Scottish Environment Protection Agency
Buidheann Dìon Àrainneachd na h-Alba

For the future of our environment

Scottish Landfill Communities Fund Report

April 2024 to March 2025

Contents

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1 Introduction

This report gives an overview of the Scottish Landfill Communities Fund (SLCF) over the year, 1 April 2024 to 31 March 2025.

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.

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.

1.1 Summary of contributions and projects funded

The fund has received total of £3,002,982.13 in Qualifying Contributions from landfill operators during the 2024-25 financial year. This substantial financial contribution has enabled the SLCF to provide significant funding for many community and environmental projects throughout Scotland. A total of £2,991,425.26 in SLCF funds were committed to new projects during the reporting period. 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.

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 2024 to 31 March 2025.

2.1 Approved Bodies

SEPA continues to maintain a [Register of Approved Bodies], published on SEPA's website. In 2024-25, eight organisations had approval to distribute SLCF funds across Scotland. One application for Voluntary Revocation of Approved Status was 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 seven compliance inspections of the active ABs. Six ABs were deemed compliant following their compliance inspection, and one following their completion of all required compliance actions (see Table 1 below). Additionally, end-of-year annual reports were conducted for all active ABs. The annual financial accounts for each AB were inspected and 40 database compliance checks were carried out.

2.3 Enforcement

Table 1: Enforcement

2024-2025	Q1	Q2	Q3	Q4	Total
a. Number of enforcement actions started	0	1	0	0	**1**
b. Number of enforcement actions concluded	0	1	0	0	**1**

As shown in Table 1 we initiated one enforcement action and concluded it, this year.

2.4 Written Communication Response Times

Table 2: Response Times

2024-2025	
a. Total number of queries responded to	**70** **(69 <5 days)**

Table 2 shows we responded to 70 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 (79).

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.

2.7 Qualifying Contributions made to the Fund

Table 3: Qualifying Contributions

2024-25	Q1	Q2	Q3	Q4	Total
Contributions made to the fund	£756,770.65	£690,339.46	£1,015,300.70	£540,571.32	£3,002,982.13

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

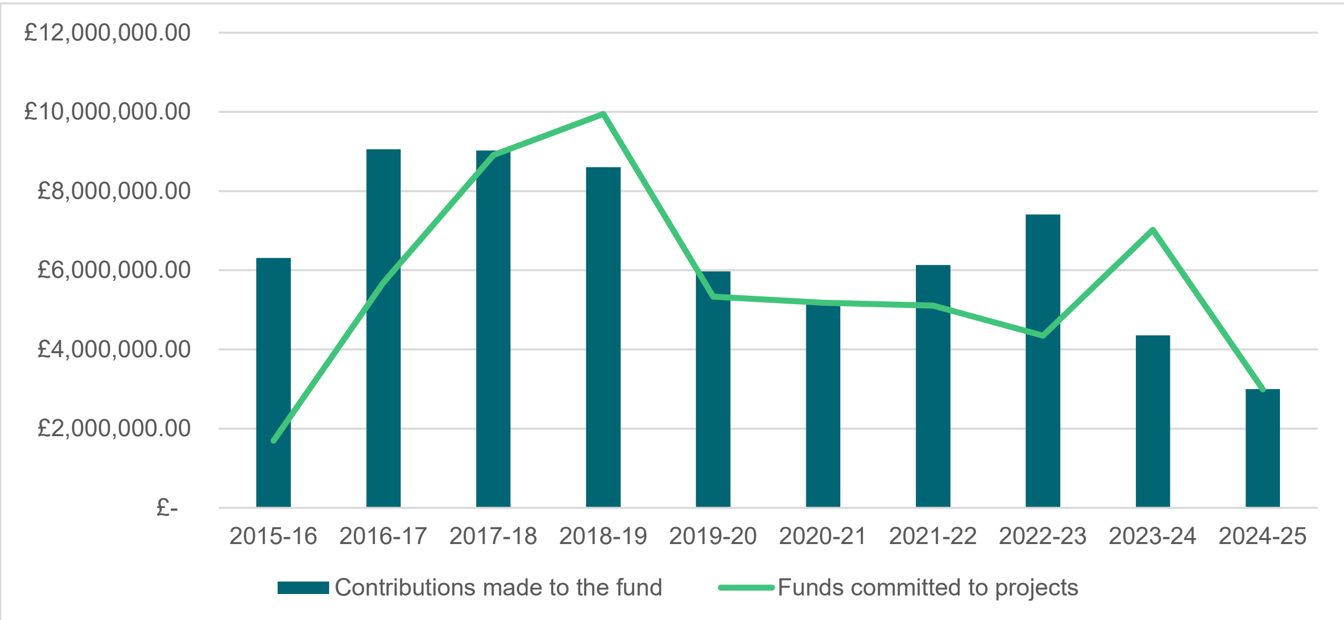


Table 3 shows the value of contributions to the fund this year and Chart 1 shows contributions over time. This year, 43 qualifying contributions made to Approved Bodies were notified to SEPA, a total value of £3 million. This is less than the average contributed over previous years (£7 million). 12 registered taxpayers contributed to the fund this year.

2.8 Funds Committed to Projects

£2,991,425.26 was committed to projects this year. 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 £4,498,656.01 (357 transfers) this year. This figure includes money transferred to projects that were enrolled in previous years.

Chart 2: value of enrolled projects by type (Object)

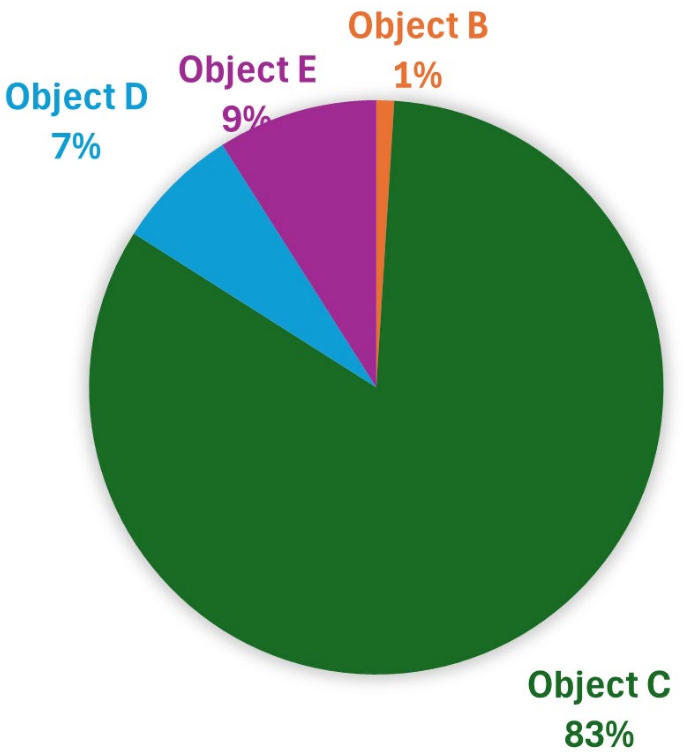


Chart 2 above shows most projects funded this year were for Object C, public amenity (83%). Project type Object E, religious or historic sites was funded 9%. Object D, biodiversity, 7% and Object B, Community waste prevention, reuse & recycling 1%. The proportions of funding awarded to the different 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	**8/8**
b. Number of ABs with running costs >10% of contributions received	**0/8**
c. Average % of running costs	**7.4%**
d. Total annual cost to fund of Approved Bodies running	**£516,924.22**

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 2024-25. Table 4 shows the total value of funds used for AB running costs this year was £516,924.22 which was more than last year (£400,472.91) for more project enrolments (357 this year vs 274 last year). ABs running costs continue to be on average, significantly below the 10% of income permitted by the fund at 7.4%.

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

2024-25	Q1	Q2	Q3	Q4	Total
a. 5% of qualifying contributions received	£37,837.69	£34,516.97	£50,765.04	£27,028.35	**£150,148.05**

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 2024-25 was raised from 3% to 5% to cover SEPA's expected regulatory costs and to supplement future years. Table 5 shows SEPA SLCF income in 2024-25.

Table 6: SEPA expenditure

2024-25	Q1	Q2	Q3	Q4	Total
Total cost of regulating the fund	£34,178	£34,732	£25,835	£21,766	**£116,512**

Table 7 shows SEPA expenditure over the financial year from 1 April 2024 to 31 March 2025. The majority of SEPAs regulatory costs are staff costs.

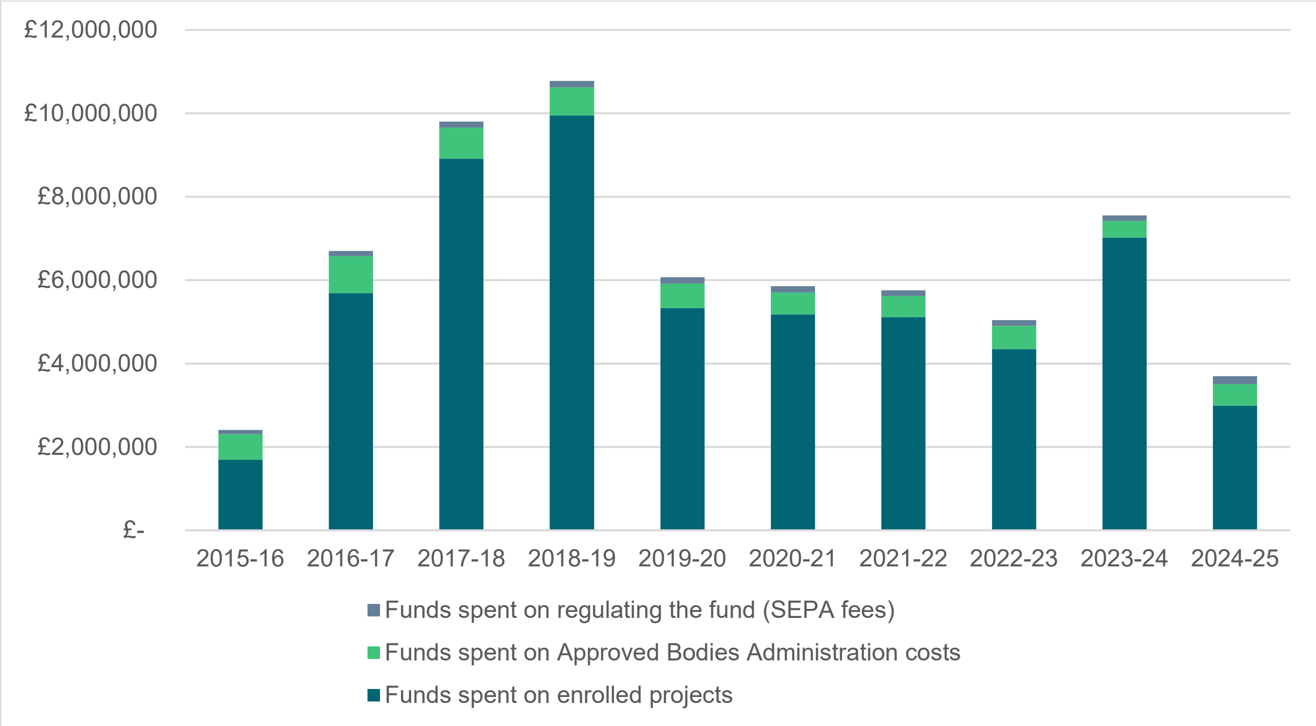
The SLCF funding protocol sets out that where the income to SEPA is greater than SEPA's running costs, SEPA may carry surplus funds forward from financial year to financial year, subject to any discussions between Revenue Scotland and SEPA.

A balance of £102,902 was carried forward to fund SEPA's costs of regulating the fund in future years when there is likely to be less income.

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 3: Major expenditure from the SLCF over time



3 Conclusion

Despite the fall in contributions to the fund in 2024-25, the SLCF continues to function well: in the 2024/25 financial year, 148 community and environmental projects benefitted from £2,991,425.26 in SLCF funding. In total, over the last ten years that the SLCF has been operational, £66,531,589.17 has been contributed to the fund and £57,600,462.05 has been committed to 2,496 projects.

The waste industry in Scotland is changing faster than ever with the [Biodegradable Municipal Waste (BMW) ban]() and Scottish Landfill Tax increased more this year, than any other year. We await a decision from Scottish Ministers on the future of the Scottish Landfill Communities Fund.