

### Understanding the Landfill Communities Fund

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The Landfill Communities Fund (LCF) is a scheme which allows landfill tax payments to be redirected into community and environmental projects in areas close to landfill sites. It is a very popular source of funding and can provide in the region of £72 million each year for qualifying projects. However, some of the terms and regulations surrounding the Fund can make it seem daunting. This article provides an easy to understand guide to the Fund, explaining why it was set up, who can access the funding, the types of projects that can be funded and what the rules mean.

#### **A brief history of the scheme**

The most common way of disposing of waste in the UK is to send it to landfill. The UK currently sends over 64% of its waste to landfill sites, and despite meeting its 2005 target of recycling 25% of household waste, is still bottom of the European recycling league. By contrast, at the top of the league, the Netherlands sends 1.44% of waste to landfill and recycles 65%.<sup>1</sup>

Increasingly, it has been recognised that there are a number of environmental problems associated with landfill waste, including the emission of methane gas, which contributes to climate change, and links to problems with human health. Alongside this, there are also 'nuisance' factors for people who live close to landfill sites. For example, a study in 2003 found that some of the problems suffered by those living close to a landfill site included: 'noise, dust, litter, odour... the presence of vermin and... visual intrusion and enhanced perceptions of risk'<sup>2</sup>.

Despite these problems, sending waste to landfill was – and often still is – the cheapest way of getting rid of rubbish, whether it is local household waste, construction materials or industrial waste. In 1996, in order to help discourage the use of landfill, the government introduced the landfill tax. The tax is charged on top of the normal landfill fee to local authorities and businesses that dispose of waste using landfill. The tax currently stands at £40 per tonne for 'active' wastes (those that give off emissions) and £2.50 per tonne for inactive or 'inert' waste. In the 2007 Budget, the rate that the tax increases each year was raised to £8 per tonne, rather than the previous £3 per tonne. The intention of increasing the tax to a higher level is to make investments in alternative non-landfill treatments such as recycling and anaerobic digestion more economically viable.

*So how does the Landfill Communities Fund fit into this picture?*

When the government introduced the landfill tax in 1996, it also established what was then known as the Landfill Tax Credit Scheme (LTCS). This scheme – which was renamed the Landfill Communities Fund in 2006 – was set up to help offset the problems experienced by communities close to landfill sites. It allows landfill site operators to contribute to local community environmental projects and claim a tax credit for the amount contributed. The maximum that a landfill operator

(LO) can contribute is currently 6% of their landfill tax liability for that year. If every LO contributed a full 6% then the total contributed each year would be approximately £72 million.

### **How does the scheme work?**

In simple terms, landfill operators give funding to suitable projects close to their landfill sites, and then claim most of the money back as a tax credit. However, there are strict rules about how much a landfill operator is allowed to contribute through the scheme, who the money can be given to, and what kind of projects it can be used for. This isn't to try and stop deserving projects from receiving funding - it is to make sure that the funding is spent on deserving projects and isn't used, for example, to landscape someone's back garden!

Since one of the main aims of the scheme is to benefit communities that live close to a landfill site, there are also rules about how far from a landfill site a project can be and qualify for funding. The general rule is that the project must be within 10 miles of an active landfill site. However, specific funding providers may demand that projects are even closer. For example, the CEMEX Community Fund prefers projects to be within three miles. This may vary depending on the type of project being funded. (Further details on the types of eligible projects and the specific rules relating to them are provided later in this article.)

If you are thinking of applying for funding through the LCF, the first step is to make sure that your project is in a qualifying area.

### **Locating your nearest landfill site**

In England and Wales you can find out about landfill sites in your area using the 'What's in your backyard?' section on the Environment Agency website. This can be found at:

[http://maps.environment-agency.gov.uk/wiyby/wiybyController?ep=maptopics&lang=\\_e](http://maps.environment-agency.gov.uk/wiyby/wiybyController?ep=maptopics&lang=_e)

In Scotland, you may need to request details from the Scottish Environmental Protection Agency (SEPA). The SEPA website address is:

<http://www.sepa.org.uk/>

In addition, a list of all landfill operators registered for landfill tax, including those in Northern Ireland, is available from the HM Revenue & Customs (HMRC) website. (The web link can be found in the Useful Links section at the end of this article.)

Most of the larger funding providers also provide a search tool on their website so that you can check if your project is in a qualifying area.

### **What types of projects can be funded?**

The activities that LCF funding can support are set out in the scheme's regulations and are known, somewhat strangely, as 'Objects'. There are six Objects in total which set out the different kinds of activities that LCF money can be spent on, and the rules relating to that activity. This article is concerned with the most popular Objects which are:

- providing or making improvements to public amenities such as village halls or parks;
- biodiversity projects such as protecting species and habitats; and
- restoring religious buildings or historic structures.

Funding can also be provided for the remediation or restoration of land, the reduction of pollution and the provision of financial, administrative or other similar services by one organisation enrolled with ENTRUST to another. Further information on these Objects can be found on the ENTRUST website (see useful links at the end of this article).

Some funding providers restrict the activities that they are willing to fund to two or three of the Objects, and may apply other restrictions, such as a maximum amount they are willing to fund for certain types of project. This is frequently the case for church restoration projects.

So, what exactly can be funded? Details of the three most popular funding categories are set out below, beginning with the most popular category - Object D.

### **Provide or improve a general public amenity (Object D)**

A public amenity is considered by the LCF to be a place where the general public can go for recreation or leisure. This can include, for example, community centres, public parks, village halls, cycle tracks, skateboard parks, museums, playgrounds, nature reserves and so on.

Ideally, the amenity should be open and available to the public at all times, but clearly for some types of amenity - a museum or village hall, for example - this isn't possible. In this case, the opening times should at least meet the minimum requirements given by the scheme's regulations which are four evenings or two days a week, or 104 days in any one year<sup>3</sup>.

It may be that the project is open to the public some of the time, but restricted at other times. For example, a swimming pool or tennis courts on school grounds. Under these circumstances, the project may be eligible for 'proportional registration'. If, for example, the swimming pool is open to the public for 50% of the time, then 50% of the total project costs may be eligible for LCF funding.



**Public playgrounds and sports facilities qualify for funding under Object D**

To count as a public amenity, the project does not have to be free to use – reasonable fees may be charged for the upkeep of the amenity – however, it must not be intended to make a profit. To ensure that access times and fees are reasonable, ENTRUST will compare the project to other similar amenities on a like-for-like basis.



**Community buildings such as village halls qualify for funding under Object D**

However, under the current regulations, amenities *do* need to be available to everyone. If an amenity is restricted to a specific user group it does not qualify. This means, for example, that a riding club that is only available to disabled riders is not eligible for funding from LCF. It is recognised that this regulation means that some popular projects, with considerable local support, are excluded from funding. A consultation was held in October 2008 to review this issue. The outcome is not yet known.

Finally, the project must concern a single, specific amenity at least a part of which is within 10 miles of a landfill site or able to prove that the project site is adversely impacted by a landfill site that is further than 10 miles away. (As mentioned earlier, some funding providers may impose stricter restrictions.) The landfill site does not need to be owned by the landfill operator contributing to the project to meet ENTRUST regulations, although most funders will require that it is.

Examples of Object D projects include the following:

- \* £50,000 awarded by Biffaward to the Caldervale Schools Nature Trail. The funding contributed to a nature trail, information pods, posters, a sensory garden and woodland experience, and a website.
- \* £50,000 awarded by the Staffordshire Environment Fund to the Central Forest Skate Park, Stoke-on-Trent.
- \* £67,500 awarded to the Daniels Mill Trust by GrantScape. The funding contributed to replacing the mill's overhead tank and replacing cast iron piping. The project was one of eight projects supported through GrantScape's 'Windmill and Watermill Challenge' Fund.
- \* £50,000 awarded by GrantScape to Guru Nanak Gurdwara Community Hall in Bedford. The funding went specifically towards building an extension at the rear of the existing temple to provide a community hall.
- \* £13,000 awarded by Veolia Environment Trust for Lammas Village Hall, London, to refurbish this historic and much used hall.

As these examples suggest, a wide variety of projects of qualify under Object D. If your project aims to provide or improve a public amenity then it may qualify – even if the amenity is located in a temple, a church or an old mill!

### **Conservation or promotion of biodiversity (Object DA)**

This Object was introduced in 2003 in order to support wildlife and wildlife habitats. Unlike Object D, the site does not have to be open to the general public. Indeed, in some instances this might be detrimental to the aims of the project; if, for example, the habitat is fragile. However, it does need to be within 10 miles of a landfill site, or be able to provide evidence that the project site is adversely impacted by a landfill site that is further than 10 miles away.

All projects must be concerned with protecting an identifiable species or habitat and must take place at a single, identifiable site. This could include work in several identified locations

within a single area, with the name of the area recorded as the project site - for example, Bluebell Wood or Shipley Country Park.



**Conservation projects taking place within a single area qualify under Object DA**

A further rule is that the project activities must take place where the species or habitats would naturally occur. This can include re-introducing a species, or recreating a habitat, but funding cannot be used to introduce a species which would not naturally be there.

The species or habitat does not have to be listed in a Biodiversity Action Plan (BAP) or Local Biodiversity Action Plan (LBAP) to meet the regulations, but it is considered best practice if the project takes account of BAPs or LBAPs, or their equivalent.

Examples of Object DA projects include the following:

- \* £17,570 awarded by WREN to be used towards the restoration and management of Ivel Springs Green Space, including the installation of kissing gates, interpretation boards and signs, and site leaflets.
- \* £35,000 awarded by Biffaward to the Wildlife Trust for Bedfordshire, Cambridgeshire, Northamptonshire and Peterborough to help increase the number of great crested newts in the county.

- \* £246,800 awarded by Grantscape to Butterfly Conservation in order to carry out habitat conservation and restoration works at Morecambe Bay Limestones, an important butterfly site.
- \* £150,000 awarded by SITA Trust to the Mid Yare Fen Restoration Project, Norfolk Broads to help restore the fen habitat.
- \* £8,522 awarded by the Cemex Community Fund to Butterfly Conservation to improve the habitat value of Stockton Cutting, Warwickshire.

### **Restoration of religious buildings or historic structures (Object E)**

In order to qualify, the building or structure must be a place of worship, or confirmed as being of architectural or historic interest.

In practice this means having listed status, or the equivalent, or being exempt from business rates by virtue of Schedule 5 Case 11 of the Local Government Finance Act 1988, or having a certificate issued under the Places of Religious Worship Act 1855.



**Religious buildings and historic structures qualify for funding under Object E**

Projects must involve works to restore, repair or maintain the building. New works, such as adding an extension or additional features do not qualify (although they may qualify under Object D if the building is a public amenity). Similarly, if a valued structure is completely destroyed, LCF funds could not be used to replace it – even if the project had local support.

The project must be open to the public, although for this type of project, ENTRUST simply ensures that the building or structure is 'open an appropriate amount of time as would be expected from similar buildings or structures'<sup>4</sup>.

As for Object D and Object DA, projects must be within 10 miles of a landfill site, or able to prove that the project site is adversely impacted by a landfill site that is further than 10 miles away. The landfill site does not need to be owned by the landfill operator contributing to the project to meet ENTRUST regulations, but the funder may ask that it is.

Examples of Object E projects include the following:

- \* £53,000 awarded by Staffordshire Environmental Fund to St Peter ad Vincula Church, Stoke-on-Trent for repair to the roof of this Grade 11 Listed Building.
- \* £52,440 awarded by Veolia Environmental Trust to St Cuthbert's Church to transform this Portsmouth church into a centre for the community.
- \* £200,000 awarded by WREN to the Anderton Boat Lift, a scheduled ancient monument located near Northwich, to help restore the monument to working order.
- \* £10,050 awarded by Staffordshire Environmental Fund to St James's Church, Longton, Stoke-on-Trent, a Grade 11 Listed Building, for repair and restoration to the 'Capponier' stained glass windows and adjacent stonework.
- \* £20,000 awarded by Veolia Environmental Trust to Jordans Meeting House, London, an historic building which has been used by the Quakers as place of worship for over 300 years.

## Can anyone apply?

A landfill operator (LO) can only make contributions to an approved Environmental Body. This means that if you want to receive funding *direct* from an LO you will need to enrol with ENTRUST (the regulator of the scheme) as an Environmental Body.

However, many Environmental Bodies distribute the funding they receive to eligible projects. These are known as Distributing Environmental Bodies (DEBs) and include Biffaward, CEMEX Community Fund, WREN, SITA Trust, GrantScape and many others. (Details of over fifty DEBs are available on GRANTfinder.)

In general, you are more likely to be successful applying to a DEB than approaching an LO by yourself. In addition, if you are only looking to fund a specific project, it may be possible to find a DEB that will register your project for you, such as the SITA Trust or Evolve EB. You will need to read the DEB's guidelines carefully, however, to make sure that they are willing to fund groups that aren't enrolled with ENTRUST, as this isn't always the case. Sometimes this will depend on how big the project is, and how much funding is needed. Alternatively, some DEBs are happy for groups to apply for funding, as long as they are willing to enrol with ENTRUST once funding has been agreed. This means that you will not waste time and money enrolling as an environmental body, only to find that you're unable to secure LCF funding for your project.

Whether you want to enrol as an EB, or apply to a DEB for funding, your organisation must meet the following rules:

1. Your organisation or group must be not-for-profit. You don't have to be a charity, but any surplus you make must be used to further your organisation's aims. The surplus must not be used to pay dividends or other rewards.
2. Your organisation must not be controlled - directly or indirectly - by a Local Authority or be a landfill operator registered for landfill tax.

Whether you decide to enrol with ENTRUST, or apply to a DEB, you are likely to need a governing document, such as a Constitution, and a set of accounts. You may also be asked for other documents, such as a child protection policy or a business plan for larger projects.

### How to Enrol as an Environmental Body

To enrol as an Environmental Body you will need to complete the form 'Enrolling as an Environmental Body', known as Form 1. This is available on the ENTRUST website at:

<http://www.entrust.org.uk/home/lcf/applying>

The form can also be completed online. You will also need to send a copy of your governing document and the one-off enrolment fee of £100. There is no fee for registering projects once you are enrolled.

DEBs must make sure that any LCF funding spent on your project complies with the Landfill Tax Regulations and ENTRUST guidelines, so they will ask you to meet certain conditions about the way you spend any money they give you. Their criteria for accepting applications may be even more stringent than ENTRUST guidelines, particularly if there is high level of demand for funding.

Many DEBs restrict applications to one geographical area, although some will fund across the country. Although all DEBs have to keep within ENTRUST regulations, they also have their own guidelines and application procedures.

### *How much can a landfill operator contribute?*

The maximum that an LO can contribute is currently 6% of their landfill tax liability for that year. For example, if an operator owed £100,000 in landfill taxes, they could contribute a maximum of £6,000 to local projects. However, they can only claim back 90% of the funding contributed. What this means is that for every £100 contributed, they receive £90 in return. So, our landfill operator would only receive £5,400 of the £6,000 contributed back as a landfill tax credit. This leaves a shortfall which some operators are willing to donate themselves, but which many ask to be repaid by a Contributing Third Party (CTP).

### *What is a Contributing Third Party (CTP)?*

This is simply another organisation, or individual, who puts money into the project to make up the shortfall. The contribution can come from the private, public or voluntary sector and could be a local authority, charity, group, club, statutory body, business or individual. The organisations who distribute LCF funding may have specific rules about CTP contributions, and it is always advisable to read their guidelines. However, there are two main rules about Contributing Third Parties that everyone has to follow. These are:

- \* A CTP must not gain a unique benefit from the project going ahead – but can benefit as part of a group. For example, if a member of a church contributed to a project to make improvements to the church, they would not *uniquely* benefit, since all members of the church would benefit equally.
- \* The CTP cannot be made up from LCF monies.

### **What is ENTRUST?**

ENTRUST is the regulator of the LCF scheme. It is a not-for-profit, private sector company funded through a levy on Environmental Bodies' contributions to the scheme. ENTRUST is responsible for making sure that everyone is keeping to the rules, and that the funding is spent on projects that fit within one of the Objects of the scheme. However, it does not allocate LCF funds or have any influence over the distribution of funding. (If a DEB rejects your application for funding, ENTRUST can do nothing about this.) Environmental Bodies are responsible for making sure that LCF funding is spent in accordance with the landfill tax regulations - ENTRUST's role is to ensure that they do this.

Any organisation that wishes to enrol as an Environmental Body (EB) is vetted by the ENTRUST Compliance Department. This is to make sure that they are a fit and proper organisation to receive landfill tax monies. At this point, ENTRUST gives the organisation a 'risk score' and this partly determines how often ENTRUST will contact the organisation.

ENTRUST also checks any projects that the EB wants to carry out and advises EBs on what can, and cannot, be funded. All projects must be registered before any LCF funding is spent.

Over time, other factors feed into the organisation's risk score, such as the accuracy of information sent to ENTRUST, whether information is sent in on time, and an assessment of their project applications. For example, an organisation which frequently submits projects for registration which are not eligible under the scheme may be seen as high risk.

Based on their risk scores, ENTRUST visits a number of EBs every year to inspect their accounts and verify their expenditure. If an EB isn't behaving within the rules, ENTRUST may offer help and guidance, but they also have the power to expel the EB from the LCF.

At the other end of the scale, in 2007, ENTRUST introduced EB Accreditation. This involves a thorough system-based review of how the EB is set up and the systems and procedures in place. It is broken down into the following four main modules:

- \* Governance and management.
- \* LCF funding arrangements.
- \* Project compliance.
- \* EB systems and operations.

Any EB that reaches an appropriate level is granted 'Accredited' status. This has a number of advantages, including self-registration of projects, abbreviated project registration forms and fewer visits from ENTRUST. It also means that, for example, landfill operators will know that the organisation is well structured and properly run, so they will feel confident about donating to them.

Further information on the Accreditation scheme is available on the ENTRUST website at: <http://www.entrust.org.uk/home/accreditation>

A list of accredited EBs is also available on the ENTRUST website at:

<http://www.entrust.org.uk/home/accreditation/register-of-accredited-eb>

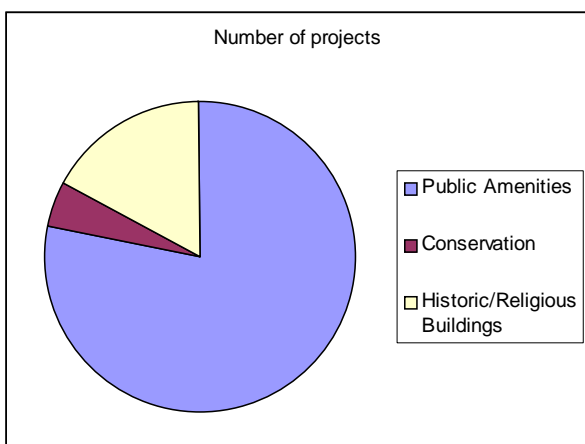
In recent years ENTRUST has moved towards producing easier to understand guidance on the LCF, simplified procedures and forms, and improved communication with EBs and other stakeholders. This process is ongoing with a 'satisfaction survey' conducted in 2008 and 2009 (2009 results not yet available) and frequent consultations on different aspects of the LCF.

In addition, there are a number of free training days held each year which are intended to help EBs to understand the statutory requirements of the scheme and to ask questions of the ENTRUST training team. They also provide an opportunity to meet others who are involved in the scheme and share experiences. The training day I attended was relaxed, enjoyable and informative. This year, ENTRUST is also holding a limited number of advanced training days, for more experienced EBs.

**Facts and figures**

In February this year, it was announced that contributions to the LCF had reached a total of £1 billion since it was introduced in 1996. This funding has benefited over 24,000 local community and environmental projects and it is estimated that, at current rates, the Fund could contribute in the region of £72 million each year for future projects. This is a considerable resource for local community and environmental projects, and it is not surprising that the Fund is popular. Information on the total number of projects registered, and the amount spent on each of the Objects, is provided on the ENTRUST website.

The total number of registered projects, from 1996 to July 2009, is as follows:

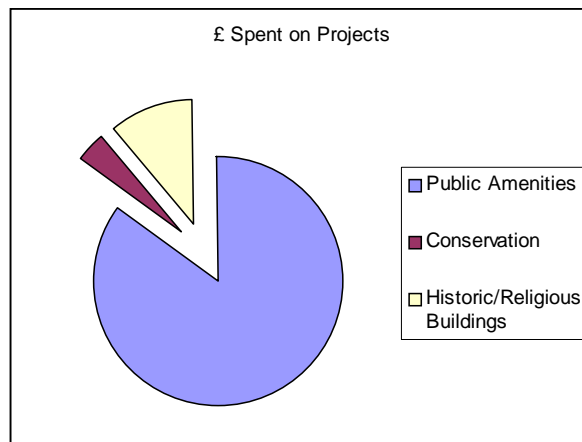


- \* The remediation of land (Object A) – 236
- \* The prevention of pollution (Object B) – 52
- \* Public parks and public amenities (Object D) - 22,699
- \* Biodiversity conservation (Object DA) - 1,351
- \* Restoration of places of worship and historic buildings (Object E) – 5,020

**Pie chart showing comparison between the numbers of registered projects for Objects D, DA and E**

The total amount spent on projects under each of the Objects is:

- \* The remediation of land (Object A) - £19 million
- \* The prevention of pollution (Object B) - £1.6 million
- \* Public parks and public amenities (Object D) £450 million
- \* Biodiversity conservation (Object DA) £21.5 million
- \* Restoration of places of worship and historic buildings (Object E) - £58.4 million



**Pie chart showing comparison of £s spent on the most popular project types**

It is clear from these figures that improving public parks and amenities is by far the most popular use of landfill tax funding, followed some way behind by restoration of places of worship and historic buildings, and conservation projects. The comparatively low number of biodiversity conservation projects may in part be explained by the relatively recent addition of the category to the Landfill Communities Fund, in 2003. Not surprisingly, the figures for the total amount spent on projects under each of the Objects shows a similar trend, although public amenities has received an even bigger slice of the total spend!

A total of 2,722 organisations are registered with ENTRUST as an Environmental Body, and of these, 2,521 have received landfill tax funding. However, only a tiny percentage of these are Distributing Environmental Bodies (DEBs) that are willing to provide funding to other qualifying organisations. Details of all the major DEBs can be found on GRANTfinder.

### **What's new?**

ENTRUST is currently developing a Small Grants Scheme which will be available to accredited EBs once completed. The aim of the scheme is to make it easier for smaller groups to access low levels of funding, and to reduce the level of administration associated with registering small projects. Full details of the scheme are hoped to be available in autumn 2009.

### **Conclusion**

The Landfill Communities Fund offers an excellent source of funding for communities close to landfill sites. However, the rules of the scheme and of any Distributive Environmental Body approached for funding, need to be understood. Enrolling as an Environmental Body with ENTRUST is not a guarantee of funding. Indeed, the two EBs that gave ENTRUST the lowest possible mark on its 2008 satisfaction survey did so because they had failed to secure funding from a landfill operator or a DEB after enrolling, and had therefore become disillusioned with the scheme. As the facts and figures above show, 201 of the currently enrolled environmental bodies have never received any landfill tax funding. Organisations should think carefully, therefore, before taking this step. The LCF is a highly popular scheme and many DEBs receive far more applications than they can hope to fund. Before applying, you need to ask yourself three key questions: is the project in a qualifying location? Does the project qualify under one of the approved Objects? Does my organisation qualify? If the answer to all three questions is yes, then start applying – and good luck!

### **Useful links:**

ENTRUST website  
<http://www.entrust.org.uk>

Environment Agency 'What's in my backyard?'

[http://maps.environment-agency.gov.uk/wiyby/wiybyController?ep=maptopics&lang=\\_e](http://maps.environment-agency.gov.uk/wiyby/wiybyController?ep=maptopics&lang=_e)

Scottish Environmental Protection Agency (SEPA)

<http://www.sepa.org.uk/>

HMRC Landfill Tax guidance

[http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?\\_nfpb=true&\\_pageLabel=pageLibrary\\_ShowContent&propertyType=document&columns=1&id=HMCE\\_CL\\_001206](http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageLibrary_ShowContent&propertyType=document&columns=1&id=HMCE_CL_001206)

HMRC list of Registered Landfill Site Operators

[http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?\\_nfpb=true&\\_pageLabel=pageExcise\\_ShowContent&id=HMCE\\_PROD\\_009941&propertyType=document](http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageExcise_ShowContent&id=HMCE_PROD_009941&propertyType=document)

#### **Abbreviations associated with the scheme:**

ADEB – Association of Distributive and Environmental Bodies

CTP – Contributing Third Party

DEB – Distributing Environmental Body

EB – Environmental Body

LCF – Landfill Communities Fund

LO – Landfill Operator

LTCS – Landfill Tax Credit Scheme (the original name of the Landfill Communities Fund)

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