

Guidance Note – Making Payments To Another Environmental Body (EB), March 2013

1. Introduction

- 1.1 In October 2012, ENTRUST issued guidance to Environmental Bodies (EBs) setting out that any movement of qualifying contributions between EBs must be regarded as a transfer of qualifying contributions and must be reported to ENTRUST on the Form 7 - *Transfer of money to another EB*. Initially, it was thought that the receiving EB would hold the project approval for any project which it spent qualifying contributions on. However, after discussions with EBs, it was apparent that in many cases, the funding EB wished to retain the project approval for the project that it was funding.
- 1.2 The Landfill Tax Regulations 1996 (Regulations) do not set out which EB must hold the project approval. Therefore, it is a viable option for the funding EB to retain the approval for the project. In order for the receiving EB to be able to accurately report its expenditure against the project, amendments to the Statutory Annual Return (Form 4) are required.
- 1.3 The following guidance explains the different scenarios where multiple EBs are engaged in the management and delivery of projects.

2. Transferring Qualifying Contributions to an EB Who Holds the Project Approval

- 2.1 When a funding EB transfers money to another EB where the receiving EB holds the approval for the project, a Form 7 must be completed. However, there will be no changes to the process of completing the Form 4, for both EBs.

3. Making Payments to Non-EB Contractors

- 3.1 When a funding EB only pays non-EB contractors direct for works that have been undertaken on a project, then there is no transfer of LCF funds between EBs and so no Form 7 is required. The funding EB would report the expenditure on the project against their project approval on the Form 4. This information is captured in the same way as previous Form 4 reporting requirements.

4. Transferring Qualifying Contributions to an EB Where the Transferring EB Holds the Project Approval

- 4.1 In this scenario, the funding EB would complete a Form 7 within seven days of transferring the qualifying contribution to the receiving EB.
- 4.2 As the funding EB would hold the project approval, they would need to ensure that details of the project, which had been approved by ENTRUST, were passed to the receiving EB who will spend on the project, including details of the funding EB's enrolment number and project number.
- 4.3 When completing the Form 4, the funding EB will be responsible for entering the first spend and last spend dates against the project. They are also able to enter any expenditure that they have spent directly (not by way of a transfer) on the project. This information is captured in the same way as previous Form 4 reporting requirements.



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4.4 In order to allow the receiving EB to enter expenditure against the project, they will need to record their expenditure against the funding EB's project approval.

4.5 Where expenditure is recorded under this category, a separate project breakdown form will also be required. This will allow the receiving EB to enter details of the funding EB's enrolment and project number and the amount spent on the project by the receiving EB during the reporting period.

5. Implementation Arrangements for the 2012/2013 Reporting Period

5.1 In enabling EBs to accurately record their expenditure, we will have to update ENTRUST on Line (EOL). The necessary system changes will not be implemented until June 2013 and therefore transitional arrangements to the new system will have to be introduced to cover the 2012/2013, reporting year.

5.2 For the 2012/2013 reporting year, when an EB retains the project approval and makes a transfer to another EB, the following actions should be completed:

- the EB holding the project approval must inform the receiving EB of the relevant EB number and project number against which the receiving EB needs to record its project expenditure; and
- the receiving EB should record its project expenditure in total against the 'Expenditure on approved projects' field. This will include both expenditure made against projects it holds the approval for itself **AND** expenditure made against projects where the approvals are held by other EBs.

5.3 Once the EOL changes have been made, as part of our compliance work, we will undertake a review of all non reconciled Form 4s to ensure that all project expenditure is correctly recorded.

5.4 Implementation of changes to EOL are scheduled for completion by 30 June 2013. Once this has been implemented, all EBs will be notified accordingly of the changes to the Form 4 and our guidance will be updated.

6. Further Information

6.1 If you have any questions in relation to this guidance please do not hesitate to contact **Charlotte Dooley** on **01926 488 324** or at **charlottedooley@entrust.org.uk**

ENTRUST
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