

ECONOMIC, COMMUNITY AND ENVIRONMENTAL IMPACT MODEL (ECEIM) ASSESSMENT REPORT – 2022/2023

1. Introduction

- 1.1. The Landfill Communities Fund (LCF) is an innovative tax credit scheme. It allows Landfill Operators (LOs) to offset the negative impact of a landfill site on a local community and the environment by allowing them to voluntarily contribute part of their landfill tax liability to environmental and local community projects. HMRC appointed Entrust under the Landfill Tax Regulations 1996 (Regulations) to regulate to the LCF.
- 1.2. The aim of this paper is to provide an assessment for the 2022/2023 reporting year of the Economic, Community and Environmental Impact (ECEI) of community and environmental projects reported as being completed by Environmental Bodies (EBs) using LCF monies in England and Northern Ireland.
- 1.3. The information used to collate this paper is based on the Form 2, 4 and 9 returns submitted to Entrust by EBs. The analysis of this data, may therefore differ from other Entrust reports, which may include, for example, information on projects, which have not been completed.
- 1.4. It is important to note that in undertaking our assurance work in 2021/2022 and 2022/2023, Entrust identified a concern regarding the accuracy and completeness of some of the data that is submitted to Entrust by EBs. Entrust therefore considers that the assessment, evaluation, monitoring and reporting of the Value for Money (VfM) of projects funded by EBs needs to be reviewed and evaluated to ensure that the current processes comply with recognised best practice. To achieve this objective, Entrust will run a consultation exercise in 2023/2024.
- 1.5. This paper has been drafted by comparing data submitted to Entrust by EBs from 2020/2021, 2021/2022 and the 2022/2023 financial years. By analysing this data and using assessment methodologies from UK Government sources, we have been able to develop a set of metrics, which we believe demonstrates the added ECEI of the LCF.

2. Economic

- 2.1. The following paragraphs, subject to the caveat in paragraph 1.4 set out, assess and summarise the added economic value that the LCF generated during 2022/2023 based on the project data that EBs submitted to Entrust.

Investment in projects

- 2.2. During 2022/2023, £37.1m was invested in 994 projects completed during the year. This represents a significant increase in total project spending from £30.9m in 2021/2022. We believe this increase was partly due to the end of the Pandemic, as the restrictions in operation during 2021/2022 prevented some projects from being delivered and instead these were completed in the 2022/2023 financial year. Figure.1 provides a pictorial view of the distribution of the reported completed projects across England and Northern Ireland for 2022/2023:

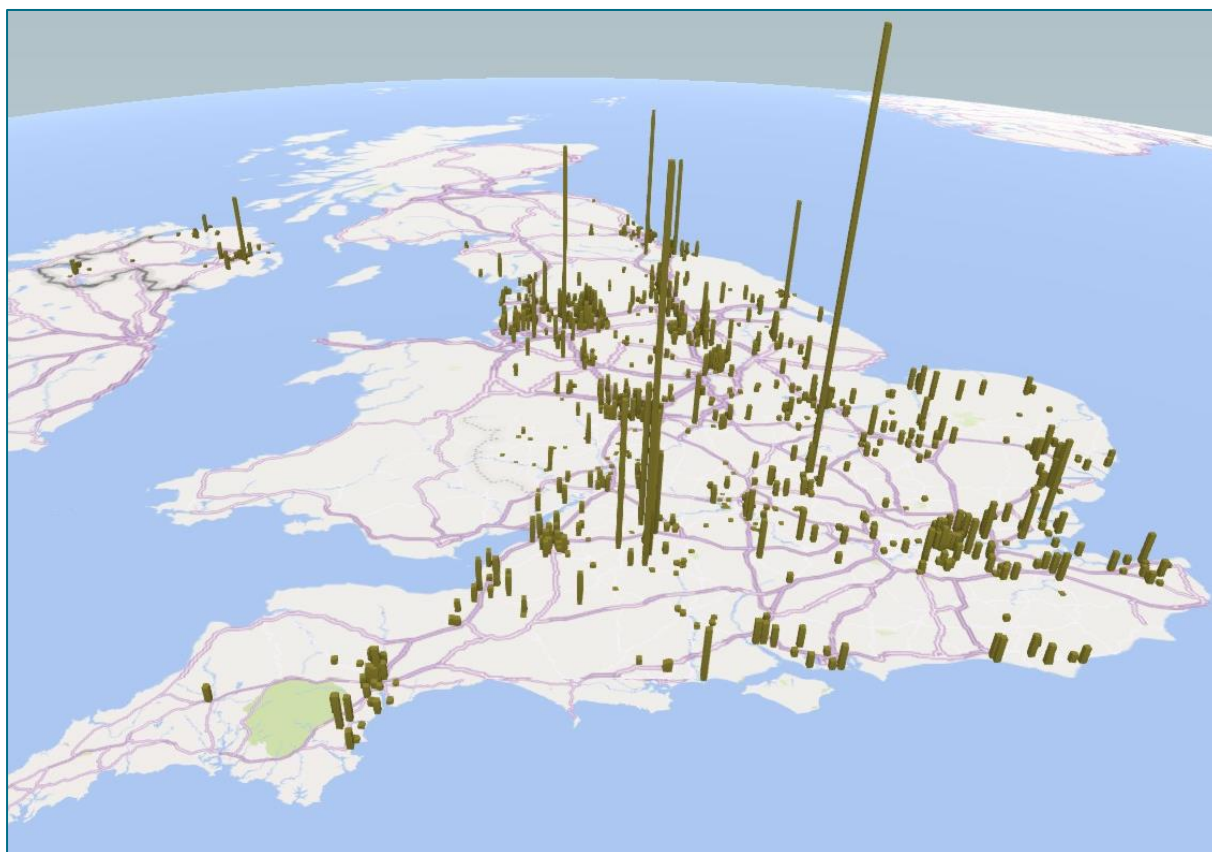


Figure.1 – Overview of the locations and LCF funding amounts of LCF funded projects (completed projects in 2022/2023)

LCF funding contribution to total projects

- 2.3. The total project spending on LCF supported projects (including funds raised from other sources) was £81m in 2022/2023, up from £72.1m in 2021/2022, meaning the LCF funded 46% of total project expenditure in 2022/2023, compared to 43% in 2021/2022. We have therefore calculated using the model at Appendix A (which assesses the likelihood that without any LCF funding being provided a project would not commence) that the LCF investment in projects may have generated an additional

£7.4m (20%) of investment in economic value that may not have been generated without it.

- 2.4. We also believe that this limited analysis highlights the important contribution of the LCF and that it provides a key stimulator for project funding, acting often as the prime funder to enable projects to be delivered.

Income Derived

- 2.5. EBs reported £1.5m of Income Derived (ID) being generated from projects during the year, an increase from £1.1m in 2021/2022. However, we believe that this figure is under-estimated because it does not recognise that ID can be generated in multiple years, nor do we believe it recognises the long-term sustainability of projects, during and beyond Entrust monitoring dates. Taking into consideration these factors into our ID model, we have therefore estimated, that more realistically, the actual ID generated from those projects reporting ID will be much higher at circa £3.7m.

Assets

- 2.6. During 2022/2023 £15m (40%) of LCF funding was reported as being invested in purchasing fixed assets. The purchase of fixed assets using LCF funding can deliver increased added value, because certain assets may appreciate in value for example, land purchases, or buildings. When accounting for inflation and usage, using the model at Appendix B, we have estimated that the LCF investment in assets also facilitated an additional £16.9m of added value to the Fund.
- 2.7. The above calculation can be supported by the fact that 40% of all LCF spending in 2022/2023 was invested in fixed assets, which are recorded on EBs' asset registers and therefore demonstrate their repeated usage and the longer-term benefit as the assets appreciate.

Employment Opportunities

- 2.8. One of the important indicators demonstrating the economic added value that the LCF delivers is in its ability to create and maintain jobs. We note that EBs reported 232 Full Time Equivalent (FTE) jobs were created and 491 were retained as a result of the LCF's investment in projects during the year. We have therefore calculated using the model at Appendix C, that when these new and retained jobs are combined, they generated approximately £15.1m of added value to the LCF due to the employment opportunities that have been created/maintained.
- 2.9. Furthermore, from our analysis and tracking of this specific area, the reported information highlights a good consistency of job creation and security when the data is considered over a three-year period:

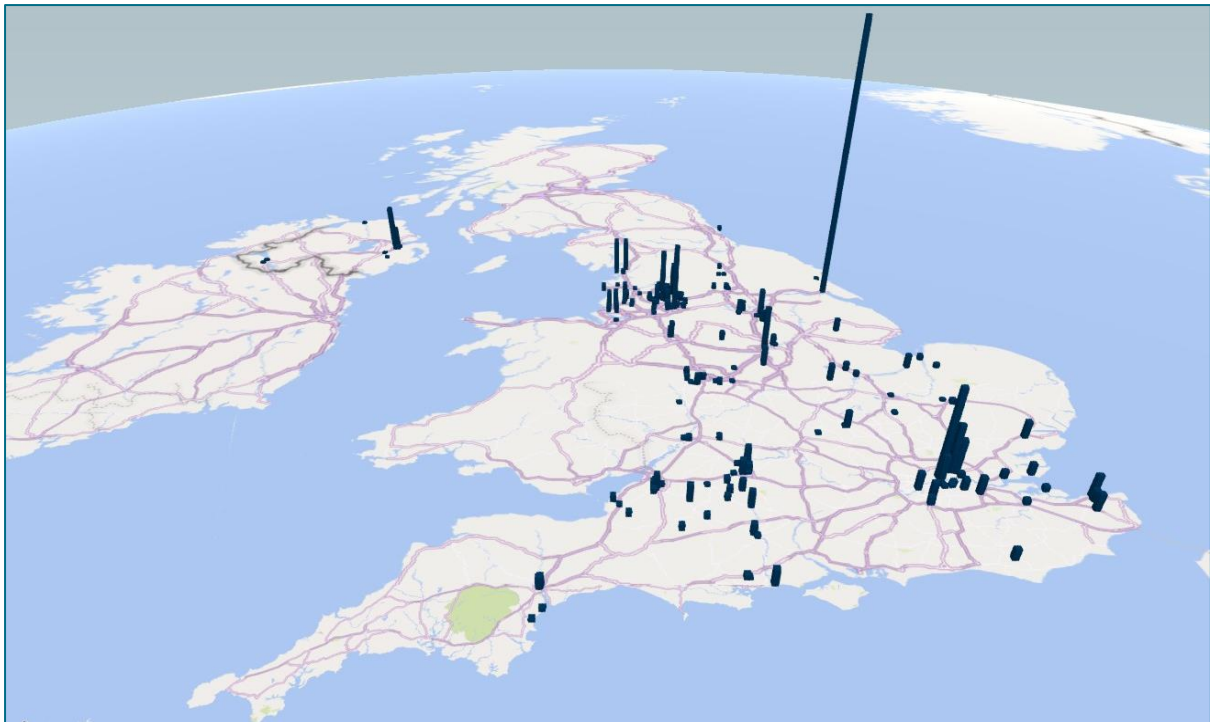
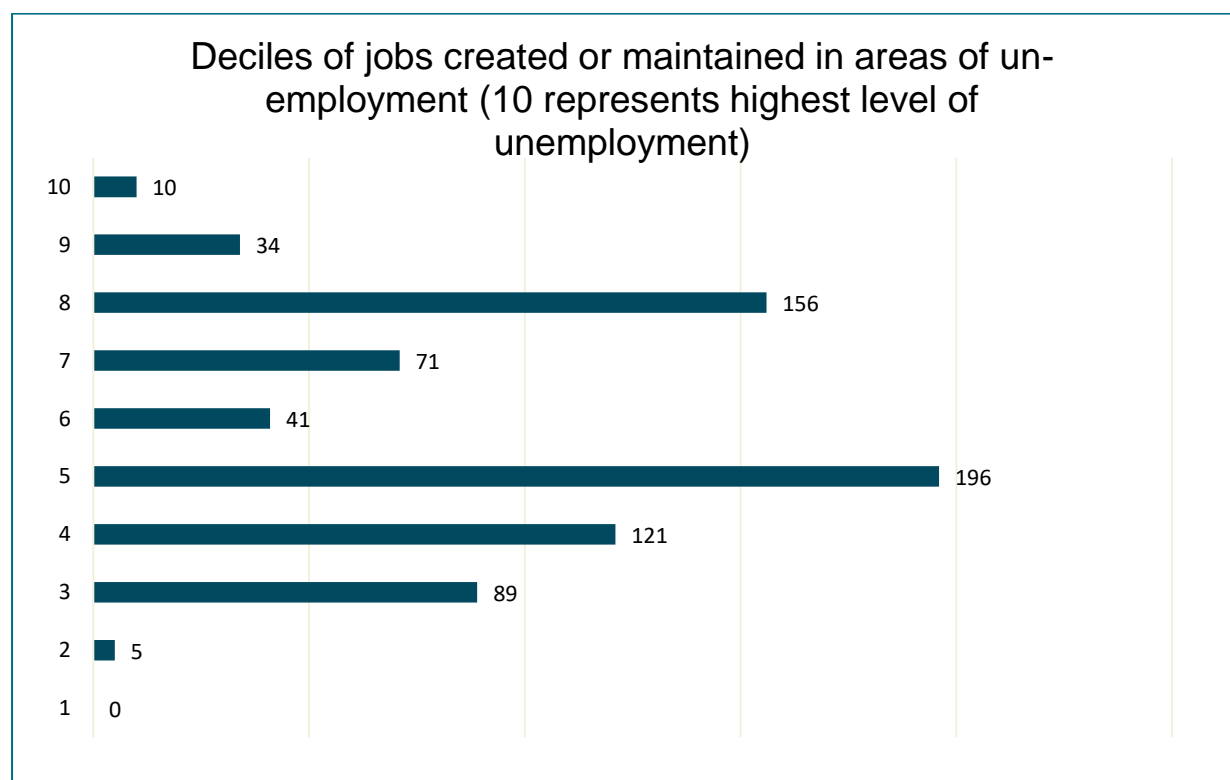


Figure.2 - Location and number of jobs created and maintained (completed projects in 2022/2023)

2.10. Additionally, as the table below outlines, the location of these roles was dispersed across Local Authority (LA) areas of both low and high levels of unemployment. This indicates that the added value that the LCF delivers does not just reach areas where there are already good employment opportunities:



Overall Assessment

- 2.11. Based upon the above factors, we have therefore estimated that the Scheme as a whole, delivered an additional £43.2m of economic added value during the year, a 116% return on its initial investment compared to 132% in 2021/2022 and 112% in 2020/2021. This benefit has been calculated by collating each of the four measures above, the breakdown of which is reported in Figure.3:

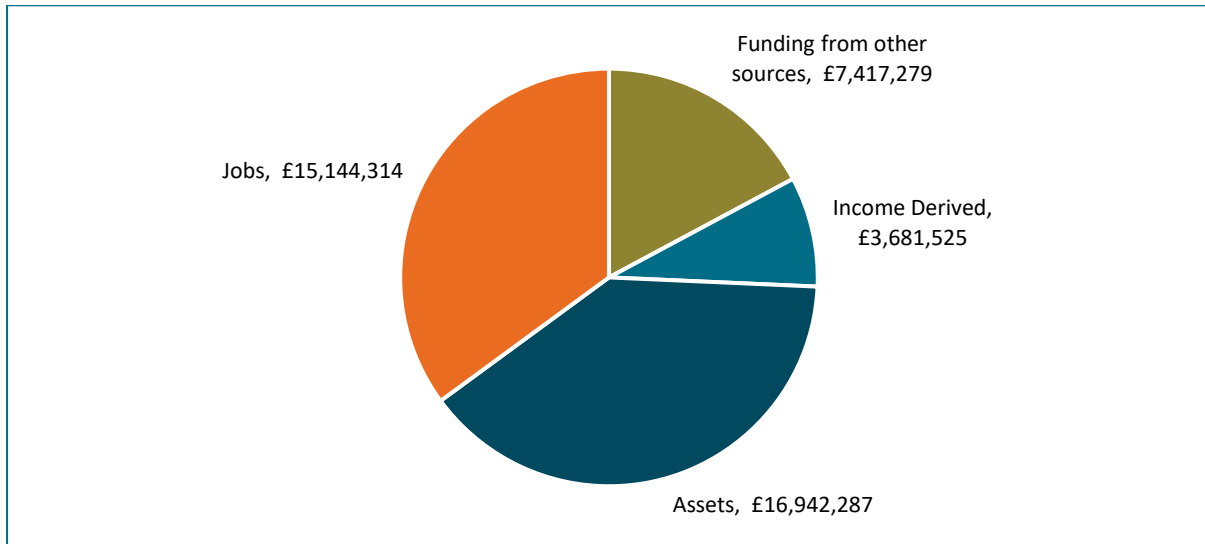


Figure.3 - Breakdown of added value

- 2.12. We therefore believe that this data provides evidence that the LCF continues to provide a high rate of return per £1 of spending. We therefore estimate in 2022/2023, that for every £1 of LCF spending, there is an additional £1.16 of economic value bringing the total estimated economic value of completed projects in the LCF in 2022/2023 to £80.3m.

Summary

- 2.13. From the information submitted to Entrust by EBs, we believe that the LCF continues to deliver economic benefit, over doubling the value of funding per £1 invested. This is particularly evident in the area of employment, delivering significant value in jobs for local communities, and in many cases, in those areas with higher unemployment.
- 2.14. The LCF also takes security and value of funding as a key part of the scheme, registering a significant proportion of all funding as assets and securing the long-term future of projects through deriving income for reinvestment and maintenance of projects.
- 2.15. The LCF can also be seen to have an impact on the generation of funding from other sources, helping projects to unlock other funding sources and providing significant added value to LCF funding.

- 2.16. Finally, in developing this reporting format, we aim to work with EBs to improve the reporting of project information and ensure that we expand the assessment of the economic value to include the requirements of the Green Book.

3. Community

- 3.1. To assess the overall impact of the LCF, we believe that there are several other components, which further demonstrate the added value that it generates and delivers. However, these other factors cannot easily be assessed using a monetary value. Based on the information reported on the Form 9s, combined with UK Government statistics, the following paragraphs highlight the potential wider community impact that LCF projects deliver.

Volunteering Opportunities

- 3.2. EBs reported that 8,896 adults volunteered at LCF projects completed in 2022/2023 compared to 7,581 in 2021/2022. Additionally, 3,610 young people (between 16-25) were also reported as volunteering, giving a total figure of 12,506 for the year, compared to 4,488 youth volunteers and a total of 12,069 in the previous year.
- 3.3. A significant amount of research has been completed into the benefits of volunteering and the metrics that could be used to quantify their impact. Having analysed this research, we recognise that the community impact of volunteering cannot be easily calculated, as it can include numerous social factors such as health and wellbeing, community cohesion, a reduction in anti-social behaviour, development of key skills, and an economic benefit for organisations. We do not therefore believe we are able to calculate a single meaningful metric for this area.
- 3.4. However, we note the reported number of volunteers involved in projects during this reporting year are consistent with the figures for 2021/2022 and 2020/2021. We therefore believe this consistency indicates the ongoing community value that the LCF delivers.

Deprivation Indicators

- 3.5. The UK Government's Indices of Multiple Deprivation (IMD) is calculated by dividing England into 32,844 different local areas and Northern Ireland into 890. Each area is assigned a rank based on different factors that contribute to the assessment of the deprivation in that area. These scores are generated by the UK Government by assessing 7 domains of deprivation such as Income, Employment, Education and Health. Living environment and access to local services are also domains, which we believe means that the LCF investing in these activities directly contributes to reducing the overall level of deprivation in local communities.
- 3.6. The average deprivation score of all projects supported by the LCF in England in 2022/2023 was 17,284, with projects funded across the spectrum, ranging from the 33rd most deprived area in England (Lancaster) to the 84th most affluent (Rushcliffe). In 2021/2022, the average in England was 17,482. In Northern Ireland the average indicator was 418, (also 418 in 2021/2022) with projects awarded to the 18th most deprived area (Belfast) and the 1st most affluent area, also in Belfast.

- 3.7. In England, the median level score is 16,422. The average score of all LCF projects (17,284) shows that projects are being awarded slightly in favour of affluent areas, however, this is an improvement trend, with the averages of 18,007 in 2020/2021 and 17,482 in 2021/2022.
- 3.8. We believe these figures are unsurprising due to the difficulty of individuals and organisations in deprived areas to fully understand the operation of the LCF in order to submit project application of an appropriate quality, which will allow an EB to award funding to their project, for example, English may not be the first language. Recognising this challenge, we are working with EBs to develop sandbox projects, which will result in the development of a template to engage with and therefore fund projects in these communities. Following our discussions with EBs in previous years, we are also now seeing more examples of projects being supported in areas of higher deprivation and one EB has now included deprivation as a scoring criterion on their funding approval methodology.
- 3.9. Figure.4a and 4b provides a breakdown by 10 Deciles the number and funding allocation of completed projects in 2022/2023. This indicates that while it is clear that some more affluent areas are receiving higher project numbers and funding, the LCF is still reaching the most deprived areas of the country, where funding can be more valuable, often due to the challenge of maintaining community facilities and the difficulty of communities in these areas having the necessary skills to access funding. Figure.4c reveals which areas of England the projects in the highest deprived areas are located, where the North of England sees a higher concentration of projects awarded in deprived areas:

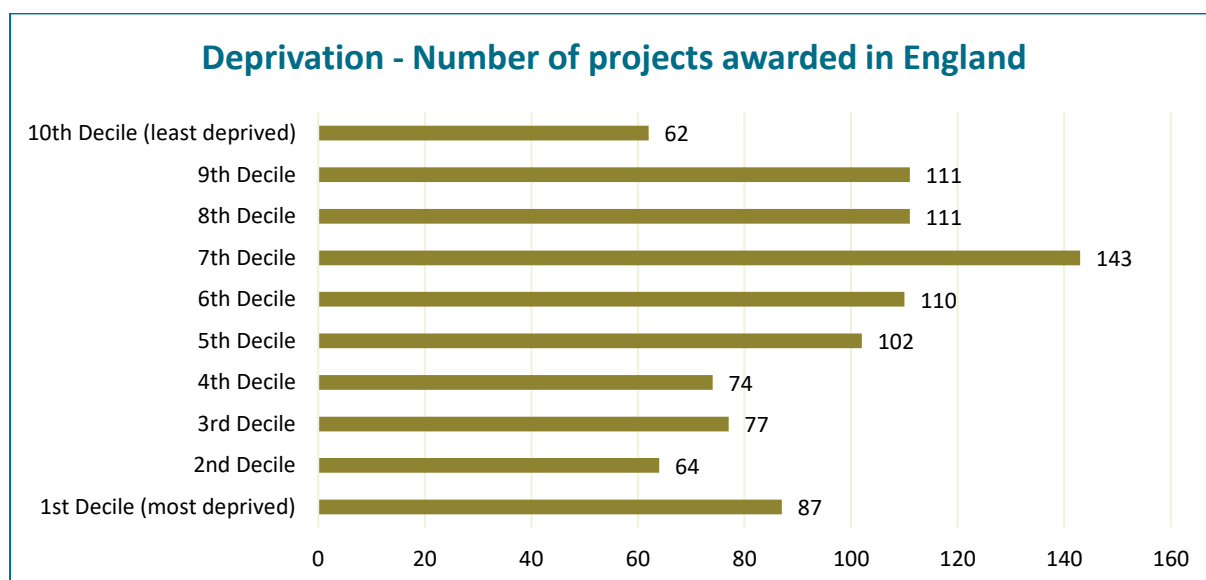


Figure.4a - Number of projects awarded in the 10 deciles of IMD rank in England.

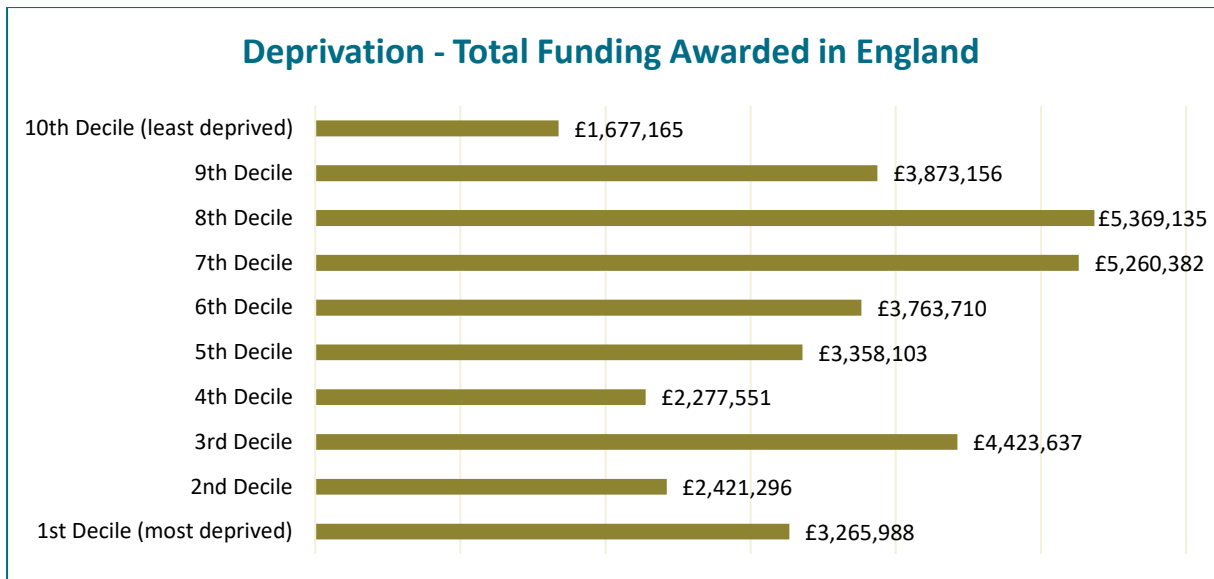


Figure.4b – Total LCF funding awarded in the 10 deciles of IMD rank in England.

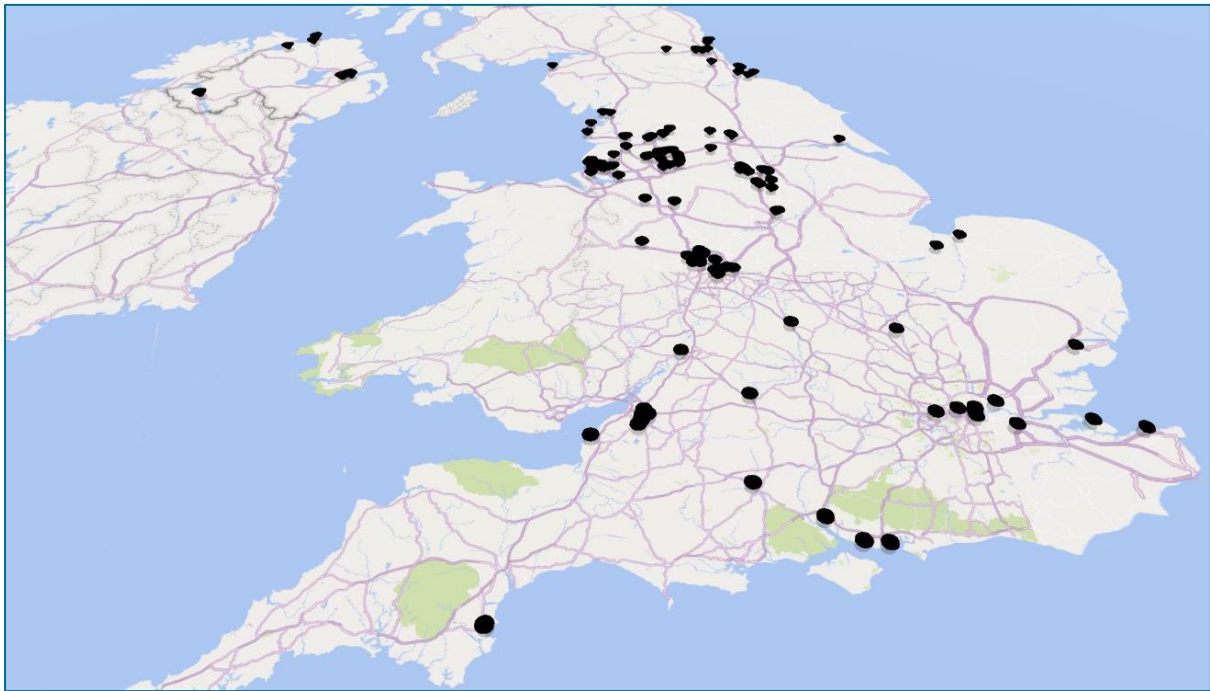
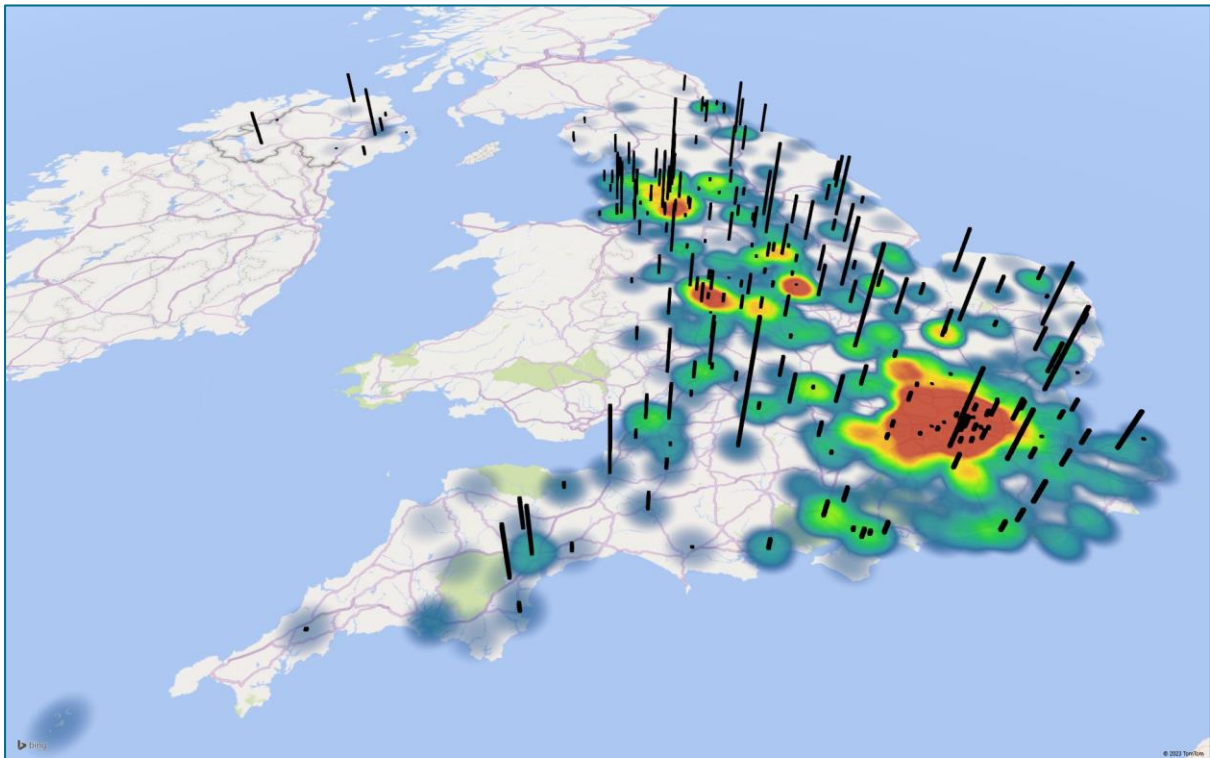


Figure.4c - Project locations in the most deprived areas of England and Northern Ireland (Decile 1 and 2)

- 3.10. For Northern Ireland, the median score is 445. The average score for Northern Ireland projects of 418, which indicates a good equality of access to funding across both deprived and more affluent areas. However, due to the smaller number of projects in Northern Ireland, we are unable to break this data down into deciles and we are therefore unable to draw any conclusion.

Diversity, Equality, Inclusivity (DEI)

- 3.11. The current project reporting framework (using the Form 9 return) provides limited DEI data. However, in order to address this issue, during 2023/2024 we will be looking to develop some further metrics to quantify the LCF's investment in this area.
- 3.12. From the limited information we are provided with, we can however estimate that LCF funded projects are, on average, in areas where 17% of people declare as non-'White/British' in the UK Census. This is a significant rise from the 2021/2022 figure of 12%. To place this figure into context, the 2021 UK Government Census reported that the national average for England and Wales was 25.6%. However, it should be recognised that this figure is weighted to a number of very specific areas of higher diversity for example in London. Adjusting the reported figure for these areas of higher density, we believe would result in the revised figure being lower than the national average. On balance, we therefore consider that the value of LCF funding being awarded in diverse communities is consistent with the allocation of the population across England and Northern Ireland.
- 3.13. As can be seen from the map below, LCF spending by LA is spread across both ethnically diverse and non-diverse areas:



Project spending by LA on an ethnic diversity heatmap

- 3.14. Included as part of DEI, as reported above, the LCF also delivers jobs to some of the areas of high unemployment (see section 1.12) and provides significant volunteering opportunities (see section 3.2).

Projects in the vicinity of a landfill site

- 3.15. We have calculated that the average distance to an eligible landfill site (operational/in preservation, or closed) for all projects being reported as complete during the year was 2.76 miles. This indicates that LCF funding is being invested in areas, which suffer the dis-amenity of a landfill site, which is consistent with the overarching aim of the LCF.
- 3.16. Furthermore, this data reveals the significant impact of projects in that they are, on average, much closer to landfill sites than is required under Entrust's guidance. Figure.5 highlights the clusters of spending in areas of high landfill impact, with the amber colour showing areas with higher numbers of landfill sites:

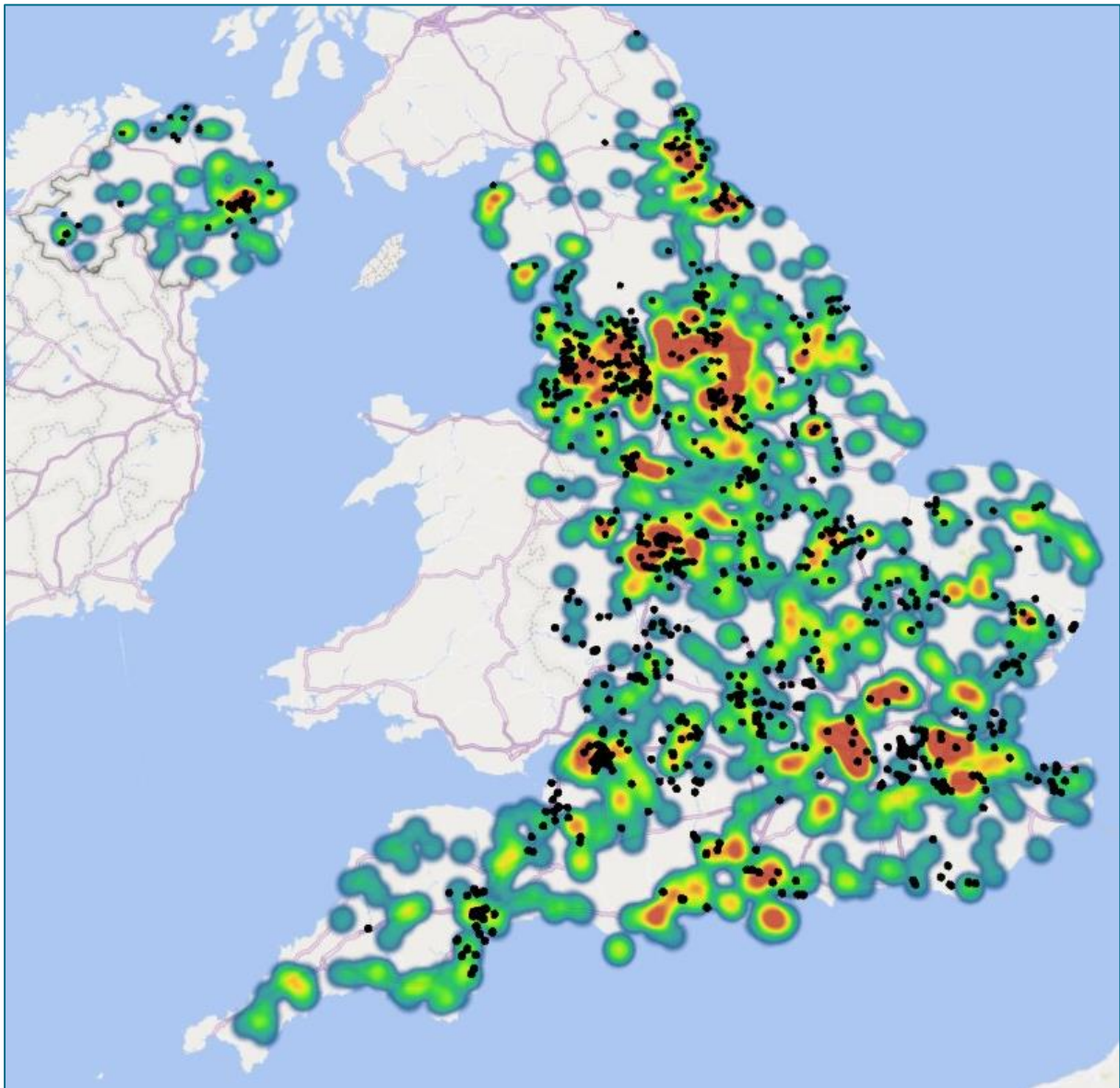


Figure.5 – Landfill site number heat map with completed project locations 2022/2023

Summary

- 3.17. From our assessment of the community information reported to Entrust, we believe that these indicators demonstrate the impact of the LCF for communities remains high because it:
- Provided volunteering opportunities to, as the UK Government supports to aid with individuals, groups and communities' mental fitness, wellbeing, community cohesion and the development of key skills;
 - Delivers on equality of access, but we believe more work can be undertaken with Stakeholders in improving the DEI of the Fund;
 - Reaches diverse and deprived communities, directly improving deprivation through providing access to services and improving the natural and social environment. Although again we believe more work can be done in this area; and
 - Negates the negative impact of landfill on local communities.

4. Environmental

- 4.1. Entrust recognises that the "Net Zero Agenda" has provided a clearer focus on the requirement for organisations to assess and develop environmental impact indicators and this is no different for the LCF, for example the Environment Bill 2021 announced mandatory Biodiversity calculations to be considered as part of the planning application process and carbon emission reduction calculators and reporting are becoming more common and easier to use.
- 4.2. To demonstrate the wider environmental impact that the LCF delivers, it will require Entrust to develop more focussed and targeted environmental indicators for the LCF. In the interim, until these are developed, we have used the following calculations in sections 4.3, 4.6 and 4.8 below to assess the environmental value that the LCF delivers.

Carbon Reduction and Tree Planting

- 4.3. Across all LCF projects in 2022/2023, 27,090 trees were planted, which on the basis of a model developed by the University College London, will result in an estimated carbon emissions reduction of 3,386 tonnes over the next 30 years. As a comparator this is equal to approximately 1.4million miles an average petrol car will drive according to published information by Carbon Footprint Ltd.
- 4.4. It should also be noted that Entrust only started collecting this specific information on the Form 9 at the beginning of 2021/2022 and therefore we only have comparative figures from this date. However, we believe it provides a positive indicator of the environmental benefits that the LCF is delivering. Additionally, 11 projects planted over 500 trees in 2022/2023, whereas in 2021/2022, this was only 5. The majority of these 155,982 trees in 2021/2022 were planted on one forestry project, showing a positive investment in tree planting projects in 2022/2023 despite the overall drop in the total number.

Investment in Biodiversity projects

- 4.5. In 2022/2023, £5.4m was spent on biodiversity projects (object DA) compared to £3.8m in the previous year. This represents 15% of all LCF project spending for the year (12% in 2021/2022), which again shows a positive investment in investing in Object DA projects. As can be seen in Figure. 6 below, this investment is allocated across England and Northern Ireland, with the higher bars indicating higher levels of LCF spending:

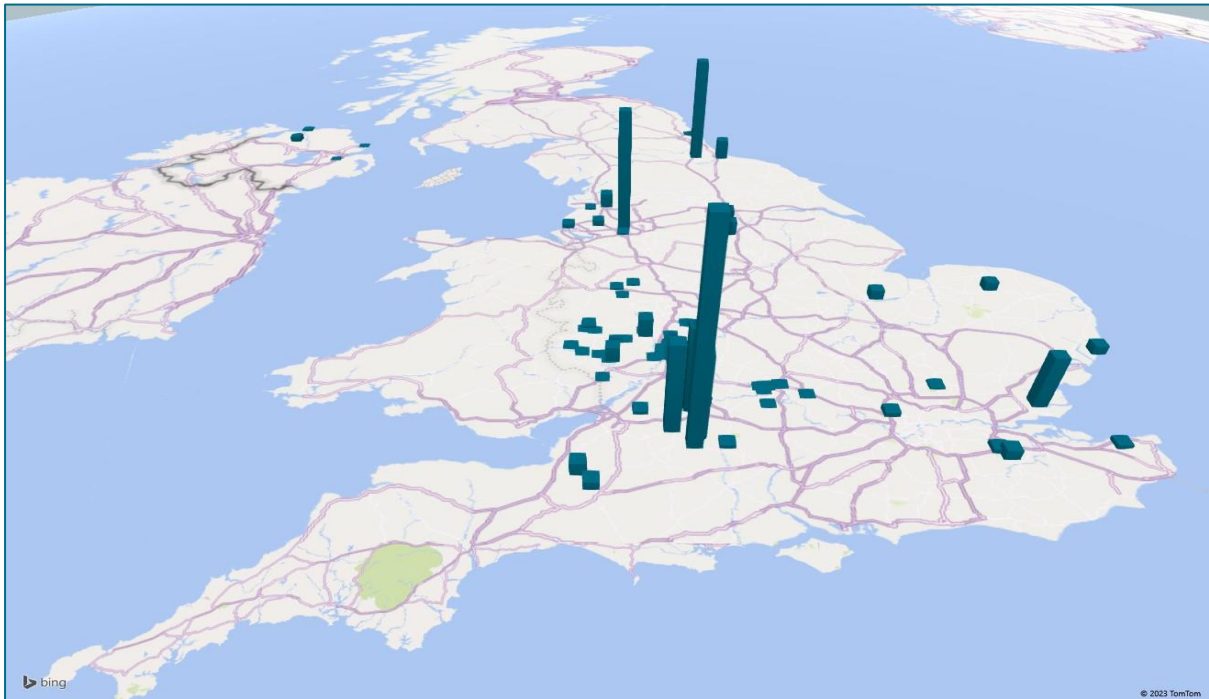


Figure.6 - The location of Object DA (biodiversity) projects completed in 2022/2023 and LCF funding amounts

Protection of plants and animal species

- 4.6. In 2022/2023 EBs reported that 10,955 plants and animal species were attracted, or protected by LCF funded projects, which was over double the 2021/2022 figure. From our calculations this indicated that Object DA projects are providing greater value per £1 of spending across more diverse species of animals and plants resulting in an increased return of investment of 20.2 species per £10,000 in 2022/2023 compared to 14 species in 2020/2021.
- 4.7. Based on the reported figures, we believe that this amount of LCF investment provides a strong indicator of the increasing investment in biodiversity projects in species and plants, in the areas surrounding landfill sites.

Summary

- 4.8. We recognise that there are limited environmental measures that can be calculated using the current data submitted to Entrust by EBs and therefore this is another area, which working with HMRC and EBs we believe it is important to develop.

- 4.9. We also believe from our discussions with EBs that more LCF funding will be spent in this area, as we are identifying a small increase in community projects whose aims are to reduce carbon emissions, indicating a greater emphasis on environmental objectives, for example through an increase in investment in the modernisation of older buildings.
- 4.10. Furthermore, we are also aware that some EBs have started working with LAs to provide LCF funding for local carbon reduction initiatives, greatly reducing the emissions from public buildings, which in our experience are often inefficient and in need of upgrading, for example, requiring the installation of more insulation.

5. Regional Differences and Population

- 5.1. We also believe that in making a holistic assessment of the LCF, we should also provide some further analysis of the regional allocation of projects and the impact of the LCF on population density.
- 5.2. As the LCF is made up of multiple EBs of different sizes, objectives and areas, it would be logical to assume there would be a disproportionate spread of LCF funding in different LA areas. However, from our assessment of the data submitted, we do not believe this to be the case.
- 5.3. Figure.7 highlights the total LCF funding for projects completed in 2022/2023 allocated by different LA areas. This shows that funding is being allocated across the majority of areas in England and Northern Ireland. However, we also recognise that there are some areas which did not receive any or limited funding (the lighter areas), for example on the South coast. We also note that population density may also impact on how projects are distributed, as figure.10 shows, areas which have higher population density receive higher amounts of funding:

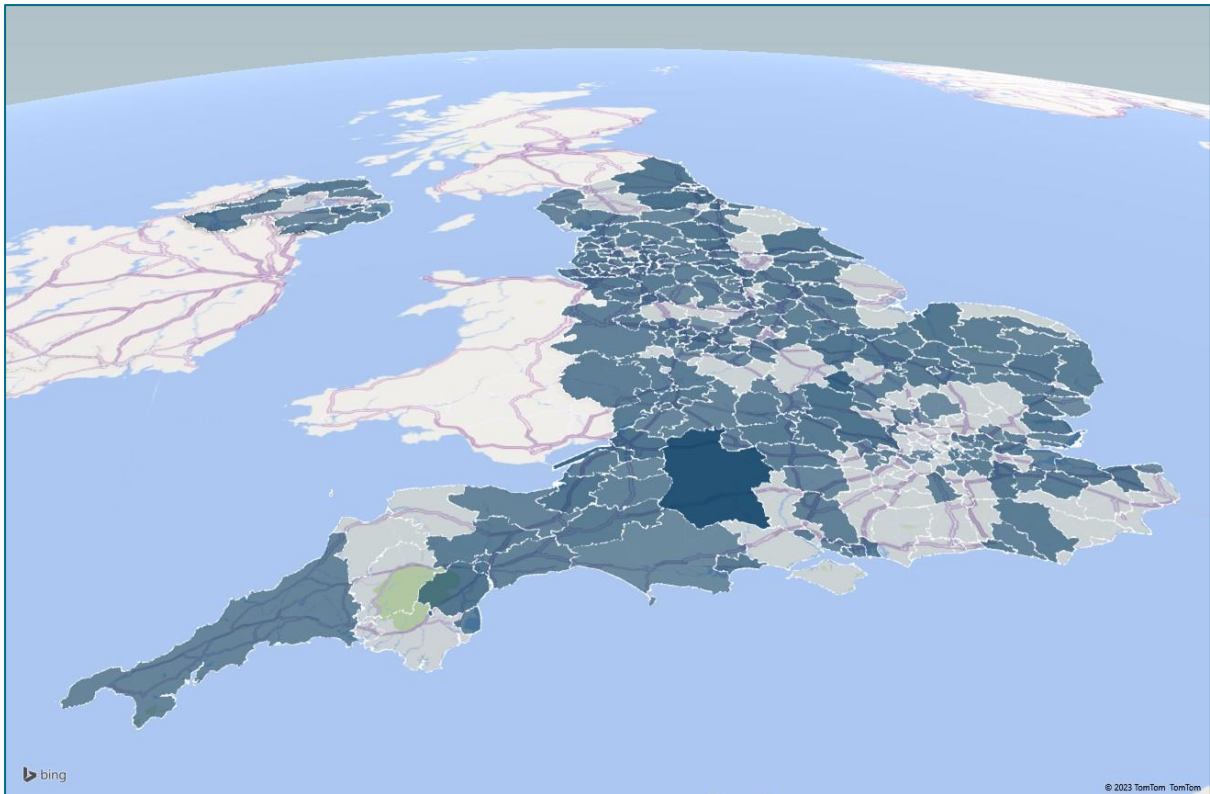


Figure.7 - Total LCF spending in each Local Authority area

- 5.4. When a population heatmap (Figure.10) is used to show where projects are located, it is much clearer that the distribution of LCF funding is largely consistent with population density. We believe that this demonstrates that the LCF is more evenly distributed across the population than at first consideration and within an expected tolerant level of variance. While there may be pockets of higher, or lower funding support, this evidence reveals that the LCF, despite the unique challenges of multiple organisations and projects, does deliver a balanced allocation of countrywide funding:

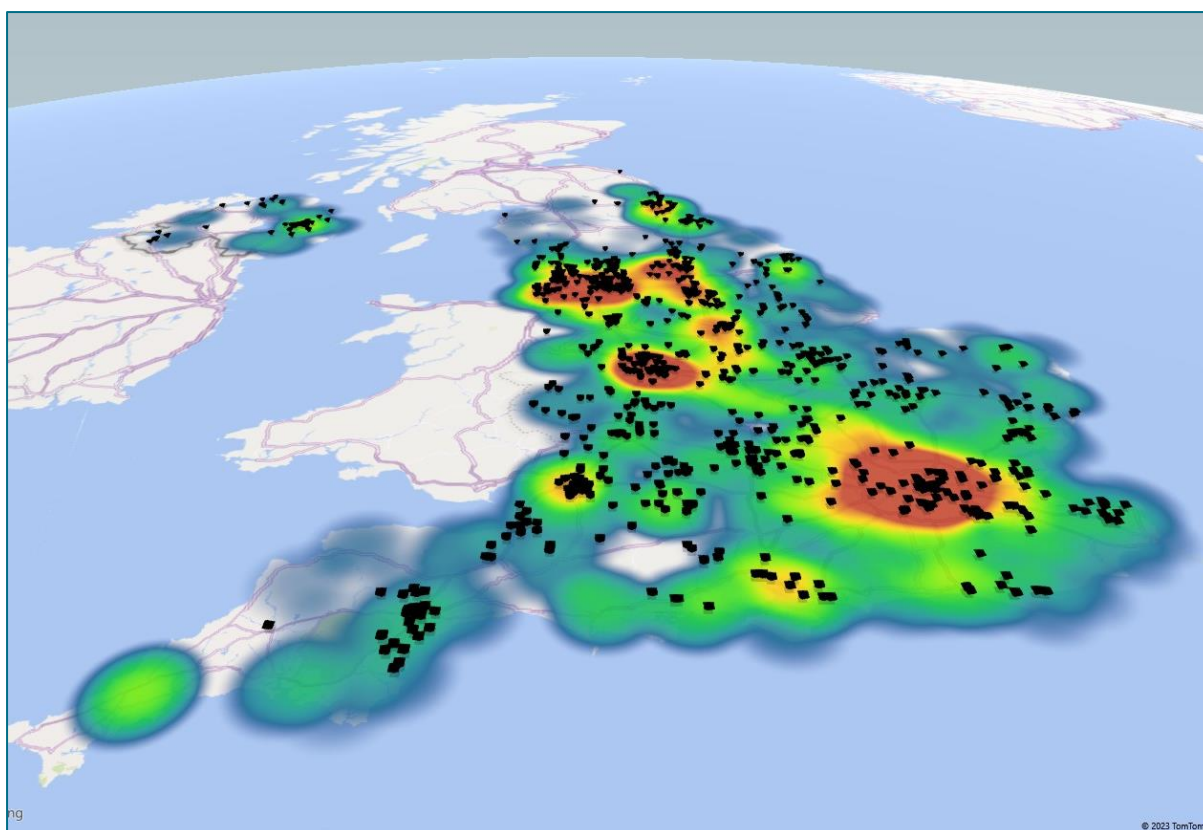


Figure.10 - Project locations on a Local Authority population heatmap (Amber/red areas are those with a higher density of population)

5.5. The following table lists the 10 LA who were reported as receiving the highest level of LCF funding. As can be seen from this information, this does not always represent a higher proportion of funding, or projects per capita:

Rank	Local Authority	Total LCF funding	Funding per capita	Projects per 10,000 capita
1	Wiltshire	£3,042,315	£5.96	0.71
2	Milton Keynes	£1,408,954	£4.91	0.17
3	Salford	£783,611	£2.90	0.22
4	County Durham	£624,358	£1.20	0.10
5	Rotherham	£613,065	£2.31	0.38
6	Bristol, City of	£570,011	£1.21	0.32
7	Buckinghamshire	£551,312	£1.00	0.25
8	Stockton-on-Tees	£543,652	£2.77	0.61
9	Leeds	£530,562	£0.65	0.20
10	South Gloucestershire	£518,076	£1.78	0.79

- 5.6. It should also be noted that 103 LAs, of the 320 in England and Northern Ireland, did not receive any funding from the LCF in 2022/2023. This is shown in Figure.11, where London and the South East can be seen to have the largest number of LA areas who did not receive any funding over the past year:

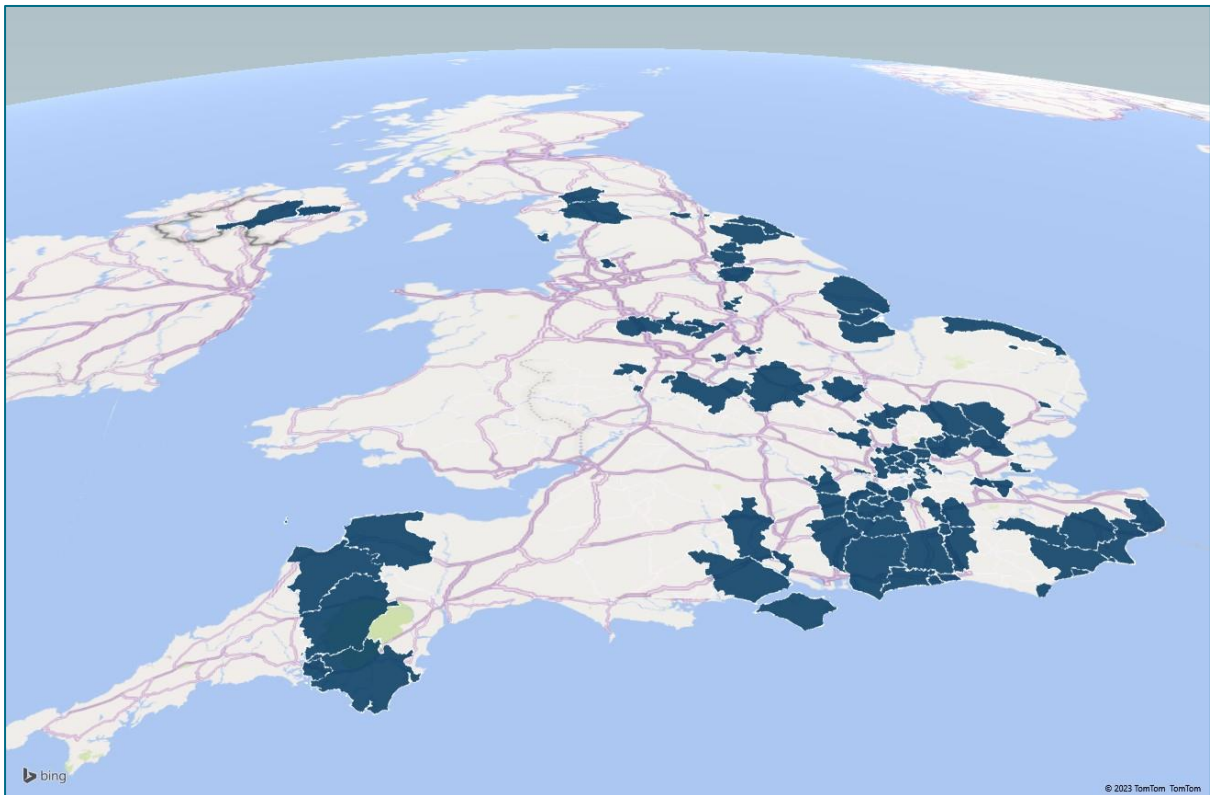


Figure.11 – Local Authority areas who did not receive any LCF funding in 2022/2023

- 5.7. To understand if this is a trend, Figure.12 maps the LA areas that have not received any LCF funding over the previous three-year period (2019/2020 - 2022/2023). This reveals that while the LCF is being distributed relatively evenly across the country, there are areas, where communities are not receiving any LCF funding, especially in the South East and East of England. It is worth noting that these areas are eligible for funding as they have landfill sites within these vicinities as shown in Figure.5:

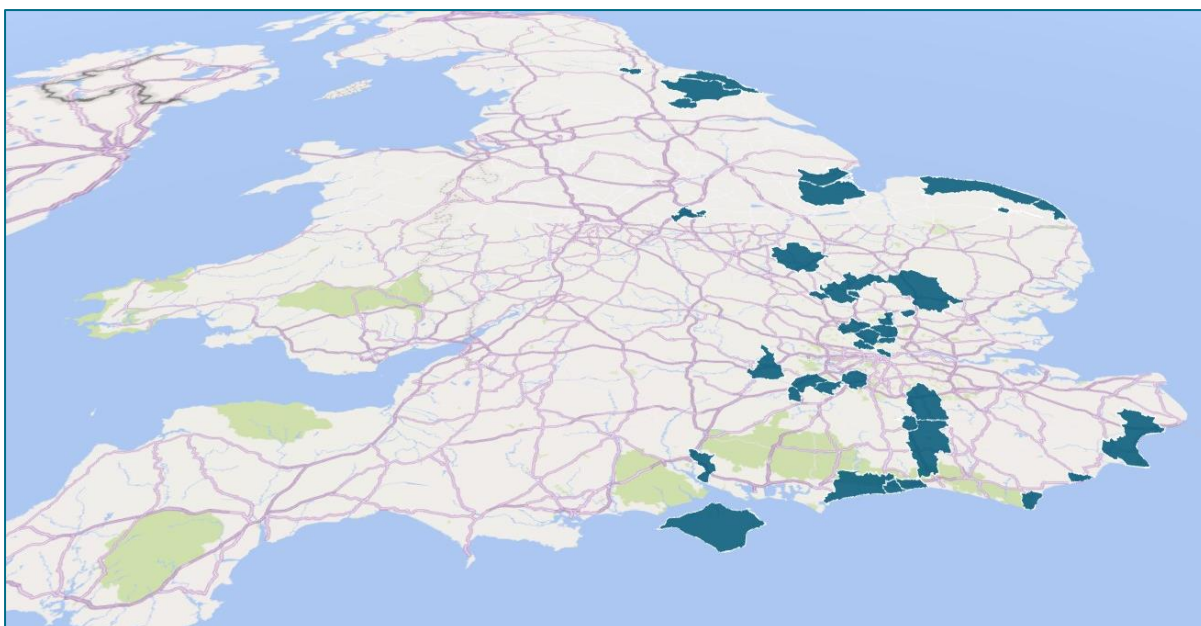


Figure.12 – Local Authority areas without funding in the last 3 years

Summary

- 5.8. In assessing funding within LA areas, we have concluded that the data reveals areas of the country where no LCF funding has been spent, despite the overall funding being relatively evenly spread across the country. This is to be expected due to the nature of the scheme and the further complication that funding EBs adopt their own funding criteria. As a result, in 2023/2024 we will be consulting with EBs to understand why there are areas of the country that are not receiving any LCF funding.
- 5.9. However, from our analysis of population densities, we also believe that the LCF can be recognised as benefiting the majority of the population, with higher levels of funding awarded in areas of higher population.

6. Impact over time

- 6.1. In completing this paper, we also believe it is important to provides some limited analysis of the changes in the reported LCF data over the last three years, which is mapped out in paragraph 6.4.
- 6.2. In reviewing this information Entrust has concerns regarding the validity of the information submitted by EBs. Entrust considers that as this data is the key foundation for this report, that it is crucial that this information is complete, accurate and validated by EBs before it is submitted to Entrust.
- 6.3. However, based on our assurance work in 2021/2022 and 2022/2023, we believe that some of the information that we received was not accurate, complete or had been validated by EBs. As a direct consequence we have concerns regarding the validity of the statements made by EBs. We have therefore started work with HMRC and EBs to both encourage validation of the data provided before submitting it to Entrust, and also develop a set of Forms that will improve the abilities for Stakeholders to provide higher quality information, which is completed and accurate. In the interim until we have developed and implemented this updated reporting framework, the following table

provides an overview of the key trends impacting on the Fund over the last three years. Where possible, a calculation has been made 'per £10,000 of LCF funding' to adjust for the difference in total LCF funding in different years, to enable a more accurate understanding of added value for the trends across a three-year period:

	2020/2021	2021/2022	2022/2023
Economic			
Total Funding	£34,703,112	£30,928,732	£37,144,837
Change		(6%)	9%
Funding from other sources (Weighted Total)	£7,232,679	£6,076,025	£7,417,279
Funding from other sources (per £10,000 of LCF funding)	£2,084	£1,965	£1,997
Change		(3%)	1%
Income Derived (Weighted Total)	£5,236,616	£2,676,901	£3,681,525
Income Derived (per £10,000)	£1,509	£866	£991
Change		(27%)	7%
Assets (Weighted Total)	£15,319,980	£14,763,920	£16,942,287
Assets (per £10,000)	£4,415	£4,774	£4,561
Change		4%	(2%)
Jobs (Weighted Total)	347	550	478
Jobs (per 10,000)	£3,167	£5,635	£4,077
Change		28%	(16%)
Combined Economic Impact (per £10,000)	£11,174	£13,238	£11,626
Change		8%	(6%)
Community			
Volunteers (Total)	12,809	12,069	12,506
Volunteers (per £10,000)	3.69	3.90	3.37
Site Visit increase (Total)	6,025,249	6,785,446	4,961,971
Site Visit increase (Per £10,000)	1,736	2,194	1,336
Deprivation Rank (Average)	18,007	17,482	17,284
Diversity Rank (Average)	12%	12%	17%
Distance to Landfill (Average)	2.95	2.85	2.76

	2020/2021	2021/2022	2022/2023
Environmental			
Trees Planted	128	155,982	27,090
Carbon Reduction from Trees (total in tonnes)	0	4,679	3,386
Biodiversity spending (Total)	£3,640,138	£3,787,807	£5,421,315
Biodiversity (Percentage of total LCF Spending)	10%	12%	15%
Change		8%	9%

6.4. The table above indicates that the LCF has maintained good overall combined economic impact per £10,000, showing a resilience and quality to its continued operation.

6.5. The table above also indicates that the performance of the LCF in 2022/2023 was consistent to the data across all three years. We also noted some trends such as a shift towards higher biodiversity spending, and projects delivered in more diverse areas, matching the growing priorities in the public arena.

7. Conclusion

7.1. In compiling this report, we are aware of the limitations and accuracy of the data that we receive from EBs for the following reasons:

- The current project approval process does not allow for value data to be submitted in detail. Also, data on project value is required to be provided on project completion before an accurate figure can be provided;
- Projects and smaller EBs providing the data do not always understand the parameters of the data being requested; and
- It is our understanding that EBs do not always validate the data that is provided to them by project applicants.

7.2. After taking into consideration the caveat given above, the information submitted by EBs provides a framework to indicate how, in 2022/2023, the LCF has provided added value to the economy, local communities and the environment as the table below outlines:

7.3. Therefore, in 2023/2024, in preparation for 2024/2025, we will be consulting on, and reviewing how we can better develop reporting on these sections of added value to the scheme, alongside the Form 9 and 10 developments already outlined to HMRC in the 2022 RIR to improve the accuracy of data. In addition to this, there is continued growth in tools available to better assess environmental value, such as carbon saving. As a consequence, future reports will be better resourced to assess added value in all areas with greater accuracy.

7.4. Finally, the following table provides a summary of the performance of the LCF in 2022/2023:

Section	Value	2022/2023 Performance
Economic	Generating funds from other sources	£7,417,279 of added value
	Deriving income to reinvest into the maintenance of the project, or in other LCF projects	£3,681,525 of added value
	Securing long term benefits via the purchase of assets	£16,942,287 of added value
	Delivering job growth and maintenance for local communities	232 new Jobs and 491 retained. £15,144,314 of added value
Community	Providing volunteering opportunities to help improve mental fitness, wellbeing, community cohesion and the development of key skills	12,506 new volunteers
	Delivering on reaching diverse communities	The percentage of non-'White/British' people living in the area of LCF projects is 17%.
	Reaching deprived communities, directly improving deprivation through providing access to services and improving the natural and social environment	45% of all funding is in the most deprived half of England and 46% in Northern Ireland
	Negating the negative impacts of landfill	The average project is 2.76 miles from a landfill site
Environmental	Planting trees to reduce carbon in the atmosphere;	27,090 trees planted
	Delivering carbon reducing community building projects, while working with LAs to improve the negative environmental impact of public amenities;	A rise in project numbers with this aim
	Resourcing biodiversity projects to protect plant and animal species; and	£5,421,315 spent on biodiversity projects
	Recognising and improving the long-term impact of project works.	Project works shifting to more carbon neutral methods
Regional	Reaching all areas of the UK population	Higher amounts of funding reached the most populated areas across England and Northern Ireland
	Minimising regional differences	Funding awarded in 217 of 320 Local Authority areas

Appendices:

Appendix A – Model for calculating the added value of funding from other sources

Appendix B – Model for calculating the added value of assets

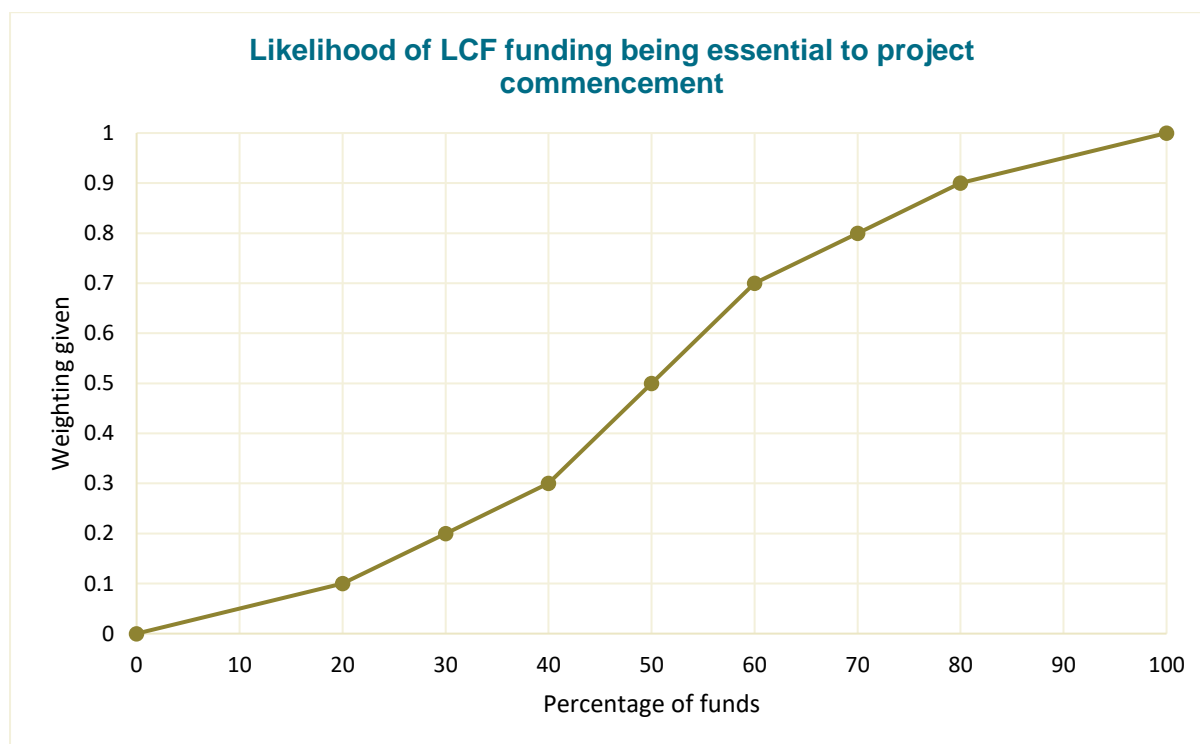
Appendix C – Model for calculating the value of jobs

Entrust

August 2023

CALCULATING THE ADDED VALUE OF FUNDING FROM OTHER SOURCES

- 1.1. The following graph details the likelihood of the LCF being essential to a project progressing based on our regulatory experience and research into charity funding sources¹. This has been calculated on the basis that if a project is only receiving a small proportion of LCF funding as the total cost, it is less likely to have been instrumental in raising the other funds. In contrast, if the LCF is providing a high proportion of the total project cost, it is more likely that the LCF has been influential in generating further funds.
- 1.2. As a number of non-LCF funding bodies requiring match funding, when the LCF is providing just over 50% of funding, in our experience as the regulator of the fund, it is more likely to receive funding from other sources. To represent this factor around the 50% mark, the chart has been adjusted to an 'S curve', showing a sharper rise in likelihood just over 50%, and a sharper fall just below 50%, than at other ratios.



- 1.3. Therefore, each project has been separately calculated depending on the ratio of LCF to Non-LCF funding sources, to identify how likely the funding from other sources can be directly attributed as added value to LCF funding. The combined figure of the weighted totals provides the figure in section 2.5 of this report.

CALCULATING THE ADDED VALUE OF ASSETS

- 1.1. Assets are varied in type, depreciation or appreciation, and in usage. Therefore, it is appropriate to calculate the added value of assets in different ways, depending on their category.
- 1.2. We have developed our calculation on two categories, limited by how historically we have collected data, to Land/Whole Buildings and all other assets. Due to changes in 2021/2022 to our Form 9, we will be able to develop a calculation based on more categories for the 2023/2024 report.
- 1.3. For land and whole buildings, the calculation recognises the added value inflation of Land and Building assets provide over a 6 year period, rather than the 20 year asset registry requirement in the Entrust guidance, as this is as far as the inflationary forecasts are provided for:
 - *Asset cost multiplied by the Office for Budget Responsibility's (OBR) estimated land/building inflation figures (0.95% for 2023-2028) across a period of 6 years.*
- 1.4. For all other assets, we recognise the added value an asset has in repeated use after the initial project works are complete. For example, a cricket club lawn mower will bring long term benefits to the cricket club, repeating the same maintenance project multiple times and multiplying its value across a number of years. Therefore, added value is calculated by multiplying the original cost by the estimated depreciation value across the 3 year period. The UK government estimate the reduction in value to be 25% per year.
 - *Asset cost (AC) x 75% + AC x 50% + AC x 25% = Added Value*
- 1.5. These two calculations are made on each form of asset, and combined to provide the total added value in section 2.11 of this report.
- 1.6. We believe these are conservative estimates, as they do not multiply across the full monitoring period, or recognise that some assets, such as machines and multi-use games areas, can have a benefit significantly beyond 3 years. However, until more categories are identified in 2023/2024, these current calculations using basic UK Government depreciation estimates are considered appropriate.

CALCULATING THE ADDED VALUE OF JOBS

- 1.1. On the Form 9, EBs estimate how many Full Time Equivalent (FTE) jobs will be created or maintained as a result of the project works.
- 1.2. This allows us to calculate added value, by multiplying the number of jobs by the Office for National Statistics estimate of average salary and hours of the year in which the projects were completed.
- 1.3. We have, however, reduced the weight of maintained jobs, as these are jobs that may not have been lost if the project had not gone ahead. Therefore, maintained jobs are given a weighting of 0.5.
- 1.4. The calculation is as follows:
 - *New Jobs + (Maintained Jobs*0.5)*
 - Multiplied by-*
 - Average salary (2022/2023)*
 - = Added Value*
- 1.5. This provides the jobs added value calculation estimate found in section 2.13