



Llywodraeth Cymru
Welsh Government

RESEARCH

Review of the Landfill Disposals Tax Communities scheme (summary)

The review sought to understand the operation and impact of the Landfill Disposals Tax Communities scheme (LDTCS) in delivering its aims and supporting Welsh Government policies and priorities.

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Research aims and methodology

This report presents a process, impact and value-for-money review of the LDTCS in Wales published in March 2018. This review encompassed funding rounds 1 to 5 of the LDTCS (between 2018 and 2021).

The LDTCS is a grant funding programme which aims to offset some of the negative impacts of living near a landfill site or waste transfer station through local projects. A total of £1.4m is available to projects each year, arising from the revenue raised by the Landfill Disposals Tax.

The aim of the research was to understand the operation and impact of the LDTCS in delivering its intended aims, supporting Welsh Government policies and priorities and to provide input into the future options for and the direction of the LDTCS.

A range of methods were used including a review of the programme and policy

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documentation, development of a theory of change and primary research with key stakeholders through survey and interview.

Main findings

Process review

Over the first 5 rounds of the LDTCS, there were a total of 351 main grant applications and 22 larger nationally significant applications. The highest number of main grant applications came from the North Wales region (encompassing the local authorities of Conwy, Denbighshire, Flintshire, Gwynedd, the Isle of Angelsey and Wrexham) and the lowest number from applications spanning multiple-regions. Wider environmental enhancement was the most popular theme under which applications were submitted and biodiversity the least popular. In each funding round, a proportion of applications specified multiple themes, rather than a single theme.

Key strengths of the application process included the improvements that had been made in the replacement of the eTender Wales portal as the system through which applications were submitted with the bespoke multipurpose application portal (MAP) and the effective communication and support provided by the Wales Council for Voluntary Action (WCVA) and Country Voluntary Councils (CVCs) to applicants.

Challenges identified across the period of the review included:

- several stakeholders found the application process difficult and time-consuming (both prior to and after the introduction of MAP)
- the application process focused on individual scheme themes rather than multiple benefits
- the lack of equity in the application process between well-resourced versus smaller organisations (it was felt that the application process needed to ensure it encouraged smaller community groups to apply)

The use of local and expert knowledge, particularly from the CVC and expert

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panel, was considered key to delivering a high-quality assessment and award process. The award process was considered fair by most stakeholders, although there were concerns that the process favoured more experienced and well-resourced applicants.

Although some stakeholders felt that assessment feedback was clear and helpful, others suggested that it had not been useful and could be improved to more clearly support and develop the capacity of the voluntary sector in Wales.

WCVA and Welsh Government worked together to reduce the original 55 KPIs to a more manageable and focused set of 17. This reduction is a recent change, so it is not clear to what extent this addresses some of the criticisms of the current monitoring system as being challenging to complete and not representative of project impact.

Feedback from stakeholders on WCVA's overall management of the Scheme was positive and the majority (12 of 19) grant holders indicated that project support was good or very good.

WCVA and Welsh Government suggested that structures and processes in place facilitated effective ongoing management of the scheme. These included: knowledge sharing and co-operation between the WCVA and CVC and the arm's length approach taken by the Welsh Government in response to initial feedback from the sector, allowing the WCVA freedom to operate.

Main grant applications were administered in a one stage process with 2 funding rounds per financial year; calls for grant proposals were administered approximately 6 months apart and larger grant applications were awarded annually through a process with an additional level of scrutiny.

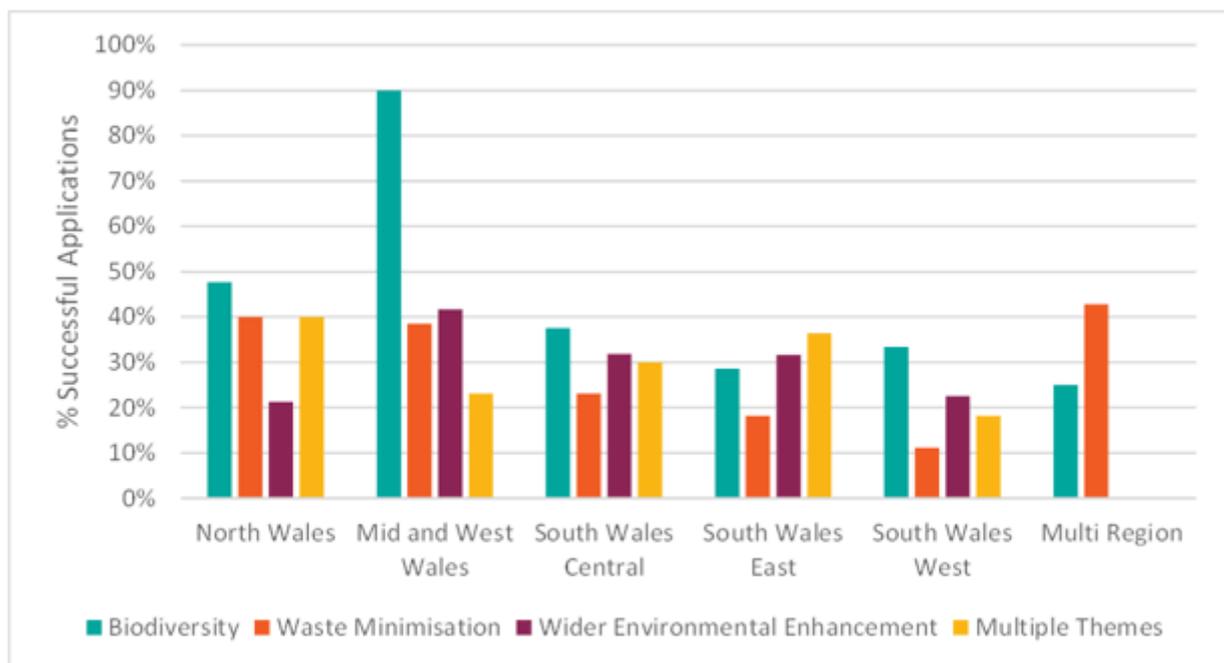
From a total of 351 project applications in Rounds 1 to 5, 112 projects were funded (a 32% success rate) under the themes of biodiversity (27), waste minimisation (18), wider environmental enhancement (42) and multiple themes (25).

In 5 rounds of funding £4.64 million in funding was awarded to the 112 projects, under the themes of biodiversity (£1 million), waste minimisation (£795,791),

wider environmental enhancement (£1.5 million) and multiple themes (£1.3 million). The North Wales region had the largest number of projects awarded (37) and funding (£1.4 million) and South Wales West region the smallest number awarded (13 and £432,871).

As shown in Figure 1, the percentage of successful applications differed by region.

Figure 1: Percentage of successful main grant applications by region and theme



Source: Expert Advisory Panel (2018-21). Panel Reports Rounds 1 to 5. WCVA (No Date). Grant Awards – Rounds 1 to 5.

WCVA thought the frequency of grant cycles was appropriate, however among other stakeholders whose views were sought, there was no general consensus on the appropriateness of 2 grant cycles per calendar year. It should be noted that project timescales are not dependent on specific application windows and projects can determine their own timescale when applying.

Impact review

The LDTCS has made reasonable progress towards the 55 KPIs (later revised

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to 17) it has used to monitor projects. LDTCS projects had a broad range of benefits that went beyond specific KPIs. No negative project impacts were noted by stakeholders.

Completed LDTCS projects have contributed to Welsh Government policy and legislative aims. Biodiversity contributions include increased canopy cover, green infrastructure, habitat protection, support of pollinator habitat, species recovery, protection of habitats and engaging individuals. The LDTCS has supported waste minimisation across the waste hierarchy and encouraged reuse, repair and recycling. These actions are aligned with Welsh Government policy and legislation which seeks to reduce food waste, divert waste from landfill and promote the circular economy.

Supports for Welsh Government policies and legislation including the Well-being of Future Generations Act 2015, the Environment (Wales) Act 2016, Taking Wales Forward 2016-2021 and Prosperity for All 2017 and more recently can be seen to contribute to the new Programme for Government 2021-2026. Examples included supporting local businesses, increasing the energy efficiency of community facilities and facilitating the use of green spaces for outdoor recreation.

The LDTCS funded projects that otherwise are unlikely to have taken place. The review found the LDTCS provided a key funding stream for community-based projects, which are often overlooked by other funding schemes. LDTCS funding was perceived as easier to access than alternative relevant funding streams by some grant holders, Welsh Government, and WCVA.

Value-for-Money review

In 5 rounds of funding (April 2018 to October 2020), the total spend allocated to projects was £4.64 million, with a total administration cost of £300,000 (£100k pa). Cardiff received the highest amount of funding with £590,671 of grant money (13% of total), followed by Flintshire (£360,394; 8% of total) and Gwynedd (£357,775; 8% of total).

A total of £9.13 million of match funding was secured by those projects funded

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by the LDTCS. Of the 112 projects, 107 received additional (in kind or money) funding to complement LDTCS funding received from the LDTCS grants. Smaller projects received, in percentage terms, more match funding than larger projects.

The benefits of the LDTCS outweigh the costs. The benefits delivered by the LDTCS between May 2018 and June 2021 were approximately £37.3 million, based on monetising 8 KPIs (GHG savings, income generated, jobs created, projected cost savings, visitors attracted, waste diverted from landfill, waste recycled, and native trees planted). When only 8 KPIs are monetised, the Benefit-Cost ratios of the Scheme is 6.8 (excluding jobs created) and 7.5 (including jobs created). If additional KPIs were monetised the ratio would likely be far more favourable, and costs would also increase.

The Scheme has provided a positive increase in volunteering hours, a positive impact on community engagement and cohesion, improvements in mental health, and upskilling and training opportunities for beneficiaries.

The Welsh scheme is much smaller than the equivalent UK schemes both in terms of number of projects funded and total cost of the scheme. The average cost per project funded by the LDTCS is higher than the equivalent UK schemes and has funded a higher percentage of biodiversity and waste minimisation/recycling projects than the equivalent UK schemes. In 2020-2021, 4.2% of the Landfill Tax due in Wales was allocated to the LDTCS, whereas in Scotland it was 5.0%. The administration cost as a percentage of total costs is smaller in the Welsh scheme than in the Scottish scheme, largely due to the difference in the 2 scheme structures.

Future direction review

In the short to medium-term (2021-22 to 2026-27), landfill tax revenue in Wales is expected to fall (from £45 million in 2021-22 to £35 million in 2026-27). In the long-term (beyond 2026-7), the volume of waste sent to landfill is expected to decrease which will affect total Welsh Government revenue (used to fund the Scheme) and may impact decisions on the future financing of the Scheme. The English and Scottish Schemes are funded as a percentage of landfill tax

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revenue and are directly impacted by declining tax revenue. Should funding decrease, other options to fund the Scheme should be considered.

Should the funding continue to be linked to tax revenue, alternative funding mechanisms (identified by stakeholders to mitigate any potential decrease in tax revenue) include:

- securing a supplement from the budget assigned to the Minister for Climate Change or increasing the proportion of the tax allocated to the scheme as landfill revenues decrease
- reserving funding for projects with fewer resources
- partnering with other providers to match-fund
- changing tax credit models to enable more revenue to be allocated to the Scheme

The LDTCS will need to develop over time to ensure alignment with relevant community challenges, such as air quality or the climate crisis, as well as their specific social, economic, and environmental needs. Measures of LDTCS success should include the extent to which local communities have benefited from projects, as well contribution to policy objectives. Ensuring LDTCS alignment with government policies could include key challenges such as the climate and biodiversity crises through expanding the scope of the LDTCS or amending the definition of the three priority areas. Supporting applications and grant holders to create self-sustaining projects (through means such as income generation) where appropriate could increase project impact.

In the current delivery model, there is potential to utilise the CVC more in support and delivery of projects as well as increasing the interaction between landfill sites and the local community. Any future procurement may wish to include this aspect as part of its overall delivery to encourage projects to come forward from more local communities.

COVID-19 and the public health restrictions imposed were identified as a key external factor impacting the LDTCS:

- negatively impacting project delivery and outcomes
- fostering a culture of volunteering

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- shifting elements of project delivery online, which provided a challenge with unequal digital access across beneficiaries

Recommendations

Wider scheme recommendations

Recommendation 1

The LDTCS should continue in the short to medium-term (2021-22 to-2026-27). This is in consideration of its strong and positive role in empowering communities by making community-based organisations eligible for funding, the contribution to Welsh Government priorities it has exemplified to date, and the value for money that it has demonstrated. It is not appropriate to make longer-term recommendations, as OBR projections for landfill tax revenues do not go beyond 2026-27.

Recommendation 2

The scope of the Scheme could be expanded to move up the waste hierarchy (with a greater focus on the circular economy) and focus on wellbeing, and the climate crisis. Focus should be placed on communicating the actions and outcomes of the projects to inspire wider actions and learning. Greater emphasis could be given to the biodiversity theme in recognition of the current biodiversity crisis.

Recommendation 3

It is recommended that the LDTCS allocation approach for funding is retained as it ensures a consistent funding stream. Welsh Government may wish to consider earmarking a portion of funding for projects put forward by smaller organisation with fewer resources.

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Recommendation 4

It is important that the administration of the LDTCS continues to improve and develop while keeping administration costs low. The review has found the WCVA has demonstrated a culture of continuous improvement and flexibility to the needs of applicants and grant holders. Overall, they have received positive feedback from a wide range of stakeholders.

Recommendation 5

Given the infrequency and limited number of applications for the nationally significant grants, there could be scope to fund more than one nationally significant grant every year. This will depend on the parameters for how the funding for these grants will be managed. This would include determining whether a maximum number of nationally significant grants should be awarded annually, if there should be a maximum overall budget every year for such grants, etc.

Recommendation 6

Regular communication with the Scottish and English scheme administrators should take place to encourage knowledge sharing (and thus scheme improvement), as well as ongoing communication between Scheme administrators and Welsh Government to stay abreast of key policies and how this may affect the Scheme.

Process recommendations

Recommendation 7

In the future, the LDTCS could support applicant organisations and develop their capacity to apply for and implement community projects. This could help ensure

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a greater diversity of projects and delivery organisations.

A template of application requirements and main questions could be provided to applicants to enable collaboration on an application which can then be submitted through an online portal, if a smaller grant.

If a smaller grant is created to allow for applicants with fewer resources (see recommendation 3), the application process could be simplified where possible. In this case, this may include allowing flexibility between submitting applications via the portal or through a proforma.

Recommendation 8

There are potential opportunities to make better use of current LDTCS stakeholders. More formal involvement of the CVCs in the LDTCS process would allow greater use of their local understanding and knowledge. Engagement with landfill operators to inform them about the scheme and the community benefits of their tax contributions could increase co-operation and understanding between local communities and landfill operators.

Recommendation 9

The Scheme administrator could include a process to formally record and issues, complaints, and feedback (positive and negative) raised by unsuccessful applicants and grant holders about the overall management of the Scheme. This will provide evidence of any key points raised throughout the LDTCS' life that require change and evidence as to why improvements were undertaken.

Recommendation 10

Potential applicants should be provided with clear eligibility information and which grants are available at the earliest possible stage of the application process. This could be in the form of an eligibility quiz, as with the Scottish scheme.

Recommendation 11

Monitoring direct Scheme impacts could be improved by gathering more specific information in addition to the current set of KPIs. Data gathering templates or tools, such as surveys, could be provided to grant holders to disseminate among project stakeholders to capture positive project impacts.

Contact details

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government.

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