



## **Reform of the Landfill Communities Fund (LCF) - Questions and Answers**

### **Q1. Why has the fund been cut?**

The size of the Fund is reviewed and set each year by the Government. As the LCF is a tax credit scheme, it is considered against other priorities taking into account value for money.

### **Q2. I have agreed funding, may I now lose this?**

Environmental bodies hold significant levels of unspent funds to cover the cost of existing commitments. This means that where there is funding agreement in place, there should be no problem with the funding continuing.

### **Q3. Does this mean the future projects will find it more difficult to secure funds?**

The reduction in the size of the fund means that there will be less money available for future projects. However, it is up to individual environmental bodies to decide their funding priorities.

### **Q4. With the removal of the contributing third party, who will pay the 10% difference between the donation and tax credit?**

The landfill operator will be able to claim a tax credit on 90% of their donation to an environmental body. The additional 10% will no longer be able to be funded by anyone other than the landfill operator. If funds are contributed by a third party, this will reduce the amount of tax credit the landfill operator is able to claim.

### **Q5. For how long will assets now need to be monitored?**

The full details of this change will be published in guidance in the near future.

### **Q6. When will these changes come into effect?**

All of the changes will come into effect on 1 April 2016.

### **Q7. What about the other measures in the consultation, such as the admin cap and spending time limit?**

The Government has decided not to implement these at this time. However, it is urging environmental bodies to keep their admin costs below 7.5% of their received contributions and our guidance will be amended to reflect this. The Government has said that it intends to monitor this and has not ruled out introducing a cap in the future.

### **Q8. Is the ENTRUST levy also being cut?**

The percentage levied on contributions to fund ENTRUST is subject to negotiation between ENTRUST and HMRC/HM Treasury. The agreed rate of the levy for 2016/2017 will be announced at Budget.