



Framework for reviewing high risk project applications

March 2019

1. Introduction

- 1.1 One of ENTRUST's Registrations functions is to review and assess project applications from Environmental Bodies (EBs) to ensure that they comply with the Landfill Tax Regulations 1996 (Regulations).
- 1.2 EBs submit each project application on ENTRUST Online (EOL). These applications are then assessed against a control framework, which includes a checklist to assess whether they comply with the [Regulations](#) and/or [ENTRUST guidance](#). At this stage of the review process if there are concerns regarding the eligibility of the project or its compliance with the Regulations these are addressed and an application is pended prior to the issue being resolved.
- 1.3 If ENTRUST's concerns cannot be addressed the application will be rejected and if necessary, independently reviewed at the quarterly ENTRUST Project Review Panel, which HMRC attend. For more information on the project approval process see our [Guidance](#) and the project approval page of our [website](#).
- 1.4 ENTRUST considers that the project registration process is an integral part of the control regime, which provides HMRC with independent assurance that LCF monies are spent compliantly in accordance with the Regulations. However, in line with best practice and based on our regulatory experience ENTRUST regularly reviews its operational frameworks to strengthen and improve them.
- 1.5 In 2018/2019, a review took place of the project registration process to identify whether any areas could be further strengthened to mitigate the risk that LCF monies will be spent non-compliantly.
- 1.6 The review highlighted various high risk areas of the project approval process. The process will be strengthened to further enhance the role of the Registrations function in ensuring that the Regulations and/or the Guidance is adhered to. These changes will be brought in from 1 April 2019. To facilitate EBs in complying with these specific requirements a new upload facility has been created on EOL to allow EBs to upload documents if this is required; however, the Registrations team will make it clear if further information is required via our project specific communications.

2. High risk project registration framework

- 2.1 The following table sets out ENTRUST's current checks in the project review process, which focuses on those areas which ENTRUST consider high risk and the changes that will be brought in to strengthen them. These checks will either require further assurance about the EB registering the project or regarding the project applicant itself if the recipient is not the EB.

3. Further help

- 3.1 Please contact the Helpline if you have any questions on the Framework on 01926 488 300 or helpline@entrust.org.uk

High risk project registration framework

Area of project registration and associated risk	Current process	Enhanced process from 1 April 2019
Projects on school grounds – it is a requirement of the Regulations that projects must be available to the public with guidance stating that this must be for at least 104 days per year. Any projects on school grounds are registered on a proportional basis.	A public access statement is requested detailing the hours that the amenity is available for the public. The project would be registered on a proportional basis for the hours that the general public have access.	The access arrangements will be cross referenced against publicly available information. If the information is not available then the EB will be asked to confirm how the public can access the facility and to confirm the access arrangements.
Purchase of equipment – All equipment must be an eligible cost under the relevant regulatory Object.	The type of equipment is checked for eligibility. In some cases, storage information is requested.	Any purchase of equipment over £10,000 will be checked to ensure that the equipment will be secured appropriately at the amenity and the detail of the storage arrangements to ensure that it is accounted for and controlled. The cost breakdown provided in the project registration will be checked to ensure that EBs are declaring assets in accordance with our guidance.
New build amenity or facility – Any new build must be eligible under Object D in the Regulations	The cost breakdown is checked for eligibility.	The project will be checked for its sustainability – confirmation of other funders and that the operator of the facility has appropriate plans for the ongoing operation of the amenity. Confirmation of planning permission will also be sought.
Amenity with community use but single user group focus (e.g. Scout Hut) - it is a requirement of the Regulations that projects must be available to the public with guidance stating that this must be for at least 104 days per year.	A public access statement is requested detailing the hours that the amenity is available for the public.	The access arrangements will be cross referenced against publicly available information. If the information is not available then the EB will be asked to confirm how the public can access the facility and to confirm the access arrangements.

Area of project registration and associated risk	Current process	Enhanced process from 1 April 2019
<p>High expenditure (over £100,000) – all elements of a cost breakdown must be eligible under the relevant regulatory object and all expenditure must follow the Value for Money guidance on tendering and quotes.</p>	<p>The cost breakdown is checked for eligibility. A detailed cost breakdown is requested. If there are questions over the value of items the EB is asked to confirm that the purchasing guidance will be followed.</p>	<p>The recipient of the funds (project applicant if not the EB) will be checked against publicly available information to check that the recipient of LCF funds has adequate resources and measures to ensure compliant spend and ongoing sustainability. The recipient must have an established history of operating proven by information on Companies House, or Charities Commission. If no public information is available the EB will be asked to confirm the measures in place to safeguard the expenditure and the funding agreement between the EB and the recipient will be requested.</p>
<p>High value of assets (over £50,000) - all elements of a cost breakdown must be eligible under the relevant regulatory object and all expenditure must follow the Value for Money guidance on tendering and quotes plus all assets need to be managed as per the asset monitoring guidance</p>	<p>The cost breakdown is checked for eligibility. A detailed cost breakdown is requested. If there are questions over the value of items the EB is asked to confirm that the purchasing guidance will be followed.</p>	<p>The EB will be asked to confirm that ENTRUST's asset guidance will be followed and that assets will be secured and protected. The cost breakdown provided in the project registration will be checked to ensure that EBs are declaring assets in accordance with ENTRUST's guidance.</p>
<p>Object D projects for sports facilities where community participation is not evident - it is a requirement of the Regulations that projects must be available to the public with guidance stating that this must be for at least 104 days per year.</p>	<p>A public access statement is requested. This involves membership options, times at which sports are played and/or hiring of facilities for the community.</p>	<p>The access arrangements will be cross referenced against publicly available information. If the information is not available then the EB will be asked to confirm how the public can access the facility and to confirm the access arrangements.</p>

Area of project registration and associated risk	Current process	Enhanced process from 1 April 2019
Object DA projects with costs associated with managing the physical works such as salaries for project officers - all elements of a cost breakdown must be eligible under Object DA in the Regulations and the guidance provides further detail on allowable costs, for example all costs must be associated with physical activity at site	All costs have to relate to the physical activity at the project location (and not EB overheads) and this is checked. Job specifications are requested if necessary.	It is believed that the current process mitigates the risk appropriately.
Multi-site Object DA projects - all elements of a cost breakdown must be eligible under Object DA in the Regulations; any multi-site projects must meet further guidance requirements	Details of the locations, the link between the sites and a map showing all sites and the landfill site are requested.	This has been recently reviewed and on the basis of the analysis of the results the current arrangements are considered to operate efficiently and effectively to manage the risk of multi-site projects.
When the project site is not owned by a church, council, charity or other appropriate body that ensures its protection – projects must continue to be compliant for as long as possible but for the minimum as detailed in the guidance on project monitoring or asset protection.	The owner of the location is requested on the application form.	Details of how the amenity is protected will be requested in situations where the owner is not a church, local authority, community council or registered charity.
When the project site is not owned by the project operator - projects must continue to be compliant for as long as possible but for the minimum as detailed in the guidance on project monitoring or asset protection.	The owner and operator of the location is requested on the application form.	Details of the lease will be requested from the EB
Projects where the LCF is funding under 25% - there is the risk the project fails and the LCF money may have already been spent.	No action is taken regarding whether the project has other funders and/or the amounts to be met by other bodies.	Confirmation that other funders are in place will be sought from the EB.

Table 1: High risk project registration areas