



## 5. Running a project

### 5.1 Project Records

Information on EB record keeping requirements can be found in Section 3: Now you are enrolled as an Environmental Body. EBs must maintain structured and comprehensive project files which ensure all relevant information concerning LCF expenditure is retained for a period of 6 years. Please see our [Project File Checklist](#) which lists the project information to be retained.

### 5.2 Income derived

**Any income an EB receives from its LCF monies is called income derived and must be spent on approved objects as stipulated in Regulation 33A:**

**Regulation 33A – Obligations of approved bodies**

**(1) An approved body shall—**

**(b) apply qualifying contributions and any income derived therefrom only to approved objects.**

Income generated from the expenditure of LCF monies includes, but is not restricted to:

- all interest earned as a result of holding LCF monies in bank accounts;
- the sale of assets purchased with LCF monies;
- any LCF funds returned to, or reclaimed by, an EB; and
- any income derived from running LCF projects.

**Any income an EB receives from its LCF monies must be spent on approved objects.**

This can include the maintenance and operation of an approved LCF project, another approved LCF project, the EB's running costs or the ENTRUST levy. Income derived does not need to be returned to the original funder unless it is a term of a funding agreement.

#### **Generating income from running projects**

Income can be generated from running projects when the project generates income as part of its operation, for example:

- venue or equipment hire revenue;
- admission charges; and
- sale of products.

If an EB declares at project registration stage that all income generated from the running of a project will be spent on the maintenance and operation of that project then the EB does not need to report this income derived to ENTRUST. However, the EB will be required to keep records of the income derived from that project. ENTRUST will check compliance with any declaration at compliance visits by looking at how income has been spent and by checking

the upkeep and maintenance of LCF projects. We may ask to see the EB's accounts to see how any income received by the organisation has been spent.

Any income generated from the running of a project, where the assurance above has been given, should only be reported when the level of income generated exceeds that needed to maintain the project.

### **Reporting income derived**

Income derived must be reported on the Form 4: Annual Return. The only exception is when an EB has declared at project registration that any income generated from running a project will be spent on the maintenance or operation of that project.

### **Income derived received by non EBs**

If an EB has funded a project undertaken by an organisation which is not enrolled as an EB, the funding EB is not required to report any income derived from that project which it itself does not receive. However, that funding EB is still subject to a general obligation to monitor any project it has supported to ensure the project remains compliant and should declare at the project registration stage that any income derived will be spent on the upkeep and maintenance of the project.

## **5.3 Spending LCF funds on a project**

### **Connected parties**

Payments for project goods and services should be made only to organisations which are independent of people and companies connected to your EB or the third party contributors. A connected party is any individual or organisation, related or linked to the EB. This may include any director, partner, shareholder, employee, company, trustee, advisory panel or committee that has direct or indirect influence on LCF spending. Relations and links can be both through personal or business connections, for example spouse/civil partner/cohabitee, relative or persons connected by virtue of their being a trustee.

If any of the suppliers which might be awarded a contract by your EB have employees, directors or consultants who are also directors of your EB or consultants who have an interest in your EB, then an open tender process should be followed to award that contract unless there are exceptional circumstances. Any exceptional circumstances need to be documented, recorded and retained by the EB and available for inspection.

### **Tendering**

It is the responsibility of the EB to demonstrate that Value For Money (VFM) has been achieved when spending LCF funds. It is recommended that where LCF monies are used to purchase goods and services over £5,000 in value, competitive tendering should be undertaken. Three quotes should be sought when the value is less than £5,000. Evidence of the competitive tender and quotes should be retained on the project file.

It is not necessary to select the supplier with the cheapest price if there are good reasons for selecting another supplier. However, where the chosen supplier has not offered the lowest price there must be a written explanation as to why the preferred supplier was selected.

In some cases, it may not be possible to obtain a sufficient number of quotations or tenders. For example, there may be only one specialist supplier who could reasonably be used. If so, ENTRUST recommends that evidence is obtained to show that the works are of a truly specialist nature and the price agreed with this supplier is not higher than would normally be paid for similar goods or services.

### **Collection of personal data**

When obtaining quotes from third party contractors and suppliers, successful applicants may be required to collect and process personal data (e.g. when dealing with sole traders). From time to time, ENTRUST may access this personal data to conduct an audit and ensure compliance with the Landfill Tax Regulations 1996. Notwithstanding the obligations of successful applicants [and funders] to comply fully with applicable data protection laws in the UK (including the General Data Protection Regulation and the Data Protection Act 2018), successful applicants [or funders] shall provide (as a minimum) the following information to third party contractors and suppliers when collecting their personal data (e.g. when requesting a quote):

“We are required to retain copies of all quotes, invoices and other correspondence (**communications**) we receive pursuant to the conditions of our funding arrangement. Such communications will be shared with [name of funder] and from time to time, may also be shared with HMRC and ENTRUST, who is the regulator of the Landfill Communities Fund appointed by HMRC. If you are operating as an individual or sole trader, some limited personal data may be contained within these communications. We will only use this personal data on the basis of considering whether to enter into a contract with you, to comply with our legal obligations under the [Landfill Tax Regulations 1996] and/or for the purpose of our legitimate interests in obtaining competitive quotes, keeping financial records and complying with the conditions of our funding arrangement. These communications may be retained in our business records and those of our funder, HMRC and ENTRUST indefinitely. For further information on how your personal data will be processed, please see [our privacy policy here], [funder’s privacy policy here] and ENTRUST’s privacy policy available here [insert link]. If you have any queries, please contact us here [insert link] or contact [funder] or ENTRUST via their respective websites.”

### **Making payments**

Under normal circumstances, a project should be funded retrospectively by funding EBs on the basis of an invoice received for works completed. This safeguards LCF monies. If an EB makes upfront payments the money should be appropriately protected to prevent non-compliant use; for example, by the funding agreement and other robust controls in place.

For those EBs receiving money directly from LOs to spend on projects this money will be received upfront from the LO. In such cases the EB should ensure the money is safeguarded and ring-fenced for expenditure on the project only (see 3.4).

In all cases, evidence of expenditure must be obtained.

## **5.4 Extending a project**

When an EB registers a project we check that the project has an estimated start date and a reasonable estimated completion date. Both start and end dates are required as months

(mm/yy) only therefore a specific date is not required. This information is needed so that we can understand when funding reaches the project, and to enable us to provide accurate reports to HMRC.

**It is non compliant for LCF monies to be spent on a project before the estimated start date and after the estimated completion date approved by us.**

If a project is approved in the same month as the project's given start date then approval is from the date the project is approved. For example if a project is approved on 15 January and the project has a start date of January, approval is from 15 January. Any spend that occurred before the 15 January approval date would be non compliant.

We encourage EBs to be realistic, at the registration stage, as to the length of time it will take to complete their project and the spending of LCF monies. If an EB is unable to complete the spending of LCF monies on its project before the estimated completion date approved by us then the EB should seek an extension of time in which to complete the project.

EB may seek a first extension through EOL on the project's 'General Details' page or by emailing ENTRUST's Registrations team. An EB can grant its own automatic extension of up to three months on EOL if the delay is for one of a number of specified reasons. If more than one EB is involved with a project then it is the EB holding the project approval who should seek the extension. The EB holding the project approval should keep all other EBs who have an interest in the project notified of any extensions to the estimated completion date.

The specified reasons under which a first extension request will be granted automatically are:

- The project works are delayed by bad weather;
- The project works are delayed by other events e.g. sports season/discovery of bats;
- Unplanned additional work is required to the project;
- Specialist contractors for the project are currently unavailable;
- The project is completed but the final LCF payment has not yet been made; and
- A funding shortfall for the project.

Once the extension has been granted the EB can continue to spend LCF monies to complete the project up until this date.

If an EB requires an extension in excess of three months or seeks a first extension for a reason other than those specified above, it should contact ENTRUST explaining in writing the length of extension required and the reasons for seeking the extension. Requests should be emailed to: [helpline@entrust.org.uk](mailto:helpline@entrust.org.uk). We will consider each request on its own merits and will notify the EB with our decision within five working days of the request being made. An extension will not normally be granted if:

- The project has been completed;
- The project has significantly changed from that originally approved;
- No LCF monies were spent between the original estimated start date and estimated completion date;

- The project is expected to continue for an extraordinarily or unreasonably long length of time; or
- The extension sought is for longer than the original length of the project.

Where an application for an extension is rejected we will discuss with the EB concerned how it should proceed to ensure that the project is completed in a compliant manner or, where appropriate, how a new project can be registered.

## **5.5 Project completion**

A LCF project is complete on the date when the final instalment of LCF monies has been spent. This is date the cheque is raised or the date the BACS payment is made. This may be before or after the physical work undertaken on the project is completed. If the LCF investment is part of a larger project then the overall project may continue after the LCF completion date.

Where a LCF project is completed by the final instalment of LCF monies being spent, then the EB holding the project approval should notify us via EOL that the project is complete. If the project has been allocated to another EB, the EB holding the project approval should confirm that the other EB has completed and reported all LCF expenditure before notifying us that the project is complete.

### **Form 4: Annual Return**

Once in EOL, the EB holding the project approval should open the supplementary pages of its Form 4: Statutory Annual Return. An EB can notify us that a project is complete at any point in the year from 31 May.

On the supplementary pages of its Form 4, the EB should enter the date of the final LCF expenditure on the project and its amount. Where more than one EB is involved with the project, the EB holding the project approval should check that all LCF expenditure on the project by any other EB has been reported by that EB (in the supplementary pages of its own Form 4) before the EB holding the project approval reports the completion date for the project.

The data entered in the supplementary pages will feed through to the main pages of the Form 4, making the completion of the Form 4 at year end more streamlined. The EB should not reconcile or submit its Form 4 until after the conclusion of the reporting year or when all activity and expenditure for the year is complete.

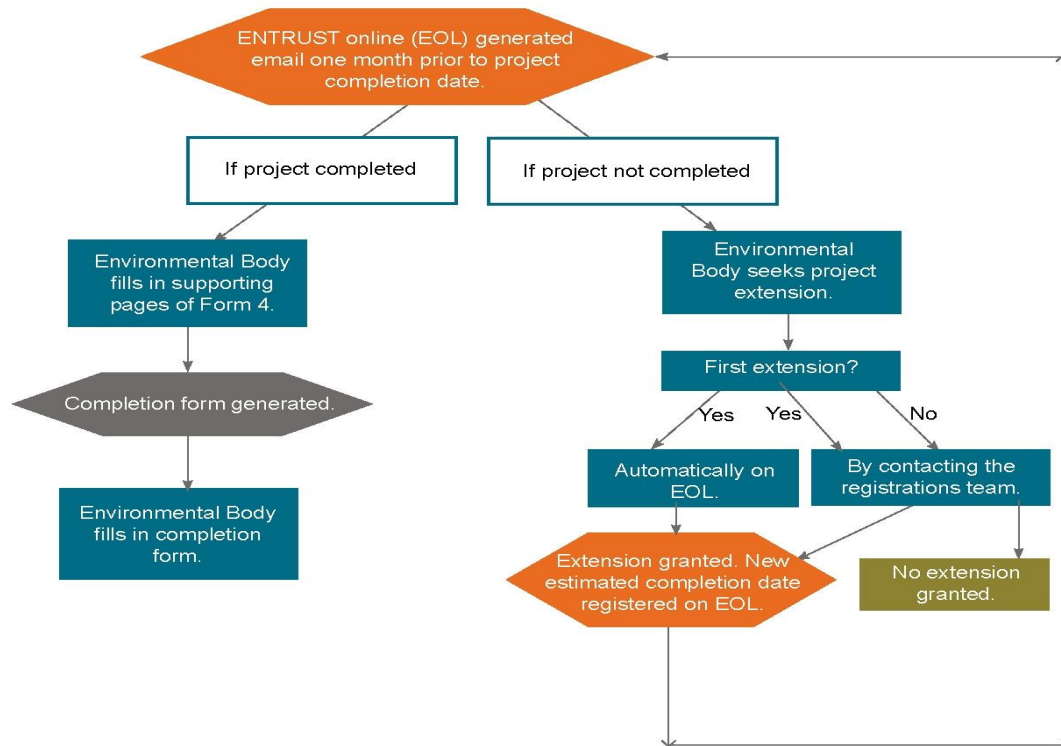
### **Form 9: Project Completion form**

Once the project completion date is recorded on an EB's Form 4: Annual Return, a Form 9: Project Completion form will be generated and a link to the Form 9 will appear on the EB's EOL dashboard. The Form 9 is used to provide details of the outcomes of a finished project and will be pre-populated with relevant project information which has already been provided to us.

All Form 9s should be completed within three months of project completion. Compliance with this requirement will be monitored. A separate Form 9 is required for each project completed.

EBs who manage a large number of projects may wish to fill out and submit their Form 9's on a monthly or quarterly basis in order to keep on top of their reporting obligations.

### Summary of the project extension and project completion process



## 5.6 Unspent LCF monies

If there is an underspend on a project or the project does not go ahead after being approved, then (subject to any agreement in place between the EB and the funder) the EB may consider one of the following actions in order to spend the LCF funds compliantly:

### Other projects

LCF money held may be spent on other approved projects. Before submitting a new project for approval and spending the funds the EB should obtain the permission of the LO or the funding EB who originally allocated the money.

### Transfer of monies

LCF money can also be transferred to another EB following permission being obtained from the LO or the funding EB. If your EB has received LCF money from another EB and you find that those funds are no longer needed, please discuss how to proceed with the EB which provided the funds as it is most likely they will want the money to be returned for re-allocation. **A transfer of LCF funds between EBs must be reported within 7 calendar days of the transfer on a Form 7.**

### Return of monies

Ordinarily, LCF monies should not be given back to the contributing LO as payments to a LO are non compliant spend. If you are asked to repay a qualifying contribution back to the LO you should contact ENTRUST for advice. The LO must also make arrangements to repay to

HMRC any tax credits it has received in respect of its qualifying contribution, as outlined in [HMRC's guidance notice LFT1 to LOs](#).

An EB should not hold a level of total unspent funds at year end (31 March) that exceeds 1.5 times the LCF income it has received during that financial year therefore any underspends should be considered with this in mind; for example any remaining monies could be transferred to another EB. For more information see Section 3.

## 5.7 Project monitoring

EBs should ensure that projects remain compliant following completion of the project works. ENTRUST expects projects to remain in compliant use for as long as possible to ensure the LCF's value to communities and the environment is maximised.

EBs should monitor projects during the post completion phase. Monitoring must focus on providing assurances that the project is delivering against its approved objectives and is continuing to meet the requirements of the initial registration. For example, if the project is an Object D or E project then the public access requirement must be monitored.

The period of monitoring should reflect the value of the project as follows:

Value	Project monitoring period
Less than £10,000	Confirmation at project completion
Over £10,000	3 years

Post completion monitoring does not need to consist of a physical inspection each year; however the EB must satisfy itself that any projects registered under its EB registration remain compliant. We will allow funding EBs to accept an annual statement from projects to confirm compliance if this provides the assurances required.

If an asset has been purchased as part of the project please see our guidance on asset monitoring in Section 6 which includes the asset monitoring timeframes which apply when a new asset has been created or purchased. If a project has improved an existing asset, such as replacing the roof on a building, the asset monitoring guidelines in Section 6 do not apply as projects to improve assets are subject to the general post completion monitoring requirements set out above.

## 5.8 Projects involving multiple EBs - allocations

In some cases an EB may 'allocate' their approved project to another EB. This can be done when the project is registered. The allocation function may only be used for two purposes. These are:

- Firstly, where an EB applies to a funding EB for a grant of LCF monies and the funding EB registers the project. In this case the funding EB registers the project (as it wishes to maintain control of the project) and allocates it to the EB undertaking the project. The funding EB transfers money to the EB which has had the project approval allocated to it upon receipt of proof of expenditure and **completes a Transfer notification form (Form 7)**.

- Secondly the function allows for a project to be allocated to an EB who is acting as a contractor on the project. When the EB which registered the project pays the allocated EB directly for works which have been carried out on a project **this should be reported via a Transfer notification form (Form 7)**. This scenario occurs when a contractor is an EB and therefore the payment for services needs to be reported as a transfer; for example, a conservation project where a conservation body is working on or providing material for a project as they provide such services – they are not responsible for the project but are involved as a contractor.

**In both cases the EB receiving the transfer reports the amount of expenditure on the project on its annual return. The EB that registered the project and transfers the funds is responsible for entering the first spend date and last spend date against the project and submitting the Form 9: Project Completion.** The EB which has been allocated a project must report the expenditure on their Form 4 before the EB holding the project registration can report the project as complete by entering the first and last payment dates. Both EBs therefore need to share details of progress with allocated projects, it is recommended that a schedule for this be agreed prior to the project starting. A funding EB can check whether expenditure has been reported against a project by going to the 'Your Projects' tab of EOL, here all expenditure against projects is displayed in the 'Act LCF Cost' column. A split of expenditure by year and EB can be viewed by clicking on the costs within the column. **All Form 7s need to be completed within seven calendar days.**

The below image taken from an annual return (Form 4) shows which boxes are for completion by the EB holding project approval and which is for completion by the EB that has had the project allocated to it.

Results per page: 10 Select

Project No.	First Payment	Last Payment	Project Costs in Year
1	<input type="text"/>	<input type="text"/>	0.00
			<b>Total</b> 0.00

Funding EB
Delivering EB

## 5.9 Further information

For further information on how to complete the ENTRUST reporting forms please see the [How To](#) guides on our website. A project file checklist and a handover guide for when the person responsible for LCF matters at an EB changes can be found on the [training resources](#) page of our website.

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