

Guide to the Landfill Tax Credit Scheme

Environmental Projects Agency Limited

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The Landfill Tax Credit Scheme

Overview

The Landfill Tax was introduced on 1st October 1996. Under this scheme a landfill operator can reclaim up to 20% of the money paid to H M Customs and Excise as Landfill Tax and donate it to Environmental Bodies (EBs) for use on approved projects.

A regulator, Entrust, is responsible for registering the EB's and approving projects.

Participation in the Landfill Tax Credit Scheme is voluntary; but because of the costs and the administrative burden, many landfill operators have chosen not to take part. Out of 1,274 registered landfill operators only 480 made donations last year.

Environmental Bodies

There are over 1500 environmental bodies registered with Entrust. EB's have to be registered with Entrust before they can receive funds from a Landfill Operator.

Although the name would suggest otherwise, EB's do not just deal with projects for the benefit of the environment; they can support any project under the Landfill Tax Regulations that their own constitution permits them to support.

In order for your particular project to obtain funding via the Landfill Tax Credit Scheme it must comply with one or more of the approved objects set out in the Landfill Tax Regulations.

Project Categories

Funding can only be provided for projects that come under the following categories set down in the Landfill Tax Regulations:

- (a) Reclamation, remediation or restoration of land (e.g. into new wildlife habitats or public parks),
- (b) Projects to reduce or prevent pollution of land, whose use is prevented by a previous activity,
- (c) Research and development, education or collection or dissemination of information about sustainable waste management practices,
- (d) Where it is for environmental protection, creation of or improvements to public parks or other amenities in the vicinity of landfill sites, and,
- (e) Maintenance, repair or restoration of buildings used for religious worship or which are of historic or architectural interest.
- (f) Provision of financial administration and other similar services to enrolled EBs.

Projects fitting the criteria stated in d) and e) above **must** be within 10 miles of a licensed **active** landfill site. Virtually the whole of Norfolk, except for a few small areas, is within 10 miles of an active site. The project must also be **non-profit making** and **open to the public**. This is defined as:

- 4 evenings per week, or
- 2 days a week, or
- 12 weeks per year.

Other than the 10-mile rule there are no geographical constraints in the legislation; any operator can theoretically support an approved project anywhere in the UK via any environmental body.

For community-based schemes however, a local Landfill Operator is clearly more likely to provide funding than a distant Landfill Operator is.

Third Party Funding

Under the rules of the scheme the Landfill Operator is obliged to use 10% of their own funds for the project. If the Landfill Operator does not wish to support a project with their own money (as they may already be supporting several other projects), this 10% can be reimbursed to the operator by a third party.

Any party except an EB can make this reimbursement or a company corporately associated with an EB or a contractor to an EB. Neither the Landfill Operator nor the contributor is permitted to obtain direct benefit (other than positive public relations). The Landfill Operator is required to identify the contributor.

In practice this means that other EBs, suppliers of labour or materials for the project and any person who might **individually** derive benefit from the completion of the project are not permitted to be third party contributors.

However, a person who **shares** the benefits with others, e.g. a member of a church congregation or someone who uses the village hall, can be a contributor, as can any organisation or individual which is not in any way connected with the Landfill Operator or the EB putting the project forward.

Examples of contributors are parish, district or borough and county councils, local businesses and other grant aid bodies.

Of course third party funding may be raised by the project organisers by means of general fundraising, for example: raffles, bazzars etc. but this money **must** be put aside to reimburse the Landfill Operator, on completion of the project, and not used for funding another part of the project later.

Having a third party contributor in lined up can make all the difference to whether your scheme is supported. Some Landfill Operators may not even consider the project if this is not available. Some may just request a part or even waive the 10% completely, although this is rare.

The Next Step

Fill out the application form for EPA. We are an EB we has been block-funded, and have close association with several Landfill Operators who are looking for your type of project to support.

Funding may be requested for part of, or the whole of a project. Each request is dealt with on its own merits. For a large project, funding is best requested in a series of sections. The project may then be put out to several different Landfill Operators.

It is essential for all projects to prove that the work is of a standard industrial cost. At least 2 quotes must be given for each part of the work.

EPA will need to know is how much money is needed, including VAT and by when. If the project is affected by the 10-mile rule we will also need the exact location and a licenced O.S. map

Please note, no operator can promise funds under the Scheme to a project that has not yet been approved by Entrust. This qualification is important if you are trying to source other funding from awarding bodies that require match funding

Assuming that the project is considered eligible, we will be put the project forward to Entrust for approval. The Board of Entrust sits once a month and the paperwork must be submitted at least 14 days beforehand. Their decision is usually notified within a week or so and they will write to the EB giving the project a reference number.

Once approval has been given by Entrust and a donating Landfill Operator found, work can go ahead. EPA will need to be notified of timescales for completion at this point. On completion of the work the contractor will invoice EPA who will pay him direct. If 10% funding has been agreed, this will then be calculated and requested by EPA for it to be sent direct to the Landfill Operator. EPA will then draw down funds from the Landfill Operator, who will draw down funds from the Landfill Tax Scheme. (This may have already been done on block for several projects).

Completing the application form:

No matter how worthy the cause, the way in which the applications are presented is also important. Here are some ways to improve your chance of receiving the funds you are seeking:

- Make sure the answers are readable
- Answer all the relevant questions.
- Include a business or project plan if one has been written.
- Prove financial viability and make available the project budgets.
- Include at least two estimates as they will be needed for any work or materials
- Include all planning consents and other approvals when these are required
- Make available any details of other grants and have an assessment of the likelihood of them being approved.
- Try to obtain a third party who can reimburse the 10% funding normally required
- Enclose an Ordinance Survey map for projects under sections d) and e). This is required by Entrust.

o then process this application please sent all information to EPA.

Supporting your case:

- Above all please make every effort to convince us you **need** the grant sought from EPA.
- Detail how much you have raised towards the project cost. The level of self-help is a major factor on the decision making process.
- Show how many people will benefit from the project.
- Demonstrate that once the project is completed it will continue to survive and prosper.
- Please outline how you expect to generate favourable publicity for the grant from EPA.
- For projects seeking a grant for more than £20,000 please submit a business plan.

