



ENTRUST

Regulating the Landfill Communities Fund
Benefiting people and the environment

2016 – 2017 ANNUAL REPORT

Since its inception in 1996 the Landfill Communities Fund (LCF) has supported over 59,000 community and environmental projects across the UK with contributions from Landfill Operators (LOs) totalling more than £1.5bn.

ENTRUST is the Regulator of the LCF, an innovative tax credit scheme enabling LOs to contribute money to organisations enrolled with ENTRUST as Environmental Bodies (EBs). EBs carry out projects in local communities that comply with the objectives set out in the Landfill Tax Regulations 1996 (Regulations).

We regulate both the EBs' activities and the work they undertake through the delivery of approved projects. We assess each project before any LCF money is spent to ensure it is going to deliver an approved object. We do not allocate or have influence over the distribution of landfill tax monies.

Front cover images (clockwise): Westbury Rugby Football Club; Derham Windmill; photo courtesy of Elinor Award Water; Vale with apple; Margot Marsh photo courtesy of Great Middle Trust and Norman West; Mill Oak Recreation Ground photo courtesy of John Woodrowksi
Back cover image: King Alfred's Tower - Brewham - repairs photo courtesy of National Trust



www.entrust.org.uk

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Chair's overview

The last year has been a time of significant change for the LCF. As the regulator, ENTRUST undertakes a crucial statutory role in ensuring that projects comply with the scheme objectives along with providing support and guidance to the sector.

The reduction in the size of the fund from £59.4 million in 2015/2016 to £39.3 million in 2016/2017 has meant that organisations operating in the LCF have needed to review their resources and this has also been true for ENTRUST. Following a fundamental review we have reduced our own costs by 25 per cent across the last two financial years which has resulted in the removal of four positions in 2017/2018. Once again, on behalf of the Board, I would like to record our thanks to staff for their hard work, flexibility and professionalism during this period.

We also recognise the significant progress made by the sector to meet the Government's reform requirements and we will continue to support EBs to further reduce costs to ensure the maximum flow of funds to local community projects.

We have continued to work with the Chairs of the largest EBs and LOs to ensure that feedback from the sector is both noted and acted upon. Throughout 2016/2017 we positively responded to this feedback particularly regarding our compliance and communications activities. As a direct consequence of this two way dialogue, we issue a Chairs' quarterly briefing note, which supports our schedule of one to one meetings between ENTRUST Board members and their EB and LO counterparts and the larger Chairs' meetings held bi-annually.

I have been pleased to note that, despite the reduction in our resource, we delivered all of our objectives and Key Performance Indicators (KPIs) on time and on budget. Additionally, I am also pleased that the closure of the LCF in Scotland ran smoothly. In particular, I was pleased to note that EBs operating in Scotland felt they had received sufficient information from ENTRUST regarding the closure. This bodes well for the closure of the LCF in Wales on 31 March 2018.

Finally, we look forward to working with HMRC, HM Treasury (HMT) and the sector in the year ahead.

Dr Ann G Limb CBE DL
Chair, ENTRUST



Westbury Rugby Football Club –
Changing rooms

Photo courtesy of: Community First



Seaton Park Multi Use Games
Area (MUGA)

Photo courtesy of: Viridor Credits
Environmental Company



Dunbar Harbour, Scotland
Battery Improvements

Photo courtesy of: Dunbar Harbour Trust

CEO's operational review

The last 12 months have been an important time for ENTRUST. In addition to delivering our core regulatory services, we have also been supporting the sector to implement the Government's reform of the LCF and ensuring the smooth closure of the LCF in Scotland.

We have worked with HMRC and the sector to review and update our Guidance to reflect the reform changes. We have also listened to stakeholder feedback regarding our compliance work and as a result we will consult on the compliance risk model in 2017/2018.

We have successfully completed the closure of the scheme in Scotland, ensuring that all funds have been spent and accounted for and that all projects have completed.

Although the reform of the LCF and the closure of the scheme in Scotland have been the core strategic streams of work in 2016/2017, I'd also like to highlight the following successes during the year:

- We maintained levels of satisfaction with overall satisfaction of our regulatory services recorded at 81 per cent (versus 83 per cent in 2015 and 81 per cent in 2014);
- We delivered all of our objectives and met all of HMRC's agreed KPIs on time and on budget;
- We launched an online training module to support EBs who are looking to enrol or who have recently enrolled in the LCF;
- We worked with HMRC to publish a Value for Money (VfM) report and agreed an approach to make more information available on the impact and VfM of the LCF; and
- We have reviewed the services that we offer through e-delivery to help reduce the administrative burden on EBs.

Once again I look forward to the next twelve months, and whilst we have reduced our staffing resource by removing four positions, we have also changed our organisational structure to ensure that staff are skilled across different teams to ensure that we have the resource and the flexibility to deliver our statutory regulatory duties.

Christopher Welford
Chief Executive, ENTRUST



Since 1996 the Landfill Communities Fund has supported almost

59,000 projects with contributions from landfill operators totalling

£1.56bn

as at 31 March 2017

In 2016/2017

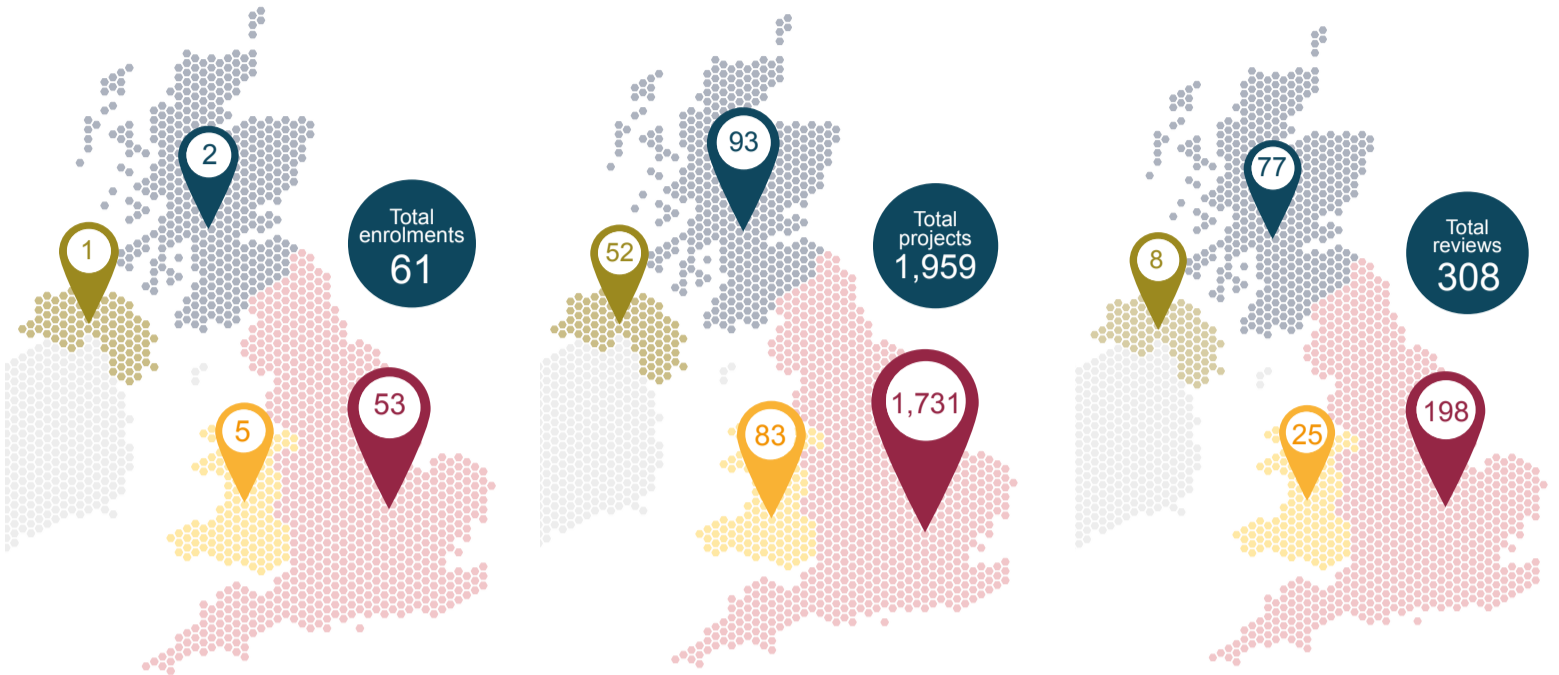


We have enrolled 61 EBs and registered 1,959 new projects. Our compliance inspectors have conducted 308 reviews. The following charts show the spread of activity across the UK.

EB enrolments

Project registrations

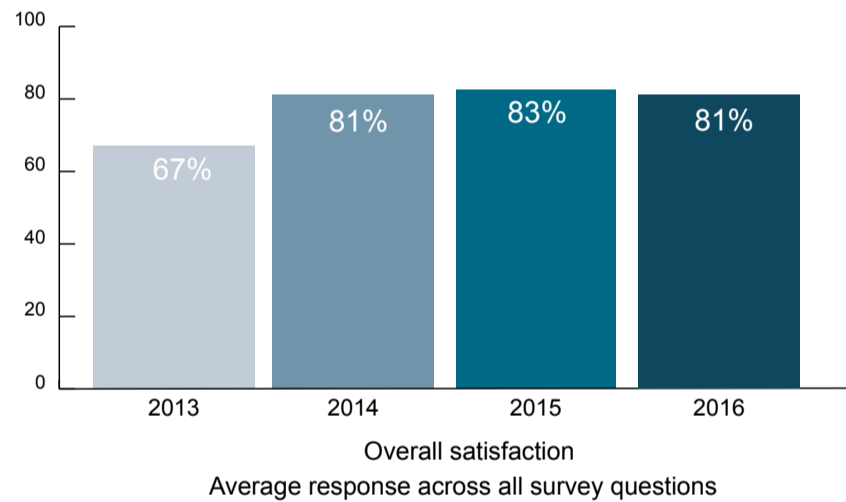
Compliance reviews



EB satisfaction with ENTRUST

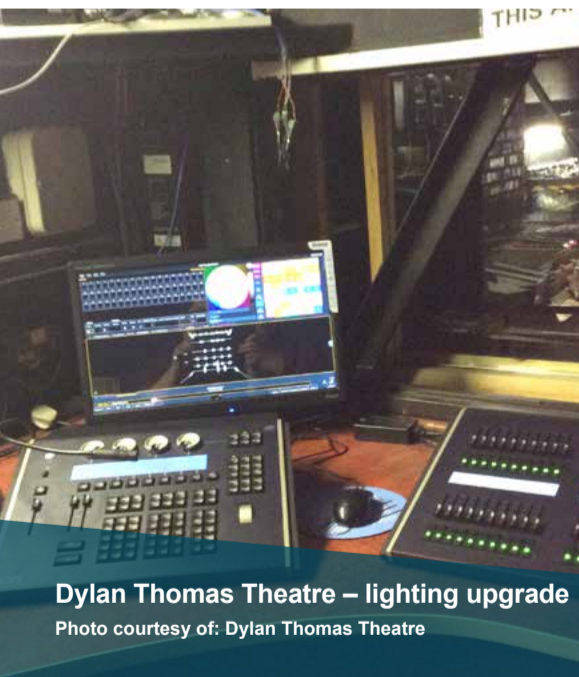
Each year we invite EBs to feed back on the services that we provide through an online satisfaction survey. The results from the 2016 survey were very positive overall and we were able to report the following. We also received strong feedback scores for our training events and compliance reviews.

The following chart shows the percentage of those who agree/agree strongly.



Overall satisfaction with the Compliance process
 Target: 4.5/5.0
 Actual: 4.6/5.0

Overall satisfaction with the ENTRUST training events
 Target: 4.5/5.0
 Actual: 4.6/5.0



Achievements

We have delivered on all of our objectives and we have met all of our agreed Key Performance Indicators (KPIs) on time and on budget as agreed with Her Majesty's Revenue and Customs (HMRC). As a best practice organisation we also set a number of internal targets. The table below shows our performance against those. More details are in our full annual report available at www.entrust.org.uk

| | TARGET | ACTUAL |
|--|------------|------------------|
| Number of EBs enrolled in five working days | 98% | 100% |
| Number of projects enrolled in five working days | 98% | 99% |
| Number of compliance inspection reviews | 290 | 308 |
| Inspect EBs holding 90% of LCF funds (at 31 March 2016) | 90% | 98% |
| Maintain the percentage of Form 4 returns by the due date (28 April) | 81% | 83% |
| Maintain the proportion of projects submitted online | 95% | 97% |
| Publish the 2015/2016 ENTRUST Regulator Standards | By 31 July | Published 7 July |