



2020 LANDFILL OPERATOR ANNUAL BRIEFING: LANDFILL COMMUNITIES FUND (LCF)

1. Operational Information

1.1 Since the Landfill Communities Fund (LCF) was created in 1996, Landfill Operators (LOs) have contributed £1.695 bn to the Fund and Environmental Bodies (EBs) have spent £1.561bn on projects that benefit local communities who suffer the disamenity of living within 10 miles of a landfill site. The following table shows the money spent, across the life of the fund*, on each of the LCF 'Object' types:

LCF Objects	Total spent*
The remediation of land (Object A)	£26,218,030
The prevention of pollution (Object B)	£2,151,746
The reduction of waste (Object C) ¹	£240,745,045
The recycling of waste (Object CC) ¹	£4,662,122
Public parks and public amenities (Object D)	£1,044,728,274
Biodiversity conservation (Object DA)	£129,453,553
The restoration of places of worship and historic buildings (Object E)	£110,415,484
The provision of services to other EBs (Object F) ²	£2,540,032

* as at 16 September 2020

1.2 There are currently 1,978 EBs enrolled with ENTRUST, and during 2019/2020, ENTRUST enrolled 39 EBs and registered 1,170 projects. During 2019/2020 ENTRUST conducted 180 Compliance Reviews of EBs.

2. COVID-19 ENTRUST/LCF update

2.1 In March 2020, following the outbreak of COVID-19, ENTRUST took appropriate and proportionate steps to ensure that we could carry on providing services to our stakeholders and regulatory assurance to HM Revenue & Customs (HMRC).

2.2 We acted swiftly to release guidance relating to the impact of COVID-19 on the LCF. This guidance was first published in March 2020, with updates published in June and September 2020. You can find all communications and guidance relating to the pandemic on ENTRUST's COVID-19 website page:

www.entrust.org.uk/landfill-community-fund/covid-19/

2.3 Due to the COVID-19 outbreak, we regrettably took the necessary decision to postpone the annual meeting between ENTRUST/HMRC and the Chairs and Chief Executives (CEOs) of the largest funding EBs. This also included postponing the annual meeting between the Environmental Services Association (ESA) and ENTRUST. These are both being rescheduled when the current situation allows.

¹ Objects C and CC were removed from the Regulations in April 2003

² Object F was removed from the Regulations in April 2016

3. 2019/2020 LCF summary briefing

- 3.1 The following table details the key statistics on the performance of the LCF in 2019/2020, including EB administration costs and unspent funds:

Environmental Body Administration Costs	2017/2018	2018/2019	2019/2020
EB administration costs (total value)	£ 3.4m	£ 2.7m	£ 2.5m
EB administration costs (percentage)	7.51%	5.87%	5.97%
Number of EBs above 7.5% guideline	31	5	5
Environmental Body Unspent Funds	2017/2018	2018/2019	2019/2020
Unspent funds held by EBs at year end	£ 64.05m	£ 54.98m	£ 45.97m
Ratio of sector unspent funds to in year income (contributions and other income)	1.47	1.34	1.27
Number of EBs above 1.5 times guidance	54*	60	32

*Note: the guidance level was not introduced until 2018/2019

- 3.2 The closure of the LCF in Wales continued smoothly during the final year of the transitional phase:

Closure of the LCF in Wales			
	At 30 June 2018	At 31 March 2019	At 31 March 2020
Value of Funds held	£ 1.3m	£ 801k	Nil
Number of EBs registered in Wales	178	131	80

- 3.3 Further information about key scheme statistics and the work that ENTRUST has undertaken in 2019/2020 can be read in the Annual Report on the ENTRUST website at:

<https://www.entrust.org.uk/news/entrust-annual-report-2019-2020>

4. 2020/2021 update

- 4.1 From April 2020 we further enhanced our approach to assessing project applications. This enhanced approach allows ENTRUST to carry out a more detailed review of those projects which we consider to be higher risk prior to the project's approval. We consider that this approach will further mitigate the risk of any project becoming non-compliant.

- 4.2 On 2 July 2020 we published a report detailing the findings of our consultation into the Value for Money (VfM) questions which we ask EBs, which are used to compile an annual report. The aim of this consultation was to seek the views of stakeholders on the current VfM questions asked as part of the Project Registration Form (Form 2) and the Project Completion Form (Form 9). Specifically, to seek the views of EBs on whether revisions to the current VfM questions, or the way they are structured, are necessary to appropriately measure the VfM delivered by projects funded through the LCF. You can read the full report here:

www.entrust.org.uk/news/value-for-money-vfm-questions-final-consultation-report

- 4.3 In October 2020 we published a summary of the current version of the annual VfM report which covers the period April 2017 and March 2020. The full report can be read on our website at:

www.entrust.org.uk/news/lcf-value-for-money-vfm-report-2019-2020

- 4.4 Due to the ongoing COVID-19 pandemic and the furloughing of some EB staff, we delayed the start of our annual EB satisfaction survey to ensure that as many of our stakeholders as possible could complete the survey. The 2020 survey ran from 22 June 2020 until 2 August 2020. The survey findings and our action plan can be found on our website at:

<https://www.entrust.org.uk/news/eb-satisfaction-survey-findings-2020>

5. Benchmarking

- 5.1 A number of metrics were introduced in December 2017 based on the data provided by EBs via the Statutory Annual Return (Form 4) and other reporting requirements. This is the fourth year that benchmarking data has been made available to the Sector, having now updated the metrics using the data provided by EBs on their 2019/2020 Statutory Annual Returns. This allows EBs to now assess their performance against the Sector.

- 5.2 You can review the current benchmarking data, which was published on 29 June 2020, here:

www.entrust.org.uk/environmental-bodies/compliance-process/good-practice/

6. Government's Reform of the LCF: Contributing Third Party (CTP) payments

- 6.1 When a LO makes a contribution to an EB it can only claim a tax credit from HMRC on 90 per cent of this contribution and an organisation is therefore left with a 10 per cent shortfall. Some LOs will absorb this cost, or a portion of it, themselves. In some cases, LOs will require EBs to find a separate third party, termed a CTP payment to provide the 10 per cent shortfall, or a portion of it, to limit the cost to the LO of participating in the scheme.

- 6.2 LOs are reminded that it is expected that they will absorb some or all of the 10 per cent shortfall. EBs are required to report to ENTRUST how much of the shortfall is being met by their contributing LO, and for the sector the overall figure is currently that LOs are requesting an average of 9 per cent of their own shortfall. This information will be monitored by HMRC and the relevant data may be published.

7. ENTRUST assistance to LOs

- 7.1 ENTRUST's Chief Executive, Christopher Welford, and members of the ENTRUST Board have a schedule of meetings with a number of LOs once a year to brief and discuss matters relating to the operation of the LCF. Following discussions with HMRC we agreed to issue an annual briefing note to all LOs who have participated in the scheme within the last three years. If you would like to participate in further engagement with ENTRUST (in the current situation virtually) about the LCF please contact Christopher Welford's PA, Helen Maccallum by emailing:

helenmaccallum@entrust.org.uk or she can be reached by telephone on 01926 488317.

- 7.2 Following discussions with the ESA, and with HMRC's agreement, we developed a document setting out the help which ENTRUST is able to provide to LOs.

www.entrust.org.uk/news/entrust-services-to-landfill-operators-los

ENTRUST
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