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### **MPA Proposes New Sustainability Partnership with Government and Local Communities**

The Mineral Products Association (MPA) has proposed to Government that a new Aggregates Levy Sustainability Fund (ALSF) should be introduced in England from April 2012. The previous ALSF, through which around £20 million of aggregates levy revenue was used to support a variety of sustainability projects linked to aggregates extraction and supply, was ended by Defra in March 2011 as part of Departmental savings.

MPA recognises the financial pressures that led to this decision, but believes that there is an outstanding justification for introducing a new scheme with some critical differences from the original scheme, which is affordable and which can generate very significant sustainability benefits.

MPA is proposing a scheme with a reduced value of around £10 million per annum which will have a greater focus and be more accessible to all local communities in quarrying areas and still allow significant investment in critical areas such as Biodiversity and Nature Conservation, Heritage, Carbon Reduction, the Marine Environment and supporting the operation of the Strategic Mineral Planning System.

The key change would be that 50% of the new fund, around £5 million pa, would be available for local community projects. This represents a doubling of the £2.4 million pa of funding on average available to local communities under the previous scheme. A further £3m (30%) would also be channelled into biodiversity and nature conservation projects which would also have a predominantly 'local' focus. MPA believes that this funding should be accessible to all local communities in quarrying areas and has suggested the introduction of Local Aggregates Community Trusts to manage the funding. These bodies could be set up as required and could be based

on single communities, groups of communities or District or County boundaries, reflecting local wishes and circumstances and based on a national governance and probity model.

The fund would enable demonstrably successful initiatives to be supported, such as the Nature after Minerals (NAM) initiative, heritage and archaeology activity, the reduction of carbon emissions in the aggregates sector and in industry markets and the improvement in our knowledge and understanding of the marine environment. MPA would also like to ensure that there continues to be strategic management of our aggregates resources (i.e. the Managed Aggregate Supply System) and the use of ALSF funding for this purpose would remove this financial burden from Central Government while enabling all stakeholders to contribute to this process.

The new Fund would be affordable because the aggregates Levy raises around £300 - £350 million pa and Government plans to increase the Levy rate from £2.00 to £2.10 per tonne in April 2012, which will raise additional Levy revenue of at least £15 million pa.

Nigel Jackson, Chief Executive MPA, said "The original ALSF was successful in many ways, as independent research confirmed. We were greatly disappointed that Government chose to end the ALSF in March 2011 and this disappointment was shared by many local communities, conservation organisations and others who had used the ALSF for projects of both local and national importance.

"The Government's decision has forced us to consider how the scheme could be improved and re-focussed. We believe that our proposal for a new ALSF will, critically, make the funding more accessible to any local community in a quarrying area and still enable very important work on biodiversity, for example, to be supported.

"The new scheme would be affordable, as it costs less than the planned increase in the aggregates levy next year. It also links very closely to Government's objectives of giving greater power to local communities - the cooperative approach between local people, local business, voluntary groups, NGOs and government which is at the heart

of the ALSF, is the real life embodiment of the Big Society and works with the grain of the 'Localism' agenda.

"We have made our initial proposal to Defra and believe that it has been well received and will now be seeking to achieve general Government agreement for a new Aggregates Levy Sustainability Fund along the lines we have proposed. We would welcome support from others who are keen to see the re-introduction of the ALSF with this renewed local focus."

ENDS.

### **Notes for Editors**

The Mineral Products Association (MPA) is the trade association for the aggregates, asphalt, cement, concrete, lime, mortar and silica sand industries. With the recent addition of The British Precast Concrete Federation (BPCF), it has a growing membership of 418 companies and is the sectoral voice for mineral products. MPA membership is made up of the vast majority of independent SME companies throughout the UK, as well as the 9 major international and global companies. It covers 100% of GB cement production, 90% of aggregates production and 95% of asphalt and ready-mixed concrete production and 70% of precast concrete production. Each year the industry supplies in excess of £5 billion of materials to the £110 billion construction and other sectors. Industry production represents the largest materials flow in the UK economy and is also one of the largest manufacturing sectors. For more information visit: [www.mineralproducts.org](http://www.mineralproducts.org)

### **The Aggregates Levy Sustainability Fund (ALSF) - Background information**

#### **Introduction**

The Government announced that an aggregates levy would be introduced in April 2002 in the 2000 Budget and that a proportion of the levy revenue would be used for an Aggregates Levy Sustainability Fund (ALSF).

**2000 Budget** - *6.94 To further the Government's aim of shifting the burden of taxation from "goods" to "bads", the revenues from the levy will be fully recycled to the business community through a 0.1 percentage point reduction in employers' NICs*



Total Allocations	27.6	25.8	20	32.1	22.3	20.4	24.1	23.45	17.15	212.9
<b>Actual Spend</b>	<b>17.9</b>	<b>19.2</b>	<b>19.5</b>	<b>25.4</b>	<b>19.6</b>	<b>19.7</b>	<b>24</b>	<b>22.8</b>	<b>17.15</b>	<b>185.25</b>
DEFRA retention	11.4	10.1	9.8	3.9	9.7	9.6	5.3	6.5	12.15	66.3

*“DEFRA retention” compares the original allocation level of £29.3 million pa with actual ALSF spending, the balance or “DEFRA retention” being used for non ALSF purposes. 2010/11 figures are estimates derived from the ALSF 2008-11 evaluation carried out for DEFRA by IHPR (November 2011)*

### **Evaluation of the ALSF**

At the end of December 2010 an evaluation of the ALSF 2008 - 2011 carried out by IHPR for DEFRA was published on the DEFRA website.

This evaluation included in its conclusions

*“Over the period 2008 - 11 the ALSF stands to make an important contribution to its overarching objective to reduce the environmental footprint of aggregates extraction, and make measurable progress under each of the five themes. The fund will generally deliver good value for money with potentially more significant gains in the longer term.*

*“Notwithstanding the ALSF’s significant achievements to date, there remains a strong case for further funding for knowledge and data management; targeted research and practical or site-based assistance to address national priorities; facilitation of further-improved co-ordination, collaboration and behavioural change, and to deliver further benefits to local communities.”*

### **Aggregates Levy Sustainability Fund - Parliamentary Questions/Answers relating to the Defra decision to end the original ALSF**

***Martin Horwood:***

To ask the Secretary of State for Environment, Food and Rural Affairs what recent assessment she has made of the Aggregates Levy Sustainability Fund; and if she will make a statement.

**Richard Benyon**

*[holding answer 31 January 2011]:* An independent evaluation of the Aggregates Levy Sustainability Fund (ALSF) programme of work for the years 2008-11 was recently carried out by the in-house policy resource unit. Overall, the evaluation was positive in that the programme delivered against its objectives and did provide value for money. The evaluation can be viewed on the DEFRA ALSF web pages at:

<http://www.defra.gov.uk/environment/quality/land/aggregates/>

However, during the spending review, and against other departmental priorities, DEFRA concluded that the ALSF did not represent a core activity for the Department, and, therefore, funding could not continue beyond the current financial year. This decision should not detract from the excellent work that has been undertaken by delivery partners, and for which the Department is very grateful.

**Martin Horwood:**

To ask the Secretary of State for Environment, Food and Rural Affairs what consultations her Department has conducted on the Aggregates Levy Sustainability Fund in the last 12 months.

**Richard Benyon**

*[holding answer 31 January 2011]:* No specific consultations were undertaken on the decision to discontinue the Aggregates Levy Sustainability Fund (ALSF) which was taken in the light of broader departmental spending priorities as part of the spending review. However, an independent evaluation of the ALSF programme of work for the years 2008-11 was recently carried out by the In House Policy Resource unit, and the results are available on the ALSF pages on the DEFRA website at:

<http://www.defra.gov.uk/environment/quality/land/aggregates/>

All the relevant delivery partners, industry and professional bodies were consulted through the process of drawing this evaluation together.

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