



2021 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 £1.731 bn to the Fund and Environmental Bodies (EBs) have spent £1.597bn on projects that benefit local communities to offset 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)	£26,265,525
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)	£1,075,727,965
Biodiversity conservation (Object DA)	£133,587,161
The restoration of places of worship and historic buildings (Object E)	£111,577,517
The provision of services to other EBs (Object F) ²	£2,540,032

* as at 15 September 2021

- 1.2 There are currently 1,829 EBs enrolled with ENTRUST, and during 2020/2021, ENTRUST enrolled 18 EBs and registered 1,065 projects. During 2020/2021 ENTRUST conducted 187 Compliance Reviews of EBs.

2. COVID-19 ENTRUST/LCF update

- 2.1 Since March 2020 to date, during the outbreak of COVID-19, ENTRUST has taken 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 regularly update our guidance relating to the impact of COVID-19 on the LCF. This guidance was first published in March 2020, with the latest update published in June 2021. You can find all information and guidance relating to the pandemic on ENTRUST's COVID-19 website page: www.entrust.org.uk/landfill-community-fund/covid-19/
- 2.3 In August 2021 we announced our intention to recommence face to face compliance inspection visits to EBs and project sites, following the Government's removal of the COVID-19 restrictions. Throughout the pandemic these were undertaken through a mix of telephone, email and video conferencing.

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

² Object F was removed from the Regulations in April 2016

- 2.4 As part of ENTRUST’s continuing engagement strategy with the largest EBs we held the annual meeting between ENTRUST/HMRC and the Chairs and Chief Executives (CEOs) of the largest funding EBs on 2 December 2020. Unfortunately, due to the COVID-19 pandemic the 2020 annual meeting between the Environmental Services Association (ESA) and ENTRUST was postponed to 2021. The 2021 Top 10 Chairs meeting has been scheduled for December 2021 and the ENTRUST/ESA meeting will also be scheduled for Autumn/Winter 2021/2022.

3. 2020/2021 LCF summary briefing

- 3.1 The following table details the key statistics on the performance of the LCF in 2020/2021, including EB administration costs and unspent funds. The number of EBs exceeding the guidance limits for both administration costs and unspent funds in 2020/2021 has increased, this is due to some EBs being more impacted by the COVID-19 pandemic. However, the sector as a whole continues to meet the target:

Environmental Body Administration Costs	2018/2019	2019/2020	2020/2021
EB administration costs (total value)	£ 2.7m	£ 2.5m	£2.3m
EB administration costs (percentage)	5.87%	5.97%	6.65%
Number of EBs above 7.5% guideline	6	9	13
Environmental Body Unspent Funds	2018/2019	2019/2020	2020/2021
Unspent funds held by EBs at year end	£ 55m	£ 46m	£41m
Ratio of sector unspent funds to in year income (contributions and other income)	1.34	1.27	1.27
Number of EBs above 1.5 times guidance	60	37	44

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

- 3.2 Further information about key scheme statistics and the work that ENTRUST has undertaken in 2020/2021 can be read in the Annual Report on the ENTRUST website at:

www.entrust.org.uk/news/entrust-annual-report-2020-2021

4. 2021/2022 update

- 4.1 From April 2021 we further enhanced our Compliance programme by introducing a Project Risk Model. The Project Risk Model follows the same format and principles as the current 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 ENTRUST Online (EOL). The risk scores are updated in real time based on EBs project activity. This enhanced approach allows ENTRUST to carry out compliance checks on higher risk projects:

www.entrust.org.uk/news/2021-2022-compliance-programme

- 4.2 On 9 August 2021, we announced the retirement of two of our Non-Executive Directors, and the appointment of two new Non-Executive Directors:

- Julian Atkins who joined our Board in September 2021; and
- Clive Lewis who will be joining the Board in December 2021.

www.entrust.org.uk/news/appointments-and-changes-to-the-entrust-board

4.3 During May and June 2021 we undertook our annual EB satisfaction survey. The survey provides EBs with an opportunity to submit their feedback, thoughts and opinions on the quality and performance of our services. The survey findings and our action plan can be found on our website at:

www.entrust.org.uk/about-us/environmental-body-satisfaction-survey/

4.4 Whilst we do not know whether there will be anything relating to Landfill Tax in the Autumn Budget, we note that the published date for the Budget is 27 October 2021.

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 fifth year that benchmarking data has been made available to the Sector, having now updated the metrics using the data provided by EBs on their 2020/2021 Statutory Annual Returns. This allows EBs to now assess their performance against the Sector.

5.2 In the 2020/2021 Benchmarking Report, we included new red/amber/green ratings on some of the benchmarks where this is relevant. If an EB which you fund is within a benchmark category or quartile that is rated red, this will alert you to an area which may need some further attention.

5.3 You can review the current benchmarking data, which was published on 23 June 2021, here: www.entrust.org.uk/news/environmental-body-benchmarking-data-2020-2021

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. CTP information is included in the annual benchmarking measures which are published on the ENTRUST website (see item 5 above). The data from 2020/2021 shows that:

- 41.9 per cent of LOs making contributions during 2020/2021 did not request any CTP payment (Benchmark 4B).
- 7 per cent of LOs making contributions during 2020/2021 requested a CTP payment of between 1 and 5 per cent;
- 11.6 per cent of LOs making contributions during 2020/2021 requested a CTP payment of between 6 and 10 per cent; and
- 39.5 per cent of LOs making contributions during 2020/2021 requested a CTP payment of the full 10 per cent.

This information is monitored by HMRC.

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 (this can be either a face to face meeting or by video conference call) 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. This is available on the ENTRUST website page 'Information for Landfill Operators', which was reviewed and updated during 2021. You can also access all previous LO briefing notes on this page.

www.entrust.org.uk/landfill-community-fund/information-for-landfill-operators-los/

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1 October 2021