

# Scottish Landfill Communities Fund Report

April 2023 to March 2024



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# 1 Introduction

This report gives an overview of the Scottish Landfill Communities Fund (SLCF) over the year 1 April 2023 to 31 March 2024.

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.

SEPA have been approved by [Revenue Scotland](#) as the regulator of the fund and carry out the functions as set out in [Regulation 31](#) of the Scottish Landfill Tax (Administration) Regulations 2015. [Revenue Scotland](#) is the tax authority responsible for the administration and collection of Scotland's devolved taxes. It has overall responsibility for the regulation of the SLCF. Its SLCF functions are set out in [Regulation 32](#) of the Scottish Landfill Tax (Administration) Regulations 2015

As we reflect on the achievements of the SLCF in its ninth 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

Thanks to the contributions made by landfill operators, the fund received an impressive total of £4,359,739.18 in 2023-24. 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

£7,024,022 of SLCF funds were committed to new 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. The fund has provided a lifeline to a myriad of projects that would not have otherwise been funded

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 detail of each measure is discussed below.

All data has been reported using the financial year from 1 April 2023 to 31 March 2024.

### 2.1 Approved Bodies

SEPA continues to maintain a [Register of Approved Bodies](#), published on SEPA's website. In 2023-24, 10 organisations had approval to distribute SLCF funds across Scotland. Two applications for Voluntary Revocation of Approved Status were submitted and, following checks to ensure that all conditions had been met, notice of revocation letters were issued. No new applications were received this year for approval to distribute SLCF funds.

### 2.2 Compliance Inspections

We carried out 12 compliance inspections of the active ABs. Our audit inspections assess the ABs financial controls, governance, notifications and running costs. Nine ABs were deemed compliant following their compliance inspection, and one following their completion of all required compliance actions. Additionally, end-of-year annual reports to verify notifications SEPA received, were conducted for all active ABs. The annual financial accounts for each AB were inspected and 48 database compliance checks were carried out.

## 2.3 Enforcement

**Table 1: Enforcement**

2023-2024	Q1	Q2	Q3	Q4	Total
a. Number of enforcement actions started	0	0	1	0	1
b. Number of enforcement actions concluded	0	0	1	0	1

We initiated one enforcement action this year, as shown in Table 1. 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 the failure of an AB to fully spend all Qualifying Contributions within two years from the date of receipt. The AB had re-paid the unspent funds back to the contributing landfill operator. However, as the returned funds would not have been liable for the usual 90% tax credit, the unspent QC should have been returned to Revenue Scotland.

Accordingly, the landfill operator was instructed to re-pay the returned funds back to Revenue Scotland, which they did. Following this, the AB was found to be compliant.

## 2.4 Written Communication Response Times

**Table 2: Response Times**

2023-2024	
a. Total number of queries responded to	<b>79</b> <b>(79 &lt;5 days)</b>
b. Number of queries responded to from ABs including response period	<b>30</b> <b>(30 &lt;5 days)</b>
c. Number of queries responded to from Projects including response period	<b>45</b> <b>(45 &lt;5 days)</b>
d. Number of queries responded to from others including response period	<b>4</b> <b>(4 &lt;5days)</b>

Table 2 shows we responded to 79 queries from ABs, projects, landfill operators and members of the public about the SLCF. This is similar to the number of enquiries answered last year (62).

## 2.5 Number of Complaints and Compliments

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

## 2.6 Data Security Breaches

There have been no data security breaches this year.

SLCF data is not considered to be Protected Taxpayer Information (PTI)<sup>1</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.

<sup>1</sup> See [Revenue Scotland and Tax Powers Act 2014: S14](#)

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.

## 2.7 Qualifying Contributions made to the Fund

**Table 3: Qualifying Contributions**

2023-24	Q1	Q2	Q3	Q4	Total
a. Total value of qualifying contributions notified by ABs as having been made to the fund	£1,447,230	£1,051,420	£1,058,266	£802,821	<b>£4,359,739</b>

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

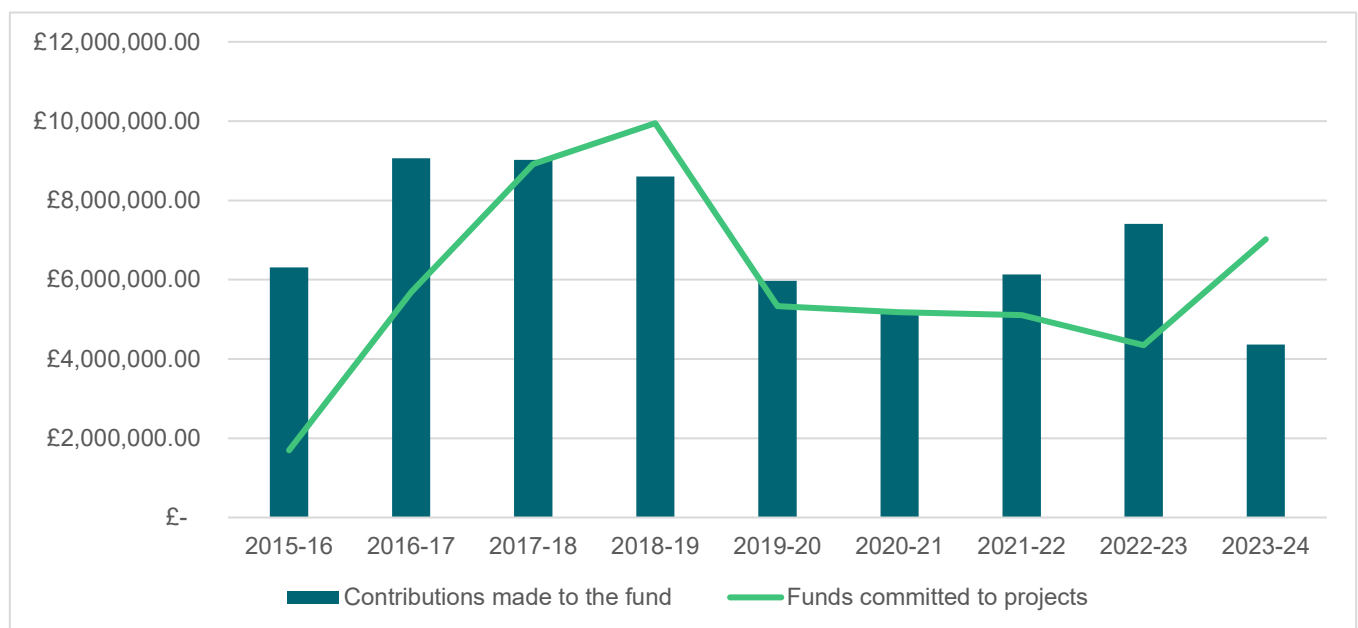


Table 3 shows the value of contributions to the fund this year and Chart 1 shows contributions over time. This year, 54 qualifying contributions made to Approved Bodies were notified to SEPA, a total value of £4.3 million. This is less than the average contributed over the previous seven years (£7 million). 13 registered taxpayers contributed to the fund this year.

## 2.8 Funds Committed to Projects

£7,024,022 was committed to projects this year. This is more than that committed last year (£4.3m) and can perhaps be explained as an increase in activity post-covid.

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 £5.4m (411 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 274 projects that were enrolled in 2023-24 were well distributed around Scotland. Most projects have been enrolled in the concentrations of populations in the central belt and northeast coast but projects in the Highlands and Islands have also been funded. This distribution largely reflects the distribution in previous years.



**Chart 3: value of enrolled projects by type (Object)**

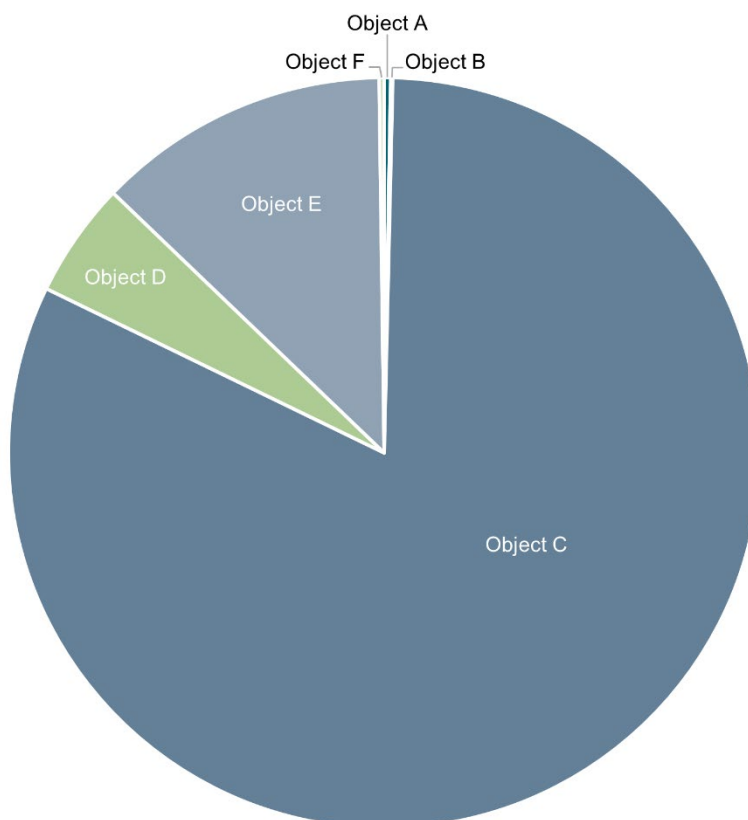


Chart 3 above shows most projects funded this year were for Object C – public amenity (83%). Project type Object E - religious or historic sites was funded 11% and Object D – biodiversity, 7%. The proportion of funding awarded to the different project types is similar to previous years.

## 2.9 Approved Body Running Costs

**Table 4: AB Costs**

2023-2024	
a. Number of ABs with running costs <10% of contributions received	10/10
b. Number of ABs with running costs >10% of contributions received	0
c. Average % of running costs	9.7%
d. Total annual cost to fund of Approved Bodies running	£400,472

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 each AB.

All ABs submitted Annual Returns for 2023-24. Table 4 shows the total value of funds used for AB running costs this year was £400,472.91 which was less than last year (£547,458.90) for more project enrolments (274 this year vs 197 last year). ABs running costs continue to be on average, significantly below the 10% of income permitted by the fund at 9.7%

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.

## 2.10 SEPA income

**Table 5: SEPA income from qualifying contributions**

2023-2024	Q1	Q2	Q3	Q4	Total
a. 3% of qualifying contributions received	£43,416	£31,542	£31,747	£20,484	<b>£127,192</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 2023-2024 was raised from 2.75% to 3% to cover SEPA's expected regulatory costs and to supplement future years. Table 5 shows SEPA SLCF income in 2023-2024. The regulatory fee for 2024/25 is 5%.

**Table 6: SEPA expenditure**

2023-2024	Q1	Q2	Q3	Q4	Total
Total cost of regulating the fund	£29,190	£32,789	£40,393	£44,411	<b>£146,785</b>

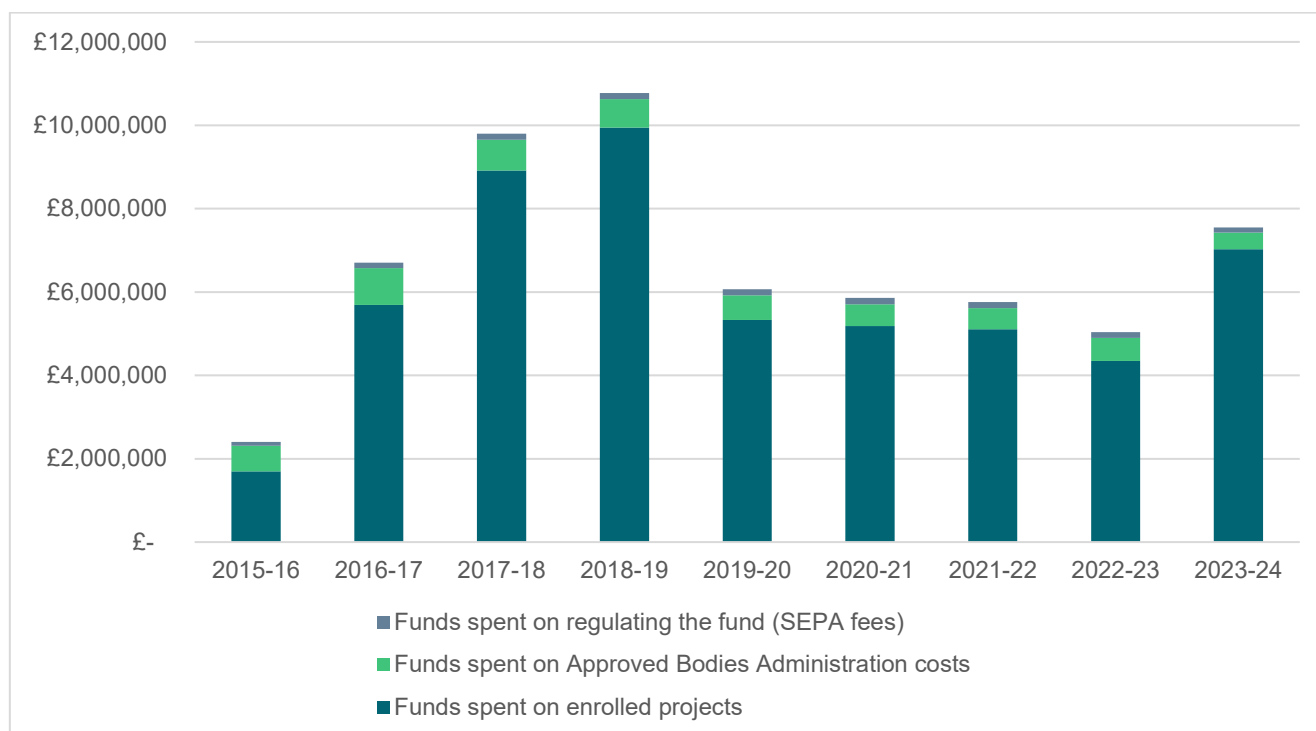
Table 6 shows SEPA expenditure over the financial year from 1 April 2023 to 31 March 2024. The majority of SEPA's regulatory costs are staff costs. The overall expenses for SEPA were less than budgeted this year (forecast costs: £160k). This was due to carrying a vacancy for a portion of the year.

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.

Despite our income being slightly less than costs this year, a balance of £69k was carried forward to fund SEPA's costs of regulating the fund in 2024/25.

## 2.11 Expenditure from the SLCF

The only permitted expenditure from the SLCF is on enrolled projects, AB administration costs and SEPA regulatory fees. Chart 4 below provides that summary over time.

**Chart 4: Major expenditure from the SLCF over time**

### 3 Conclusion

Despite the fall in contributions to the fund in 2023-24, the SLCF continues to function well. Approved Bodies continue to receive contributions, enrol projects, and ensure that projects are delivered successfully. This year, Scotland's communities and environment benefitted from a further £7,024,022 of funding being awarded to 274 projects that will be delivered over the coming year(s). This means that in total, over the last nine years that the SLCF has been operational, £63,443,510 has been paid to the fund and £54,699,606 of projects have been funded.

As the landscape of the waste industry continues to change with the approaching [Biodegradable Municipal Waste \(BMW\) ban](#) coming in at the end of 2025, more energy from waste plants are now operational and less and less waste is ending up in landfill sites in Scotland. This of course means less tax credits are available to landfill operators making contributions to the SLCF. SEPA and Revenue Scotland have had held discussions with SLCF Approved Bodies and are liaising with the Scottish Government in order that the Scottish Ministers are able to decide on a future for the Scottish Landfill Communities Fund.

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.