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## **SCOTTISH LANDFILL COMMUNITIES FUND**

**Report by Service Director Neighbourhood Services**

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### **EXECUTIVE COMMITTEE**

**17 January 2017**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 To provide an overview of the performance of the Scottish Landfill Communities Fund (SLCF) in 2016/17 and to agree the Council's involvement in the scheme for 2017/18.**
- 1.2 The SLCF is a tax credit scheme, linked to Scottish Landfill Tax, which encourages Landfill Operators to voluntarily participate in providing funding to facilitate community and environmental projects in areas affected by landfill activity.
- 1.3 SEPA is the Regulator of the Scottish scheme and responsible to Revenue Scotland. BCCF Environmental is the Approved Body registered to receive funding generated by the scheme.
- 1.4 90% of the SLCF budget will be funded from the Council's Scottish Landfill Tax liability with the additional 10% funded by the Waste Services budget as previous. The Council will continue to bear this 10% cost provisionally for 2017/18 and will forego the need for projects to identify a Contributing Third Party payment.
- 1.5 In 2016/17, 9 projects were funded totalling £195,601. This funding supported overall total project costs of £1,241,000.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Committee agrees to:-**
  - (a) continue to participate in the SLCF through its Landfill Tax Liability credits for 2017/18 (90% of fund);**
  - (b) continue to provide the additional 10% of the fund from its Waste Services budget for 2017/18**
  - (c) Note the progress of SLCF in 2016/17.**

### **3 BACKGROUND**

- 3.1 The Scottish Landfill Communities Fund (SLCF) is a tax credit scheme, linked to Scottish Landfill Tax, which encourages Landfill Operators to voluntarily participate in providing contributions (funding) to Approved Bodies, who can then pass the funds on to community and environmental projects in areas affected by landfill activity. The SLCF is a private scheme which generates funds which are classified as private funds as opposed to public funds. The SLCF replaced the UK scheme in Scotland on 1 April 2015.
- 3.2 Approved Bodies are only those registered by SEPA, the regulatory body responsible to Revenue Scotland for the new scheme. BCCF Environmental is the body approved to receive funds from Borders landfill site operators. BCCF Environmental is a Charitable Company Limited by Guarantee and wholly run by volunteers.
- 3.3 Under the SLCF, Landfill Operators can continue to claim a tax credit equal to 90% of any funds they agree to make to an Approved Body for projects which meet the objects of the scheme, subject to a maximum percentage of landfill tax liability. The maximum percentage, which is subject to change annually as part of the Scottish Budget process, is currently 5.6% of landfill tax liability.
- 3.4 As Landfill Operators are required to provide funds at the full 100% level, Landfill Operators can either bear the cost of the additional 10% themselves or require all funded projects to refund it to them through the identification of a Contributing Third Party (CTP) payment.
- 3.5 The Council agreed at Executive Committee on 2 February 2016 to continue to bear the cost of the additional 10% via its Waste Services budget with no requirement for projects to return the 10% by identifying a CTP payment during 2016/17.

### **4. PROGRESS OF SLCF IN 2016/17**

- 4.1 Due to lengthy negotiations between SEPA and BCCF Environmental to reach agreement on eligibility in line with previous arrangements, the scheme only became fully operational in April 2016.
- 4.2 The unutilised balance of the budget of £215,842.82 from 2015/16 was lodged with BCCF Environmental in April 2016 to ensure it was not reclaimed by Revenue Scotland (this year end solution is in line with previous procedures under the former UK scheme where all allocations must be allocated by the Landfill Operator within the same qualifying tax year).
- 4.3 SCLF provides the same geographical eligibility as the former UK scheme. A postcode 'screening tool' is available on the SLCF website to check the eligibility of project locations.
- 4.4 BCCF Environmental is the SEPA registered approved body in the Borders area who is responsible for the receipt of applications, formal approval of projects and awards of funds.
- 4.5 BCCF Environmental draw down funds from SBC via invoicing and copies of funding applications providing details of projects to be supported.
- 4.6 The fund has supported 9 projects to date to a total value of £195,601 (See Appendix 1). Total projects costs amounted to £1,241,000 in 2016/17.

- 4.7 A key change under SLCF is that projects can apply to more than one Approved Body for the same project. An Approved Body must, under the regulations of the scheme, give equal consideration to any project regardless of project location or project type. Whilst this means Borders projects have the potential to access SCLF funding outwith the local area, there is also a risk that groups outwith the area can access local funding.
- 4.8 BCCF Environmental has reported that to date only one enquiry outwith the Borders has been received and due to the current waiting list seeking funding (21 projects totalling £417,961), an application is unlikely to be forthcoming.
- 4.9 As the Borders fund can be accessed by other groups Scotland-wide there has been concern that the 10% allocation from Waste Services could potentially be used to support projects outwith the Borders area. As this now appears unlikely due to the high demand for funding in this area, it is recommended that the Council continues to facilitate the 10% additional cost from its Waste Services budget for 2017/18.

## **5 IMPLICATIONS**

### **5.1 Financial**

- (a) In 2016/17 a total of £133,280.41 was accrued to November 2016. An additional £95,200 is estimated to March 2017.
- (b) The £133,280.41 consists of £119,952.57 generated through the 5.6% tax credits elements to achieve 90% of the available funds. The Waste Services budget element of £13,328.41 enhances the fund to 100%.
- (c) All funds generated in the qualifying year must be transferred to an Approved Body within the same year. BCCF Environmental will ensure they invoice for all funds within the same qualifying year. Should any funds remain uninvoiced as at 31 March 2017, the 90% element will revert to Revenue Scotland. There is no carry forward facility under the fund.

### **5.2 Risk and Mitigations**

- (a) The application and decision-making processes under SLCF present no identified risks to the Council.
- (b) There is a small risk to the Council's Waste Services 10% element as there is a potential for some funds to be allocated outwith the Borders, however this risk is minimised in 2017/18 due to the large number of Borders projects accessing the fund.

### **5.3 Equalities**

There are no apparent equality impacts on the Council. The SCLF is operated by Revenue Scotland and regulated by SEPA. The Approved Body, BCCF Environmental, is responsible for ensuring projects funded by SCLF include equality of access. BCCF Environmental has its own Equalities Policy, a copy of which SBC holds.

### **5.4 Acting Sustainably**

The proposal to continue to facilitate SLCF will impact positively on Borders communities and the built and natural environment.

### **5.5 Carbon Management**

The proposal to continue to facilitate SLCF will have a positive impact, particularly in relation to community based recycling, re-use and waste

prevention projects.

**5.6 Rural Proofing**

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

**5.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes are required as a result of the proposals in this report.

**6 CONSULTATION**

6.1 The Chief Financial Officer, the Service Director Regulatory Services as Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

**Approved by**

**Jenni Craig**

**Service Director Neighbourhood Services**

**Signature .....**

**Author(s)**

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**Background Paper :** Executive Committee, 2 February 2016

**Previous Minute Reference:** Executive Committee, 2 February 2016

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Claire Penny can also give information on other language translations as well as providing additional copies.

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