

Defra shrugs shoulders over levy shortfall

• Money has just been swallowed, says Defra

Following questions from both the QPA and BAA over the use of the missing money from the Aggregates Levy Sustainability Fund (ALSF) during 2004/05, sources from Defra have admitted the department has no idea of where it has gone.

Queries about a £9million shortfall in funding were raised again at an ALSF event in February with both the QPA's Simon van der Byl and the BAA's Peter Huxtable stating the concern at the 'leak-

age' in funding.

Both organisations have sought to find out how the missing money has been spent. However, it appears it is unlikely they will ever find out. "In short, we have no idea where the money has really gone," Defra sources have told *MQR*.

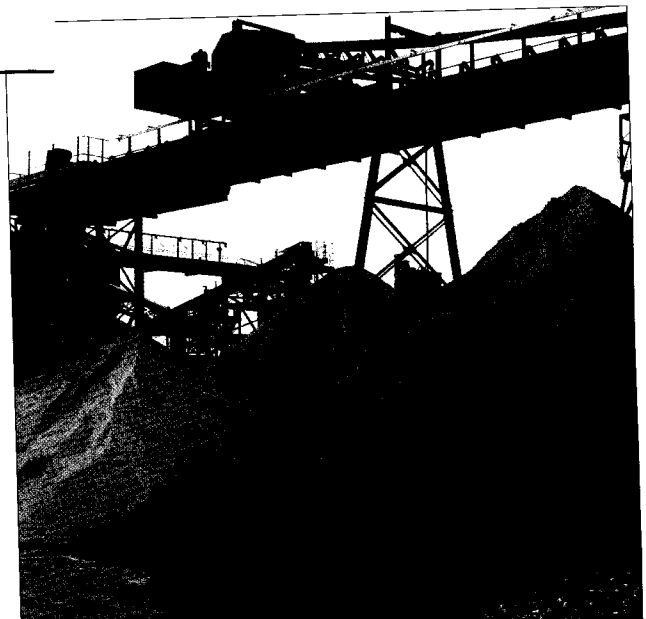
Less money from central Government was the reason for the diversion, they said, and as the money is not ringfenced from the Treasury it could have gone anywhere. "As we are Defra it would have been used for environmental purposes though," said one of the sources.

Figures supplied to *MQR* from Defra including spending estimates for the year 2005/2006 suggest a £28.5million difference between level of funding allocated and actual spend (see box right) since the Fund was created – £9.3million higher if you include the 2004/05 allocation shortfall troubling quarriers.

Defra points out that an initial late start, state aids clearance and the shortfall are partly responsible for £79.9million being spent rather than the £108.4million allocated – £117.6million including the shortfall. It also states that the aggregates levy raises less than the money lost to the Treasury from the 0.1% reduction in employer NICs that accompanied it.

However, those administering the ALSF point out that the clawing back of funds has a negative impact on the end user. The Countryside Agency, for example, received £2.7million last year after it was promised £4.9million. This year it has been told it will get £2million, although it is waiting for confirmation at the end of April.

"It is not as if we have a



Annual ALSF allocation and spend

Year	ALSF spent	ALSF allocated
2002-03	£17.9million	£29.3million
2003-04	£19.2million	£29.3million
2004-05	£19.5million	£20.3million
2005-06	£23.3million (Defra estimate)	£29.3million

There is a shortfall in funds to communities from aggregate tax.

shortage of projects. The money is for environmental purposes and should be used for that. I feel that the money should be ringfenced by the Treasury so that Defra cannot use it for other purposes. It is the customers that lose out," programme manager John Huntley told *MQR*.

The consultancy who

wrote the original aggregates levy report for the Government, London Economics, is currently in the process of reviewing the environmental impact of the levy. However, *MQR* understands that the terms of reference do not seek the authors of the new report to look at where the 'leaked' money has gone.