



LANDFILL COMMUNITIES FUND - APRIL 2011 UPDATE

Introduction

In its 2011 Budget, the Government made a number of announcements relating to Landfill Tax and the Landfill Communities Fund (LCF), which demonstrate the Government's commitment to the LCF, despite the difficult economic conditions that the Country faces. However, in line with all other sectors of the economy, the Government has set a challenge in their wish to maximise the benefits of the scheme by demonstrating fairness in ensuring funds reach good causes as quickly as possible. As Environmental Bodies (EBs) are responsible for delivering projects, it will be up to them to ensure that value for money is considered and that projects are delivered more efficiently than the present arrangements provide for. **Over the next 12 months this will be a priority for the Fund.** The detailed changes announced in the Budget are set out in the following paragraphs.

Landfill Tax

From 01 April 2011, the tax will increase to £56 per tonne. The Government has also announced a floor under the standard rate of landfill tax so that the rate will not fall below £80 per tonne from 2014-2015 to 2019-2020.

Landfill Communities Fund

2011 Challenge

In determining future funding levels, the Government will take into consideration the success of EBs in reducing the level of unspent funds that they hold. The Government has therefore issued a challenge to EBs to reduce the level of unspent funds by 15 per cent from the 2009/2010, baseline of £152m by 31 March 2012, with a corresponding increase in project expenditure. In helping EBs to meet this challenge, ENTRUST will work with organisations to develop and provide new guidance as to how they should meet the challenge.

Percentage Credit

The percentage credit that landfill site operators may claim against their annual landfill tax liability for contributions made to EBs with objects concerned with the environment and enrolled under the LCF, will change to 6.2 per cent from 01 April 2011. This aims to increase the maximum value of the fund in line with inflation, to give a potential value of £78.1 million of credit claimable for 2011/2012.

Levy

From 01 April 2011, the amount payable by EBs to ENTRUST in regulating the Fund will reduce **from 2.4% to 2%** of each qualifying contribution. This represents a 17 per cent reduction in the previous year's levy and has been achieved by HMRC and ENTRUST working together to:

- Agree a new funding model, which provides for an adjustment for any surplus or shortfall from previous years. Consequently the 2011/2012 resource requirement has been reduced by £45k to reflect an estimated surplus from 2010/2011; and
- To take into consideration in future year's resource requirements, the efficiency savings that ENTRUST has delivered in the current financial year.

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