

# Scottish Landfill Communities Fund End-of-year Report 2022-23

September 2024





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# 1 Introduction

This report gives an overview of the Scottish Landfill Communities Fund (SLCF) over the past year, highlighting its significant contribution to community and environmental projects across Scotland.

Since 2015, the SLCF, a tax credit scheme linked to Scottish Landfill Tax, has been active in supporting and empowering local communities in their efforts to enhance their surroundings and address environmental challenges.

As we reflect on the achievements of the SLCF in its eighth year, we acknowledge the incredible dedication and commitment shown by the participating communities, Approved Bodies, project partners, and stakeholders. Their collective efforts have helped transform the landscape of Scotland, fostering resilience, and leaving a legacy for future generations.

## 1.1 Summary of contributions

In the past year, the SLCF has continued its vital role in supplying funding for community and environmental projects. Thanks to the contributions made by landfill operators, the fund received an impressive total of £7.4 million in 2022-23. This significant financial contribution has enabled the SLCF to make a substantial difference to projects throughout Scotland, improving lives and improving the natural environment.

## 1.2 Summary of projects funded

£4.3 million of SLCF funds were distributed to enrolled projects during the reporting period. This allocation shows the commitment to supporting local communities, empowering them to implement impactful initiatives that address pressing community and environmental needs. Through strategic partnerships and careful selection processes, the Approved Bodies continue to ensure that these funds are used effectively and efficiently for the benefit of Scottish communities.

## 1.3 The impact of the SLCF

Since its establishment, the SLCF has proven to be a catalyst for change and a driving force behind many projects across Scotland. Through the allocation of funds, the SLCF has supported a wide range of community-led initiatives, such as habitat conservation, provision of public spaces, heritage restoration and sports facility development.

Over the past year, these projects have generated significant positive outcomes, fostering community cohesion, enhancing local pride, and protecting Scotland's unique natural landscapes. The SLCF has helped to create new green spaces, conserve native wildlife habitats, promote sustainable practices, and improve vital community infrastructure.

## 2 Performance Measures (KPIs)

Revenue Scotland and SEPA agreed a set of key performance indicators (KPIs) to monitor and evaluate the performance of the SLCF. The key performance indicators are listed in Appendix 1, and show the relevant data collated by SEPA for the reporting period. The detail of each measure is discussed below. All ABs have been active this year.

All data has been reported using the financial year from 1 April 2022 to 31 March 2023.

### 2.1 Approved Body Applications

Only one application was received this year for approval to distribute SLCF funds. The application was processed and granted according to regulatory requirements.

In 2022-23, 13 organisations had approval to distribute SLCF funds. These Approved Bodies (ABs) are based throughout Scotland, from the Western Isles to the Borders. Three ABs have their offices in England and administer their projects remotely.

### 2.2 Register of Approved Bodies

SEPA continues to maintain a [Register of Approved Bodies](#), published on SEPA's website. It holds contact information for each approved body. The register was updated as this needed to include the new AB (Grantscape Scotland Ltd) and any changes to AB contact details.

### 2.3 Compliance Inspections

A total of 78 compliance checks were carried out this year. This is less than we carried out pre-Covid and pre-cyber-attack (average 150/year) but more than we have carried out annually since 2020 (average 35).

We have carried out audit inspections on 11 of the 13 active ABs. Our audit inspections assess the ABs financial controls, governance, notifications and running costs.

## SLCF End-of-year Report 2022-23

2022-2023	Q1	Q2	Q3	Q4	Total
a. number of compliance inspections completed by the SLCF team	36	12	16	11	<b>75</b>
Assessment of AB accounts	11	0	0	0	<b>11</b>
Assessment of Annual Reports	12	0	0	0	<b>12</b>
Database compliance checks	11	11	11	11	<b>44</b>
Inspection / Audit of AB	2	1	5	0	<b>8</b>
Project Inspections	0	0	0	0	<b>0</b>
b. Number of ABs deemed compliant following a compliance inspection	2	1	5	0	<b>13/13</b>

## 2.4 Enforcement

2022-2023	Q1	Q2	Q3	Q4	Total
a. Number of enforcement actions started	0	1	1	0	<b>2</b>
b. Number of enforcement actions concluded and outcome	0	1	1	0	<b>2</b>

We initiated two enforcement actions this year. Our first option when discovering any non-compliance is to offer advice and guidance to promote behaviour change and ensure compliance. This is usually sufficient to ensure compliance, however in this case enforcement action was necessary due to failure to submit notifications. All notifications have now been received.

## 2.5 Written Communication Response Times

2022-2023	Q1	Q2	Q3	Q4	Total
a. Total number of queries responded to	<b>22</b> (19 <10 days) (1 <25 days) (2 >25 days)	<b>13</b> (13 <10 days) (0 <25 days) (0 >25 days)	<b>9</b> (9 <10 days) (0 <25 days) (0 >25 days)	<b>18</b> (18 <10 days) (0 <25 days) (0 >25 days)	<b>62</b> (59 <10 days) (1 <25 days) (2 >25 days)
b. Number of queries responded to from ABs including response period (10 and 25 days)	<b>10</b> (7 <10 days) (1 <25 days) (2 >25 days)	<b>5</b> (5 <10 days) (0 <25 days) (0 >25 days)	<b>5</b> (5 <10 days) (0 <25 days) (0 >25 days)	<b>5</b> (5 <10 days) (0 <25 days) (0 >25 days)	<b>25</b> (22 <10 days) (1 <25 days) (2 >25 days)
c. Number of queries responded to from Projects including response period (10 and 25 days)	<b>11</b> (11 <10 days) (0 <25 days) (0 >25 days)	<b>7</b> (7 <10 days) (0 <25 days) (0 >25 days)	<b>4</b> (4 <10 days) (0 <25 days) (0 >25 days)	<b>12</b> (12 <10 days) (0 <25 days) (0 >25 days)	<b>34</b> (34 <10 days) (0 <25 days) (0 >25 days)
d. Number of queries responded to from others <sup>2</sup> including response period (10 and 25 days)	<b>0</b> (0 <10 days) (0 <25 days) (0 >25 days)	<b>1</b> (1 <10 days) (0 <25 days) (0 >25 days)	<b>0</b> (0 <10 days) (0 <25 days) (0 >25 days)	<b>1</b> (1 <10 days) (0 <25 days) (0 >25 days)	<b>2</b> (2 <10 days) (0 <25 days) (0 >25 days)

The SLCF team has responded to a small number of queries (62) from ABs, projects, landfill operators and members of the public about the SLCF. This is similar to the number of enquiries answered last year (52).

In June 2020, we published our [SLCF Eligibility Quiz](#)<sup>1</sup>, where users can work through a series of questions to determine if their project is eligible for funding. The tool has been used on average twice per day, every day since release. In 2022-23, it was accessed 853 times.

## 2.6 Number of Complaints and Compliments

No complaints on SEPA's regulation of the fund have been reported to SEPA or Revenue Scotland.

## 2.7 Data Security Breaches

There have been no data security breaches this year.

<sup>1</sup> [SLCF Eligibility quiz \(typeform.com\)](#)



## SLCF End-of-year Report 2022-23

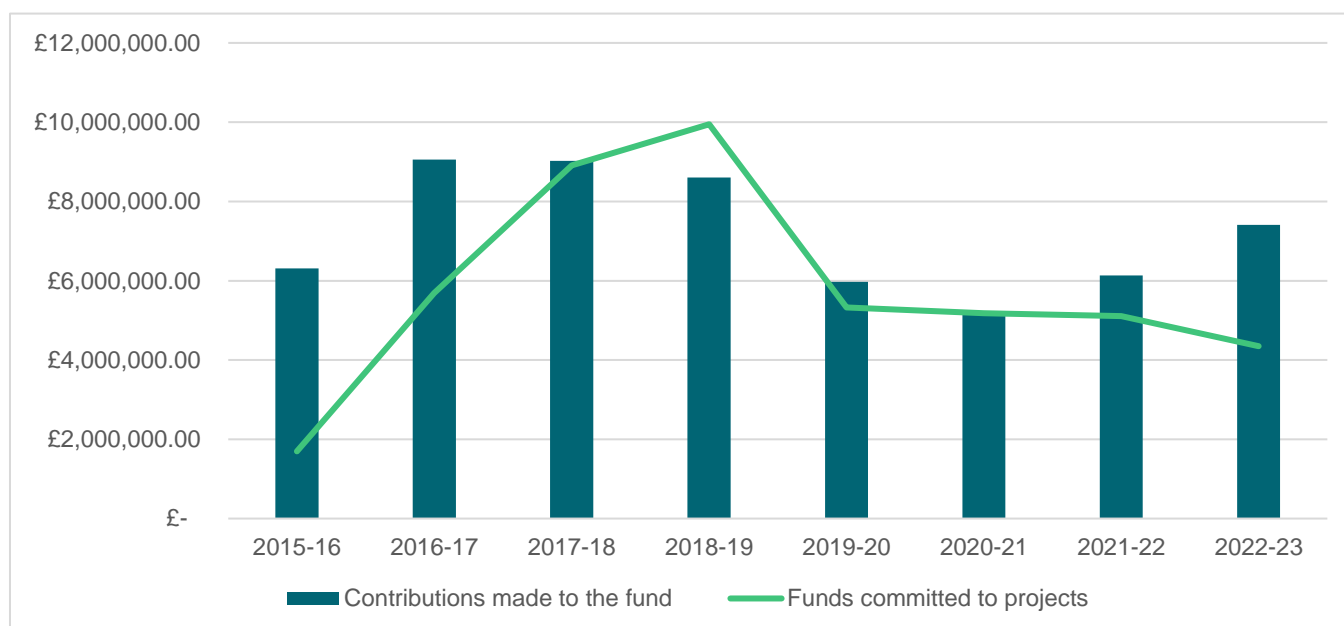
SLCF data is not considered to be Protected Taxpayer Information (PTI)<sup>2</sup> unless and until it is extracted for tax purposes. Details of qualifying contributions reported by ABs as received are shared with Revenue Scotland using a secure collaborative workspace to enable monitoring of Landfill Operator compliance with their obligations in respect of Scottish Landfill Tax and contributions made to the SLCF.

Although PTI is not a feature of day-to-day SLCF work, SEPA SLCF staff are trained in and understand the requirement not to disclose PTI to a third party unless there is a legal gateway that allows them to do so.

## 2.8 Qualifying Contributions made to the Fund

2022-2023	Q1	Q2	Q3	Q4	Total
a. Total value of qualifying contributions notified by ABs as having been made to the fund	£2,396,868	£1,420,976	£2,190,334	£1,398,122	<b>£7,406,301</b>

Chart 1: Value of Qualifying contributions and projects enrolled over time



<sup>2</sup> See [Revenue Scotland and Tax Powers Act 2014: S14](#)

This year, 63 qualifying contributions made to Approved Bodies were notified to SEPA, with a total value of almost £7.5m. This is slightly more than the average contributed in the previous six years (£7.1m) and more than the [Scottish Fiscal Commission](#)<sup>3</sup> forecast from December 2021 (£6.9m), and an increase on last year's contributions (£6.1m).

14 registered taxpayers contributed to the fund this year. Only one Landfill has stopped regular contributions this year.

## 2.9 Funds Committed to Projects

2022-2023	Q1	Q2	Q3	Q4	Total
a. Total value of funds notified by ABs as having been committed to projects (spent)	£1,752,882 (72 projects)	£590,253 (27 projects)	£1,512,182 (63 projects)	£489,323 (35 projects)	<b>£4,344,639</b> <b>(197 projects)</b>

£4.3m was committed to projects this year. This is less than that committed last year (£5.1m). Project commitment (enrolment) is a measure of the value of funds that have been committed to projects and is not necessarily a measure of the full value of projects delivered. Actual transfers of money from ABs to projects amounted to £4.8m (419 transfers) this year. This figure includes money transferred to projects that were enrolled in previous years.

Most ABs do not transfer the full commitment of funds to projects when enrolled. This protects the funds and ensures that money is transferred to the project as and when needed rather than in one lump sum. Not all projects get underway as soon as funds have been committed. A funding commitment from the SLCF may be used by a project as leverage to attract other funding for the project or, the seasonality of certain projects may mean that works do not start until sometime after funds are committed. ABs usually require an invoice as proof of expenditure before funds are released to projects.

The 197 projects that were enrolled in 2022-2023 are well distributed around Scotland. As can be seen from the distribution map (Figure 1 below). Most projects have been enrolled in the concentrations of populations in the central belt and northeast coast but projects in the

<sup>3</sup> [Scotland's Economic and Fiscal Forecasts – December 2021 | Scottish Fiscal Commission](#)

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Highlands and Islands have also been funded. This distribution largely reflects the distribution in previous years.

Most projects funded this year were for object C – public amenity (83%: £3.8m). Public amenity projects were funded to a similar proportion of total award as last year. The second most funded project type was object E – religious or historic sites (11%: £592k). The third most funded project type was object D - biodiversity (11%: £309k). The proportion of funding awarded to the different project types is very similar to previous years.

**Chart 2: Value of enrolled projects by type (object)**

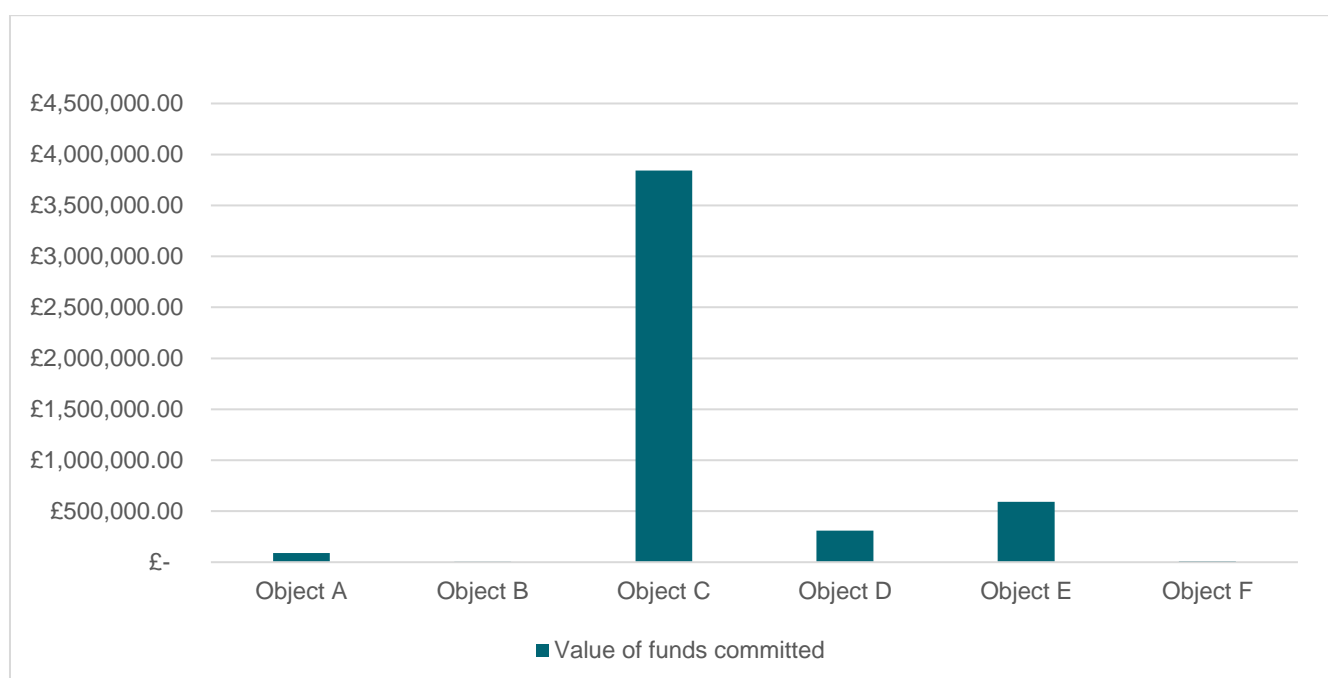


Figure 1 – Map showing distribution of projects enrolled in 2022-23



## 2.10 Approved Body Running Costs

2022-2023	
a. Number of ABs with running costs <10% of contributions received	<b>12/12</b>
b. Number of ABs with running costs >10% of contributions received	<b>0</b>
c. Average % of running costs	<b>8.1%</b>
d. Total annual cost to fund of Approved Bodies running	<b>£556,198</b>

Regulation 29(12) sets out that qualifying contributions can be used to pay for the running costs of an AB, providing they “do not exceed 10% of the funds applied”. We consider all funds contributed to an AB as “applied” as the funds can only be used for SLCF purposes.

ABs notify SEPA of their running costs once per year via the submission of their Annual Report. This is a requirement of Regulation 30(1)(i) and covers the timeframe from 1 April to 31 March. The annual report gives a summary of income, expenditure and balances held by the AB.

All ABs submitted Annual Returns for 2022-2023. The total value of funds used for AB running costs this year was £556k which was slightly more than last year (£506k) for slightly less project enrolments (197 this year vs 235 last year). ABs running costs continue to be on average, significantly below the 10% of income permitted by the fund at 8.1%.

All running costs must be justified and open to scrutiny by SEPA. All ABs must keep records detailing how all SLCF funds have been spent (Regulation 30(1)(v)). SEPA may inspect these records. We assess compliance with the 10% rule by comparing the total cumulative income of the AB since it was approved with the total cumulative running costs declared in annual reports since approval. This will give a measure of the percentage of funds used for running costs. This method of assessing compliance gives ABs an element of flexibility and future planning. Spending less than 10% in one year will give the ability to spend more than 10% in a future year, providing the overall spend remains less than 10%. All ABs are meeting this compliance measure.

## 2.11 SEPA income

2022-2023	Q1	Q2	Q3	Q4	Total
a. 3% of qualifying contributions received	£71,906	£42,629	£65,710	£41,943	<b>£222,189</b>
b. Amount invoiced for	£71,906	£42,629	£65,710	£41,943	<b>£222,189</b>
c. Amount received	£71,906	£42,629	£65,710	£41,943	<b>£222,189</b>
d. Amount outstanding	£0	£0	£0	£0	<b>£0</b>
e. proportion of payments made within 14 days	100%	100%	100%	100%	<b>100%</b>

SEPA's income from the SLCF is linked directly to the Qualifying Contributions (QCs). Regulation 30(1)(m) allows SEPA to charge a regulatory fee as a proportion of each QC received. The regulatory fee for 2022-2023 was raised from 2.75% to 3% to cover SEPA's expected regulatory costs.

## 2.12 SEPA expenditure

2022-2023	Q1	Q2	Q3	Q4	Total
Total cost of regulating the fund	£27,722	£34,606	£40,109	£37,536	<b>£139,974</b>

SEPA expenditure is calculated over the financial year from 1 April to 31 March. The majority of SEPA's regulatory costs are staff costs. The overall expenses for SEPA (£140k) were less than budgeted this year (forecast costs: £168k). This was due to carrying a vacancy for 6 months of the year and general savings on travel and subsistence due to our ability to work remotely.

The SLCF Funding Protocol sets out that where the income to SEPA is greater than SEPA's running costs, SEPA may carry surplus funds forward from financial year to financial year, subject to any discussions between Revenue Scotland and SEPA.

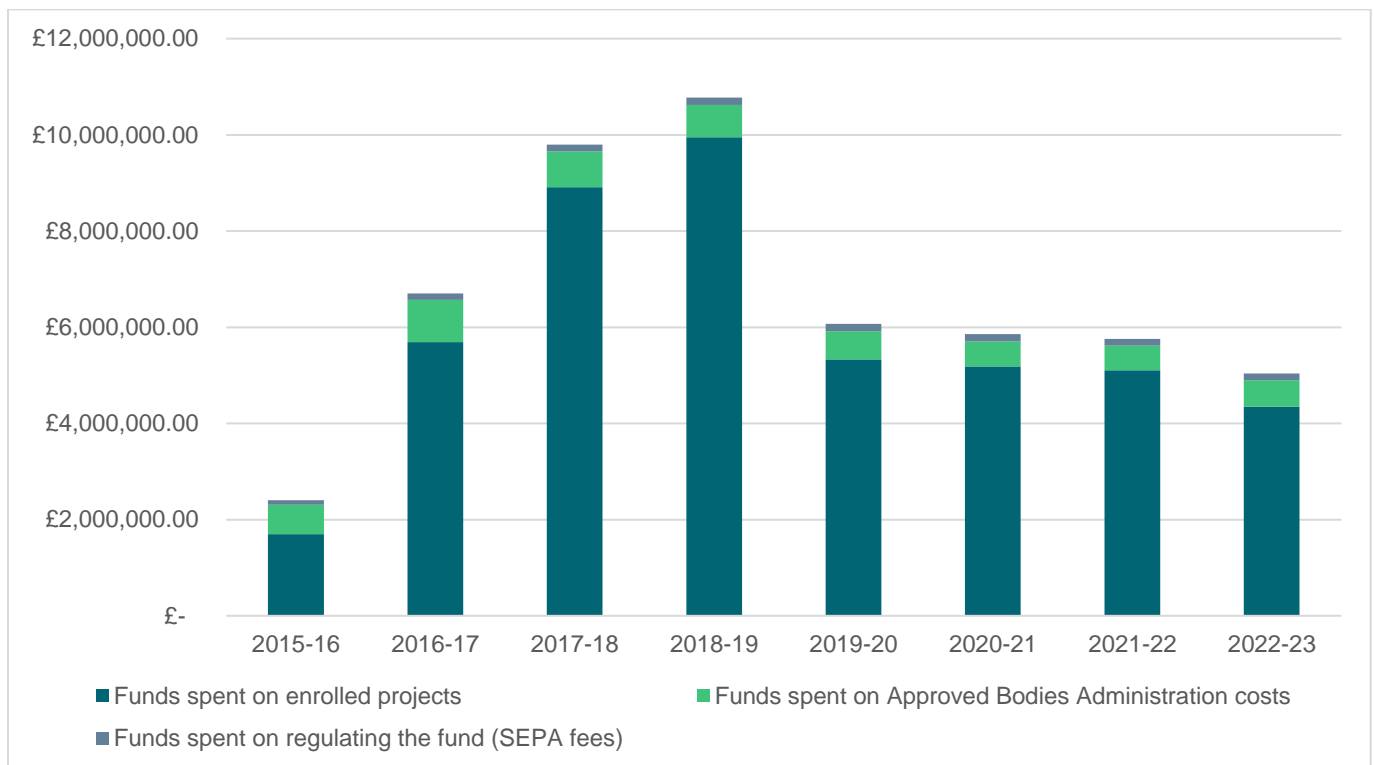
Although the subvention fee was set at 3% for 2022-2023 to match income to expenditure as closely as possible with the aim of not generating a surplus in the year, our costs were less than

budgeted, meaning that we have generated an in-year underspend of £82k. Our cumulative underspend is now almost £89k and will be carried over to next year.

## 2.13 Major Expenditure from the SLCF

The only permitted expenditure from the SLCF is on enrolled projects, AB administration costs and SEPA regulatory fees. The total expenditure from the fund in 2022-23 was £5,040.81. This is around £7k more than last year with the difference being due to additional money spent on projects. AB costs have slightly increased and SEPA costs have slightly reduced from last year.

**Chart 3: Major expenditure from the SLCF over time**



## 2.14 Unallocated Funds

Considering the inputs and outputs to the fund, we estimate that approximately £5.1m of funds contributed to the SLCF is currently unallocated. This equates to 9% of funds contributed since 2015. This proportion of unallocated funds is similar to that in previous years.

### 3 Conclusion

The SLCF continues to function well. Approved Bodies continue to receive contributions, enrol projects, and ensure that projects are delivered successfully.

The SLCF was established to provide funding for community or environmental projects in recognition of the dis-amenity experienced from landfill activity. This year, Scotland's communities and environment benefitted from a further £7.4m of funding being awarded to 197 projects that will be delivered over the coming year(s). This means that in total, over the last eight years that the SLCF has been operational, £57.7m has been paid into the fund and over £46m of projects have been funded.

The value of qualifying contributions made to the fund this year (£7.4m) was just over £1m more than last year (£6.1m). This is similar to the average annual contribution over the previous seven years (£7.2m) and as forecast by the [Scottish Fiscal Commission](#) (£6.9m) forecast from December 2022<sup>4</sup>.

This variation in received and forecast income is likely to be due to the uncertainty in increasing energy-from-waste capacity in Scotland and the influence of the ban of Biodegradable Municipal Waste to landfill (BMW ban) coming into force in January 2025. It is fully expected that following the implementation of the BMW ban, contributions to the SLCF will fall by around £1m per year. By 2026-27, the expected contributions are as low as £1m.

We are happy with our performance in regulating the SLCF. The Approved Bodies are compliant overall and respond well to advice and guidance provided by SEPA.

We look forward to 2023-24.

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<sup>4</sup> [Fiscal Update – December 2022 | Scottish Fiscal Commission](#)



## Appendix 1 - Summary table of key performance indicators

Subject	Information to be reported <sup>5</sup>	Q1	Q2	Q3	Q4	Total 2022-2023
<b>AB Applications<sup>6</sup></b>	Number of compliance inspections completed by the SLCF team	36	12	16	11	<b>75</b>
	Assessment of AB Accounts	11	0	0	0	<b>11</b>
	Assessment of Annual Reports	12	0	0	0	<b>12</b>
	Database compliance checks	11	11	11	11	<b>44</b>
	Inspection / Audit of AB	2	1	5	0	<b>8</b>
	Project Inspections	0	0	0	0	<b>0</b>
	b. Number of ABs deemed compliant following a compliance inspection	2	1	5	0	<b>13/13</b>
<b>Compliance Inspections</b>	a. Number of compliance inspections completed by the SLCF team	36	12	16	11	<b>75</b>
	Assessment of AB accounts	11	0	0	0	<b>11</b>
	Assessment of Annual Reports	12	0	0	0	<b>12</b>

<sup>6</sup> "Applications" includes applications of each type: Approval and Voluntary Revocation

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	Database compliance checks	11	11	11	11	<b>44</b>
	Inspection / Audit of AB	2	1	5	0	<b>8</b>
	Project Inspections	0	0	0	0	<b>0</b>
	b. Number of ABs deemed compliant following a compliance inspection	2	1	5	0	<b>13/13</b>
<b>Enforcement<sup>7</sup></b>	a. Number of enforcement actions started	0	1	1	0	<b>2</b>
	b. Number of enforcement actions concluded and outcome	0	1	1	0	<b>2</b>
<b>Written communication response times</b>	a. Total number of queries responded to	<b>22</b> (19 <10 days) (1 <25 days) (2 >25 days)	<b>13</b> (13 <10 days) (0 <25 days) (0 >25 days)	<b>9</b> (9 <10 days) (0 <25 days) (0 >25 days)	<b>18</b> (18 <10 days) (0 <25 days) (0 >25 days)	<b>62</b> (59 <10 days) (1 <25 days) (2 >25 days)
	b. Number of queries responded to from ABs including response period (10 and 25 days)	<b>10</b> (7 <10 days) (1 <25 days) (2 >25 days)	<b>5</b> (5 <10 days) (0 <25 days) (0 >25 days)	<b>5</b> (5 <10 days) (0 <25 days) (0 >25 days)	<b>5</b> (5 <10 days) (0 <25 days) (0 >25 days)	<b>25</b> (22 <10 days) (1 <25 days) (2 >25 days)
	c. Number of queries responded to from Projects including response period (10 and 25 days)	<b>11</b> (11 <10 days) (0 <25 days) (0 >25 days)	<b>7</b> (7 <10 days) (0 <25 days) (0 >25 days)	<b>4</b> (4 <10 days) (0 <25 days) (0 >25 days)	<b>12</b> (12 <10 days) (0 <25 days) (0 >25 days)	<b>34</b> (34 <10 days) (0 <25 days) (0 >25 days)

<sup>7</sup> Enforcement includes any action necessary to rectify non-compliances discovered by SEPA SLCF staff. It will include letters to ABs but will be deemed concluded once compliance is achieved or if passed to Revenue Scotland for forceful revocation of the Approval.

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	d. Number of queries responded to from others <sup>2</sup> including response period (10 and 25 days)	0 (0 <10 days) (0 <25 days) (0 >25 days)	1 (1 <10 days) (0 <25 days) (0 >25 days)	0 (0 <10 days) (0 <25 days) (0 >25 days)	1 (1 <10 days) (0 <25 days) (0 >25 days)	2 (2 <10 days) (0 <25 days) (0 >25 days)
<b>Number of complaints and compliments</b>	a. Number of complaints considered under the SEPA Complaints Handling Procedure <sup>15</sup>	0	0	0	0	0
	b. Number of complaints concluded	n/a	n/a	n/a	n/a	0
	c. Number of compliments received	0	0	0	0	0
<b>Number of security breaches</b>	a. Total number of security breaches as defined by the Revenue Scotland Security Breach and Incident Management Policy	0	0	0	0	0
<b>Qualifying contributions made to the fund</b>	a. Total value of qualifying contributions notified by ABs as having been made to the fund	£2,396,868	£1,420,976	£2,190,334	£1,398,122	<b>£7,406,301</b>
<b>Funds Committed to projects</b>	a. Total value of funds notified by ABs as having been committed to projects (spent)	£1,752,882 (72 projects)	£590,253 (27 projects)	£1,512,182 (63 projects)	£489,323 (35 projects)	<b>£4,344,639(19 7 projects)</b>
<b>AB Running cost</b>	a. Number of ABs with running costs <10% of contributions received					<b>12/12</b>
	b. Number of ABs with running costs >10% of contributions received					<b>0</b>
	c. Average % of running costs					<b>8.1%</b>
	d. Total annual cost to fund of Approved Bodies running					<b>£556,198</b>

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<b>Regulatory Fee Payments</b>	a. 3% of qualifying contributions received	£71,906	£42,629	£65,710	£41,943	<b>£222,189</b>
	b. Amount invoiced for	£71,906	£42,629	£65,710	£41,943	<b>£222,189</b>
	c. Amount received	£71,906	£42,629	£65,710	£41,943	<b>£222,189</b>
	d. Amount outstanding	£0	£0	£0	£0	<b>£0</b>
	e. proportion of payments made within 14 days	100%	100%	100%	100%	<b>100%</b>
<b>SEPA Costs</b>	Total cost of regulating the fund	£27,722	£34,606	£40,109	£37,536	<b>£139,974</b>
<b>SEPA Balance</b>	SEPA income – SEPA costs	£44,184	£8,023	£25,601	£4,408	<b>£82,215</b>
<b>Unallocated Funds</b>	a. Value of unallocated funds within the SLCF					<b>£5,197,000</b>
	b. Percentage of unallocated funds compared to total contributions					<b>9.01%</b>



SCOTTISH LANDFILL COMMUNITIES FUND

# 2022-23

The SLCF is a tax credit scheme, linked to Scottish Landfill Tax that encourages landfill site operators to contribute tax credits to benefit community and environmental projects. The SLCF is regulated by SEPA.



As in previous years, the largest proportion of funding was awarded to projects that enhance public amenity. The second most funded type of project was for religious/historic sites. This year saw an increase in the value of biodiversity projects funded, providing protection for native species and habitats in Scotland.

