



1. Introduction to the Landfill Communities Fund (LCF)

This Guidance Manual covers aspects of the Landfill Communities Fund (LCF) including statutory obligations contained in the Landfill Tax Regulations 1996 (Regulations) and Conditions agreed under the Regulations. These statutory requirements are highlighted in bold type within this guidance manual.

Furthermore, under Regulation 33A (1) (aa) EBs must comply with any Conditions imposed under the Regulations. The current Conditions were implemented in 2015 and set out the conditions under which LCF project expenditure can occur and provide for an EB's LCF activity to be frozen for failing to submit a Statutory Annual Return. A copy of the Regulations and the Conditions can be found on our [website](#).

1.1 How the fund operates

The LCF is a tax credit scheme which allows Landfill Operators (LOs) to contribute a portion of their landfill tax liability directly to approved organisations called Environmental Bodies (EBs) to fund community and environmental projects in the vicinity of landfill sites in England and Northern Ireland. LOs are able to claim a credit against their landfill tax liability for 90% of their contribution. Please see the [HM Revenue and Customs \(HMRC\)](#) page on our website for the current diversion rate.

Responsibility for collecting landfill tax has been devolved in Scotland and Wales. As a consequence, the LCF has ceased to operate in both these countries. The LCF only funds projects in England and Northern Ireland. Alternative schemes have been set up in both Scotland and Wales. For more information [please see our website](#).

The LCF is regulated by ENTRUST and managed by HMRC. It is ENTRUST's role to ensure that LCF monies are paid to eligible organisations and spent on projects which satisfy the objects set out in 'The Landfill Tax [Regulations](#) 1996 (the Regulations)'.

ENTRUST regulates the LCF in a number of ways including: reviewing and enrolling each organisation as an EB before they are able to receive LCF monies; reviewing and approving each project proposal before expenditure starts; and undertaking compliance visits. ENTRUST provides this Guidance Manual to assist organisations and individuals to comply with the Regulations.

The responsibility for managing breaches of the Regulations is split between ENTRUST and HMRC. Where ENTRUST considers that a regulatory breach has occurred or there is a risk of a breach by an EB then a series of actions will take place, under the general heading of the breach management process. For further information on our breach management framework please see the [breach management](#) page of our website.

Information on what to expect from a compliance visit is available on the [inspection process](#) page of our website.

| Who's who in the LCF? | | |
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| Name | Abbreviation | Description |
| His Majesty's Revenue & Customs | HMRC | HMRC collect landfill tax in England and Northern Ireland and assess LOs' claims for tax credit in respect of the qualifying contributions made to the LCF. HMRC are also responsible for approving and monitoring ENTRUST's actions and for taking breach management sanctions where there is non-compliance by an EB. |
| Environmental Trust Scheme Regulatory Body | ENTRUST | The Regulator of the LCF. |
| Landfill Operator | LO | Responsible for the operation of one or more licensed landfill sites and for the payment of landfill tax to HMRC in respect of waste deposited at their landfill sites. LOs make contributions to EBs to fund LCF projects. The sum given by a LO to an EB is called a qualifying contribution. |
| Environmental Body | EB | An organisation enrolled by ENTRUST to receive, distribute and spend LCF contributions. |
| Project Applicant | No abbreviation, referred to as 'applicant' | The operator of the project, not always the Environmental Body (EB). Most projects are funded via an EB who fund multiple projects, meaning the project applicant is often separate from the EB who submits each project application via ENTRUST Online. |
| Contributing Third Party | CTP | An LO receives 90% of the value they contribute to the LCF as a tax credit. A CTP is a person or organisation, separate to the EB, who pay some or all of the 10% shortfall directly to the LO to release the LCF funding to the EB. |

1.2 The objects

LCF contributions given to an EB must be spent only on projects that meet the approved objects of the LCF or on running costs. The Regulations define the nature of work that can be funded by the LCF. Information on the objects and the types of projects that can be registered under them can be found in [Section 4: Submitting a Project for ENTRUST approval](#).

1.3 Eligible project site locations

With the exceptions of objects A and B, which are described in [section 4](#) of our Guidance, LCF money can only be used to fund community or environmental projects in the vicinity of a landfill site. We interpret vicinity to be within 10 miles of a licensed landfill site, however, if you are able to provide evidence that your project site is adversely impacted by activity from a licensed landfill site which is further than ten miles away, we will consider your evidence. A grid reference or map showing the 10 mile radius may be appropriate when applying to register a project but the minimum of a postcode for the project site will be required to demonstrate site eligibility.

The Regulations do not require the closest applicable landfill site to be owned by the LO contributing to your project, however, some funders may have their own requirements. Some require the project location to be in the vicinity of one of their own sites or to be closer than 10 miles to a landfill site.

A 'licensed' landfill site is one where there is a licence, resolution or permit authorising disposal of materials as waste in or on the land. Some inactive landfill sites are still 'licensed'. Sites that are closed but are still licensed are eligible. In practice most funders won't deem a licensed closed site eligible even though it would meet our requirements as the Regulator. In such cases, please check with the funders on a case-by-case basis.

A guide to locating landfill sites can be found on the [resources and 'How to' guides](#) page of our website.

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