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**Department for Environment, Food and Rural Affairs**

Reducing the impact of business  
waste through the Business Resource  
Efficiency and Waste Programme

# Summary

**1** Over 280 million tonnes of waste were produced in England in 2006. The Government considers that the continued disposal of such materials in landfill sites is not sustainable because it can result in greenhouse gas emissions, other pollution and loss of valuable resources. The Government therefore aims to reduce the tonnage of waste sent to landfill, and it introduced a Landfill Tax in 1996 to encourage recycling and other methods of waste disposal. Part of the £2.4 billion Landfill Tax receipts collected between 2005-06 and 2007-08 were ring-fenced to spend on initiatives to encourage businesses to use resources more efficiently.

**2** Businesses generate the majority of waste produced each year. Commercial and industrial waste amounted to 76 million tonnes in 2006, and construction, demolition and excavation waste a further 102 million tonnes. By comparison, municipal waste, which mainly comes from households, amounted to 28 million tonnes in the same year.

**3** The Department for Environment, Food and Rural Affairs (the Department) established a Business Resource Efficiency and Waste Programme (the Programme), which ran from March 2005 to April 2008 at a cost of £240 million. This report examines the impact of the Programme in addressing business waste. Although the Programme has finished, its impact is important as the Department continues to fund initiatives in this area through its ongoing expenditure. The Department allocated £156 million for such work in 2008-09 and a further £58 million in 2009-10.

## Our key findings

**4** **The Department's approach to business waste lacks the structure and coordination of its approach to municipal waste.** The 1999 EU Landfill Directive included measures to reduce the amount of biodegradable municipal waste sent to landfill. In response, the Department put in place a highly structured approach based on:

- statutory targets for local authorities;
- funded initiatives to encourage recycling;
- a system of tradable landfill allowances and sanctions; and
- allocation of funding to help local authorities invest in waste treatment infrastructure, primarily via the Private Finance Initiative. The Department has allocated nearly £3 billion to date.

**5** By contrast there are no binding targets for businesses and no overall targets to reduce the tonnage of commercial and industrial waste sent to landfill. The Department's approach to reducing business waste has largely depended upon increases in the Landfill Tax, the implementation of EU Directives on specific types of waste, such as electrical equipment, and the initiatives funded through the Programme.

**6 The tonnage of business waste sent to landfill has reduced, but the rate of decline of commercial and industrial waste lags behind the rate of decline for other types of waste.** Data from landfill operators indicate that the overall tonnage of business waste sent to landfill fell by 9.9 million tonnes (22 per cent) between 2005 and the end of 2008:

- Most of this reduction (7.6 million tonnes) was in construction, demolition and excavation waste. This waste tends to be inert and less likely to generate greenhouse gases in landfill.
- The tonnage of commercial and industrial waste sent to landfill reduced by 2.3 million tonnes (11 per cent). The reduction is relatively small in comparison to the 4.1 million tonne (22 per cent) reduction in municipal waste over the same period. Commercial and industrial waste, like municipal waste, typically includes biodegradable materials likely to generate greenhouse gases in landfill. In the 2007 Waste Strategy, the Department set an expectation of a 20 per cent reduction in commercial and industrial waste by 2010. Achieving this expectation would require a greater rate of progress than has been achieved so far.

**7 The Department lacked comprehensive and timely data on business waste to target its initiatives effectively.** Effective targeting depended upon data on the overall tonnages of waste generated, recycled or sent to landfill by business, and information on the impact of Programme initiatives. The last comprehensive survey of business waste was conducted in 2003. The Department did not commission subsequent surveys because of concerns about cost and the burden on business, although it has since announced an intention to carry out a survey by autumn 2010. The data on the impact of the Programme's initiatives were not calculated on a consistent basis, and took a long time for the Department to collate and analyse.

**8 The Department did not establish sufficiently robust arrangements to oversee the performance of those organisations delivering the Programme's initiatives.** The Programme sought to achieve a range of outcomes, such as reductions in waste sent to landfill, reductions in greenhouse gas emissions, and more efficient use of water and energy by businesses. The Department therefore used a range of performance measures, rather than a single primary metric. The Department did not, however, establish these performance measures until after the Programme had commenced. In 2009 the Department announced that it is simplifying arrangements by bringing different activities together, by April 2010, under the leadership of Waste and Resources Action Programme (WRAP).

**9 In the absence of sufficient data it is not possible to determine the impact of the Programme on reducing commercial and industrial waste.** Our survey indicates that the increases in the Landfill Tax itself are likely to have made a sizeable contribution to the 2.3 million tonne reduction by the end of 2008. The tax rate represents over half the average fee rate charged to dispose of a tonne of waste in landfill. The bodies funded through the Programme reported that they helped businesses divert 5.7 million tonnes of waste from landfill. The Department cannot determine how much of this reduction was in commercial and industrial waste because of the inconsistencies in how the data were compiled. The Department has not undertaken a formal evaluation of the Programme.

**10 Where businesses have utilised the services available from the Programme they have benefited from the advice and support.** On the basis of the impacts reported to the Department, the Programme may have generated more than a two-fold return to those businesses that were supported. The reported cost savings and increased income arose from efficiency improvements and opportunities to market materials that might otherwise end up as waste.

**11 Some of the initiatives funded through the Programme should generate longer term impacts.** The available evidence indicates that some of the longer term projects funded under the Programme are beginning to produce benefits. An initiative to develop a Compost Waste Quality Protocol, for example, reportedly enabled 700,000 tonnes (26 per cent) of composted waste to be classified as a product so that it can be used in gardens and in agriculture in 2007-08. In the long term, the Quality Protocol should make it easier to sell and use compost derived from waste. In other cases, however, it is hard to assess the impact of longer term initiatives because it is difficult to separate out the effects of external factors.

**12 Awareness of the Programme's services was concentrated in a minority of businesses.** Our survey of five business sectors found that 208 out of 328 respondents (63 per cent) had taken some action to reduce the waste they sent to landfill. Only 24 respondents (7 per cent) were aware, however, of the waste minimisation initiatives available through the Programme and only 16 (5 per cent) had accessed them. Other surveys of specific sectors conducted for the Department indicate that general awareness of the initiatives may be higher than this and one survey suggested that up to 18 per cent of respondents may have accessed the help available. The Department noted that take-up was broadly comparable to another similar scheme.

## **Conclusion on value for money**

**13** There are indications that the Programme may have generated cost savings and increased income to those businesses that participated and had some effect in reducing business waste, but it is not possible to conclude whether the £240 million of expenditure delivered value for money because:

- The Department did not have comprehensive and timely data to target resources effectively and did not establish specific, quantified objectives for the Programme.
- Our survey found low awareness amongst businesses of the support available through the Programme. Given that businesses had to apply for assistance it is reasonable to suppose that the Programme's initiatives were insufficiently targeted on the areas of greatest impact. The Department does not accept that awareness was low, however, as the take-up was broadly comparable to another similar scheme.
- As no evaluation of the Programme has yet taken place the Department has not been able to establish sufficiently which initiatives had the greatest impact and thus warrant ongoing funding.

## Recommendations

### **a To better target and monitor ongoing and future funding of initiatives to reduce business waste, the Department should:**

- undertake a formal evaluation of the Programme in order to inform the priorities and direction of the new single delivery body;
- use the data from its proposed survey of commercial and industrial waste to improve the targeting of future initiatives and direct resources to where they are most needed; and
- identify whether in future it could monitor change more cost-effectively by, for example, identifying a cohort of key organisations to measure change in business waste over time.

### **b To drive efficiency and performance from its delivery bodies the Department should:**

- put targets and performance measures in place from the outset in any future funding arrangements;
- set up and validate data collection and collation arrangements, so that useful data are produced on a timely basis;
- use performance data to challenge the funded bodies effectively; and
- remind its senior officials of the need to balance demands for urgent action adequately against the risk that expenditure may not be managed effectively in these circumstances.

### **c To achieve more substantial reductions in the tonnage of business waste sent to landfill, the Department should:**

- set clear objectives and targets for reducing the tonnage of waste produced and the tonnage sent to landfill;
- identify opportunities for integration between its business and municipal programmes, including encouraging:
  - shared recycling and treatment infrastructure where this will result in economies of scale; and
  - joint collection and disposal of commercial and industrial waste; and
- task its Waste Strategy Board with monitoring and challenging the level of coordination between the municipal and business waste programmes.

### **d To improve awareness of its services amongst key waste producers, the Department should:**

- Draw up and implement specific engagement strategies with key organisations and business sectors, setting out the interventions that are likely to prove effective, the anticipated results, and the mechanisms for monitoring success.