Landfill tax reform would reduce waste crime and pollution, Localis study argues

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Press release

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Government should reform landfill tax to cut down on waste crime and crack down on organised gangs whose illegal activity costs the country more than £1bn a year and pollutes the environment, a report published today by Localis has argued.

In a new report entitled **'Cleaning up our act - reforming landfill tax for place resilience and best local outcomes'** the independent think-tank argues that the massive gap between standard levels of landfill tax at £102.10 per tonne for 'active' and lower levels at £3.25 per tonne for 'inactive' material, has led to an escalation of waste crime, in the form of illegal dumping and fly-tipping.

While the costs of waste crime have burgeoned by 55 percent since 2015 in England to around £1bn a year, enforcement is disjointed, with organised criminals exploiting loopholes or absorbing paltry fines as running costs to the detriment of honest waste brokers.

It is estimated that the tax gap for landfill tax is 22.7 percent or £200m, a figure suggesting high levels of tax evasion and avoidance by criminal operators who either misclassify active waste, underreport waste volumes or resort to illegal dumping.

The report recommends government should introduce an intermediate tax band to bridge the gap between standard and lower rates, reducing the incentive for misclassification of waste and promoting fairer taxation.

To tackle the scourge of waste crime and the pollution it creates, the study argues the Environment Agency needs an expanded budget, and associated targets, for prosecuting waste criminals.

For local government, the report calls for councils to be granted enhanced powers to enforce waste regulations, including increased fines and penalties for fly-tipping, with revenues to support local clean-up efforts and landfill site development.

Localis chief executive, Jonathan Werran, said: "Waste crime is toxic in that it despoils our natural environment, imposes costs on already cash-strapped councils and robs the Treasury of tax revenue. Any serious attempt at place-based reform must look to addressing the iniquities and imbalances of how we tax it and then move to rigorous enforcement and prosecution of organised gangs."

John Rauch, Chief Executive Officer, Augean, said: "Landfill tax has been a very important tool to divert waste away from landfill and to promote re-use, recycling and energy recovery.

"We welcome this independent report, which acknowledges that some hazardous materials will always have to go to landfill. The report is an important contribution to public debate about the future of the landfill tax in sustainable waste management."

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Notes to Editors:

1. **An advance copy of the report is available for download**

1. **About Localis**

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever-growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.
www.localis.org.uk

1. **About Augean**

Augean is a leading UK operator of sustainable, compliance-led, waste recycling, recovery, treatment and disposal services. The company specialises in hard-to-handle wastes.

www.augean.co.uk

Key findings and recommendations

Reform of the landfill tax should seek to incorporate the waste hierarchy to ensure only the right waste materials end up in landfill, by implementing variable tax rates or other policy mechanisms based on the environmental impact of waste types and necessity of landfill, to incentivise sustainable disposal choices for non-hazardous and biodegradable waste.

- As a means to this end, government should **introduce an intermediate tax band to bridge the gap between standard and lower rates**, reducing the incentive for misclassification of waste and promoting fairer taxation.

- There is also a need to **allocate a portion of landfill tax revenues to fund research and development** aimed at advancing technologies for waste recovery, reuse, and recycling, as well as for legacy chemical cleanup, as wells as **a portion allocated to funding the prevention of waste crime.**

- The Environment Agency needs **an expanded budget, and associated targets, for prosecuting waste criminals**, with on-the-ground enforcement necessary to match recent increases in attention to the financial aspect of waste crime.

- Government must **enhance local authority powers to enforce waste regulations**, including increased fines and penalties for fly-tipping, with revenues to support local clean-up efforts and landfill site development. Councils must also be given the responsibility – with associated funding – to assist private landowners who are the victims of fly-tipping in safe, responsible disposal.

Building on positive recent steps, government must continue to **increase transparency and efficiency in tax collection**
to combat high levels of tax evasion and avoidance, through stricter enforcement measures and improved monitoring technologies.

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