conducted a review of the ERS (which were last reviewed in 2018) to ensure that they continue to both reflect recommended best practice and the latest standards for regulators. The result of this review was to streamline the 31 standards to 21 and to reformat them to better represent recent government advice, incorporating inputs and outcomes while maintaining the content of the previous ERS to enable consistency in measuring our performance against these standards. We believe that this change will enable us to continue to publish an annual self-assessment of our performance, which demonstrates how we carry out our regulatory duties on behalf of HMRC.

In June 2022 we published our first assessment against the updated ERS. As part of our self-assessment each area of the ERS was considered and evidence provided in support of the assessment made. The report concluded that all requirements of the ERS were rated as completed and met in 2021/2022. The [full report is available on the ENTRUST website](#).



Oxford University Museum of Natural History, funded by FCC Communities Foundation
Photo courtesy of: FCC Communities Foundation

6. Communications

Our communications activity is undertaken to support our operational and regulatory activity. Through our website, email communications and training support materials we provide information, advice and guidance to support EBs when undertaking their LCF activity. We also provide information for those new to the scheme, which enables them to assess whether their organisation and projects comply with the Regulations. Through our funders search, prospective applicants are able to find potential funders for their project.

Under the TOA, ENTRUST is required to publish up to date statistics on the operation of the LCF. We publish this information on the statistics page of the ENTRUST website which is updated in real time from EOL data on an hourly basis, which includes the total number of enrolled EBs at present and the total number who have received funding from the LCF. It also includes a cumulative count of the contributions that LOs have made to the scheme since its inception (at May 2022 this is £1.758 bn). The page also shows the total number of projects which have been approved, completed and are currently underway within each LCF Object category – this enables all stakeholders to see, in real time, the difference that the LCF has historically, and continues to make, to local communities and the environment. As at May 2022 the LCF has contributed the following:

Project expenditure on each approved Object over the life of the LCF (as at May 2022):

Approved Object	Total: life of the LCF
A: Land and remediation	£26,363,147
B: Prevention of pollution	£2,151,746
C: Reduction of waste*	£240,647,422
CC: Recycling of waste*	£4,662,122
D: Public parks and amenities	£1,096,292,322
DA: Biodiversity conservation	£138,353,457
E: Restoration of places of worship and historic buildings	£112,192,352
F: Services to other EBs*	£2,540,032
Totals	£1,623,202,600

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

Throughout 2021/2022, we continued to ensure that the information on our website and through our other communication channels relating to the LCF, including guidance, training materials, scheme data and case studies remained up to date and relevant. In particular we undertook a quarterly review of the content on the website, with a full content review in December 2021. Through our quarterly eNewsletters we continued to share key information to stakeholders and all of those interested in the LCF.

During 2021/2022, we also published new case studies, which were also highlighted in last year's Annual Review. Our objective remains to showcase the VfM that the LCF can bring to local communities and the environment across a diverse range of quality projects. These can range from a project that has received just a small sum of money, but has a big impact on the local community, to projects which receive in excess of £1m and allow the wider project to leverage far greater funds and have an impact at national level, as well as for the local community. We also continue to showcase the breadth and depth of the LCF through case studies in this annual report and you can read about three projects in this report on pages 8, 18 and 26.

Direct communication with EBs

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

We continued to distribute a quarterly eNewsletter, which provides an update on the scheme along with key messages and updates on our training materials and events. We also continued to undertake a mid-year contact to EBs to remind them of their obligation to keep their Governing Members and Documents up to date. Where we have lost contact with EB main contacts, we have also developed a more proactive strategy for contacting other Governing Members to bring the EB back into contact with ENTRUST, thus minimising the potential for non-compliance.

The following outlines our annual email marketing communication schedule for 2021/2022:

- Quarterly eNewsletters – April, July and November 2021 and February 2022;
- Corporate Plan to EBs – April 2021;
- EB Satisfaction Survey – May – June 2021;
- 2020/2021 Annual Report to EBs – July 2021;
- Publication of EB Satisfaction Survey – September 2021;
- Budget/Landfill Tax Briefing – November/December 2021;
- Statutory Annual Return (Form 4) communications – January to April 2022; and
- Operational eShots – throughout the year.

Stakeholder engagement

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

In December 2021 we facilitated the annual meeting between HMRC and the Chairs and CEOs of the largest EBs. This continued to be supported by our quarterly briefing notes, which include a summary of work undertaken, or upcoming, that we believe Chairs should be aware of and further supports the communications work undertaken by our Board.

With the agreement of HMRC, we continued to publish and issue our 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, 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.

Facilitating information sharing and networking

Throughout 2021/2022 we continued to offer EBs the opportunity to network and share best practice, by facilitating the Information and Networking Forum (INF). Following a successful trial in 2020/2021, these meetings were held virtually, which enabled greater attendance and shorter, more regular meetings. In 2021/2022 we held three meetings of the INF in June and November 2021 and in February 2022.

The forum provides ENTRUST with an opportunity to support EBs and to provide information, advice and guidance alongside an opportunity for EBs to meet and share ideas. Many EBs have reduced their Staff numbers, and some have just one or two members of Staff. We therefore consider it provides VfM to harness the experience and skills across the Sector to share information and ideas. We will also continue to ensure that the details of the group are shared widely so that smaller EBs can also take advantage of the shared best practice and networking opportunities.

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

As LCF monies are derived from public funds (foregone landfill tax diverted into the LCF scheme) it remains important to demonstrate the value that the LCF delivers to local communities and the wider environment. In 2021/2022, we reviewed our Economic, Community and Environment Impact Model (ECEIM) framework which was initially developed in 2015 and subsequently reviewed in 2018. The updated model has been shared with HMRC and ADEB and is planned to be published in Autumn 2022 in line with the publication of the VfM report, and following HMRC clearance.

The information provided by EBs is key in supporting our regulatory activities and to provide Government and other stakeholders with information on the impact, VfM and effectiveness of the LCF. We continued to develop our internal reporting capacity so we can report scheme level data quickly and accurately to HMRC and we continually assess and work with HMRC to publish information which demonstrates the VfM of the LCF.

Scheme Value for Money

In accordance with the TOA and the Reporting Schedule agreed between ENTRUST and HMRC, we provide HMRC with an annual VfM report. Since 2017 we have also published an annual report which summarises the VfM reporting data, taken mainly from the project completion form (Form 9), for the LCF. The report contains an analysis of data collected regarding LCF monies which have been invested across three financial years, detailing expenditure by Object and provides the Sector with information about the amount of funding generated from other sources, which gives a better understanding of the wider financial impact that the LCF delivers to communities and the environment. In October 2021 we published the latest VfM report on the ENTRUST website. This was also shared with all EBs in the November eNewsletter.

For the 1,042 projects for which there was a submitted Project Completion form for 2020/2021, EBs reported whether the project had achieved its intended outcome:

	Total for projects in 2019/2020	Percentage of 2019/2020 projects with positive response	Total for projects in 2020/2021	Percentage of 2020/2021 projects with positive response
Achieved intended aims	1,229	99.8%	984	99.9%
Improved the lives of people in the community or achieved environmental benefits	1,203	97.7%	975	99.0%
Brought together people from different backgrounds	1,014	82.4%	800	81.2%

You can access the [full VfM report on our website](#).

In 2019/2020, we conducted a consultation exercise to assess the VfM questions asked in the project registration and the project completion forms. The changes identified were implemented on 1 April 2021 and 2021/2022 will be the first year that we collect the additional information identified in the consultation regarding the number of trees planted per LCF project. This small change will have a big impact on the information used by many organisations when assessing the VfM of LCF environmental projects. Whilst this data commenced collection in 2021/2022, the data will not be reported until October 2022, when the assessment of projects which completed during 2021/2022 will be published.

Benchmarking EB performance

We continue to publish Sector-wide benchmarking data on the ENTRUST website and include the EB's own data in their individual compliance inspection reports. We published the fifth set of annual benchmarking data in June 2021. This data is particularly relevant to larger EBs and EBs which distribute funds to other EBs. The areas covered by the benchmarking metrics are:

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

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

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



Bletchley Town Cricket Club Community Outdoor Net Facility, FCC Communities Foundation Ltd
Photo courtesy of: FCC Communities Foundation Ltd

8. Measuring satisfaction

We remain committed to gathering the feedback, thoughts and opinions of our key stakeholders on the quality and performance of our services through the annual EB Satisfaction Survey, retaining key benchmarking questions in order that we can compare our performance year on year. The responses and the findings that we receive enable us to form a better understanding of our effectiveness in regulating the LCF.

In 2021 we received 199 responses to the EB Satisfaction Survey. This was an increase on the 2020 sample size (158 responses) which was impacted by the first Pandemic lockdown. It was also the second highest response rate in the past five years (2019: 209 responses, 2018: 179 responses, 2017: 164 responses), this is despite the closure of the scheme in Scotland and Wales. The overall level of satisfaction reported for 2021 was 85 per cent, which was an increase on the 2020 satisfaction score of 83 per cent and just one percentage point below the score recorded for 2019, 2018 and 2017 (86 per cent). This rating is calculated across the overall survey results as a percentage of questions requiring a response from 1-5 which were responded to positively, with a rating of 4 (agree) or 5 (strongly agree).

Since 2013, we have asked three core questions, with the aim of obtaining EB views on our performance and the quality of our services. Only respondents from EBs who had worked with us, contacted us, or accessed our services between 1 April 2020 and 31 March 2021 were able to provide a response. The full report is available on our website.

Whilst all three core satisfaction measures remain high, and either remain the same, or above the 2020 scores, they remain slightly below to the percentage of respondents agreeing with them prior to 2020. However, this was supported by an increase of those who recorded 'neutral' scores rather than an increase in those disagreeing with the statement:

- 92 per cent agree that they 'understand the role that ENTRUST undertakes as Regulator of the LCF' (2020: 92 per cent);
- 84 per cent agree that 'ENTRUST Staff are very professional when dealing with me and my EB' (2020: 78 per cent); and
- 79 per cent agree that "overall ENTRUST provides high quality services' (2020: 79 per cent).

With these results in mind, we developed an action plan to make improvements which was implemented and completed by 31 March 2022. The action plan is available on our website.



Wildmoor Heath Boardwalk, Berkshire, Buckinghamshire & Oxfordshire Wildlife Trust, funded by Biffa Award

Photo courtesy of: BBO Wildlife Trust

Creating Coombe Wood – land acquisition Woodland Trust

LCF Support: £750,000

Funder: Woodland Trust, funded by Biffa Award

Completed: March 2022

A generous grant from the LCF via Biffa Award has contributed to the successful acquisition of a new 54 hectare woodland creation site in South Devon.

The site is a remarkable opportunity to contribute to nature recovery in Devon, creating, through tree planting and natural regeneration, a vibrant mosaic of woodland and wood pasture together with open grassland spaces. Its existing hedgerows, veteran trees, streams, copse and wooded valley provide a good basis for this unique woodland creation project.

The proximity of the site to nature reserves including the Pebblebed Heaths and the Exe Estuary, adds to its significance. It will improve the ecological connectivity and resilience of the landscape, as we face the twin threats of the climate and nature crises. With access for local people to a new green space a central part of the project and their involvement key to its success, this project will contribute to health and well-being at a time when this is sorely needed.

Watch a video about the project at:

www.woodlandtrust.org.uk/support-us/give/appeals/devon-appeal/



Rachel Maidment, Biffa Award Grants Manager, said:

“It is a privilege to have been able to play a part in securing the future of this land for years to come. We awarded the Woodland Trust £750,000 towards the purchase, which is the maximum grant possible through the Biffa Award Partnership Grants Scheme, as part of the Landfill Communities Fund.

The funding has secured the site in perpetuity and it will become an amazing woodland filled with a rich matrix of habitats that will tackle climate change and provide the opportunity for people to explore green space and enjoy wildlife.”

Photos courtesy of: Woodland Trust

9. Organisation

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

As a responsible employer, ENTRUST considers the mental health and wellbeing of Staff to be vital to the Company's ability to deliver its regulatory obligations and Corporate Plan objectives. In 2021/2022 we continued to make this a priority and have in operation a well-being and fitness strategy that we believe complies with the "Thriving at Work Standards" and which is regularly reviewed and updated. Despite the impact of the Pandemic and the challenges that Staff have faced whilst working from home, we consider that this strategy has supported Staff and provided them with appropriate resources where necessary.

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

Organisation structure

We continually seek methods to improve and increase our regulatory assurance to HMRC whilst minimising our resource requirement. We consider that our 2021/2022 organisational structure continued to reflect the core level of Staffing that ENTRUST required to regulate the LCF to an appropriate standard in accordance with the requirements of the TOA and to mitigate the risk of financial loss to the Exchequer by providing HMRC with independent assurance. To utilise our Staff most effectively, and deliver more for less, our organisation is cross-skilled, sharing resources and multi-skilling across teams.

Business continuity

ENTRUST's multi-layered Business Continuity Plan (BCP) has been comprehensively developed, updated and annually tested over a number of years. Following the Pandemic restrictions that were introduced at the end of 2019/2020 and throughout both 2020/2021 and 2021/2022, we continued to operate using our BCP. The regular testing and structure of our BCP enabled ENTRUST to maintain a 24/7 e-delivery framework, which delivered the continuation of a fully-serviced regulatory function, allowing us to offer full independent assurance to HMRC that LCF funds were being spent compliantly whilst supporting EBs with advice, guidance and information to allow them to continue their work undertaking projects to support local communities and the environment.

Our previous work, delivered between 2017 and 2020, to move to 100 per cent e-delivery of our services enabled us to respond quickly and efficiently to the change in working conditions. As an organisation who believes in continual improvement, in 2021/2022 we undertook a review of our Pandemic response and we have made a number of recommendations to support the BCP in light of the pandemic or other situations that might require such a response in the future.

Data protection and cyber security

In 2021/2022, we maintained our compliance with the rigorous statutory obligations to protect our stakeholders' data. This included maintaining compliance with the Data Protection Act 2018 (DPA 2018) which sits alongside the UK General Data Protection Regulation (UK GDPR) and the Privacy and Electronic Communications Regulations (PECR). ENTRUST's data protection policies provide assurance to both HMRC and our stakeholders that we fully protect the personal data that we collect in order to undertake our regulatory duties under the Regulations. ENTRUST is registered with the Information Commissioner's Office (ICO) as a Data Controller and we have a registered Data Protection Officer.

As a responsible and security conscious organisation, undertaking a statutory function on behalf of HMRC, we consider it essential to have adequate internal controls in operation to mitigate our risk of exposure to a cyber security attack. In 2021/2022 we continued to undertake the following measures to mitigate the risk of a cyberattack on our systems by:

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

Sustainability and environmental responsibility

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

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

Resource requirement and funding

Our reported operating deficit after interest and taxation for 2021/2022 is – £258k (2020/2021: deficit of -£74k). The following table provides a more detailed breakdown of our financial position for the year:

	2021/2022 £'000	2020/2021 £'000
Turnover	836	1,003
Cost of regulatory activity	(1,096)	(1,085)
Operating surplus/(deficit)	(260)	(82)
Interest less taxation	2	8
Operating surplus/(deficit) after taxation	(258)	(74)

A large proportion of this deficit relates to the shortfall in levy fee income in 2020/2021 due to lower contributions being reported than was forecast when our funding requirement was agreed:

Breakdown of LCF by EB country (as at 31 March 2022)

Total EB Levy 2021/2022	£1,113k	Total Enrolled EBs at 31 March 2022	1803
England	£1,069k	England	1770
NI	£44k	NI	33

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.	Completed July 2021
A2.	Review the pre-approval project visit and inspection criteria to allocate our resources to the areas of highest risk.	This work was deferred due to internal resource availability. The work has been scheduled into the 2022/2023 Quality Assurance review programme.
A3.	Undertake a formal consultation on the ENTRUST Guidance Manual and training package.	Completed November 2021 with results published April 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 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 2022
A6.	Review ENTRUST's Customer Charter and Standards of Service.	Completed December 2021
A7.	Undertake a mid-year 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.	Three meetings held
A11.	Publish annual benchmarking data for EBs.	Completed June 2021
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 October 2021
A15.	Conduct quarterly reviews of the ENTRUST website to ensure all information is current and accurate.	Completed
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 38 in 2020/2021 to 25 in 2021/2022.
M2.	Sector level performance with administration costs below 7.5 per cent of annual project expenditure.	The Sector level performance for all EBs in 2021/2022 was 5.8 per cent (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 11 in 2020/2021 to 9 in 2021/2022.
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 increased from £9.9m in 2020/2021 to £12.4 in 2021/2022.
M6.	Maintain the percentage of EBs using EOL.	100 per cent of forms were completed through EOL in 2021/2022.
M7.	Increase survey return rates.	Year on year the EB Satisfaction Survey return rate increased to 199 responses, which was the second highest return rate in the last five years. The compliance feedback satisfaction survey return rate increased from 53 per cent to 56 per cent. The Helpline satisfaction survey return rate remained at 20 per cent. Whilst lower than other feedback surveys this includes contact with people who are not already engaged with the LCF.
M8.	Maintain satisfaction with our services.	ENTRUST Satisfaction Score for 2021/2022 was 85 per cent (up 2 points from 2020/2021 score of 83).
M9.	Increase the number of risk-based project site visits.	We increased the number of risk-based project site visits to 64 in 2021/2022.
M10.	Increase enrolments on first submission.	We increased the number of enrolments on first submission from 13 per cent in 2020/2021 to 30 per cent in 2021/2022.
M11.	Maintain the return rate for Form 9s from the baseline in 2020/2021.	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 2021.



Denton Island Community Centre - Community Garden, funded by The Veolia Environmental Trust
Photo courtesy of: The Veolia Environmental Trust

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 2021/2022 are set out below:

Timing/Frequency	Title	Date delivered
31 May 2021	Annual Statement of Assurance	17 May 2021
15 June 2021	Statutory Annual Return (Form 4) Data	11 June 2021
15 July 2021	EB Administration Costs and Unspent Funds Report	13 July 2021
31 July 2021	Regulatory Improvement Report	22 July 2021
31 August 2021	Value for Money Report	24 August 2021
7 September 2021	Draft Corporate Plan and KPIs and 2022/2023 Resource Requirement	7 September 2021
By end December 2021	Annual Accounts	12 July 2021
31 January 2022	Update to Corporate Plan and KPIs	28 January 2022
Quarterly	ENTRUST Board papers	Completed
Monthly	TOA report	Completed
Monthly	KPI update	Completed
Ad hoc	Data requests	Completed



Bosnia and Herzegovina Network UK (BHUK), Birmingham - Community Centre Extension, funded by The Veolia Environmental Trust

Photo courtesy of: Anes Ceric, Manager of BHUK

HMRC key performance indicators

Target		Target Value	Actual	
1	Standards of service delivery			
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.	✓
2	Enhance the accountability and transparency of the LCF by reporting and publishing information about its operation			
2.1	Provide reports to HMRC against the agreed reporting schedule.	Agreed reporting schedule	All due dates were met.	✓
3.	Compliance with the Regulations			
3.1	During the 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.	✓
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 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.	✓
5	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			
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.	✓

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

The Board and our Committees

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

The ENTRUST Board April 2021 – March 2022

Non Executive Directors

Chair: Dame Ann G Limb DBE DL

Jon Carlton

Gerry McCormack

Anna East (retired June 2021)

Justin McCracken (retired June 2021)

Julian Atkins (appointed September 2021)

Clive Lewis (appointed December 2021)

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 met three times during the last financial year. The committee comprises all of the company's Board members.

Audit

Chair: Gerry McCormack

Jon Carlton

Dame Ann G Limb DBE DL

Julian Atkins (Chair from September 2021)

Clive Lewis (appointed December 2021)

Human resources and remuneration

Chair: Julian Atkins (Chair from September 2021)

Chair: Anna East (Chair of Committee until June 2021)

Dame Ann G Limb DBE DL

Justin McCracken (retired June 2021)

Clive Lewis (appointed December 2021)

Jon Carlton (joined Committee December 2021)

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



St Mary's Tower Hawkesbury, funded by Enover Community Trust
Photo courtesy of: Enover Community Trust