



# TYASERS

## **FILLSECURE**

Providing Innovative Solutions  
for Landfill Financial Provision



[www.fillsecure.co.uk](http://www.fillsecure.co.uk)

## The Environmental Permitting (EP)

Regulations have streamlined the waste management licensing and pollution prevention and control regimes from 6th April 2008. The owner or applicant

for an EP must be able to provide adequate financial provision to meet the obligations of the permit. Some of these sites can include landfill with aftercare costs for a period of up to sixty years post closure.

In order to service the changing needs of clients' a multi-disciplinary group comprising of Tysers (Lloyd's Insurance Brokers) and Kynaston-Carnoustie (consultant independent financial advisers) has created an innovative new product, The FillSecure Solution. The Financial Services Authority regulates investment and insurance advice. Both Tysers and Kynaston-Carnoustie are independent and authorised to provide advice in their own disciplines.

## THE PROBLEM

- Long-term financial costs stretching for up to 60 years or more.
- Funds must be secure and accessible.
- Inflation will reduce the value of the funds available.
- Tax on the return achieved is a consideration.

## THE CURRENT OPTIONS

### Setting up an escrow or cash account

- Returns from cash never keep pace with inflation over the longer term and that is before tax is deducted from the interest.
- It is almost guaranteed that the Environment Agency will require top-up payments into the escrow account to maintain adequate financial provision.

### Bank/Insurance Bonds

- Bank Bonds do not provide a solution that has a sale value, either in terms of the site or the operator.
- Bank Bonds affect the borrowing capacity of the operator.
- Funds only available in certain circumstances (e.g. insolvency), the operator must still find the required aftercare costs when they fall due.
- Bonds are normally restricted to one or three years and provide no long term security.
- Ultimately money spent on Bonds is 'lost' money.

## THE CHALLENGE

- Long term management stretching for up to 60 years.
- The funds must be secure and accessible.
- Cost effective, flexible, transferable product.
- Acceptable to the Environment Agency.

## FILLSECURE – THE SOLUTION

- Can be 50%+ more cost effective than either the escrow or cash options.
- Can be funded over a period of time by a levy on materials entering an active site thereby limiting capital expenditure.
- Can replace existing cash/escrow arrangements and return excess funds to the operator.
- FillSecure sets up a separate legal entity that can transfer with the site/operator.
- Stakeholders invest funds tax efficiently.
- Funds professionally managed and regularly reviewed by stakeholders

## CASE STUDY



Bank/Insurance Bonds are currently seen as the cheapest option, however, the operator still needs to find the cost of aftercare in addition to the bonding costs each year once the site has stopped generating income.

The table below shows an example of the costs (over the next 65 years) of escrow, compared to bonding (assuming a 1.5% bond cost each year) and FillSecure (assuming 6% investment growth a year). Each option assumes NO inflation increases in the aftercare costs.

Escrow Cost	Bonding Cost	FillSecure Cost
	£1,400,000	
£2,800,000	£2,800,000	£717,000
	£4,200,000	

FillSecure is obviously cost competitive.

The FillSecure 'product' does not have to have a lump sum payment up front. A regular premium version is available.

Bonds may appear to be the cheapest option in the early years, but after the closure of the landfill, it is unlikely the site is generating much income. At this time the aftercare AND bonding costs have to be paid from company profits generated from other activities.

# CONTACTS

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