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Kenneth Gibson MSP
Convener
Finance and Public Administration Committee
The Scottish Parliament

16 February 2026

Follow-up information from the Committee session on 3 February 2026

Dear Convener,

Thank you for the opportunity to give evidence to the Finance and Public Administration Committee on 3 February 2026. During scrutiny of the Scottish Landfill Tax (Administration) Amendment Regulations 2026, there was an agreement to provide the Committee with further information on the legally permitted limits related to the administration and regulation of the Scottish Landfill Communities Fund (SLCF). I appreciate the Committee's interest in ensuring clarity on these arrangements.

Revenue Scotland has overall responsibility for regulating the SLCF. Its role includes approving the fund regulator, imposing conditions on that regulator, arranging repayment of tax credits where required, and enforcing the revocation of Approved Bodies.

Since the inception of the SLCF, the Scottish Environment Protection Agency (SEPA) has been appointed by Revenue Scotland to carry out the regulatory function. In practice, this involves approving and maintaining the Register of Approved Bodies (organisations who distribute SLCF awards to eligible projects), ensuring compliance with regulatory requirements, processing revocations where necessary, and charging Approved Bodies a regulatory fee.

The limits related to the administration and regulation of the SLCF are set in the Scottish Landfill Tax (Administration) (Scotland) Regulations 2015.

Regulation 29(12) stipulates that Approved Bodies cannot spend more than 10% of the funds they receive on their own running costs, while Regulation 30(1) provides that SEPA regulatory charges must not exceed 5% of qualifying contributions.

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The Regulations allow Approved Bodies to transfer qualifying contributions to a project within two years of receiving them. This aligns with the Scottish Budget statement, which explains that existing contributions should support both current and new projects during a winddown period ending in March 2028.

However, if the SLCF were to stay open to new contributions, the two year window would create a problem. The amount of funding expected in the future would not be enough to cover the administrative and regulatory costs for SEPA and the Approved Bodies. This would make it impossible to carry out an orderly and managed wind down of the SLCF.

During the session, the Committee requested that the Scottish Government consider a replacement for the SLCF. While any decision on future arrangements will be a matter for the next session of the Scottish Parliament, I welcome any proposals from the Committee to ensure circular economy measures will continue to prioritise meaningful engagement with communities in a cost-efficient way. Our draft circular economy strategy recognises the importance of local, place-based solutions and highlights a range of existing funding mechanisms which support community-led action.

In parallel, the development of a Residual Waste Plan to 2045 will consider how we manage a strategic and just transition away from landfill, ensuring environmental impacts are minimised and community benefits are maximised. This work will provide a broader context for considering how best to support communities in the future.

I trust this information is helpful to the Committee in its ongoing scrutiny. I would be happy to provide any further clarification the Committee may require.

Yours sincerely,

Ivan McKee MSP
Minister for Public Finance

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