



National Audit Office

NEWS RELEASE

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Report by the Comptroller and Auditor General

The packaging recycling obligations

The UK's approach to calculating packaging recycling rates is not sufficiently robust, and government appears not to have faced up to underlying recycling issues, says today's report by the National Audit Office (NAO).

Reducing waste and using resources more efficiently are long-standing objectives for the government, and tackling packaging waste is essential to achieving these ambitions. The Department for Environment Food and Rural Affairs (the Department) estimates that the UK has exceeded its overall packaging recycling target every year since 1997 and recycled 64% of packaging in 2017. However, the NAO has found that these figures do not account for the risk of undetected fraud and error.

A key government initiative to ensure that packaging is recycled – the packaging recycling obligation system – has subsidised waste exports to other parts of the world without adequate checks to ensure it is recycled. The Department also has no evidence that the system has encouraged companies to minimise the use of packaging or make it easy to recycle.

The packaging regulations create a complex market-based system to meet packaging recycling targets. They require companies that handle over 50 tonnes of packaging per year and have a turnover higher than £2 million to demonstrate that they have recycled a certain amount of packaging by obtaining recovery evidence notes from accredited UK reprocessors and companies exporting waste for recycling abroad. In 2017, 7002 companies registered and paid a total of £73 million towards the cost of recycling packaging.

The report identifies that the Environment Agency (the Agency), which is responsible for enforcing the system's regulations in England, has fallen well short of its targets for inspections. In 2016-17 the Agency only carried out 40% of planned compliance visits to reprocessors and exporters to check they accurately report the amount of packaging recycled.

The risk that companies over-claim is potentially more acute for exporters than for UK-based

recycling companies, with risks that some exported material is not recycled under equivalent standards to the UK and is instead sent to landfill or contributes to pollution. Yet exporters rated as high-risk were less likely to receive a compliance visit than those rated low-risk.


The Agency has also identified a large number of companies that may have an obligation to pay into the system but have not registered. It does not have a good understanding of how significant the financial risk could be.

The Department has committed to reform the system as part of a new strategy for waste and resources. The NAO recommends that the Department should improve its approach to calculating packaging recycling rates. It should also do more to tackle the risks associated with waste being exported for recycling overseas.

Amyas Morse, the head of the NAO, said today:

“If the UK wants to play its part in fully tackling the impacts of waste and pollution, a tighter grip on packaging recycling is needed. Twenty years ago, the government set up a complex system to subsidise packaging recycling, which appears to have evolved into a comfortable way of meeting targets without addressing the fundamental issues. The government should have a much better understanding of the difference this system makes and a better handle on the risks associated with so much packaging waste being recycled overseas.”

Key facts

	<p>64%</p> <p>reported proportion of UK packaging waste recycled in 2017 against a target of 55%</p>	<p>Unknown</p> <p>range of uncertainty in reported packaging recycling rates</p>	<p>1 of 4</p> <p>High-risk exporters subject to a compliance visit in 2017, a lower proportion than low-risk companies</p>
<p>11 million</p>	<p>government’s estimate of tonnes of packaging waste used by UK households and businesses in 2017</p>		
<p>7,002</p>	<p>companies that registered as having packaging obligations across the UK in 2017</p>		
<p>£73 million</p>	<p>amount raised by the system UK-wide to help fund recycling of packaging waste in 2017</p>		
<p>Sixfold</p>	<p>increase in exports of packaging material for recycling abroad between 2002 and 2017, with exports accounting for half of the packaging reported as recycled in 2017</p>		
<p>124</p>	<p>compliance visits to recyclers and exporters carried out by the Environment Agency in 2016-17, against a target of 346</p>		
<p>3</p>	<p>unannounced site visits carried out by the Environment Agency</p>		

in 2017-18, covering 1.4% of accredited English recyclers and exporters

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Notes for Editors

1. The NAO reviewed the packaging recycling obligation system in response to a request from the Environmental Audit Committee.
2. The packaging recycling obligation system is the UK's implementation of an EU Directive on packaging and packaging waste. This set minimum targets to recover 50% and recycle 25%, of packaging waste by 2001, and required member states to undertake 'the necessary measures' to meet the targets. The UK transposed the Directive into UK law in 1997, and introduced legislation to establish a packaging recycling obligation system. A new Directive published in 2004 increased the minimum packaging recovery target to 60% and the minimum recycling target to 55% from 2008 and added separate targets for each of the main packaging materials (Figure 1).
3. The Department estimates that UK packaging recycling rates have increased from 31% in 1998 to 64% in 2017, exceeding the EU target of 55%.
4. Overall the increase in packaging recycling rates has been mostly due to a growth in exports: since 2002 the quantity of packaging waste exported abroad has increased sixfold while the quantity recycled in the UK has remained the same. Exports accounted for half of the tonnage of packaging reported as recycled in 2017 (Figure 7). The trends differ between the different packaging materials. For plastic, glass, steel and aluminium, the amount reprocessed in the UK has increased since 2002, while for paper and card it has decreased and for wood packaging it has increased and then declined (Appendix Three).
5. The government estimates that around 11 million tonnes of packaging is used in the UK each year, which would imply packaging constitutes around 17% of total household and commercial waste in the UK.
6. An analysis of the Agency's records for 2009-2016, triggered by the NAO review, found 1,889 companies flagged as potential free-riders – those that have an obligation to pay into the system but have not registered – but with no follow up recorded. If the proportion of actual non-compliance is similar to that in the potential cases that officers have reviewed, it would mean that 331 additional companies should be paying into the system, and at least 4.5% of obligated companies do not register. The Agency considers that it has prioritised the most significant potential cases, so the financial impact of bringing any additional companies into the system could be small, but we are not convinced that its analysis is strong enough for it to be confident in this conclusion.
7. Press notices and reports are available from the date of publication on the [NAO website](#). Hard copies can be obtained by using the relevant links on our website.
8. The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 785 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our

recommendations and reports on good practice help government improve public services. Our work led to audited savings of £741 million in 2017.

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