



Simon Thomas AM
Chair
Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

5 June 2017

Dear Simon

Landfill Disposals Tax (Wales) Bill

I write to respond to a number of issues raised during the Stage 2 committee proceedings of the Landfill Disposals Tax (Wales) Bill on 11 May.

Firstly, I would like to reiterate my commitment to publish the proposed tax rates by 1 October and confirm they will be published on the Welsh Government's website. This will provide certainty for stakeholders to inform their business decisions. These proposals can then be scrutinised as part of the budget making process and when the regulations come before the Assembly for consideration and determination.

The Welsh Government will revise the explanatory memorandum ahead of Stage 3 proceedings and it will provide examples of how Welsh Ministers may distinguish between the affirmative and negative procedure in relation to section 90 of the Landfill Disposals Tax (Wales) Bill.

I look forward to working with the committee in developing the details of the Landfill Disposals Tax Communities Scheme. On 29 May, the "prior information notice" (attached at annex one) was published, which is the first step in the procurement process and seeks to alert those interested to the forthcoming procurement. It also provides them with a brief outline of the scheme's requirements, which they can use in their bid preparation.

The update paper¹, which was published in December, confirmed that funding will be provided to three areas – biodiversity, waste minimisation and environmental enhancements – and that the geographical focus will be within five miles of a landfill site (until taxable disposals have been completed) and within five miles of a waste transfer station, which sends a minimum of 2,000 tonnes of waste to landfill each year. While a lot of thought has gone into how the Welsh Government would like the scheme to work,

¹ <http://gov.wales/docs/caecd/publications/161213-ldt-update-en.pdf>

it is also important that we ensure the procurement process allows those submitting bids to offer their own experience and innovative approaches to influence how the scheme may best be operated. For example, candidates may have clear ideas about how they will monitor and evaluate individual projects that have received funding, which was an important issue highlighted by David Rees during Stage 2.

Once we have received and considered the applications, we will have a better view of what some of the more detailed aspects of the scheme might look like. I would like to offer the committee a briefing session with Welsh Government officials after the summer recess to provide members with the most up to date information.

I committed to set out in the scheme the rules for the distribution of money to projects and Eluned Morgan AM asked that I confirm this. The scheme will include a commitment to monitor the pattern of project expenditure and monitoring data will be published annually so it is clear how the money is being spent. In relation to this matter, Mike Hedges asked for information relating to the current distribution of the Landfill Communities Fund (LCF) in Wales. Entrust (the regulator for the LCF) publishes information on the distribution of funds to projects on its website: <http://www.entrust.org.uk/projects/project-search/> Entrust also produced a value for money report to HMRC in August 2016 (a summary of which is attached at annex two).

I previously wrote to you to make you aware that the UK Government intended to introduce changes to landfill tax prior to April 2018 and to highlight my concern about the potential impact this could have on landfill site operators in Wales. Following the announcement of the general election, the landfill tax provisions, among others, were omitted from the Finance Bill 2017 to enable the Bill to proceed and pass to Royal Assent before the dissolution of Parliament.

My officials will continue to engage with landfill site operators in Wales, HM Treasury and HMRC to ensure a smooth transition from landfill tax to landfill disposals tax when the tax is devolved in April 2018.

I trust you will find this information helpful. I am copying this letter to the chair of the Constitutional and Legislative Affairs Committee.

Yours sincerely



Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government

Prior information notice

This notice is for prior information only

Directive 2014/24/EU - Public Sector Directive

Section I: Contracting authority

I.1) Name and addresses

Welsh Government

Corporate Procurement Services, Cathays Park

Cardiff

CF10 3NQ

UK

Telephone: +44 3000628864

E-mail: CPSProcurementAdvice@wales.gsi.gov.uk

NUTS: UKL

Internet address(es)

Main address: <http://wales.gov.uk/?skip=1&lang=en>

Address of the buyer profile: http://www.sell2wales.gov.wales/search/Search_AuthProfile.aspx?ID=AA0007

I.2) Joint procurement

The contract is awarded by a central purchasing body

I.3) Communication

Additional information can be obtained from the abovementioned address

I.4) Type of the contracting authority

Ministry or any other national or federal authority, including their regional or local subdivisions

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Distributive body for the Landfill Disposals Tax Communities Scheme Wales

Reference number: C075/2017/18

II.1.2) Main CPV code

75100000

II.1.3) Type of contract

Services

II.1.4) Short description

The Landfill Disposals Tax (LDT) Communities Scheme will replace the Landfill Communities Fund in Wales when Landfill Tax is devolved to Wales from April 2018 . A distributive body will administer the grant scheme on behalf of the Welsh Government.

II.1.5) Estimated total value

Value excluding VAT: 600 000.00 GBP

II.1.6) Information about lots

This contract is divided into lots: No

II.2) Description

II.2.2) Additional CPV code(s)

75100000

75112000

75131000

79000000

66170000

II.2.3) Place of performance

NUTS code:

UKL

II.2.4) Description of the procurement

The Landfill Disposals Tax (LDT) Communities Scheme will replace the Landfill Communities Fund in Wales when Landfill Tax is devolved to Wales from April 2018 . A distributive body will administer the grant scheme on behalf of the Welsh Government.

The scheme will support local community and environmental projects in areas affected by the disposal of waste to landfill. Information on the scheme's general principles, geographical coverage and the types of projects that will be supported are available on the Welsh Government's website <http://gov.wales/docs/caecd/publications/161213-ldt-update-en.pdf>

This notice seeks to alert the marketplace to the forthcoming procurement to appoint a distributive body to administer the scheme.

The distributive body will distribute in the region of GBP1.4m of grants per annum to local community and environmental projects. This contract is for the administration of the scheme and the contract value is expected to be GBP100,000 per annum. These proposals are dependant upon the final block grant adjustment about LDT which will not be concluded until after the UK Autumn Budget. The distributive body will provide applicants with a single point of contact as well as providing guidance and support to applicants.

Although the distributive body will administer the scheme, the Welsh Government will set the aims and principles of the scheme. As part of its governance procedures Welsh Government will seek assurances from the distributive body that funds are distributed in line with the aims and principles. The distributive body will be responsible for publishing an annual report on the scheme outlining how the money is being allocated and the outcomes delivered. As part of this the distributive body will be expected to ensure that an evaluation framework is built into the scheme from the outset.

The proposed approach outlined in this notice could be subject to change and we reserve the right to make any changes to satisfy our requirements.

II.3) Estimated date of publication of contract notice:

24/07/2017

Section IV: Procedure

IV.1) Description

IV.1.8) Information about Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section VI: Complementary information

VI.3) Additional information

NOTE: To register your interest in this notice and obtain any additional information please visit the Sell2Wales Web Site at http://www.sell2wales.gov.wales/Search/Search_Switch.aspx?ID=66740.

(WA Ref:66740)

VI.5) Date of dispatch of this notice

25/05/2017



Value for Money Report



What is the Landfill Communities Fund (LCF)

The aim of the LCF is to offset some of the impacts that landfill sites have on local communities. All projects must satisfy the environmental objectives contained in the Landfill Tax Regulations 1996 (Regulations).

Under the LCF, Landfill Operators (LOs) are able to pay a proportion of their landfill tax liability to not-for-profit organisations which deliver projects for the benefit of communities and the environment in the vicinity of a landfill site.

Landfill Communities Fund Objects

There are six main areas of work ('Objects') that qualify for funding under the LCF

Object A	The reclamation, remediation or restoration of land which cannot currently be used
Object B	The prevention of potential for pollution or the remediation of the effects of pollution
Object D	The provision, maintenance or improvement of a public park or another public amenity
Object DA	The conservation of a natural habitat or of a species in its natural habitat
Object E	The restoration of a place of religious worship or of historic or architectural interest
Object F*	The provision of financial, administrative or other similar services by one EB to another

* Object F was removed from the Regulations from 1 April 2016 as part of the Government's reform of the LCF.

Reporting

In accordance with the Terms of Approval and the Reporting Schedule agreed between ENTRUST and HMRC in our 2016-2019 Corporate Plan, in August 2016 ENTRUST provided HMRC with a Value for Money (VfM) report containing an analysis for the period 2013/2014 to 2015/2016 of the value of Landfill Community Fund (LCF) monies invested in projects and VfM data for projects completed in the 2015/2016 reporting year.

We are publishing a summary of the data contained in that report so that interested parties may access it. The data highlights the achievements of the LCF since 2013 and demonstrates the positive impact of the LCF on communities affected by landfill, and upon the environment. The data is primarily collected from the Form 9 Project Completion Form.

Expenditure on projects in the last three years

Total expenditure on projects during 2015/2016 was £82.12 million, representing a decrease of £5.07 million in comparison to the previous year.

	2013/2014	2014/2015	Percentage change	2015/2016	Percentage change
Project expenditure	£84,407,825	£87,197,658	+3.3%	£82,151,625	-6.1%

Object D projects accounted for 80.8% of expenditure on completed projects during 2015/2016, followed by Object DA projects which accounted for 11.6%.

Year	Expenditure on projects by LCF Object						Total
	A	B	D	DA	E	F	
2013/2014	0	£1,500	£64,552,033	£13,352,880	£6,428,738	£72,673	£84,407,825
2014/2015	£1,500	£0	£64,927,778	£15,693,317	£6,570,063	£0	£87,197,658
2015/2016	£32,329	£0	£63,492,409	£11,469,560	£7,096,703	£60,624	£82,151,625
Total	£33,829	£1,500	£192,972,220	£40,515,757	£20,095,504	£133,297	£253,757,108

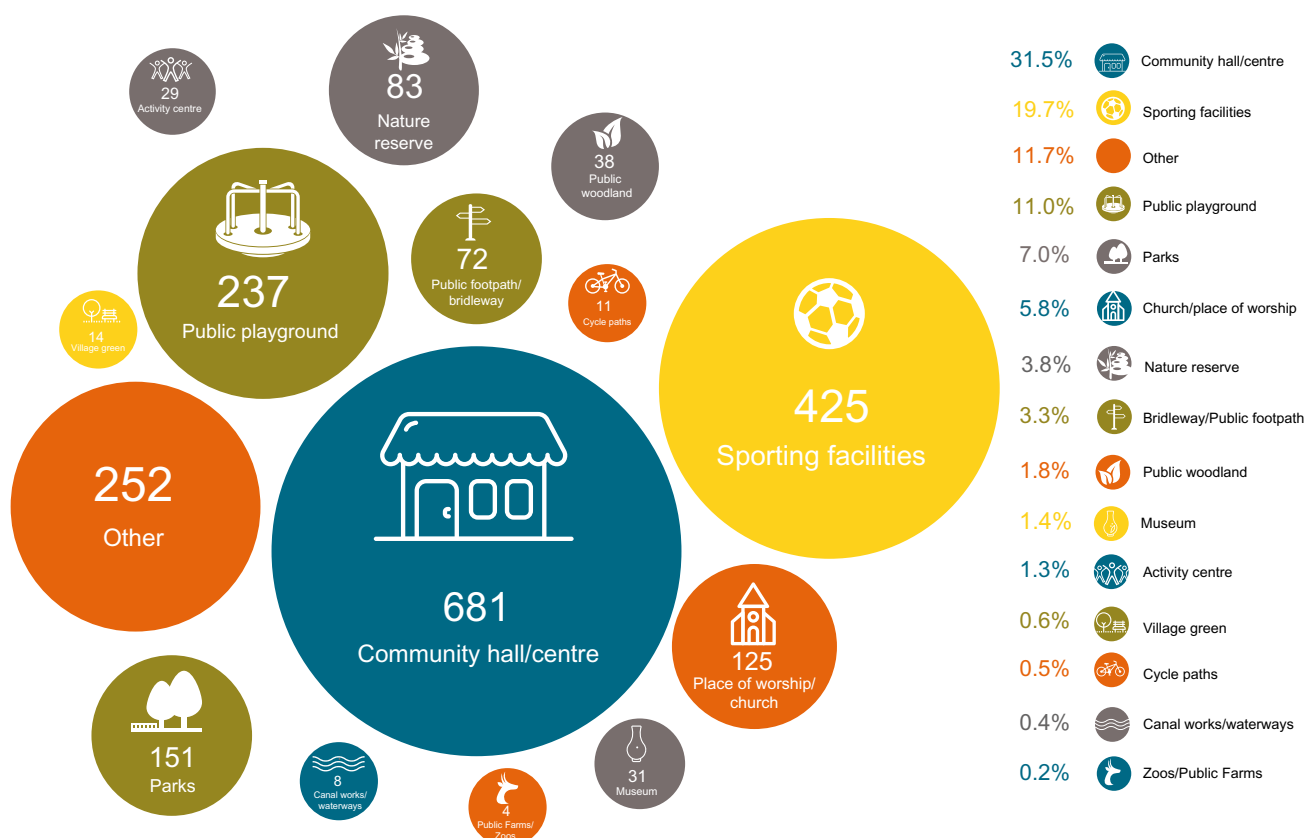
Numbers of completed projects in the last three years

2,652 projects were reported as completed in 2015/2016, 246, or 8%, fewer than the 2,898 projects completed in 2014/2015 and 424, or 13.78%, fewer than the 3,076 projects completed in 2013/2014.

Year	Number of projects completed by LCF Object per year						Total
	A	B	D	DA	E	F	
2013/2014	0	1	2,482	347	245	1	3,076
2014/2015	1	0	2,305	390	202	0	2,898
2015/2016	1	0	2,145	309	196	1	2,652
Total	2	1	6,932	1,046	643	2	8,626

Object D projects

Community Halls were the most popular Object D amenity type, accounting for 32% of all completed Object D projects during 2015/2016. Sporting facilities were the next most significant type with 20% of the projects.



Object DA projects

Terrestrial invertebrates were the most common groups of species to have been conserved, or protected by Object DA projects in 2015/2016, followed by birds, following the trend of earlier years. In 2015/2016 lowland farmland was the most common habitat to be conserved, but this varies each year.

Volunteering

Project volunteer numbers reported show a decrease in overall volunteer numbers since 2013.

	2013/2014	2014/2015	2015/2016
Number of volunteers	203,272	282,129	101,358

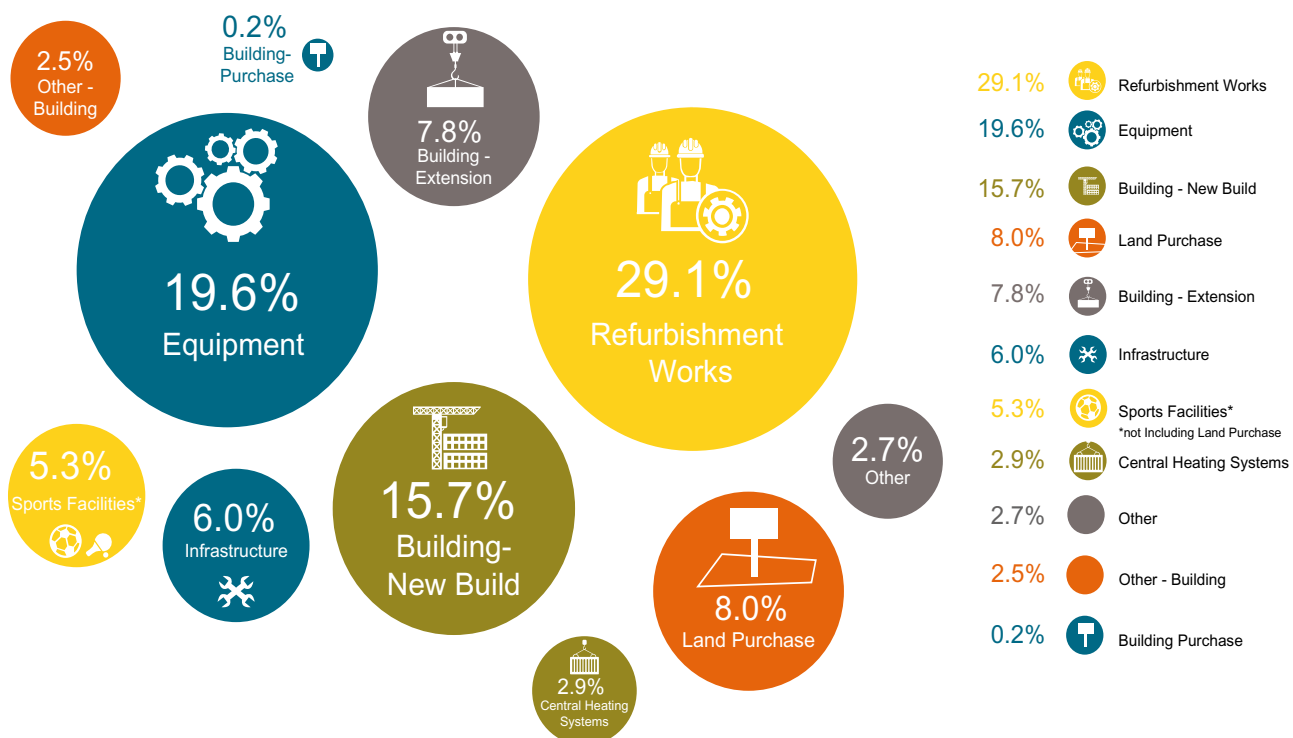
Assets purchased or created with LCF funding – asset types

EBs reported assets purchased, or created using LCF monies.

	2014/2015	2015/2016
Total LCF expenditure on projects for which a project completion form has been submitted	£75,560,198	£83,791,779
Total LCF expenditure on capital assets	£33,286,072	£41,236,622
Percentage of LCF project expenditure which was spent on capital assets	44.0%	49.2%

LCF expenditure on asset types for projects completed in 2015/2016 (all Objects)

Refurbishment works account for the largest percentage of LCF expenditure on assets at 29.5% followed by all categories of buildings which amount to 26.1%.



Amount of funding generated from other sources

EBs reported the total amount spent on their project in addition to the amount of LCF money spent on the project. This information provides a better understanding of the wider financial impact that the LCF delivers to communities and the environment. LCF funding accounted for more than half of total funding for projects completed in 2015/2016.

	2015/2016
Total LCF expenditure on projects for which a project completion form has been submitted	£83,791,779
Total funding from all other sources	£137,713,001
LCF funding as a percentage of all funding	60.8%

Project sustainability

For the 2,547 projects for which there was a submitted Project Completion form for 2015/2016, EBs provided information on the expected income derived from their project, reductions in utility costs, creation or maintenance of jobs, and increases in visitor numbers as a result of their project going ahead.

	Total for projects in 2014/2015	Average per project in 2014/2015	Total for projects in 2015/2016	Average per project in 2015/2016
Expected Income Derived	£4,567,111	£1,749	£4,917,656	£1,931
Expected reduction in utility costs	£396,478	£152	£651,065	£256
Expected creation of new jobs or maintenance of existing jobs	1,368	0.52 FTE	1,194	0.47 FTE

Achieving the intended outcome

For the 2,547 projects for which there was a submitted Project Completion form for 2015/2016, EBs reported whether the project has achieved its intended outcome.

	Total for projects in 2014/2015	Percentage of 2014/2015 projects with positive response	Total for projects in 2015/2016	Percentage of 2015/2016 projects with positive response
Achieved intended aims	2,505	95.9%	2,511	98.6%
Improved the lives of people in the community or achieved environmental benefits	2,438	93.3%	2,424	95.2%
Brought together people from different backgrounds	1,768	37.7%	1,721	67.6%



www.entrust.org.uk



Regulating the Landfill Communities Fund
Benefiting people and the environment