



Entrust Annual Report

2025/2026



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> Annual Report 2025/2026

Understanding the Landfill Communities Fund



The Landfill Communities Fund is the name given to the scheme that allows Landfill Operators to contribute funds to community and environmental projects and register the amount on their Landfill Tax Return. In return, HMRC gives a tax credit to the Landfill Operator to the value of 90% of the contribution, with communities that receive project funding often meeting the 10% shortfall. These funds are managed and distributed by Environmental Bodies (EBs), which we regulate as the HMRC appointed Regulator. The aim of the Fund is to enhance amenities and protect the environment in the localities affected by landfill activity, giving back to communities that are negatively impacted by that activity.



This report sets out our operational activities for 2025/2026. It should be read alongside the Value of the LCF report, which provides more detailed analysis of how LCF funds have been received, held, spent and used to support community and environmental outcomes.

Understanding Our Role as a Regulator



Our oversight helps the LCF operate transparently, efficiently, and compliantly, benefitting communities and the environment.

We play a vital role in the functioning of the LCF. Our role is to serve as the regulatory body, providing HMRC with independent assurance that LCF monies are spent compliantly and in accordance with the Regulations. We do this by enrolling EBs, supporting project registration, monitoring compliance, managing breaches, and providing guidance that helps EBs operate effectively within the regulatory framework.

Our Corporate Plan for 2025/2026 was built from the progress made in 2024/2025, including improved relationships with EBs, simplified guidance, reduced running costs, and a clear focus on modernising systems, refining compliance activity, and responding to the changing landscape of a reducing Fund.



Our Purpose and Objective

- Our purpose remains to regulate the Landfill Communities Fund in a fair, proportionate, and cost-effective way.
 - We support EBs to understand and operate within the Regulations, to provide HMRC with assurance that the scheme is run compliantly, is well organised, delivers benefits for communities and the environment, and offers value for money.
 - We do this by engaging with EBs constructively, respectfully and clearly. Where there is a need to take action, we take it clearly, promptly and fairly.
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Understanding Our Values

Our values continue to provide the framework for the way we work with EBs, HMRC, our Board, and our team. We aim to be professional, honest, fair, proportionate, and supportive in all aspects of our work.

These values are particularly important as the Fund continues to operate in a changing environment, with reduced income, increasing cost pressures and a need to maintain assurance while reducing unnecessary burden.



Chair's Reflections



This year has been one of continued delivery, transition and reflection. The LCF has remained stable in cash terms, but the underlying trends show that the environment in which the Fund operates is changing, as the amount of waste going to landfill (and therefore the amount of landfill tax) decreases. Contributions increased in reported terms to £28.4m, but this included a significant outlier, and the underlying contribution position fell by around 4%. Project spending reduced to £25.7m, reflecting the lower income received in the previous year.

The Board has therefore continued to focus on ensuring that our regulatory approach remains proportionate, evidence-led, sustainable, and efficient. The Fund continues to deliver strong outcomes, and administration costs reduced in cash terms thanks to efforts by the EBs and at Entrust to streamline processes. However, because of the declining size of the Fund, the proportion of expenditure attributed to EBs' administration costs increased to 7.95% of project spending, exceeding HMRC's 7.5% guidance level for the first time. This reflects the reality of operating a smaller Fund, where many costs are not fully variable and cannot reduce at the same pace as project expenditure.

Performance against the unspent funds objective remained strong. The overall unspent funds ratio reduced to 0.97, below HMRC's 1.5 threshold, and the number of EBs exceeding the threshold reduced from 21 to 13. This demonstrates that EBs are continuing to commit and spend funds in a timely way, even in a more challenging operating environment.

Internally, we have continued to modernise. We successfully implemented the new EntrustOnline system, replacing the legacy EOL platform, and this has improved usability, reduced administrative burden for EBs and strengthened our digital capability. We also continued to refine our risk-based compliance approach, improve our guidance, maintain strong stakeholder engagement and reduce our own overheads through organisational change. We have a small, committed and well-motivated staff team.

Looking ahead, we will continue to provide clear data, robust analysis and practical insight, ensuring that any future decisions on the future of the Fund which the Government may make are informed by evidence, the needs of communities and the practical operation of the scheme.

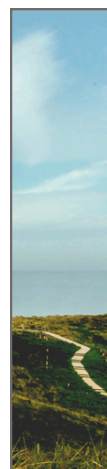


Antony Townsend, Chair

Executive Summary

2025/2026 was a year in which we continued to deliver strong regulatory performance while adapting to a changing Fund. Our focus was on maintaining assurance for HMRC, supporting EBs, modernising our systems and ensuring that regulation remained proportionate to the size and risk profile of the LCF.

We delivered against our core service standards. We enrolled 100% of EBs within five working days and registered 100% of LCF projects within five working days, exceeding the KPI target for project registration. We also maintained strong helpline performance, with 100% of respondents agreeing that we responded to their enquiry within 24 hours, 100% satisfied or very satisfied with the way their query was handled, and 100% reporting a good or very good experience of the helpline service.



Our revised compliance approach was implemented during the year. This was the first year of the revised model, with compliance activity targeted more clearly towards completed projects and higher-risk areas. We undertook 71 compliance reviews, including 26 reviews of EB operations, 40 project reviews and five revocation reviews, covering 243 completed projects. Although the number of reviews was lower than in the previous year, the reviews were more complex and more closely aligned to our risk-based approach.



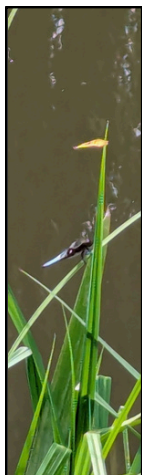
Breach management remained proportionate and controlled. There were no cases requiring referral to HMRC for failure to comply with the Regulations or for conduct which could bring the scheme into disrepute. We resolved one breach management case during 2025/2026 and there were no other cases subject to proceedings during the year.



We also delivered a strong Annual Return outcome. KPI 3.2 required us to ensure that 99% of LCF monies were reported through the Statutory Annual Returns by the due date of 28 April. The 2025/2026 Statutory Annual Return period delivered a return rate of 100% of LCF funds reported by 28 April 2026.



Executive Summary - continued



Stakeholder engagement remained a priority. We continued our annual engagement strategy with the Boards of the largest EBs, our Board members attended EB Board meetings, and we facilitated our second LCF Conference in November 2025, which HMRC and HM Treasury attended and contributed. HMRC also attended all Entrust Board meetings during 2025/2026.

Financially, we remained resilient. Our agreed resource requirement for 2025/2026 was £899k, funded through a levy on contributions of 3.78%. Actual levy invoiced for the purpose of the accounts was £1,052k, creating a surplus against the approved funding requirement, with £135k recognised through a reduction in our 2026/2027 bid. The financial statements report a surplus on ordinary activities after taxation of £44.5k

As at year end, we continued to meet HMRC's requirement to hold sufficient funds to maintain regulatory oversight for two years in the event of Fund closure. We reported reserves of £1,621k and deferred income of £809k.

The year has reinforced the importance of clear prioritisation. The LCF continues to deliver meaningful community and environmental benefit, but it is operating in a context of declining underlying contributions and emerging cost pressures. Our role is to maintain assurance, support the sector and provide HMRC with the evidence needed to inform decisions about the Fund's future.

> Organisational Functions

1. EB Registrations

We enrolled 100% of EBs within five working days, meeting our target of 100%. During the year, two EBs enrolled, both located in England.

The low number of new EB registrations reflects the continued shift in the operating model. Project organisations that do not receive contributions directly from a Landfill Operator have little reason to remain registered as EBs and can instead apply to EBs which do receive funds directly. This has supported the continuing reduction in inactive or low-activity EBs, reducing administrative burden for those organisations and allowing us to focus regulatory resource where it is most needed.

2. Project Registrations



Project registration performance remained strong. We registered 700 projects during 2025/2026, 662 were in England and 38 were in Northern Ireland, and maintained a 100% performance level for project applications registered within five working days, exceeding our KPI target of 98%. This performance demonstrates that, despite organisational change and system transition, core regulatory services continued to operate effectively.

The new EntrustOnline system has supported this work by improving usability, reducing administrative burden and strengthening our digital capability.

3. Advice, Guidance and Training

Our helpline and enquiry handling continued to receive high satisfaction scores. In 2025/2026, 100% of Helpline Satisfaction Survey respondents agreed that we responded to their enquiry within 24 hours, 100% were satisfied or very satisfied with the way their query was handled, and 100% reported a good or very good experience of the helpline service.

We maintained a more bespoke approach to training, providing sessions when requested by EBs and supporting this with short videos focused on specific tasks, changes to guidance and forms. This expanded during 2025/2026, particularly in support of staff joining professional EBs.

4. Compliance

The 2025/2026 compliance programme was the first under our revised compliance approach. The revised model moved larger, experienced EBs on to a cyclical review basis, targeted more activity towards completed projects, simplified reviews into EB reviews and project reviews, and introduced a new self-declaration process of an annual EB Statement of Compliance for EBs in receipt of regular Landfill Operator contributions.

We undertook 71 compliance reviews during 2025/2026, compared with 195 in 2024/2025. These comprised 26 EB reviews, 40 project reviews and five revocation reviews, and included reviews of 243 completed projects. The lower number of reviews reflects the revised approach and the reduction in one-off project EBs following changes to the operating model.

Stakeholder satisfaction with the compliance process remained strong, with an overall score of 4.5 out of 5.0, based on an improved survey return rate of 38%. We also continued to use virtual and desk-top reviews where appropriate, minimising costs for both us and EBs and ensuring resources were focused on the highest-risk areas.

5. Breach Management

Managing breaches remains an important part of our regulatory role. During 2025/2026, there were no cases requiring referral to HMRC for failure to comply with the Regulations.

We continued to work with EBs where non-compliance was identified through compliance reviews, statutory reporting requirements or self-notification, so that corrective actions could be agreed and implemented.

Across 2025/2026, we opened and resolved one breach management case.



6. Reporting

We continued to provide HMRC with scheduled reports and data to support oversight of the Fund. This included the Annual Returns Report, which analysed EB annual return data for 2025/2026, and the Value of the LCF report, which was provided to HMRC in August 2026 which has been published on our [website](#).

The 2025/2026 Annual Returns Report, delivered to HMRC, used data from all EBs with financial activity, all of whom submitted their annual return. It provided analysis of overall Fund trends, where funds are held and spent, strategic priorities on unspent funds and administration costs, and future projections and thresholds.

Environmental Body Feedback

In accordance with KPI 1.3, we were required to undertake an annual customer satisfaction survey by 31 August. Following significant changes to the survey in 2024, the same questions were used in 2025 to provide continuity.



The overall level of satisfaction reported in 2025 was 95%, an increase on the 2024 score of 92% and a significant improvement on the 2023 score of 73%. The survey also generated useful suggestions, which led to an action plan with five areas of importance to maintain a high level of service, and we have been working on these throughout 2025/2026.



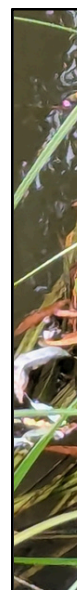
These results show that EBs continue to view us as a professional and supportive regulator. They also provide useful evidence to help us focus improvements in communication, guidance, training and system usability.



Financial Reporting

Our operations are funded through a levy paid by EBs, calculated as a percentage of the contributions they receive from Landfill Operators. The levy percentage is agreed annually with HMRC based on our resource requirement and the anticipated value of the Fund. For 2025/2026, the agreed levy was 3.78% and our approved resource requirement was £899,478.

Levy income is not recognised immediately within our financial statements. Instead, it is held as deferred income and released over an average period of 24 months, reflecting the typical time taken for EBs to commit and spend contributions on projects. This ensures that income is recognised in line with the regulatory activity required to oversee those projects. Where contribution levels remain relatively stable, the amount of income received in a year is broadly aligned with the amount released from deferred income. However, when there are significant increases or decreases in contributions, timing differences can arise between income received and income recognised within the accounts.



During 2025/2026, levy invoiced amounted to £1,052k, which was £153k higher than the approved funding requirement. Reflecting our ongoing focus on efficiency and value for money, we have recognised £135k of this surplus by reducing our 2026/2027 resource requirement. This helped maintain the levy at a stable level for EBs while continuing to ensure that we hold sufficient reserves to meet HMRC's audit-out requirements.

The financial statements report an operating deficit before exceptional costs, interest and taxation of £7,927, compared with a £91k deficit in 2024/2025. After interest and taxation, we reported a surplus on ordinary activities of £44.5k, compared with a deficit of £13.7k in 2024/2025.

Financial snapshot	Actual	
	2024/2025	2025/2026
Income Released	£1,029,706	£976,849
Administrative expenses	£1,121,179	£984,776
Operating deficit before exceptional costs	£91,473	£7,927
Interest receivable and similar income	£103,287	£66,276
Surplus / (deficit) after taxation	-£13,711	£44,535
Retained earnings at year end	£1,576,687	£1,621,222

Cost Savings and Organisational Resilience

We continued to reduce our cost base and reshape the organisation to ensure that our resources remain aligned to regulatory priorities. Building on the People Strategy implemented in 2024/2025, we strengthened organisational capability through targeted engagement, regular feedback and continued review of policies and practices to support wellbeing, retention and performance.



A further organisational review was undertaken in Spring 2026, delivering additional efficiencies and reducing the overall cost base while maintaining resources in the areas needed to support regulatory assurance.

The new EntrustOnline system went live during the period, replacing the legacy EOL platform. This has improved usability, reduced administrative burden for EBs and delivered ongoing cost efficiencies while strengthening our digital capability. We also maintained compliance with data protection requirements, retained our ICO registration, completed our annual cyber security self-assessment against National Cyber Security Centre guidance and retained our Cyber Security Certification.

Reserves and Audit-Out Provision

We continue to meet HMRC's requirement to hold sufficient funds to maintain regulatory oversight for two years if a decision were taken to close the Fund. At year end, we reported reserves of £1,621k and deferred income of £809k

This position reflects our continued focus on financial resilience, sound treasury management and proportionate cost control. It also ensures that we can continue to provide assurance to HMRC in the event of any future transition or closure scenario.

Our Board

The Board sets our strategic direction and provides governance, assurance and oversight of the organisation and the Landfill Communities Fund. During 2025/2026, Antony Townsend served as Chair of the Board, Julian Atkins as Deputy Chair and Chair of the Human Resources and Remuneration Committee, Helen Venn as Chair of the Audit Committee (from September 2025), and Kate Shaw served as Chief Executive and Executive Director.

Peter Bayliss served as a Non-Executive Director and Chair of the Audit Committee until his resignation on 30 September 2025.

Following Peter's departure, the Board considered its future composition and concluded that a replacement was not required. Over recent years the organisation has completed most of its transformation programme, including significant modernisation of systems, governance and operating arrangements. The Board considered that, given the current size and complexity of the organisation, governance and oversight could continue to be delivered effectively through three Non-Executive Directors together with the Chief Executive as Executive Director. This approach also reflects our commitment to maintaining a proportionate and cost-effective governance structure while continuing to provide appropriate challenge, assurance and strategic direction.



Antony Townsend

Chair

Appointed December 2022

Antony has extensive experience as a Chief Executive, Chair and Non-Executive Director across regulatory, financial services and charitable organisations. He currently serves as Chair of Entrust and brings significant expertise in governance, risk management and public service. Antony has worked extensively with government, regulators and stakeholders throughout his career and provides strategic leadership to the Board.



Julian Atkins

Non-Executive Director

Deputy Chair and Chair of the Human Resources and Remuneration Committee

Julian is an experienced Non-Executive Director and former senior Human Resources executive. His career included almost 25 years with Coventry Building Society, where he was a member of the Executive leadership team and led the HR function. Julian is a Fellow of both the Chartered Institute of Personnel and Development and the London Institute of Banking and Finance. He brings extensive expertise in leadership, workforce development and organisational performance.

Helen Venn

Non-Executive Director

Chair of the Audit Committee

Helen has more than 20 years' experience in regulatory investigation, compliance and enforcement. She previously held senior leadership roles at the Gambling Commission and the Solicitors Regulation Authority, leading licensing, compliance and enforcement functions. Helen provides independent oversight of audit, risk management, assurance and financial governance.



Kate Shaw

Chief Executive and Executive Director

Appointed Director December 2023

Kate joined Entrust in 2022 as Chief Operating Officer and became Chief Executive in December 2023. A qualified accountant by background, she has held senior leadership roles in both regulatory and public sector organisations, including the Solicitors Regulation Authority and Greater Birmingham and Solihull LEP. Kate leads Entrust's day-to-day operations and has overseen a significant programme of organisational transformation, modernisation and efficiency improvement.

The LCF Statistical Snapshot

This section provides an overview of income, administration costs, unspent funds and expenditure. Further analysis is provided in the Value of the LCF report.

The Fund remained broadly stable in cash terms during 2025/2026, with total held balances of £27.5m at year end, a fall of 1%. Contributions increased to £28.4m, although this included a prior year adjustment of £3.5m. Once the adjustment is removed, contributions were £24.9m, representing a fall of 4% from 2024/2025.

LCF funds	Actual 2024/2025	Actual 2025/2026	Movement
Total LCF funds held at start of reporting period	£35.6m	£27.4m	-£8.2m
New contributions received from Landfill Operators	£25.9m	£28.4m	£2.5m
New contributions received from Landfill Operators (excluding adjustment)	£25.9m	£24.9m	-£1.0m
Bank interest	£0.7m	£0.5m	-£0.2m
Other LCF income	£0.004m	£0.027m	£0.02m
Project spending	£31.5m	£25.7m	-£5.7m
Levy paid to Entrust	£0.8m	£1.1m	£0.3m
EB administration costs	£2.2m	£2.0m	-£0.1m
Total funds held at end of period	£27.7m	£27.5m	-£0.3m

Administration Costs

HMRC has set as one of its strategic priorities that administration costs incurred by EBs should be at or below 7.5% of annual project expenditure.

In 2025/2026, EB administration costs reduced in cash terms from £2.18m to £2.05m, but increased as a percentage of project spending from 6.86% to 7.95%.



This means that the scheme exceeded the 7.5% guidance level for the first time. The increase reflects reduced project spending and structural pressures in a smaller Fund, rather than a simple increase in administration activity. As contributions fall, there is less capacity to reduce administration costs at the same rate, because many regulatory and delivery costs are not fully variable.

The number of individual EBs with administration costs above 7.5% of project spending increased from nine in 2024/2025 to 11 in 2025/2026. The reasons given by EBs for exceeding the guidance level included revocation and exit costs, reduced project spending following lower income, changes in upfront payment approaches, administration costs with lower than anticipated or no project activity, and exceptional in-year redundancy costs.



Our focus for 2026/2027 will be to continue working with EBs to understand their cost base and support realistic, proportionate action. The Corporate Plan for 2026/2027 includes an objective to support EBs in maximising efficiencies, informed by the 2025 Call for Evidence on administration costs, including the introduction of a more proportionate three-year rolling review.

Unspent Funds

HMRC's second strategic priority is that the overall value of unspent funds held by EBs should reduce year on year and that individual EBs should not hold more than 1.5 times their annual LCF income.



Performance against this objective remained strong in 2025/2026. The unspent funds ratio reduced to 0.97, well below the 1.5 threshold, and the number of EBs exceeding the threshold reduced from 21 to 13.



Held funds remained broadly stable in cash terms at £27.5m. Of this, £16.8m was committed to registered projects, £1.0m was held for winding up, and £9.6m was uncommitted.



We will continue to monitor EBs with funds above the expected threshold and, where appropriate, require action plans or progress reviews to ensure funds are allocated to eligible projects in a reasonable timeframe.



Measuring Our Performance

Our performance framework is designed to ensure that we deliver our strategic objectives, meet HMRC requirements, and maintain confidence in the regulation of the LCF.

During 2025/2026, performance remained strong across core service delivery, compliance, reporting and stakeholder satisfaction. The main area requiring continued focus is the administration cost objective, where the scheme-level percentage exceeded HMRC's 7.5% guidance level for the first time.



Reporting Our Performance

We provide detailed reports to HMRC on both the LCF and our own performance. During 2025/2026, this included the Annual Returns Report, the Chair's Annual Report and Statement of Assurance, the Value of the LCF report, scheduled KPI performance reporting, and ongoing engagement through Board attendance and operational meetings.

HMRC KPIs

The 2025/2026 KPI framework included service delivery, reporting, compliance and value for money measures. Key reported outcomes included:

- 100% of eligible EB enrolment applications approved within five working days.
- 100% of eligible project applications registered within five working days, exceeding the 98% target.
- 100% of LCF funds reported through the Statutory Annual Return by the due date of 28 April 2026.
- A revised compliance plan introduced and delivered using a risk-based approach.
- Scheduled Annual Return, administration cost and unspent funds reporting provided to HMRC.



Looking Ahead

The 2026/2027 Corporate Plan recognises that the LCF continues to operate in a climate of structural change. Waste to landfill is reducing year on year, which directly affects LCF contributions and increases the importance of proportionate, value-for-money regulation.



For 2026/2027, our priorities are to support HMRC in its review of the future and long-term sustainability of the Fund, support EBs in maximising efficiencies, and continue to modernise and deliver cost-effective regulation in the context of declining income.



We will continue to provide HMRC with clear data, sector insight and regulatory assurance, while helping EBs operate efficiently and sustainably. Our role remains to ensure that LCF funding continues to deliver compliant, high-quality community and environmental outcomes.

Our Terms of Approval (TOA) were extended by HMRC during 2025/2026 and a new TOA was signed on 1 August 2026, running until 31 July 2031.

Entrust October 2026

