

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 17 MARCH 2015

ANGUS ENVIRONMENTAL TRUST

REPORT BY SERVICE MANAGER - ECONOMIC DEVELOPMENT

ABSTRACT

This report advises the Committee of the new funding arrangements for the Landfill Communities Fund (LCF) from 1 April 2015 and proposed changes to the management of the Fund through Angus Environmental Trust.

1. RECOMMENDATION(S)

It is recommended that the Committee:

- (i) note the forthcoming changes to the Landfill Communities Fund (LCF) programme and the proposed way forward;
- (ii) agree that Angus Council participate in the new Scottish Landfill Communities Fund;
- (iii) agree to continue with the Service Level Agreement to support Angus Environmental Trust; and
- (iv) note the financial implications as detailed in section 6.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

Angus is a good place to live in, work and visit

- Our communities are developed in a sustainable manner
- Our natural and built environment is protected and enjoyed
- Our carbon footprint is reduced

3. BACKGROUND – ANGUS ENVIRONMENTAL TRUST

3.1 The Landfill Tax Regulations 1996 and Landfill Tax (Amendment) Regulations 1999 established the Landfill Tax Credit Scheme, recently renamed the Landfill Communities Fund (LCF). Since October 1996 operators have been liable for the payment of landfill tax based on the tonnage of material sent to landfill. At the same time operators have the option of offsetting part of the tax by making payments to environmental bodies.

3.2 Angus Environmental Trust, a company limited by guarantee, was incorporated in August 1997 and enrolled with Entrust, the regulator of the scheme under the Landfill Tax Credit Scheme in September 1997. Angus Council as landfill operator has since availed itself of this alternative course of action by making payments to Angus Environmental Trust.

3.3 The Trust entered into a Service Level Agreement (SLA) with Angus Council in 1997 to support the programme and this has continued on an annual basis. In accordance with the requirements of the SLA, a copy of the Annual Report and Audited Accounts has been submitted annually to members for information. It may be noted that there are no procurement implications arising from the SLA as this grant arrangement has been verified to be outwith the scope of public procurement rules.

- 3.4 The Trust has detailed assessment procedures and evaluation criteria in place for the awarding of funding. All eligible projects are required to be directly for public benefit, they must be located in Angus, within 10 miles of a landfill site, and priority is given to support projects which are community led. As a Distributive Environmental Body, the Trust also offers support to other Environmental Bodies promoting projects within Angus.
- 3.5 The current Landfill Tax arrangements will cease in Scotland on 31 March 2015 and become the responsibility of the Scottish Government from that date. The Landfill Communities Fund (LCF) in Scotland will also end on 31 March 2015 and be fully wound up by 31 March 2017. Legislation will be required from UK Government to close the LCF and this is expected in 2015
- 3.6 All remaining monies currently held by Angus Environmental Trust under the existing scheme and all projects will require to be completed and funding claimed by no later than 31 March 2017, at which date the current scheme will be closed.

4. PROPOSAL – SCOTTISH LANDFILL COMMUNITIES FUND

- 4.1 In January 2014, Angus Environmental Trust took part in the consultation exercise undertaken by the Scottish Government on a Scottish Landfill Tax which included the Landfill Communities Fund.
- 4.2 The Scottish Landfill Communities Fund (SLCF) will commence on 1 April 2015 and will build on the established Landfill Communities Fund and refine the administrative arrangements. The new SLCF aims to establish a replacement for the credit scheme / Landfill Communities Fund in Scotland and to raise the maximum amount of tax credit for the first three years of the scheme by 10% compared to the rest of the UK's arrangements.
- 4.3 The draft budget and legislation is scheduled for early 2015 with commencement of legislation for the devolved taxes in place for 1 April 2015.
- 4.4 The amount of waste sent to Restenneth landfill site has reduced during 2014 due to the roll-out of a new kerbside recycling service across Angus and improved performance of the Dundee Energy Recycling Ltd (DERL) waste to the energy plant in Dundee. In 2020 the landfill ban will commence which will reshape the support available to support environmental projects in Angus.
- 4.5 It is proposed that Angus Council as landfill operator avails itself of this new scheme from 1 April 2015 and continues to make payments to Angus Environmental Trust until such time the landfill ban is in place.

5. PROPOSALS GOVERNANCE ARRANGEMENTS

- 5.1 The implementation of Scottish Landfill Communities Fund will require amendments to the Articles of Association of the Trust to reflect the changes of 1 April 2015. The Trust will be able to start committing the new funds once the first receipts have been received, which is likely to be in July 2015. In the period up to March 2017, the Trust will be required to be compliant with both the current and the new schemes.
- 5.2 In order to achieve a smooth transition between the two schemes, it is proposed that the management arrangements for the Trust remain the same as for the existing Trust with the same four organisations being represented as at present i.e. Angus Council, Scottish Natural Heritage, Dundee and Angus College, and Voluntary Action Angus. Each organisation will be asked to confirm their appointed Director.
- 5.3 It is proposed that the Service Level Agreement with Angus Council is continued and the administration of the Trust will be led by Angus Council economic development external funding team officers with support from officers from Corporate Improvement & Finance and the Legal & Democratic Services Divisions. The Trust currently contribute to the costs of the support provided by staff in the Corporate Improvement & Finance and the Legal & Democratic Services Divisions and it is proposed that this is extended to include the administrative support being provided by the external funding team albeit any charges must be compliant with the terms of the scheme.

6. FINANCIAL IMPLICATIONS

- 6.1 As noted above Angus Council as landfill operator avails itself of the current scheme and contributes the maximum 5.1% of landfill tax payments to Angus Environmental Trust in lieu of payment to HMRC. This amount can only make up 90% of the contribution to the Trust thus the council makes up the remaining 10%. The contribution is paid quarterly and varies in line with the amount of waste diverted to landfill. The scheme currently costs the council circa £9,000 per annum, which is funded from within the Waste Budget within the Communities Directorate.
- 6.2 The new Scottish Landfill Communities Fund will increase the maximum amount of tax credit for the first three years of the scheme by 10% compared to the rest of the UK's arrangements. It is currently assumed that the maximum contribution rate will be 5.6%. Based on the current amount of waste diverted to landfill there will a nominal increase of circa £1,000 in the council's contribution which can be met from the waste budget. However, given the expected reduction in waste being sent to landfill it is anticipated that the cost to the council will reduce over the next few years.
- 6.3 The Corporate Improvement & Finance and the Legal & Democratic Services Divisions generate a small income for the support they provide to the Trust. It is proposed that this will continue and be extended to include the external funding team thus generating a small additional income for this service.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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