

Cabinet

Meeting to be held on 8 October 2015

Report of the Head of Service Policy, Information and Commissioning (Live Well)

Electoral Divisions affected: All

Contribution to the Lancashire Environmental Fund

Contact for further information:

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Executive Summary

The report seeks approval for the continuation of an annual contribution of £80,000 to be made to the Lancashire Environmental Fund (LEF). The contribution will be used to offset the shortfall in landfill tax credits that the county's landfill operator is able to claim in respect of its contributions to the LEF. The LEF funding provides grants to community organisations in Lancashire to carry out locally identified, environmental improvement and community projects including community buildings, community centres, village halls, parks and open spaces, community woodlands and gardens and general environmental improvements. The funding for this contribution was inadvertently omitted from the Capital Investment Programme 2015/16 and beyond that was approved by Full Council in February 2015.

Recommendation

The Cabinet is requested to approve the continuation of the annual contribution to the Lancashire Environmental Fund capped at £80,000 per year by increasing the value of the Capital Programme in 2015/16 and giving approval for provision for this contribution in future years' capital programmes.

Background and Advice

Lancashire County Council is part owner of the Lancashire Environmental Fund (LEF). LEF distributes contributions made by landfill operators to the Landfill Communities Fund (against which they are able to claim a credit against their landfill tax liability) in the form of grants to community organisations to carry out locally identified, environmental improvements and community projects including community buildings, community centres, village halls, parks and open spaces, community woodlands and gardens and general environmental improvements.

Landfill operators are required to pay landfill tax on every tonne of waste they deposit in landfill sites. This tax goes directly to the Government. However operators are able to provide a small percentage of this tax (currently around 7%) to local distributing bodies (LEF and others) to be used to support local projects. In its time landfill tax was seen as the first green tax, encouraging less landfilling and more recycling. However, landfill operators are only able to recover 90% of this contribution as a tax credit.

When the current landfill contracts were awarded, a clause was included that ensured that all contributions from landfill operators that were generated on the back of Lancashire's household waste were available for use in Lancashire by obliging the landfill operator to pay contributions to such body as the county council directed, namely LEF. Given that landfill operators are unable to recover the entirety of their contributions as credits against their landfill tax liabilities, the contracts provide for the county council to make up the shortfall by way of a 10% top up contribution (or such greater top up contribution as may be required from time to time). In the absence of such a provision it would fall to the landfill operator to bear these additional costs, providing little incentive for them to participate in such a scheme, in consequence of which a significant source of income would not be available to worthy causes within the county.

However, it has recently been agreed with the operator that the county council's contribution will be capped at £80,000. To mitigate the effects of this cap an arrangement has been put in place whereby some projects, typically those in the least deprived parts of the county and those which have previously received grants are required to contribute 10% of the overall amount needed. This helps to ensure that the available

LEF resources are best used to support those in greatest need. It is proposed that discussions will take place with the Waste Management Group with a view to amending the landfill contracts in order to formally document the cap on the county council's contribution. In the five year period from 2008 to 2013, 296 projects were supported by £7,147,860 grant aid from LEF. However, the total value of all the projects implemented exceeded £19,000,000.

The impact of this Lancashire based scheme on community groups across the county should not be underestimated. In the current climate of funding reductions this is one of the few remaining resources of funding available to community groups wishing to undertake local environmental improvement and community projects for the benefit of communities living in the vicinity of landfill sites. If this funding was not in place there would be a dramatic reduction in the number of these community based initiatives taking place in the vicinity of landfill sites.

Recently a review of policies and procedures was undertaken jointly with LEF and the Environmental Projects Team. New policies, procedures and mechanisms have been put in place to ensure that available resources are distributed proportionately across the county and also directed to communities in greatest need. Work will be ongoing with the LEF to ensure resources are channelled to projects where the maximum number of people, in communities in greatest need will benefit. Based on estimated tonnages going to landfill it is likely that the county council will need to

continue to make an annual contribution of £80,000 for some time. However, should tonnages reduce in the future this contribution may be less than £80,000.

The annual contribution capped at £80,000 was inadvertently omitted from the Capital Investment Programme approved by Full Council in February 2015. It is therefore proposed to increase the value of the Capital Programme by £80,000 in 2015/16 to fund this contribution and that provision is made for this contribution in future years' capital programmes.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The clear intent of the relevant provisions in the county council's landfill contracts is to secure the distribution of funds that would otherwise be paid to central government, for the benefit of worthwhile eligible projects in Lancashire. Should the county council not provide the top up contribution, then there would be no incentive for the landfill operators to contribute to the LEF, resulting in a reduction in the capacity of the LEF to make grants to community organisations for them to carry out locally identified environmental improvement and community projects.

Financial

Based on estimated tonnages going to landfill it is unlikely that the county council's contribution will fall below the capped amount of £80,000 for the remainder of the landfill contracts terms. It is therefore proposed to increase the value of the Capital Programme by £80,000 in 2015/16 to fund this contribution and that provision is made for this contribution in future years' capital programmes. These amounts ie. £240,000, should have been included when the 2015/16 Capital programme was approved in February, but were omitted in error. The effect of adding these amounts will be to increase the existing over-programming but by an amount that is not material when compared to the overall over-programming of £15.359m over the same three year period.

List of Background Papers

Paper

Date

Contact/Tel

None

Reason for inclusion in Part II, if appropriate

N/A