

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE - 17 DECEMBER 2002

MINERALS TRUST – PERIODIC REVIEW

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1** To update the Committee on the activities of the Minerals Trust in relation to the Section 75 obligations placed on opencast coal operators to contribute to the Trust.

2 BACKGROUND

- 2.1** The policy context for the Minerals Trust Fund is enshrined in Policies MIN 34 and MIN 35 of the East Ayrshire Opencast Coal Subject Plan. A Public Local Inquiry into the Subject Plan was held at the end of October 2001 and minor modifications to the wording of the policies have recently been agreed by the Council to reflect specific recommendations made by the Inquiry Reporter. Policy MIN 34 of the plan encourages applicants for opencast coal developments to contribute, by agreement, to a general Minerals Trust Fund which will be used for community improvements. Contributions are set at a suggested minimum rate of 27.5 pence per tonne of coal removed from a site, linked to the retail price index as of 1 January 1998. These contributions are not, however, treated as material considerations in the Council's assessment of the particular planning applications to which they relate. The policy also encourages applicants to contribute to an appropriate fund with regard to any other material or minerals extracted in association with the coal, such as fireclay etc. at a rate to be agreed with the Council
- 2.2** Policy MIN 35 of the plan requires all opencast operators to provide the Council on a quarterly basis with details of the tonnages of materials dispatched from their sites within the previous quarterly period. Operators are also required to make available, on request, all records of materials dispatched from the site for audit by the Council. The policy also stipulates that contributions shall be made to the Trust fund by the operators on a quarterly basis throughout the extraction period of the site or under any other arrangements as may be agreed by the Council.
- 2.3** Operator contributions to the Minerals Trust Fund are arranged by operators entering into an agreement with the Council under the provisions of Section 75 of the Town and Country Planning (Scotland) Act 1997, prior to the issue of any planning consent for the development.

3 FUNDING ACTIVITIES OF THE TRUST

3.1 Since 1997 the Trust has agreed to the following grants:

Years	Community Grants £000	Building Refurbishment £000	Environmental improvements £000
1997/1998	30	71	165
1998/1999	94	235	179
1999/2000	91	224	138
2000/2001	96	218	138
2001/2002	214	747	222
Totals	527	1,498	844

81 local community organisations have benefited from small grants under £1,000 to assist them in their activities.

3.2 Examples of building refurbishment which have been undertaken with assistance from the Trust include:

Dalmellington Parish Church Hall
Auchinleck Parish Church Hall
New Cumnock Bowling Club
Muirkirk Parish Church
Mauchline Parish Church Hall
St Clares Church, Drongan
Drongan Community Hall
Glaisnock Valley Bowling Club

3.3 The environmental improvement projects which have been undertaken through Trust funding have been:

Pathways in New Cumnock
Millennium Garden, Muirkirk
Improvement of roads in Burnton
Approaches to Drongan
Pathways in Muirkirk
Heritage garden in Muirkirk
Regeneration of gap site at Castle, New Cumnock
Environmental improvements at Mill O`Shield Road/Glen Craig Street, Drongan
Amenity improvement of railway bridge, Auchinleck
Building of footbridge and creation of path in Catrine

3.4 A grant has been approved for the part funding of a new swimming pool for Cumnock.

3.5 The analysis above is for grants approved. The Trust operates a rigorous assessment and control procedure. Approved grants are only paid over in stages relating to the expenditure incurred by the receiving body. The Trust has a substantial level of committed funds, which have not yet been drawn down.

3.6 As stated in the Opencast Coal Subject Plan, the Council encourages opencast operators to make a positive commitment to improving the environment of those areas which have suffered some degree of environmental disturbance and loss of amenity because of their operations. The plan therefore specifically directs Trust Fund contributions towards providing community benefits and improvements within those communities affected by site operations or by haulage vehicles.

3.7 Over 80% of the Fund has been committed to improvement of buildings and the local environment. The remainder has been used for small grants to support community groups. The Trust's policy is currently to allocate 70% to communities in which there are active opencast coal sites, reserving 30% for communities elsewhere in East Ayrshire. The Trust deed and projects supported, as described in this report, are considered to be entirely consistent with the provisions of the Plan.

4 PAYMENTS BY OPENCAST COAL OPERATORS TO THE TRUST

4.1 The income of the Trust has been:

Year	£000
1996/1997	176
1997/1998	321
1998/1999	534
1999/2000	492
2000/2001	886
2001/2002	1,010

The Trust receives information from the Coal Authority based on statutory returns from opencast coal operators on the tonnage of coal extracted. Operators are then invoiced by the Trust for the relevant sum at an agreed frequency, normally quarterly. The only bad debt which has been required to be written off was associated with the Hannahston opencast coal site near Drongan as a result of the operating company going into liquidation.

4.2 There is a proposal contained in the opencast coal subject plan that the Council should employ external assessors, at the cost of the operators, to assist it in monitoring the adequacy of outstanding bonds. This will involve receiving independent reports on amounts of coal extracted. Discussions have been held with the Secretary to the Minerals Trust on the possibility of using information from this source to corroborate the information currently received from the Coal Authority. This could speed up the process of securing payments to the Trust.

5 LEGAL AND FINANCIAL IMPLICATIONS

5.1 There are no legal or financial implications arising directly from the recommendations in this report.

6 RECOMMENDATIONS

- 6.1** It is recommended that the Committee endorse the current approach taken by the Minerals Trust in supporting local groups and building and environmental improvements using funds secured through Section 75 Agreements approved by the Council.

Stephen Chorley
Director of Development Services

9 December 2002
SC/JR

BACKGROUND PAPERS

- 1 Opencast Coal Subject Plan
- 2 Annual reports of the Minerals Trust (these are commercially confidential and will only be made available for inspection by members of the Committee)

For further information on the contents of this report contact Stephen Chorley, Director of Development Services, on 01563 576011

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