



HOUSE OF LORDS

Environment and Climate Change Committee

Corrected oral evidence: Waste crime

Wednesday 3 September 2025

10 am

Watch the meeting

Members present: Baroness Sheehan (The Chair); Lord Ashcombe; Lord Duncan of Springbank; Lord Jay of Ewelme; Lord Krebs; Lord Layard; Lord Mancroft; Earl Russell; Lord Trees; Baroness Whitaker.

Evidence Session No. 1

Heard in Public

Questions 1 - 24

Witnesses

[I](#): Sam Corp, Head of Regulation, Environmental Services Association; Dan Cooke, Director of Policy, Communications and External Affairs, Chartered Institution of Wastes Management; Donald Macphail, Chief Operating Officer, Treatment and Hazardous Waste, UK, Veolia.

Examination of witnesses

Sam Corp, Dan Cooke and Donald Macphail.

Q1 The Chair: Good morning, everyone, and welcome to this session of the Lord's Committee on the Environment and Climate Change. Today is our first session on our new inquiry, a short inquiry into waste crime, focusing on serious and organised waste crime. We will be taking evidence today from a panel of expert witnesses from the waste and environmental services sector. Can I take this opportunity to thank you all very warmly for being with us today and taking the time out of your busy schedules?

I should remind everyone that the session is webcast live, and a transcript will be taken and made available to the public. Witnesses will be able to review the transcript and make very minor amendments, if necessary. I should also remind Members that any relevant interests should be declared the first time that they speak.

May I now turn to our panel and ask each of you to briefly introduce yourselves?

Donald Macphail: Good morning, I am the chief operating officer for Veolia's treatment business in the UK. That means I look after all the integrated PFI contracts that manage waste for local authorities. I also look after material recycling facilities, Veolia's hazardous waste business and a composting and landfill business.

The Chair: Excellent, thank you. Do speak up a little, if you can.

Donald Macphail: Yes, sure.

The Chair: Thank you very much. Dan and then Sam.

Dan Cooke: Hello, I am director of policy, communications and external affairs at CIWM, that is the Chartered Institution of Wastes Management. We are the professional body representing recycling and waste professionals working in the sector and the accredited training body for training in professional competence of operators of responsible waste sites. I have 35 years working in all three sectors—charity, public sector and private sector—in waste and recycling. Hopefully I have something to share.

Sam Corp: I am the head of regulation at the Environmental Services Association. We are the trade association representing the resources and waste sector. I also have several decades of experience in the sector and previously was a regulator with the Environment Agency, so I have both sides of the coin.

Q2 The Chair: Excellent, thank you very much. Let me start off with the first question, which is: how well understood is the scale of waste crime and how has the level of criminality evolved in recent years? May I start with you, Dan Cooke, then Sam Corp, and then Donald Macphail?

Dan Cooke: Waste crime is a £1 billion problem and drag on the UK economy, and the evidence suggests it is getting worse. In particular, landfill tax fraud by some unscrupulous operators is now causing significant market distortions across the responsible and professional sector. This is also discouraging net zero, circular economy and greater recycling aspirations by legitimate operators, as well as leading to significant environmental and amenity damage.

ESA, supported by CIWM and others across the sector, has undertaken three extensive research projects into waste crime over the last 10 years, and these and other research from the Environment Agency show that it is that £1 billion problem. It is a significant drag on the economy in terms of lost revenue, clean-up costs and detrimental impacts on local neighbourhoods and economies, and the scale is not decreasing.

The Environment Agency's own research, especially in its waste crime surveys conducted annually, suggests that around one-fifth of all waste—that is about 38 million tonnes—is managed illegally at some stage in its life cycle. These surveys have been carried out since 2021 and also indicate that waste crime is not going down. Worryingly, it shows that only a quarter of all waste crime incidents are reported, so the scale of unknownness is quite significant. Around 35%, it estimates from this year's survey, is committed by serious and organised crime groups; so, worrying trends.

Waste crime comes in several different forms in terms of how well understood it is. The key ones include illegal sites of all scales, including large-scale dumping and/or burning of waste, with the obvious environmental and amenity consequences. Environment Agency data suggests that there were about 344 illegal sites operating last year. That number has been marginally reducing over recent years, but the Environment Agency describe it as whack-a-mole. As soon as it shuts one down another springs up and appears. The research suggests that that activity costs the UK around £240 million a year.

On illegal waste tipping or fly-tipping, many incidents are small scale but over 1 million incidents each year add up to total costs that have to be borne by local authorities or landowners; 31% of those are around a van load of waste and 4% are of a tipper lorry load or more, so that in itself costs a lot of money. The overall clean-up costs in lost tax revenue and the costs impacting private landowners, farmers and councils, are around £392 million each year.

Lastly, landfill tax fraud and the deliberate misdescription of waste at a small but significant number of licensed facilities is now causing a major problem to the legitimate sector. They stifle investment in alternative recycling and energy recovery facilities that the UK Government policies are encouraging and trying to progress. HMRC's tax gap data suggests this is costing the UK around £150 million in lost revenue each year, over a fifth of the total of landfill tax liability.

There is no evidence—the second part of the question lastly—of the level and scale of criminality decreasing over the last 10 years. There is increasing and clear evidence of increased incident numbers and of organised criminality operating in the sector.

The previous head of the Environment Agency, Sir James Bevan, notoriously described waste crime as the new narcotics on the basis that it is a low-risk high-reward way of illegally making money quickly and then disappearing and moving on.

From illegal sites to landfill tax fraud and organised fly-tipping, this is a serious issue, and we are pleased that this inquiry is looking in detail about progress to address it.

The Chair: I will ask you to elaborate on one point. You mentioned that there are 344 sites known to the Environment Agency as of last year. In 2019-2020 that figure was 685, we are told. That is more than a small decrease; it is a phenomenal decrease. It has halved over those four years.

Dan Cooke: In the numbers of sites in any given year it goes up and goes down. That whack-a-mole effect that I referred to does mean that year-on-year figures vary. Over time illegal sites may have decreased, but the scale and complexity of some of those sites often deflects from just the numbers as a metric.

The Chair: There is a lot of interest in this and aspects of your response so far. I will come to Lord Duncan, Lord Krebs, Lord Mancroft and Lord Jay, and then we will move on to Sam for his input.

Q3 Lord Duncan of Springbank: On the 344 illegal sites, I am trying to understand the scale of them. Does it range from the side of the road with 15 sofas dumped there or a huge quarry that is full of tonnes of material? Is there a quantification of these sites?

Dan Cooke: When we talk about the illegal sites, these are structured operational sites. With the side-of-the-road sofas, that is fly-tipping; that is separate. Illegal sites are managed operational waste management activities that are either acting completely unlicensed or are doing stuff that is outside their environmental permits.

Lord Duncan of Springbank: Is there a difference in scale between these illegal sites? Going in the other direction, what is a modest illegal site or an extraordinary illegal site? Is that quantified as well?

Dan Cooke: To give a couple of examples, we are likely to refer to an illegal landfill site that is simply operating either without or completely outside its licence or environmental permits, down to a single small yard with a couple of skip lorries running in and out of it—again, illegally managing material. It is that range of scale unfortunately.

Q4 Lord Krebs: Thank you very much for your opening statement, it was extremely clear and very helpful. I am just trying to understand. If these

illegal sites are known by the Environment Agency, how come they carry on? Does the Environment Agency not have the capacity to stop them?

Dan Cooke: The answer to that is often no, and we will come on to the resourcing of the regulators, which is a crucial factor in this matter. The opportunity to make substantial figures of money, the capacity, the money available to the regulator to regulate effectively, has not kept pace with the financial leaders and dynamics over the last 10 years and beyond.

The agency has some of powers—again, we will go into detail on some of the powers that they do not have at the moment—but often it takes a lot of time. The process to close down sites or address the illegality can be long and painful, and is often down to capacity and manpower.

The Chair: We explore that in a later question in more detail.

Q5 **Lord Mancroft:** Can you just explain what exactly is the criminality? Who is making money? Are people paying to have their rubbish taken away and paying somebody who is not licensed? Surely the solution to that would be license them. Where actually is the criminal activity and how do they make money?

Dan Cooke: The criminal fraction operating within our sector are clever, so they often will dress themselves up as a legitimate operation. If you run a business, or indeed if you are a householder or an individual doing a renovation project or something similar, you ring a number, and it will look legitimate. The van that turns up to remove that waste will look legitimate and then they use illegal sites or illegal activity to manage it.

Lots of them have licences to conduct certain operations on their site but then will conduct another 100% of different operations that are outside that environmental permit. The opportunities for criminality are quite subtle often but quite obvious. You have to pay, as the individual or the business, to dispose of your waste and they are saving if they do not go to a licensed site. To take a very simple example of waste that cannot go anywhere else other than to a landfill site, landfill tax is £126 a tonne.

The Chair: We will move on because we do have a whole question devoted to serious organised crime later on.

Sam Corp: I think Dan has covered comprehensively the bulk of the question and the answer to the scale of the waste crime. I would just pick up on a couple of points in terms of the involvement of the serious organised criminal element in this area. It is important to note that right across the piece we are seeing evidence of the more serious organised elements. Even at the small fly-tipping level, which is normally what you might consider a one-man band—a cowboy operator—we are seeing connections within networks of criminals that are organising fly-tipping.

Then we are obviously seeing at the other end of the scale large-scale—potentially multi-million pound—frauds in terms of landfill taxes carried out at one or two sites. I just wanted to highlight that it is right across

the piece where we are seeing this encroachment of the serious organised element of waste crime. But Dan has covered the bulk of the question pretty well, so I probably would stop there.

Donald Macphail: I will add slightly to explain the question about some of these sites. As an example, there are some people who do not have permits and will blatantly set up in a yard and take the chances to be closed down. You will also have people who are a little bit cleverer. They will get a permit for handling things like soils to be processed and will take other materials, including hazardous materials, and process it, without worrying about the legislation and the impact on the environment. All the costs that they can avoid, they will then keep. There is a real degree of seriousness. That links to the size of the environmental impact as well as the value they can claim.

Q6 **Lord Ashcombe:** You slightly answered the first bit of this question: how does waste crime impact the economy? With the environment, where is the real issue there? What are the most environmentally harmful forms of waste crime?

Dan Cooke: That is quite a complex question because the range of materials we are talking that can be managed have different environmental impacts, but a lot of it depends on the scale. If you are tipping a mixed skip load of material on a field, which happens a lot, bypassing the gate fees that you should be paying to a professional waste site to deal with it, then as that material breaks down it will leach other materials and chemicals into the surrounding environment.

If that happens at scale, as it often does—some of the sites we will refer to are tens if not hundreds of thousands of tonnes of illegally-tipped material on unlined, unmanaged sites—obviously, that can cause direct pollution into the aquifer and into the surrounding area. There is a famous site called Hoad's Wood in Kent that the BBC covered earlier this year. That was a SSSI bluebell wood that was simply smothered in 35,000 tonnes of illegally tipped waste.

The environmental impacts on biodiversity and life on the land as well as the aquifers and longer-term pollution, if you are tipping hazardous materials, can be quite severe. Again, it does depend on the type of material and the scale.

Lord Ashcombe: But it is anything.

Dan Cooke: Yes. The materials involved are anything from just run-of-the-mill commercial and industrial waste, household-type waste through to tricky hazardous materials—chemicals that are expensive to deal with responsibly—and so on. There have been instances of liquid waste: tankers touring the M25 just open their taps and let it dribble out on to the motorway to avoid the responsible cost. That is the sort of activity and impact it can have.

Lord Ashcombe: That is almost impossible to clean up.

Dan Cooke: We will go into some of the case studies on clean up and remediation costs, but the clean-up costs are a substantial part of that drag on the economy. Once you have identified it, who is left with the bill? It is often the public purse or the landowner who has had nothing to do with the illegal activity.

Q7 **Lord Ashcombe:** This question is probably very much for Donald. How is waste crime impacting reputable businesses and the transition to the circular economy? What I am interested here as well is that you obviously use proper sites. We must know where the other sites are, and it should be quick to just cut them.

Donald Macphail: It is a great question and the short answer—we will probably cover this later on during the evidence as well—is that the circular economy is being impacted by this. Speaking on behalf of Veolia, we invest a lot of money in new ideas to recycle materials—a range of wastes—to get a second life out of them as part of what we believe in and we want to do. It is the right thing to do for the environment and it is a low-carbon solution.

Sometimes it costs more than cheap operators trying to cheat. If we spend money investing in a new facility and someone just cheats by depositing it in a quarry and running the risk of that material polluting the groundwater, they will win. We will not be able to make any money. That is the harsh reality. We are living in an economic world. That is a concern, but it does impact how we do this transition to a low-carbon economy.

Lord Ashcombe: How much of the waste that you collect, do you think, is recycled? Bear in mind you collect everything, I guess.

Donald Macphail: It depends which area you are talking about. Veolia work in the commercial sector. We work in construction less and we do a lot in municipal authority areas. But typically, we recycle at least 50% of the waste that we deal with, depending on some areas. In solvent recovery we will recycle 99% of what we deal with. It does depend on what the material is.

Lord Ashcombe: So where it is being illegally dumped—let me call it that—there is a massive impact.

Donald Macphail: It would have a massive impact both on the community and the ecological surrounding environment. You would have to do it on a case-by-case basis. Each site would be different.

Sam Corp: I think it is worth reinforcing that the criminal side of things completely undermines investment in the whole circular economy ambition that we are all driving towards. The criminals will not look at health and safety, they will not look at pollution control, they will not look at any of the controls that the legitimate operator will do, so they will save a huge amount of money in operational costs. But the overall impact is on a harming investment in the legitimate sector. That is a big problem.

Dan Cooke: Lastly, that includes training. We are working hard across the sector to professionalise the sector and to drive it towards higher recycling, the circular economy and carbon reduction. That requires trained professionals. Obviously, criminal gangs and individual operators just bypass all of that, cut the costs, undermine all of that potential investment and progress. When we are talking about the scale it is happening at, it is a serious issue.

Donald Macphail: I think it also, in reality, has a cycle of doom on some of the employees. We are trying to attract high-quality graduates; we are trying to make this an attractive industry to work in. Resource recovery is an exciting industry to work in, but it is undercut by people who want to just cheat.

Lord Ashcombe: From an economic point of view, you say it is a £1 billion problem. What is the overall business worth?

Dan Cooke: In round figures, £24 billion is the current estimate of the value of the sector per year. But remember that a lot of that value is about the top-end investment, managing contracts, and serving local authorities who are dealing with hundreds of thousands of tonnes. This chips away at all that further investment at both small and large-scale level. The £1 billion is likely to be an underestimate. There is increasing evidence of that.

Q8 The Chair: I have some notes here in my briefing outlining the most significant forms of waste crime, as per the Environment Agency's analysis. Top of that list is misdescription of waste, illegal waste, followed by illegal waste sites, illegal exports—this is in descending order of significance—exemption abuse, producer responsibility offences and then, lastly, illegal dumping.

In its analysis, the ESA identified fly-tipping as being the largest component of the £924 million lost to the economy each year. Where does fly-tipping feature in the Environment Agency's significant sources of waste?

Sam Corp: In terms of the remit of the regulators, local authorities largely deal with the small-scale fly-tipping incidents. The Environment Agency will tend to deal with what I think they call "the big, the bad and the nasty" illegal waste sites. That is perhaps why you do not hear that directly from the Environment Agency.

From our analysis, in terms of number crunching, the cost of fly-tipping is one of the biggest cost to UK PLC. The impacts will vary obviously because it depends on the material that is deposited. It can be quite small scale, which might not have an immediate environmental impact, but also there is very much an amenity impact—the community impact of the broken window syndrome. If you start to get a plethora of fly-tipping incidents, that will lead to a general downgrading of the environment in total. There are some of these unquantifiable things that the fly-tipping will also cause.

The Chair: Are you satisfied that the Environment Agency has serious organised waste crime covered? Could you give just a quick initial yes or no? We will delve into it in a later question in more detail.

Sam Corp: I think the only area where there might be a bit of a gap is—I referenced it earlier—where there is some evidence of organised criminality within small-scale fly-tipping, which I do not think is always picked up by perhaps the Environment Agency. Obviously local authorities will very much deal with individual incidents and are not perhaps geared up to look at the bigger picture. We will perhaps come back to the Joint Unit for Waste Crime and what its role and responsibility is in this area as well in later questions.

Dan Cooke: I would back up what Sam said. Within the regulations and the codes of practice, there are clear thresholds as to when the Environment Agency becomes responsible for dealing with an illegal tip versus when it is a local authority regulatory matter. That depends on tonnage, the value of the material and also the types of material. I cannot remember exactly what it is. I think it is 20 tonnes; anything under 20 tonnes tipped is within a local authority remit, so that cost is spread across 430 local authorities.

The Chair: Thank you. We will move on to Lord Jay's question, but I just want to make an observation. You said there is clear demarcation of local authorities' responsibilities and the Environment Agency's responsibilities. That was not the case in Hoad's Wood, for example, the well-known case that you cited. There was a lot of, "I am not sure it is my responsibility; I think it is yours" and back again. We will leave that there because we will be picking that up in a later question, but I just make that point.

Q9

Lord Jay of Ewelme: I wanted to follow up on some of the questions Lord Ashcombe was asking about criminality. Can you say a little bit more about what attracts criminals into this business and whether the criminal aspect is growing and how fast do you think it is growing? Central to that, who are these criminals? Finally, is there an international aspect to this? Do we have international gangs who see this as something that they want to get into and follow up, or is this a purely United Kingdom activity?

Dan Cooke: The simple answer is that what attracts them is money; large amounts of money are there to be made. Who are they? It very much depends. Some of them are well-known because some of them are operating out of licensed facilities in plain sight, and the misdescription is of a scale that long-term investigations are both under way and have taken place, so you can identify some of them. Others are fly-by-night criminals who will take over a site; for instance, they will lease a warehouse, fill it with waste and disappear again because the money is there to be made. That is the nature of it and why they are attracted into the sector.

Donald Macphail: To give a little bit more flavour to that, as an operator, Veolia are often asked to do clear-ups for a range of wastes,

including fly-tipped hazardous waste. Typically, the experience we have from talking to local authorities and trying to do the follow-up part of the investigation, helping put the data together to allow possible action, is that it is absolutely driven by money. The cost of disposal, which has been touched on already, is £124 per tonne landfill tax plus a gate fee. For an artic full of waste you are talking £2,500, which would be a disposal charge. If you can find somewhere to leave that parked or deposit it on someone's land, you could do three or four loads and make a fortune. You would only have to do that four or five times a year and be very well-off. That is what attracts people. It is largely UK-based, based on what our understanding and our intelligence says, but there is so much money in it. I think of Sir James Bevan's previous comment about the new narcotics; there is a suggestion that organised crime, including drug gangs, are taking an interest in this world because there is so much money potentially in there.

Lord Jay of Ewelme: Going back to what Dan Cooke was saying, are there criminal gangs who are taking over legal ones in a way? Are there some legal sites that are effectively illegal sites because they are being run by gangs under the pretence of being legal? Have you got to that stage?

Sam Corp: There is a suspicion that that might be the case at some sites but we are not able to provide specific evidence on that. But there is certainly a suspicion among the legitimate sector that that could be the case, especially at landfill sites where, as we mentioned before, landfill tax fraud can be a multi-million pound gain for the criminal, and that low-risk, high reward space that we are in is what makes it so attractive. I guess there is a feeling that the penalties are quite low and the chances of getting caught are quite low—we will probably come back to some of this—but that is what attracts them to the sector. With some of the landfill sites in particular there are some strong suspicions. I know there is some activity from the enforcement agencies looking at certain landfill sites. Clearly that will go through the system and we will see what comes out.

Dan Cooke: Very quickly, just to add, we are probably not the best people to answer that question. Hopefully, in one of your next sessions you will talk to both the Environment Agency and representatives from the Joint Unit on Waste Crime, which involves HMRC, the police, as well as the agency working together. They are the ones that have better intelligence than us; we are often simply trying to play catch-up and cleaning up the mess afterwards.

Sam Corp: I will just quickly add on the landfill tax side of things that there is a real danger here that if that is the case and we get to that position where your suggestion comes to pass, then we are left in a situation where landfill sites could be abandoned. That would obviously be an extremely expensive scenario for the UK as a whole.

Lord Jay of Ewelme: Is that just a risk or is there is some indication that we might be moving in that direction?

Donald Macphail: I think it is already happening. The reality is that landfill as a business is declining and, as part of the green agenda, there will be very few landfill sites operating beyond 2028. The latest proposals on the HMRC LFT1 tax change may be the final death knell for the few remaining sites that are open, apart from maybe a few hazardous waste sites. If that happens, there is a risk of abandonment of some of these landfills. That is where there is potential for some to be offloaded to less scrupulous operators. We have seen that happening. The Environment Agency, I believe, is aware of this.

Lord Jay of Ewelme: That is a pretty catastrophic prospect, is it not?

Donald Macphail: Yes.

Dan Cooke: There are some provisions in place at licensed landfills where operators do have to put bonds aside. There is money that is there supposedly to be able to cover remediation should they disappear or close the gates and walk away, but those bonds and that system are very complicated and often they do not cover the remediation costs if they close the gates and walk away before they have done the necessary environmental remediation measures.

Q10 **Earl Russell:** I want to pick up on a couple of your points in relation to the profits that large, organised criminals are able to make in this sector at the expense of us all. You mentioned that it can be up to £2,500; a tipper lorry, as I understand it, is £2,000 or £2,500. Obviously if you are doing 30 lorries a day and you are only paying for a bit of diesel and a minimum wage for somebody, that soon adds up.

I have heard of some cases where organised criminals are buying their own land and tipping on it because that is still a profitable enterprise for them. If we do not get more of a grip on this problem, do you feel there is a real risk of more serious organised criminals, perhaps on more of an international level, getting involved in this sector? What is the future if we do not do anything?

Dan Cooke: The simple answer is yes, that is a risk. If it is not addressed and in a systematic manner, people will see that there is a buck to be made in operating like that, and crime unaddressed attracts more crime. It is that simple.

A site that comes to mind is a site called Raspberry Hill Park Farm currently under investigation—I do not think charges have been brought. They did not buy the land but simply leased it. With a lot of the land on this farm, which is in a very nice rural area of Kent, it was hard to identify who was responsible for it. That allowed them to find a gap and for the agency not to be able to identify who could close the gate. Thus it went on for a long time and involved thousands of tonnes by the time the site was addressed. That is the type of activity they can do, which is why it is imperative that enforcement is effective and shuts the gates; the agency does have the power, they shut the gates earlier and address it as soon as it has been suspected.

Q11 Lord Ashcombe: My question is very quick. Does this problem exist in other north European countries? Do you see it? Donald, you are all over the place, so you would see more than most.

Donald Macphail: The short answer is that it is possibly more acute in the UK because landfill tax is quite high. Other European countries have different legislations, with higher rates of energy recovery. We have a vast array of mixed economy, private sector-led investment, which is probably largely good. But in other areas there is a lot more control in place and perhaps less of an incentive.

Certain places such as Germany more or less banned disposal of certain types of waste, therefore it was not really an option. The waste producer has an obligation there, then it is a little bit tighter, so there were not the same loopholes to try to take advantage of, which is why I think HMRC and the EA are looking in the right places. But we need to be fast to catch up. If we are prepared to change LFT1, they need to make sure that there is a tight regime in place to follow up to close down any criminal activities.

Lord Duncan of Springbank: A very quick follow up, Mr Cooke. You mentioned bonds as a means of securing the long-term future of certain sites, but that is not a legal requirement. That is presumably a choice being made by some of these—

Dan Cooke: It is a legal requirement.

Lord Duncan of Springbank: It is a legal requirement. In that sense then, what happens next with the legislation coming in that would reduce the number of sites? Is the Government aware that this is going to be catastrophic, as Lord Jay was suggesting, so you would end up with fewer sites, no prospect of bonds and no prospects of reinvestment in the sector? What would be the solution available in that scenario?

Dan Cooke: The bonds apply to landfills only and the direction of travel is that we are pushing biodegradable waste especially away from landfills. Landfills have become fewer and fewer as the landfill tax has gone up and, as alternative infrastructure has been put in place, energy from waste and recycling plants essentially.

To get an environmental permit to operate a landfill site you have to also put down financial bonds. It is a complex process and probably outside my specialisms but some operators will say they are operating a certain type of landfill, that is, inert material only, where the bonds are much lower because the environmental risk is supposedly lower, and that is where they misdescribe waste as inert and fill those sites. Therefore the bonds do not cover the environmental risk involved in such sites.

Lord Duncan of Springbank: Would that be investigated? If you were bonding at the cheaper end but literally disposing of the more expensive, is that part of the investigation that we are touching on here?

Dan Cooke: The Environment Agency should be able to spot and investigate such things under their environmental permit reviews and inspections of those sites.

Q12 **Lord Trees:** Thanks for your evidence so far. I have a general question, which I want to break down to specifics, but it is about what features of the waste framework make the sector vulnerable to exploitation. Some of the things have been covered but I will pose three little sub-questions, if you like.

First, there is a colossal difference between the two rates of landfill tax—a huge difference—which surely must create an incentive to misdescribe, as you call it; that is a terrible euphemism. That is the first issue: why is there such a difference? Why is it not more incremental, or whatever?

Secondly, in terms of losses, you mentioned it is £1 billion-worth of crime. Is that equivalent to the reduced tax take? We have a figure for the landfill tax gap, which is about £150 million. But in turn, what is the real cost that is being lost? How does that equate to the amount of money spent on enforcement, which maybe is the EA's job or that of local authorities, and could there be more resources devoted to enforcement?

Thirdly, on detection, these things are not easy to conceal, with drones and even satellite remote sensing, fixed cameras and so on. What more could be done on detection to then rapidly intervene and prevent problems that are happening?

Sam Corp: On your first question in terms of landfill tax and the two rates, you have a lower rate of about £4 a tonne and you have a standard rate of £126 a tonne. Essentially that was designed to drive waste up the waste hierarchy and obviously to move disincentivised biodegradable waste to landfill, for example, and push waste towards more sensible management techniques such as recovery, energy recovery and recycling. That was the reason for the landfill tax differential when it was first set up. Obviously, the differential has increased over the period of time that the landfill tax has been in place.

I think that the principles of why there were two rates were quite sensible in terms of encouraging more sensible resource and beneficial ways of dealing with waste, but obviously the differential provides an incentive for the criminal element to exploit it, and that gives them an opportunity.

There is a current consultation that has just closed in terms of removing the lower rate of landfill tax. I think there is a recognition that that would certainly have a massive impact in terms of reducing misdescription and the landfill tax fraud side of things because there would just be one rate of tax. But it would have some adverse consequences so I think it needs to be very carefully thought about, which I am sure the Treasury is currently doing. I guess there is a fear that you may cut off landfill tax fraud but you might increase other forms of criminal behaviour such as straightforward illegal waste sites and illegal disposals, so some people do not even bother going to the landfill in the first place.

You would also potentially increase the costs of some activities, from house building to other manufacturers. There is a difficult balance for Treasury to consider in terms of the current proposals to remove the lower rate of landfill tax but it is something that we think is vital to look at because it is, as we have mentioned, undercutting the legitimate sector.

Donald Macphail: I will try to expand on that a little bit as well. I think Sam made it succinct and very clear but there are more than two rates of landfill tax because there are also exemptions, and if materials go into restoration, you do not pay tax on them because that is exempt. If it goes into quarry restoration or landfill restoration, there is no tax due. So there are the three rates of tax as well.

That sounds fine, and the logic around why it is a lower rate of tax is that it is low-polluting; it is things such as soils, hardcore and construction by-products that if they are deposited in a hole should not produce any methane or carbon dioxide—it should be stable. That is where the inert rate came from.

There are legitimate concerns about how that has been misdescribed in the past, and we have tried to tighten it up as an industry, with HMRC and the EA working together, but there is no point in doing all this, as Sam hinted at, if it just moves it all into a restoration project in a former quarry that has not been properly regulated. These other sites will not be as well-regulated as the current landfill sites.

Dan Cooke: You mentioned detection; there are a couple of ways of describing that. The first level of detection is the environmental permit that is in place for a legitimate site. A permit will describe the types of waste you can receive and how you have to manage it, and the environmental controls in place to mitigate the risk. The agency issues the permit and regulates it by site inspections and requiring the appropriate certification and training standards, and so on, so that is the first rate.

The second point of defence is the weighbridge, the gate where the waste enters the site. If you are a legitimate operator, you have to have a waste transfer note that describes what waste is in the truck, how much of it there is and that is what you charge for—the responsible management of that material. If you are an irresponsible operator, you often either bypass the weighbridge or you will accept or not inspect the waste in the back of the truck to prove that it says what it should be, and therefore that is where the gaps are.

If I bring a truckload of inert material at the lower rate of landfill tax and I shred a load of active waste and buried it under a thin layer at the top of the lorry, a good operator will spot that a mile off but a criminal operator will allow that through and take the appropriate money, and everybody makes the savings and makes the buck.

The other way of spotting this stuff is surveillance and reporting. The latest Environment Agency's waste crime survey showed around a quarter—27%—of all waste crime is reported, so three-quarters is unreported at the moment. It requires the sector, the operators, the wider public and local authorities to keep an eye out and spot suspect activity and report it to the agency or the local authority and for them to then take action. There is often a missing bit in that process. People either do not report it or it is reported and the regulatory or the response is slow or ineffective for a whole number of reasons.

Surveillance is improving, so drone technology and waste-tracking technology are all being tried and used successfully by the agency and the regulators, and there is a lot of hope that that will improve things further as well. But at the moment it is largely on a trial or pilot basis rather than a systemic approach.

We will come on to things like carrier brokers, dealers, digital waste tracking and measures that are now being implemented, which should begin to plug these gaps and make it possible for more effective regulation if the regulator has the resources to do it.

Lord Trees: With the enforcement, how much money is devoted to enforcement compared to the potential losses?

The Chair: We will be coming on to enforcement in more detail so just a very quick answer.

Sam Corp: Do you want me to quickly pick up on the numbers then? Obviously the billion-pound problem that we have compares to I think around about £12 million that the Environment Agency has, for example, to tackle blatant waste criminal activity. We think it pales into insignificance in terms of the scale of the problem. We will perhaps come back to this but we think there is a pretty strong case for more resources for regulators because there is quite a strong return on investments. So for every £1 extra you spend on enforcement you can get nearly £5 in return to the UK economy. It is not throwing money down a black hole; hopefully it is a return on investment. We can perhaps come back to that bit.

The Chair: We certainly will.

Q13 **Lord Krebs:** I wanted to ask you about penalties. You said that the attraction of this area for criminals is they can make vast amounts of money quite quickly, and yet the penalties seem to be very small, a few hundred pounds, and it has been said by the Environment Agency CEO—I assume Sir James Bevan—that it is viewed by the waste criminals just as a business expense. It is part of your running expenses; you pay the fines. What do you think would be an effective penalty system that would be a deterrent? Is it bigger sums of money, is it custodial sentences, is it restorative justice or what?

Dan Cooke: In terms of an opening statement on how sufficient the penalties are at the moment, a good example would be the notorious

Mobuoy landfill site in Northern Ireland in Derry/Londonderry. It took place over a number of years this site was operated, involved the illegal tipping of at least 600,000—the range goes up to 1.6 million tonnes of material, and created illegal revenues of £42 million and clean-up costs running into hundreds of millions of pounds of taxpayers' money.

It was described by a Government Minister as “a sophisticated and deliberate environmental crime of unprecedented scale”. The two perpetrators that were finally brought to justice in 2024, after the site closed in 2013, were sentenced to one year and 21 months in jail respectively. That was for that £42 million-crime. That is a good indicator and why there is a perception within the sector that the penalties are often light and insufficient to reflect the impacts of the crime being committed.

Useful pointers can also be found in the National Audit Office 2022 investigation into the Government's actions to combat waste crime, which found that there were 1 million actions taken in response by local authorities to fly-tipping. The most common responses are either a fixed penalty notice, 43%, or a warning letter, 39%, and only 2.4% of instances result in a criminal prosecution. Nearly three-quarters of all prosecutions get a fine of £500 or less.

When you add up the costs to society, the clean-up costs, the enforcement costs, and the costs on local economies to businesses and communities, and so on, that is why the perception is that penalties are often not sufficient. There is often frustration at the courts, and that is on behalf of the agency and the regulators as well. If they carry out investigations, which often take place over months, if not years, and reach the courts, the lack of awareness of the impacts in the courts often leads to these resulting low charges.

Penalties can be substantial, and it is not all bad news. The Environment Agency has worked very hard, as has the Joint Unit on Waste Crime, to raise awareness in the courts themselves, and there can be substantial penalties. There was a case, Long Bennington in Lincolnshire, where 11 people were convicted—14 years in prison. For severe crimes, severe penalties can be restricted but they are probably still the exception rather than the rule.

Lord Krebs: The reason that the penalties are so light in relation to the severity of the crime is because—

Dan Cooke: That is difficult to say. I think that it is largely because lack of awareness in the courts about the wider impacts and the fact that some of these impacts are less than tangible. If you are measuring the impact on a local economy of a persistent and sustained illegal fly-tipping campaign, that is difficult to quantify. The courts will often therefore just look at the bare facts presented by the agency in terms of tonnage and potential revenues missed. The courts are moving at pace and dealing with other big and complicated and serious crimes as well, so they often

underestimate the impact on communities and the economy of this stuff. That is the best guess from the sector, I think.

Lord Krebs: Is restorative justice ever used?

Dan Cooke: For minor crimes I believe it can be. If you are committing crimes under producer responsibility regulations, for example, then civil sanctions can be imposed where the perpetrator has to pay money to an environmental improvement cause or charity or something similar. So it is being used, again, probably in a minority of cases. The powers are there. The penalties should be a deterrent if they were imposed even at a median level rather than at the lower end of the scale, which seems to be prevalent. I would need to check the stats to back that up.

Donald Macphail: One point to add is that if someone is convicted of a relevant crime and they are a registered waste carrier or they have a permit, that appears on the record. So there is reputational damage and there is a potential then for the Environment Agency to take action and stop them trading in the future. It has some significant powers, and I think for the EA that is probably something that it wants to do more of—that is my understanding—and that would certainly be helpful. That is one way of stopping some of the criminal activities from going on.

Lord Krebs: I expect the guys in Northern Ireland walking away with their £42 million will not be worried about reputational damage.

Donald Macphail: I do not think so, no.

Lord Krebs: Sam, did you want to add anything?

Sam Corp: I do not think I have anything to add on that. I think it is a difficult one to answer. There are sentencing guidelines that do set the parameters but the suspicion is that perhaps they are not always interpreted as effectively as they might be. But I have no more specific detail on that.

Lord Krebs: Do you think that the courts view waste crime as just a rather minor thing—a public annoyance?

Sam Corp: I think that has been historically the case. Hopefully some of these more recent cases might shift the balance of opinion but they perhaps do not understand the scale, the depth and the involvement of organised criminals and the sheer amount of money that can be made through the criminal activities.

The Chair: We will move on now. I have supplementaries from Earl Russell, Lord Mancroft and Baroness Whitaker.

Baroness Whitaker: No, I am not a supplementary—I have the next question.

The Chair: Then we will move on to Baroness Whitaker's question. Earl Russell.

- Q14 **Earl Russell:** Very briefly, I thought that conversation was fascinating. We have a slightly broken system, massive profits and quite low sentencing, which results in not much deterrent. It is interesting to hear some of the points you made that some of the wider damages are not really properly or as well understood by the courts in terms of sentencing as they could be. Is there space for better training for the judges, updating the judges' Bench Book? Is there more we can learn from other areas where we have taken on organised criminals and been successful, and is there a need for legislative change in terms of the penalties in this area so that the full extent of the damage is represented in possible consequences?

The Chair: I think a quick response would be warranted here.

Sam Corp: Definitely training is something that we have said is always going to be of value to the court system and to the magistrates. I think the sentencing guidelines have the right framework. There is perhaps a bit more that needs to be done to make sure that the regulators fully understand all the tools that are available to them through the sentencing guidelines and how the sentencing guidelines can be interpreted to make sure they get the most out of them.

The Chair: It is an excellent question and one that we should definitely keep for our panels of policing and justice experts next week. Lord Mancroft? Very quickly if you may.

- Q15 **Lord Mancroft:** You do not mention the police at all. Are they active? It does not seem to me, as a casual observer, that it is much of a priority for them.

Dan Cooke: Usually not. Are they involved? Yes. Encouragingly, they are now a partner on the Joint Unit for Waste Crime, which was formed following the Noel review into serious and organised crime of 2018, I think it was. That joint unit is small. It has recently announced a doubling of resource from six to 12 people to cover the whole of the UK. But that does engage police forces across the UK.

Police forces are sometimes involved in things like the national fly-tipping partnership, which sets out best-practice models for local authorities to work with other regulators and bring them together to address sustained criminality in their area. Some police forces engage, others do not: it is sporadic. Again, the police are obviously dealing with a wide range of activities, and with waste crime they often need to be persuaded of the seriousness of it, which I think relates to the previous question.

The Chair: Very quickly—this is something we will cover in depth next week.

Donald Macphail: Once the police are involved, they often have other things they can investigate as a result of the joint waste crime effort.

Sam Corp: I will very quickly say that I think it is well known that waste criminals are not necessarily just going to be focused on waste crime.

They are quite often involved in money laundering, illegal firearms and even things like modern-day slavery. They do not necessarily restrict their activities to waste crime. Perhaps there is an argument there for a bit more police involvement, because there are lots of other activities that are also connected.

The Chair: That is interesting. Your perspective is extremely interesting. So you do not think there is enough in the JUWC at the moment from the police?

Dan Cooke: Not enough resourcing, full stop. The police co-ordination where they do get involved is very effective. There is a model emerging and, as Sam says, waste crime is often the gateway into wider nefarious activities, so that could be a lever to involve the police.

Lord Mancroft: It has not been a priority of theirs over the years?

Dan Cooke: No.

The Chair: The question—thank you, Lord Mancroft—reminds me that our fantastic clerks have tried to entice the National Crime Agency to come and give evidence to this committee on this issue. So far, we have had a no from them. I hope if they are listening to this session that they will reconsider, because we would very much like to hear from them on this issue.

Q16 **Baroness Whitaker:** I ought to declare that I live in a national park, which has some concerns about the issue, and also that I used to work for one of the enforcement agencies, the Health and Safety Executive, which had some activity in this area. We have had quite a lot of coverage of what I would like to explore, which is the efficacy of the current efforts to tackle serious and organised waste crime. I would be grateful—I think this is probably for Mr Corp initially—if you could set out pretty clearly what the difference is. Traditionally, certainty of detection is one of the best. How easy is this, where does it work and, perhaps more likely, where does it not work? But I would like to look at non-enforcement methods, too. There has been mention of training of the courts, magistrates and judges. I would like to know how developed this is. Should it be systematised? The other aspect we need to consider is what has been the impact of different methods of enforcement? Presumably, the local authority activity on the smaller sites is environmental health officers. Is there trend information on whether what they do actually works?

Sam Corp: I can start on some of that, in terms of efficacy and effectiveness. The underlying point is that the problem is getting worse, so there is clearly a problem. The effectiveness is not working as well as we want it to work. Quite often, the root cause of that is lack of resources, so we do have a frustration in the sector that perhaps not enough is done quickly enough from across the enforcement agencies. We often see evidence of sites which appear to be operating with impunity and not shut down quickly enough. It is a lot more complicated

and there are a lot of enforcement difficulties. We are aware of that, but it is a frustration that some sites are not closed down quicker than they should be, because that obviously undermines the rest of the sector.

There are lots of proposals coming down the track that we think will be helpful in terms of regulatory reform. Things like carriers, brokers and dealers reform and digital waste tracking will all help, I think, give the regulators the tools. Underlying that is a need for more resources. We have mentioned before the lack of resources and it is going to be an underlying problem. Even if we bring in new regimes and new enforcement tools, it is imperative that the regulator actually has the resources to be able to properly regulate and enforce them. I do not know if there are any particular aspects you wanted me to cover as well.

Baroness Whitaker: Is it only up to regulators to get the system improved?

Dan Cooke: "No" is the answer to that. We all have a role to play. Again, going back to the latest environmental waste crime survey that shows only 27% of waste crimes are reported, all parties need to be vigilant, whether that is a local business association, a legal and responsible operator, us as individuals: if we suspect waste criminality, it is imperative that we let the agency or the local authorities know about it. There is an agency hotline; local authorities are easily contactable.

One of the parts of your question was whether collaboration between parties can be more effective and there is ample evidence that that is the case. There are some very encouraging examples of fly-tipping partnerships. For example, I think Northumberland Council, Hampshire Council and Lincolnshire Council have great examples and there is a national fly-tipping prevention group as well that is designed to share best practice.

Baroness Whitaker: Do they have trend information that they publish?

Dan Cooke: Yes, they should. I believe they do. I would have to go to check that. Northumberland Council I think gave a recent CIWM training session and they did have information that followed the impact of their campaign over several years. That did encourage collaboration with the Environment Agency and the police and encouraged wider awareness and public awareness and information as well. So those examples of co-ordinated, collaborative approaches can be very effective.

Baroness Whitaker: It would be very helpful to have chapter and verse on that. Thank you.

Donald Macphail: I was going to say working for Veolia we work as a service provider to several local authorities and we are often asked to clear up fly-tips, so I can validate that we record this data. We share it with the local authorities. It is recorded on the EA fly-tip register, so you can look at trends on fly-tipping, increases and decreases over time and even if they are major, not just minor ones. They are being recorded to

try to capture data so that going forward we can be more and better informed and look for behavioural changes as well. That goes on.

One of your questions was whether others can do more. Yes, we can, because if we are aware of an attempt at an illegal activity, we will share that with the regulator, we will share it with HMRC and the Environment Agency if necessary as well and tell them to follow things up. I have to say that we are probably unique in that we are one of the few industries that is asking for more regulation and asking for more enforcement, because we are broadly supportive of the regulators. We think they are doing a good job, but they maybe do not have quite enough people and they do not have enough chance to react and have sufficient training all the time. So we would encourage and support more resources in that area, because it can help drive standards up substantially. I think that is probably all I should say.

Baroness Whitaker: Just one final quick one. More resources are always going to be difficult, but Mr Corp did mention a short-term return on investment. Usually the problem with the resources is you put in short-term cost, usually a revenue cost, and the gains are too far ahead for anybody to care about them. If there is a short-term return, it would be helpful also to have a little bit more detail on that—not now, but if you could write to us.

Sam Corp: Yes, we are happy to pull that together.

Baroness Whitaker: Thank you very much.

Q17 **Lord Duncan of Springbank:** I am trying to understand the time lag between the reporting of a crime and action. Is there a point at which a call is made to the representative authorities, they receive that and then they do what? Is it like Batman, where they slide down a pole, shoot into a car and off they go, or do months pass? How does it work?

Donald Macphail: Shal I lead off on this one? I can give you an example of a relatively large fly-tip that took place on some land that we own near Gerrards Cross where there were several thousand tonnes of material deposited and we were so annoyed that this had taken place we paid for some private investigation to find out what had taken place. We found some evidence and supplied it to the Environment Agency and HMRC. To allow a prosecution to take place is quite bureaucratic and can take a long time, and the time between reporting and supplying evidence and getting a conviction—we are pleased to say there was a conviction—was over five years.

Lord Duncan of Springbank: Following on from that, I can see two sorts of crime. There is a new crime where a new site appears, where suddenly you get a call saying there is a new site, and then there will be the other one where a site has been misused, so someone has a permit but has not dumped according to their permissions. Is there a difference then in how the timescale varies for those?

Donald Macphail: The latter one where a permit has been misused would have to go through the same investigatory process, is my understanding. The challenge there is that it may be even more difficult to nail down, because people will argue that the material is not waste or they will argue that it is not a breach of their permit and then it gets very technical and a lot more complicated than a straight, "This is an illegal deposit" and someone saying, "Okay, you got me." It will depend on the detail and is one maybe best discussed with the regulators when you have them in for their evidence.

Lord Duncan of Springbank: Five years does seem a remarkably long time. Is that five years because it takes five years to investigate or five years to prosecute in the courts?

Donald Macphail: I think it is because of the timing of the courts, probably more than investigation, to be frank.

Dan Cooke: Although there was a notorious case involving a site in the north-east where HMRC, among others, investigated it. I believe it was called Operation Nosedive, involving a company and a site that has been sold on several times since. That investigation did take five years and resulted in no charges or prosecutions at the end. These often, if they are at scale, are big and complex: the criminals are clever people and will both employ legal advice and move their operations about to make the evidence as difficult as possible to stick.

Lord Duncan of Springbank: A final question: would that then suggest that the courts are ill-equipped perhaps for this type of crime to secure the convictions that they would like? Is there some way where either government or the judiciary can be better informed, better instructed, better guided about the nature of this crime to shorten the timescale from five years to what would be a more normal figure, perhaps, or considerably less than five years?

Dan Cooke: I would hope. Again, that training for judges and updating those ideas are things that I know the Joint Unit for Waste Crime is considering and that the sector has considered at different points, and a systematic approach to that would seem a good thing resulting from this conversation as much as anything else.

Lord Duncan of Springbank: Very helpful. Thank you.

The Chair: Those real cases are of huge interest and it would help us if we could have a little bit more detail on those, not chapter and verse but some idea of where in your view the blockages were occurring. It would be very helpful indeed.

Q18 **Lord Layard:** This is a follow up to Lord Duncan's question. You gave an example there, but in other criminal areas we have statistics—how many thefts are reported and how many lead to convictions. Do you have any statistical picture of the number of reports and what the outcome of those reports is? I have another related question, to understand what is

going on here. Is there also a system of inspection whereby crimes are detected through inspection rather than through reports from the public?

Sam Corp: The Environment Agency undertakes permitted site inspections, so they could pick up infringements through that process. What was the first part of the question?

Dan Cooke: Statistics. The answer is there are gaps in the statistics. The statistics are getting better. The Environment Agency has been doing its waste crime survey every year since 2021. Going back before that, the picture becomes a little more woolly or vague. There are measures being introduced such as digital waste tracking, which will allow the data and statistics to be far clearer and hopefully will allow the regulators to be able to follow the material that is obviously leaking from the regulated system. Data and statistics are available. Going back too far, they become unreliable. So it is an area for improvement but it is getting better.

Lord Layard: What is the balance of detection as between inspection and reports from the public?

Dan Cooke: Only 27% of waste crime is reported anyway, so there is a huge underreporting issue. It is not quite as simple as that correlation, because the inspections are often carried out on the responsible operators. The agency traditionally used to come under a bit of fire from the sector for putting too much resource into inspecting the likes of Veolia, the responsible operators who are trying to do the right thing, and not enough resource into trying to address the cowboys and the crooks that are taking the mickey and making big money out of short-changing the system.

The agency will argue that they are trying to balance that out more fairly and get smarter regulation, but the detection is difficult, because if you are deliberately playing the system then you will make detection through the environmental permitting inspections pretty hard to detect in the first place.

Donald Macphail: It is sometimes quite hard to find some of these sites. That is one of the challenges out there, which is where they rely on notifications from other industries, other companies—where we all have our part to play—or members of the public who often neighbour these sites and are so outraged by what is going on that they call the regulators to complain. That is because they do not have a permit anyway, so you do not get an inspection and that is why they are starting from a lower base.

Dan Cooke: Criminals often exploit unsuspecting landowners or people who can lease out land, whether it is a field, as we talked about earlier, or a warehouse, and there are numerous examples where they will lease a warehouse, look like a legitimate operation, fill it with material and then simply abandon it, leaving the landowner to deal with it and clean up the problem afterwards. Likewise, landowners, rural landowners, farmers,

often will give permission for a little bit of hardcore that will help them with their farm tracks or whatever to be deposited, only to find hundreds of tonnes of material that is anything but inert.

The Chair: Lord Ashcombe, do you have a question on this topic that is relevant?

- Q19 **Lord Ashcombe:** I do. You mentioned that 27% or 29% of reporting and you slightly answered it, but is there some way that people can be educated to report more? It is not something that hits the headlines very often. Hoad's Wood is one of the few cases that has been in the press recently. There does not seem to be any education of the public about rubbish and disposal of it.

Donald Macphail: The problem is the value of it. People do not realise how much it costs, so when the residents around Hoad's Wood were starting to see what was going on, I think they were horrified and they could not believe this was happening. It was so blatant. Maybe there is a clue there. If you do something so outrageous, forget about all the permitting, forget all the rules, forget about the tax and just deposit this material in a wood, in an SSSI, in an area of sensitive environmental importance. They got away with it for a long time. It has now been cleared up and it has been taken to a licensed landfill, one of the ones that we operate. So that is good, but it is going to cost a lot of money and will take a lot of time to be resolved.

Dan Cooke: The answer to your question explicitly is that there is an Environment Agency hotline. I cannot remember the number but I should. They do their best to promote that hotline and it is easily googled. Local authorities do encourage the reporting of fly-tipping, but awareness in the world of social media and so on vying for people's attention and raising that awareness is difficult. We work with the Joint Unit on Waste Crime, and the Environment Agency does its best to encourage and make that reporting easier. Whether it will ever get above a certain proportion is difficult, but it is what happens with that information once it is reported that is crucial and the lag is often what discourages people from reporting it the next time they come across something.

With Hoad's Wood, the Environment Agency has the power to essentially lock the gates or shut off a site, to seize vehicles, crush vehicles and so on. The powers are still far too rarely used as far as the widespread perception in the sector is concerned.

The Chair: It does beg the question why it took the Environment Agency four years to stop the activity.

Dan Cooke: Yes.

- Q20 **Earl Russell:** Thank you very much. So far, this has been a really interesting and fascinating session. I have the second to last question. Some of it has been picked up already by Lord Trees and our final question will go more into technological solutions. My question is: how

effective do you anticipate the Government's proposed measures will be that are coming down the track?

We have had some discussion already on the proposed reforms and landfill tax, the issue about the rates and the restrictions on the waste exemptions, but can I move on to look at the restriction on the registered waste system? Famously, somebody registered their dead pet dog as a waste carrier. We have reforms of the carriers and brokers and my understanding is that it was going to be mandatory digital waste tracking. I am hearing some rumours that the Government might be rolling back from that as a mandatory thing. There is a need for funding for dealing with this, but it is also a burden on legitimate industry as well, so I want to get a sense from you guys about the landscape going forward. Do we need more legislation? Do you think what the Government are doing might work? Is it happening fast enough and when do you expect the legislation? Please comment on those.

Sam Corp: I think you mentioned a few of those. The ones that are in the pipeline, digital waste tracking, carriers, brokers and dealers reform, exemption reform, are the ones that are firmly on the table and have a plan. A policy decision has been made. There are other ones that are being consulted on, including landfill tax reform and things such as the enforcement levy that will bring in additional funding from legitimate operators to fund some more enforcement activities. Taking those first three that are on the cards, we think that combined they will have a noticeable impact on tackling waste crime if they are implemented properly. Crucially, it depends on how well they are resourced in terms of the regulator's role in regulating the new regime. That is a big part of it.

Also, there is the speed at which this is happening. Some of these, a lot of these, were first proposed in the 2018 Resources and Waste Strategy. As a sector we were calling for them probably five, 10 years before that. Nevertheless, they were crystallised in 2018, but now, seven years later, we are only starting to see some of them come through. With digital waste tracking there are some firm commitments. I think it will be an iterative process; it will not affect all activities when it is implemented next year, but we hope that will then be expanded in the following year.

On carriers, brokers and dealers reform, consultants working for us registered their pet, a West Highland terrier, and others registered goldfish and all sorts. There has been a recent commitment from the Government that this is a policy that will be taken forward, but we have still not seen a timeframe. We are aware that lots of work is going on behind the scenes on carrier, broker and dealer reform and on developing competence frameworks that will underpin that regime, but again, yes, I reiterate that the timeframe has not been crystallised yet.

Earl Russell: Sorry to interrupt you. Presumably you would like to see some clarity. How important to you is it that we get that piece of legislation and clear timetables?

Sam Corp: Yes, absolutely. It is always going to be of critical importance to industry to get certainty, because it affects investment decisions, it affects the operations and obviously it affects the market and how our members are being undercut. As much clarity as quickly as possible is always going to be an ask from industry.

Dan Cooke: Yes, and just backing that up, on the carriers, brokers and dealers regulations and the changes to them, I sat on the stakeholder group that rewrote those regulations about 10 years ago and it was in the waste strategy. It has taken until now and the Government last week put out an announcement that they will be implementing it, but with no timescale. We are encouraged and we hope that we will see the details and the consultation in the spring, at the latest. If it is any later than that, it would be a disaster.

There is clear evidence and they have done very well, because they will be simplifying it. It will not be carriers, brokers and dealers, which does not mean a great deal. It will be waste transporters and waste controllers, because the problem at the moment is that if you register to be a waste carrier the Environment Agency cannot do anything other than check you are registered, so you do not have to have a permit and you do not have to have the training. This new regime will bring it in line with the controls on any other operator dealing with waste of any scale, so it will close a big loophole and gap.

Likewise, digital waste tracking will be introduced at licensed facilities, permitted facilities, to start with, and then will be expanded to transporters and operators. Again, that data will improve the statistics and allow the agency to follow the material and track the money and where it should end up—and if it does not, more effective regulation should follow.

Earl Russell: I do not want to stray into the next question on technology but presumably that tracking is one of the crucial elements in tackling the organised criminals and making best use of scarce resources from the EA and enforcement. Are you expecting primary legislation to get this stuff done? Just so I am clear, with the carriers, brokers, dealers, are you expecting a Bill on that or is that—

Sam Corp: I think that is secondary.

Dan Cooke: I think it is secondary, yes. It is enabled, I think, through the Environment Act already.

Earl Russell: So it is within the sight of the Environment Agency. Is the tracking expensive for you to put in?

Donald Macphail: Yes, because it is going to be a different system to what we are using, so it is going to be basically a Government-led system, effectively. That is fine, I do not think we have any argument with that. Our concern will be if it is done by the responsible sectors of the industry and others do not do it, the regulators need to grasp the

nettle very quickly and if that means government intervention to make sure that is dealt with, then so be it.

Earl Russell: There are some proposed reforms that some of the money from landfill tax will go towards legitimate businesses and supporting that development. Clearly you would be pushing to see that fairness?

Dan Cooke: Yes, hopefully. Recent consultation was on permitting and the permitting levy, and the sector clearly said, "Yes, we would be prepared to pay more for permitting as long as a section of that new revenue goes into enforcement and better regulation". So that is beginning to happen. The consultation has not been responded to as yet, so that is still in play, but that would be a key and sensible measure in our view.

Sam Corp: Yes, and I think with the caveat that we did not want that additional money to just go into a black hole. We wanted to see some evaluation of the effectiveness of that additional what I think would probably amount to about £3 million per year extra for the Environment Agency from the legitimate sector to fund for additional activity. We wanted to see a bit of bang for our buck.

The Chair: Some of those measures may be expensive but the payback should be enormous for our businesses and to tax receipts also. The £1 to £5 conversion is a good one to aim for.

Sam Corp: Yes, and that is quite an immediate return. Things such as landfill tax is an in-year return, so you are not waiting too long for that.

The Chair: It is a no-brainer, I think. I call Lord Mancroft for our final question.

Q21 **Lord Mancroft:** What further steps do you think could be taken to reduce waste crime and what further technological options might improve public bodies' understanding of enforcement for waste crime?

Sam Corp: We have categorised the three areas that we like to focus on in terms of what more needs to be done. Some of it is already happening, but it needs to happen quicker. In terms of the three areas, one is better resource regulation and increased flexibility over allocation of regulator's funds to enable it to do that enforcement. The second one is stronger enforcement and higher penalties: we have touched on that before. Crucially, though, that includes a focus on waste producers, and that brings in some of the awareness-raising aspects, which were mentioned earlier. The third one we have mentioned is the speed up of regulatory reform that is already in play after the delays we have seen. We want to see that momentum increased and to see that come to fruition.

Dealing with the first one, better resources, we have covered quite a lot of this already: the funding for the Environment Agency, the £12 million compared to the £1 billion cost and the return on investment. So I do not want to repeat too much of that, but there is perhaps a bit more to say about flexibility for the Environment Agency to use its funds and put

them in the right place. The Environment Agency will get grant in aid funding, but it will also get money from subsistence fees from the legitimate sector and the differential between the two is quite stark as well.

Obviously, a lot more money and resources goes to regulate the largely compliant sector than the illegal sector. Appreciating that Treasury rules prohibit this to some degree, any way that we can enable the Environment Agency to focus more of its resources on the truly criminal element, the blatantly non-compliant element, would be something that we would support, because obviously that is where the main problems and the environmental problems are being seen. That covers resources; I think my colleagues were going to cover perhaps some of the other stuff.

Donald Macphail: Yes, I will talk briefly about stronger enforcement and higher penalties. We have touched on some of this already, but we would encourage the regulators to take stronger and more robust enforcement action against people who deliberately go out to do things that are going to cause damage to human health and the environment and just ignoring their local communities. That is the truth; that is what it does.

Also, it is taking too long to close down the blatant illegal sites. As a business, we are arguing to have these closed sooner, along with our colleagues in the sector. That can switch that illegal activity off and will hopefully make things better for the wider communities and increased tax yields for HMRC. The power is with the regulators. I think they know it, but there are frustrations that they have going through all the courts. We just need to work with them better to get a hold on these things.

We are also keen that the waste producers have their part to play. At the moment, duty of care is out there; it is not a new piece of legislation. It would be relatively effective in making sure that waste is passed down the chain correctly, but I think the reality is that if it is a breach and you are passing your waste to someone who does not care, you should be seeing some of the penalty of that coming back to you.

The Chair: More visibility on the legal carriers. They should be front and centre. Anyone looking at a vehicle ought to know whether this is a legal carrier straight away.

Dan Cooke: That leads nicely into the third point, which is about speeding up regulatory reform. We have talked about the carriers, brokers and dealers, so under the proposals a transporter would have to put their permit, their licence to operate, visible, so that if I want to give material or a business wants to give material, we should have the confidence that we are giving it to someone who will take it to a legitimate outlet. Speeding up carriers, brokers and dealers reform will make it harder to set up in the waste sector, so will raise the barrier to entry and will encourage professionalism, high standards and responsibility in the sector, which is what we try to do. We have talked about digital waste tracking. Again, the implementation programme is clear. That must be kept to and it should enable better regulation and

enforcement going forward, along with visibility on material flows, which is essential.

We have mentioned exemption reform as well. Some helpful changes are being made by the Environment Agency. A good example is the commitment to remove the exemption for storing tyres, which has been exploited to the hilt and, again, that should address things, given the current situation where the UK still exports thousands of tonnes of tyres to India for pyrolysis, which is illegal. There are changes afoot and if we can accelerate those, that will help.

The last bit you mentioned was technology and the use of technology. Digital waste tracking is complex, but should provide the baseload data and intelligence on waste loads, and that is a good example of technology that will evolve. That will enable the use of AI, for example, to start tracking material flows far more effectively, and, currently underutilised arguably in the sector, satellite tracking for illegal sites, trackers for waste materials. Sometimes that is used. It is used by the media. The media get good stories about tracking material that gets exported supposedly for recycling and ends up tipped in other countries for them to deal with. If the media can do it, we hope the regulator should be able to make better use of that technology.

Drone technology is beginning to be used, too, which would help in sites like Raspberry Hill Park Farm, Hoad's Wood. Again, the media use it. The agency has that available at its behest, so linking up those data sources with landfill tax returns and other tax returns should help build intelligence pictures for HMRC, the police and the Environment Agency to better deal with this at scale. There is good technology available that could be better utilised and hopefully that will emerge as well.

The Chair: Excellent. I have Earl Russell, Lord Krebs and Lord Ashcombe. Could I take all the three questions together?

Q22 **Earl Russell:** Thank you. I thought that bit of conversation was extremely fascinating. I am very interested in all the ideas you put forward about technologies and, as you say, if the media can use this stuff, why is it that this stuff is not embedded within the regulators? It might be a very quick question: what more can be done to encourage that? If you could give us any written evidence on a list of technologies, that would be useful.

For the second part of my question, I wanted to concentrate on other areas where we fight organised crime: how we use other technologies for fighting organised crime, including following the money, following mobile phones, organising, and understanding networks and how they operate. Is there more to be done in that space on the technology front?

Lord Krebs: My question follows on from a point that Lord Ashcombe made earlier about what goes on in other northern European countries. Are there lessons that could be learned in the UK from what happens in other countries? Again, it may be something more to write about, but it

would be interesting to hear that.

Lord Ashcombe: We talk about lots of ways of trying to do it, but why can we not just shut the sites as soon as they are known? I do not care whether they are legal or illegal: if there is a proper complaint and it looks illegal, close it and prove that it is not. Move the onus of proof. What is the problem with that and why does that not happen?

Dan Cooke: I think you will need to ask the Environment Agency that when they appear before you.

Donald Macphail: We would back that approach, although sometimes every site is different and there will be some quite complex challenges to overcome. I am sure the EA can expand on that when they give evidence.

Dan Cooke: Yes, and there are operators who will push at the boundaries of their permit, which is very difficult and complex for the regulator to spot—but there are some black and white cases where they should shut the gate.

Q23 The Chair: Excellent. We will definitely put that question to the Environment Agency when they appear before us. We are two minutes over time, so thank you very much to our panellists.

Before you go, I have two very quick questions that I would like to wrap up on. One is a technical question on the JUWC and local authorities. We have talked about the lag in time in reporting from members of the public to action being taken. Most people's first port of call will be their local authority, yet they are not on the JUWC. In terms of stronger collaborative working, would that be something that would be sensible?

Dan Cooke: I would say so. Sam and I sit on the oversight board for the Joint Unit on Waste Crime, so we will certainly take that back and make that suggestion. Yes, it would be sensible and the fly-tipping partnerships is a classic example. The environment directors have a waste group as well, so we can go to ask them to be represented. That would be a very good idea.

The Chair: Can I ask your view on the Government's 2018 25-year Environment Plan to eliminate waste crime by 2043? Is that realistic?

Sam Corp: No.

Dan Cooke: Well, with the right resources it could be—or certainly substantial reductions could happen and there are some trends, including getting successful prosecutions for the more complex cases, that can be encouraging. But I think it is largely down to resourcing. At the moment, with the current trends, no: I agree with Sam.

Sam Corp: I think also eliminating waste crime is probably impossible, even if you have as many resources as you need. I would support what Dan said about there being lots more to do, but I do not think we are

ever going to get to that zero position, so perhaps there is a question about how that target should be examined.

Earl Russell: To pick up very briefly, you are saying that may not be the best target. A massive reduction might be a better target than absolute elimination.

The Chair: I was going to give the last word to Baroness Whitaker and then we will call this session to an end.

Q24 **Baroness Whitaker:** On the collaboration issue, I notice that local authority associations are not in the JUWC list. You quoted examples. Were those presumably just one-offs and we need to share the practice? Defra is not in it. Do they not have any enforcement in this?

Dan Cooke: Defra will be represented by the Environment Agency.

The Chair: Excellent. All that remains is for me to say thank you very much. You have responded very clearly and openly and we thank you for that. With that I close the public session of today's meeting.