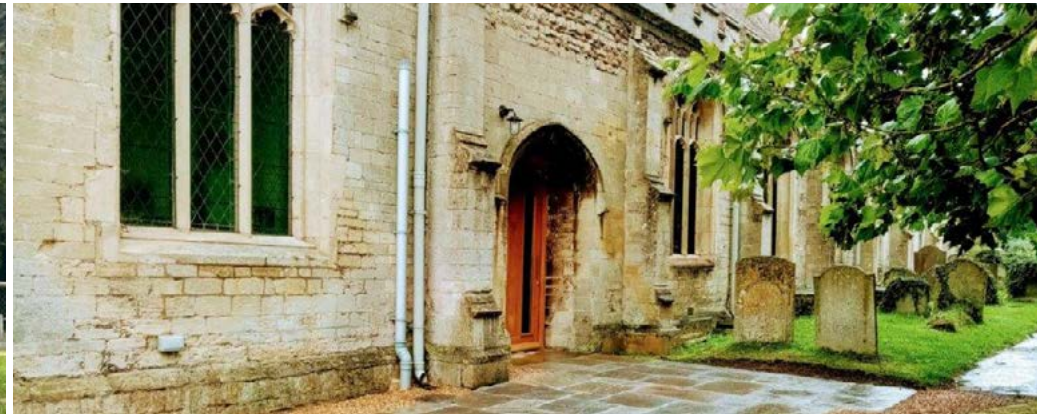


Regulating the Landfill Communities Fund
Benefiting people and the environment



2021 – 2022 Annual Review Summary

Chair's overview



Dame Ann G Limb DBE DL
Chair, ENTRUST

ENTRUST has operated as the Regulator of the Landfill Communities Fund (LCF), under Terms of Approval (TOA) from HM Revenue & Customs (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 Environmental Bodies (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 Landfill Operators (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.



Dean Lane Skatepark, funded by Enover Community Trust
Photo courtesy of: Enover Community Trust

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.





Since 1996 the Landfill Communities Fund has supported almost

62,000

projects with contributions from Landfill Operators totalling

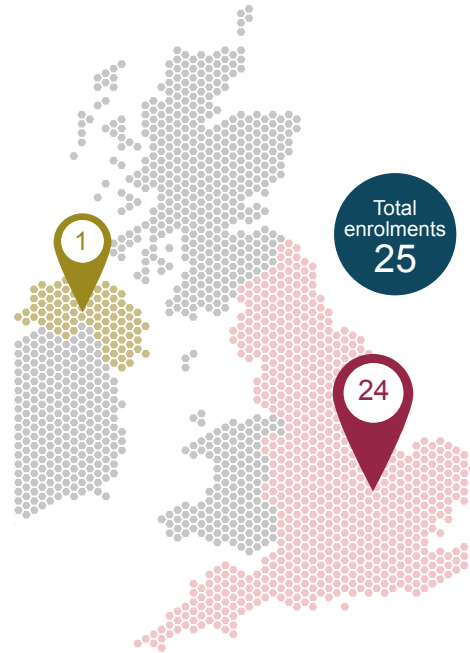
£1.75bn

as at 31 March 2022

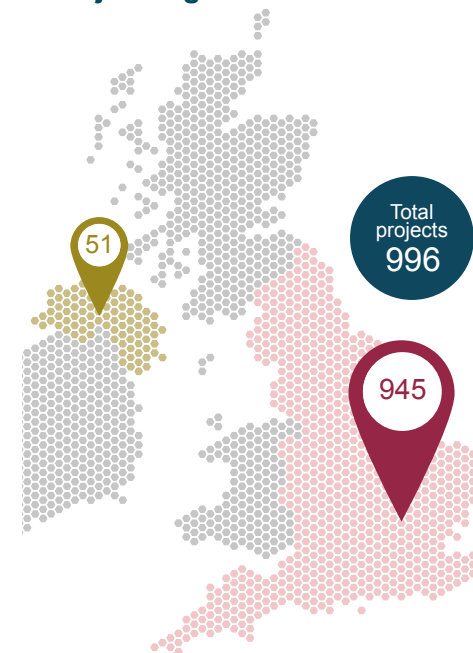
In 2021/2022

We enrolled 25 EBs and registered 996 new projects. Our compliance inspectors conducted 208 reviews. The following charts show the spread of activity across the UK.

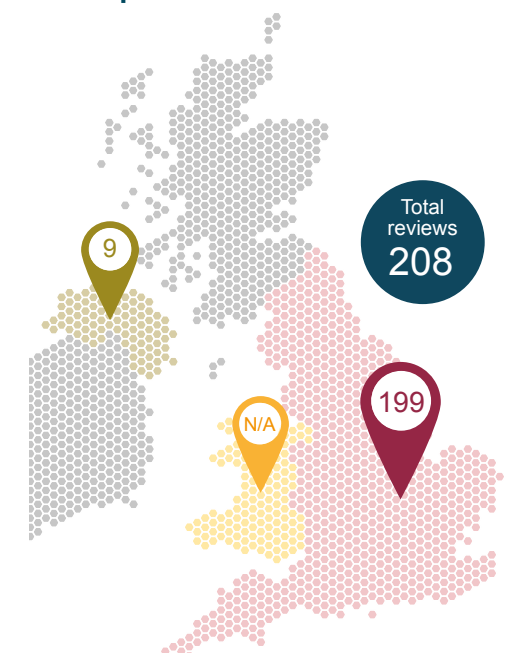
EB enrolments



Project registrations



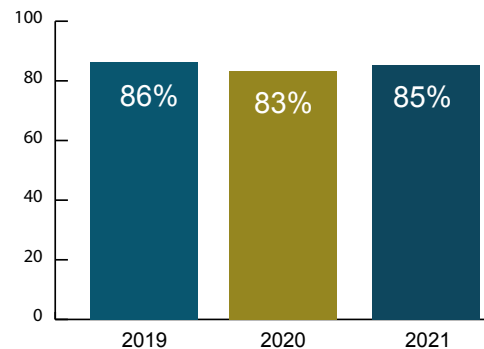
Compliance reviews



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

EB satisfaction with ENTRUST

Each year we invite EBs to feed back on the services that we provide through an online satisfaction survey. As shown in these graphics the results from the 2021 survey for overall satisfaction, Compliance and Training remained very positive. The following chart shows the percentage of those who agree/agree strongly.



Overall satisfaction (average response across all survey questions)

Overall satisfaction with the Compliance process	
Target	Actual
4.5/5.0	4.2/5.0
Overall satisfaction with the ENTRUST Training events	
Target	Actual
4.5/5.0	4.6/5.0

















Great Braxted Play Area funded by Enovert Community Trust
Photo courtesy of: Craig Knapton and Enovert Community Trust



Creating Coombe Wood, Woodland Trust funded by BIFFA Award
Photo courtesy of: Woodland Trust

Achievements

We have delivered on all of our objectives and we have met all of our agreed KPIs on time and on budget as agreed with HMRC. As a best practice organisation we also set a number of internal targets. The table below shows our performance against our KPIs. More details are in our full annual report available on the ENTRUST website at www.entrust.org.uk

	TARGET	ACTUAL	
 Percentage of EBs enrolled in five working days	98%	100%	
 Percentage of projects registered in five working days	98%	99.8%	
 Number of compliance inspection reviews	1/3 active EBs	208	
 Ensure that 99 per cent of LCF funds are reported through the Statutory Annual Return by the due date	99%	99.9%	
 Maintain the online submission of all Forms at 100 per cent in 2021/2022	100%	100%*	
 Publish 2020/2021 benchmarking data for EBs by 30 June 2021	By 30 June 2021	Published 23 June 2021	
 Report to HMRC priority regulatory improvements to the Landfill Tax Regulations 1996	By 31 July 2021	Submitted 22 July 2021	

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

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



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www.entrust.org.uk

