Introduction
1. COSLA welcomes the opportunity to respond to the Finance Committee’s invitation for written evidence on the Landfill Tax (Scotland) Bill. COSLA recognises that the regulations governing the detailed implementation of a Scottish Landfill Tax system will be drafted and consulted upon later this year. COSLA also notes that a separate Bill will be brought forward to establish a new tax administration body, Revenue Scotland, to oversee the Scottish Landfill Tax and other devolved taxes.

2. Given that much of the detail on how the new taxes will operate is not available at this stage, COSLA has restricted its response to more general principles and, where appropriate, the specific areas on which the Committee is looking for views.

General comments
3. In presenting our evidence COSLA would like to set out key messages on local taxation more generally as well as more specifically in relation to the Landfill Tax. At the core of COSLA’s submission is our vision for stronger local democracy in Scotland. This places local government at the heart of delivering outcomes for our communities and a key partner with the Scottish Government in the democracy of Scotland.

4. An essential part of our vision is that local government should have maximum freedom and flexibility to control the resources needed to deliver services locally to communities. The tax raising powers which local government already possesses are a key feature of the resource landscape at the local level and are a key element in our vision for greater local control of resources.

5. There are sound reasons as to why the new Landfill Tax should be administered nationally and that the tax levied is used to support the overall Scottish block. Not the least of these being stability and consistency of treatment. Therefore COSLA is not arguing that a different approach should be taken to introducing the new Landfill Tax. The Committee should be aware however of COSLA’s view that the new tax environment which is emerging in Scotland, with the landfill tax and land & buildings transaction taxes, needs to take account of the local dimension. This includes taxation through Council Tax and local authorities own powers to charge for services, both of which should be considered as revenue raising tools at the local level.

6. COSLA has responded to the Scottish Government’s recent consultation on Tax Management in Scotland and has made these very points. In our response COSLA has called for close engagement with Revenue Scotland and for Local Government representation on the Board of the new body. We are seeking
reassurances that the creation of a national tax administration framework and the introduction of new national taxes do not imply a move toward centralisation and erosion of local taxation powers. We have also highlighted Local Government’s substantial expertise in tax management and collection which we are offering to share in shaping the new tax environment.

7. COSLA supports progressive approaches to the new devolved taxes, if carefully managed, but any move towards using taxes to change behaviours, for example, need to be developed in partnership with Local Government.

8. With any new national taxation COSLA would want to know the rates being proposed well in advance and to understand the potential impact on local government and local communities. Ideally this would be several years in advance; however COSLA acknowledges that the new Landfill Tax will need to be in place for 2015/16. Government must therefore bring forward subordinate legislation as quickly as possible.

9. As a wider point COSLA would be concerned with any significant changes to the financial landscape for waste treatment and infrastructure procurement, which may cause delays to planned projects and may put at risk elements of capacity needed for the zero waste agenda.

Scottish block grant adjustment
10. The structure of the Scotland Act 2012 block grant deal and the continuing success in Scotland of the pursuit of the zero waste agenda points to a clear funding gap for the Scottish Government post 2015, which the Government will need to address. The level of tax charged between 2015 and 2020 is crucial for local authorities business cases and costs in delivering the infrastructure necessary to achieve the prevention, re-use and recycling outcomes set out for a zero waste Scotland.

11. COSLA is seeking assurance from the Scottish Government on the mechanisms that will be put in place to ensure the adjustment to the Scottish Block Grant is managed fairly and that any shortfall in expected yield will not be passed onto Local Government.

Approach to the Scottish Landfill Tax
12. Councils have, since the announcement of the zero waste agenda, been implementing business plans which have factored in the current UK Landfill Tax system. Achievement of zero waste plan outcomes requires consistency, clarity and certainty if councils are to continue to take decisions now that represent and deliver best value for public services for the next decade and beyond.

13. It is essential that certainty exists and where it does not that the financial risk to local authorities is appropriately mitigated by Scottish Government. It is essential that any future increases in landfill tax are provided to local authorities well in advance of any change being due and COSLA would suggest that five years in advance would be most appropriate.
14. COSLA recognises from recent waste policy discussions that there may be a potential change in waste policy from a zero waste agenda to a circular economy, which is potentially another distinct change in waste related activity required across Scotland. The Scottish Government needs to be clear on the implications of this for existing fiscal instruments. The landfill tax was devised a decade ago to implement the UK policy agenda around diverting material from landfill which is different from the adoption of a zero waste agenda by Scotland and its focus on the increasing recycling and significantly different from a circular economy outcome.

15. COSLA acknowledges that the landfill tax has been a successful key driver in helping divert waste from landfill. COSLA would like to see a balance between both the desire to introduce a more flexible tax system and the need to provide certainty of burden for local authority’s future investments in waste management.

**Producer responsibility**

16. As well as environmental taxes on the disposal of waste, COSLA would welcome further responsibilities on producers to minimise/prevent waste being presented for disposal in the first instance.

17. As landfill costs and associated restrictions rise, an increase in fly-tipping is a potential risk. There is a need to further investigate the link between further changes to the taxes on landfill disposals and impacts on fly-tipping and local amenity to local authorities. COSLA would welcome clarity on the potential impact any taxation changes will have on the level of fly-tipping generally in further discussions on a Scottish Landfill Tax.

18. COSLA would like to see a Landfill Communities Fund that balances the amenity impact of communities living close to landfill sites and encourages behavioural change across society. We would suggest that the ten mile radius limit is restrictive, and that the scope of projects should be aligned to landfill avoidance, reducing the effects of landfill on the environment and landfill associated issues (for example, fly tipping) across the whole local authority area.