



HOUSE OF LORDS

Environment and Climate Change Committee

Corrected oral evidence: Waste crime

Wednesday 17 September 2025

10 am

Watch the meeting

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

Evidence Session No. 3

Heard in Public

Questions 36 - 55

Witnesses

I: Phil Davies, Manager of the Joint Unit for Waste Crime, Environment Agency; Steve Molyneux, Deputy Director for Waste & Resources Regulation, Environment Agency; Richard Las, Chief Investigation Officer and Fraud Investigation Service Director, His Majesty's Revenue & Customs.

Examination of witnesses

Phil Davies, Steve Molyneux and Richard Las.

Q36 **The Chair:** Good morning and welcome to the Lords Environment and Climate Change Committee. Today is the third and final session of our short inquiry into waste crime, focusing on serious and organised waste crime. The session today will be in two parts. The first panel will be officials from the Environment Agency and HMRC. The second panel will be with the right honourable Mary Creagh MP, Minister for Nature, and Emma Bourne, director for circular economy at Defra.

I warmly welcome our witnesses for the first panel and thank them for taking the time to be with us today. I should remind everyone that the session is webcast live and that a transcript will be taken and made public. Witnesses will be able to review the transcript and make minor amendments. I remind Members that any relevant interests should be declared the first time they speak. I start by welcoming our panellists again and asking each one to briefly introduce themselves.

Phil Davies: Good morning. I am a manager at the Environment Agency and part of the national environmental crime unit. I head up the Joint Unit for Waste Crime. I am an ex-senior police officer, having served 30 years targeting criminality including major and organised crime. In addition, I led a number of partnership functions that supported residential and business communities. For the panel's awareness, the Joint Unit for Waste Crime is a multiagency task force established in 2020 following an independent government review into serious and organised waste crime. We currently have 11 enforcement organisations that are strategic partners and two industry representatives.

Steve Molyneux: Good morning. I am the Environment Agency's deputy director for waste and resources regulation. I have been with the Environment Agency for just coming up to 30 years. I have held a number of policy and operational roles, principally on regulation, and have been involved in regulating the waste sector from an operational role on the ground through to a policy-making role within the Environment Agency. Previous to joining the Environment Agency, I was in the hazardous waste management sector.

Richard Las: Good morning. I am His Majesty's Revenue & Customs chief investigation officer and the director of its fraud investigation service. I have been in HMRC or its predecessors for over 30 years, with a long history of compliance and investigations. For a bit of context, the fraud investigation service is part of HMRC's customer compliance group, which includes all the directorates that tend to do the customer-facing compliance work. I will be talking about some of their work today as well.

Q37 **The Chair:** Thank you very much. Before asking the first question, I should declare that I am a director of Peers for the Planet. The first question is about the nuts and bolts of the Environment Agency. Could you explain how the Environment Agency is structured and operates in

relation to waste crime?

Steve Molyneux: The Environment Agency has 14 principal local operational areas, such as Greater Manchester, Cheshire, Merseyside, Yorkshire, and Herts and North London. Each of those areas has an environmental crime team that deals with local partners investigating local environmental crime, whether that be illegal waste sites, illegal dumping or responding to reports of environmental incidents involving waste.

We also have our national environmental crime unit, which houses our once national service and looks at specialist operations. Within that we have our major investigations team, our financial investigations and economic crime unit, a disclosure team that works on cases going to court and our source unit, which deals with confidential source information coming in. Separate to that, we also have national teams looking at specific types of intervention around international waste exports and crime through a ports inspection team. Then we have a fraud and disruption team looking nationally at fraud and disruption through the regulation of producer responsibility schemes as well.

Those are our principal teams and our set-up for looking at and dealing with waste crime. Phil has mentioned the Joint Unit for Waste Crime, which is a multi-partnership unit. It is hosted by the Environment Agency under our national environmental crime unit. Alongside that, we have our regulatory teams, because our principal role is regulating the waste sector. Our regulatory teams sit in those 14 local areas or may sit nationally if they are regulating nationwide regulatory schemes such as producer responsibility for packaging, batteries or waste electronic equipment.

The Chair: Thank you. I am interested in the way you separate regulated waste crime and waste crime that happens without regulation. We have heard quite a lot of evidence about the disjointed nature, if you like, of the way waste crime is handled within the Environment Agency.

Steve Molyneux: The Environment Agency is the principal environmental regulator for England, and there is a legal requirement for the waste sector to operate under a system of permits and registrations to ensure that it operates in a way that does not harm local communities or the environment. The Environment Agency principally has a regulatory role to issue permits for the companies and people carrying out waste management activities, registrations for people moving or dealing with waste through carriers, brokers and dealers, or regulating market-based systems through producer responsibility. There are a number of them. We can write to the committee and set out all the regulatory regimes that we deal with.

We have around 10,000 active permits for waste sites around the country. Principally, the sector operates in a responsible way; 95%-plus of our permits are what we call good or reasonable performers. Most of the industry is respectable and carries out its operations in the way it

should. Its activities underpin critical public services and how everybody's waste is dealt with and managed within this country. The UK generates over 220 million tonnes of waste a year and that has to be dealt with responsibly. Our regulatory teams are there to ensure that the waste sector operates—

The Chair: The regulated waste sector?

Steve Molyneux: Yes. What we do see is that the economics of dealing with waste are 180 degrees away from a normal economic transaction. The money goes with the waste, so you pay somebody to take your waste away. People acting recklessly or negligently or bad actors who are acting criminally, if they can make that waste disappear or go away, can keep that money as criminal profit. We see that criminals and bad actors will get involved. If waste is illegally dumped, burned, exported or misdescribed, that can lead to a criminal profit incentive for criminals to get involved. The waste sector, probably above and beyond any other sector that the Environment Agency regulates, can be open to criminal opportunity because of that profit incentive.

Q38 **The Chair:** We have heard that it is open to very serious criminal activity, with links to organised crime groups. Mr Davies, what outcomes have the Joint Unit for Waste Crime and the economic crime unit achieved since their establishment? We know how the JUWC is supposed to work but we have also heard from more than one source that it is not working terribly well. You are very well placed to answer.

Phil Davies: It is important to say from the outset that waste crime occurs in every aspect of the waste chain. This problem is not just about dumping something on a piece of land or a hole in the land. Waste crime occurs from the point the waste is made to the end of its life when it disappears out of the system. Criminals are operating right across the sector, in rural environments and in communities. The way that the joint unit has been engaging has encompassed all that across all those opportunities for criminals to commit crime.

Since we were established five years ago with a resourcing picture of seven members of staff to cover the UK, we have led or supported over 129 active operations. We have worked with over 136 different organisations. We have personally delivered 355 multiagency days of action, and out of those days of action and the work that we have done, 186 arrests have been made.

The Chair: Of those arrests, how many prosecutions have there been?

Phil Davies: The arrests are not made by Environment Agency staff. They are made by other agencies, predominantly policing. Some of those prosecutions are not the responsibility of the joint unit and they have taken their own criminal justice route and disposal. They will be for other offences that people commit—drug dealing, possession of stolen property, all sorts of other things that occur within that waste criminality.

I cannot give you that figure because policing itself cannot give me that figure.

The Chair: Does that mean that the answer is zero prosecutions?

Phil Davies: No, there are prosecutions from the work that we have been doing, but not necessarily directly towards waste criminality.

The Earl of Leicester: That is a woeful answer—that you do not know how many prosecutions have been led from your intelligence and your excuse is that it is other agencies such as the police dealing with it.

Phil Davies: No, it is not an excuse. The reality is, looking across the 43 police services within England, finding out the disposal of criminal justice resolutions is very difficult. We are reliant on that information being provided to us to be able to translate it.

The Chair: We will come back to enforcement later because we have heard very strong evidence from more than one source that the Environment Agency has powers that it does not use to its fullest extent.

Steve Molyneux: Can I come back on the prosecutions that the Environment Agency has taken in the last three years rather than other authorities? Over the last three years, the Environment Agency has taken 194 prosecutions, accepted 84 enforcement undertakings totalling £2.8 million, and secured 30 proceeds of crime orders, for around £4.4 million. Environment Agency staff work under very difficult circumstances, often putting themselves in front of people who use threats and intimidation to disrupt activities. They have a very hard job, so we are very proud of the work that they do.

The Chair: They do, and the public do. Members of the public have faced violence from these criminal activities. You are one of the government regulators they turn to, local authorities and police being the others. Would you say you have a leading responsibility for waste crime management?

Steve Molyneux: It depends on what activity the waste crime is. Waste crime can involve landfill tax fraud, and my esteemed colleague from HMRC will be able to talk more about that. The Environment Agency does not lead on landfill tax fraud, and landfill tax has been a driver of what we have seen of more organised crime coming into the sector, because that profit incentive has increased. We obviously do not lead on fly-tipping—that is a local authority responsibility—but we do lead on illegal dumping, where loads of more than 20 tonnes have been deposited. We lead on dealing with illegal waste sites. We lead on dealing with illegal waste exports, and misdescription is an area where, through the Joint Unit for Waste Crime, we liaise with our esteemed colleagues at HMRC.

Prosecutions are happening monthly. Only in August, in Operation Lord, at a site in Lincolnshire, we prosecuted 11 people with custodial sentences of up to 14 years between them, the company receiving an £80,000 fine and a proceeds of crime order of about £40,000. Every

month you will see enforcement action taken by the Environment Agency, including custodial suspended sentences and proceeds of crime orders. Our approach over the last few years, in recognising that more serious and organised crime is infiltrating into the sector, has been to develop that capacity and capability through the Joint Unit for Waste Crime and through our economic crime team. We welcome further government investment this year that has increased our funding by about 50%.

Q39 The Chair: Richard Las, has the investigation and prosecution of landfill tax fraud improved since the establishment of the JUWC? How many convictions have been obtained?

Richard Las: On the JUWC, I think that there has been a huge improvement in the real-time exchange of information and intelligence. The picture is much improved from when it started.

As a bit of context, the vast majority of landfill tax, which is our responsibility, is actually paid by a relatively small number of very large businesses. That is the structure of the industry and that is where the landfill tax falls. We manage that work in HMRC from our large business directorate. I can talk about the work that it has done. For example, last year in the region of just over £250 million of additional yield was generated from those teams' interventions. They are civil interventions and principally dealing with misdescription. They are establishing where waste has been misdescribed at some of those large sites and then issuing assessments as a consequence.

Our individuals and small business directorate looks at the lower end of the market. Again, it is doing civil interventions. Last year it generated £66 million worth of additional yield, again from smaller sites with similar issues. Generally, it will be about misdescription.

The Chair: Thank you. How many convictions have been obtained?

Richard Las: That is my part of the equation in fraud investigative services. We have had no criminal convictions on landfill tax. That continues to be the case. We have opened 36 civil investigations from referrals that we have received. Those are principally about non-compliance due to operators working who are not submitting returns or making payments, and racking up debts. The action we have taken there has tended to be seeking to get a security to get that particular operator to pay the landfill tax up front or to secure compliance. Out of the 36 we have done, 35 have been successfully brought into compliance. Essentially, those operators have paid their outstanding landfill tax. They continue to put returns in and then we monitor that for a period of time to make sure they do not go. One of them went into liquidation.

The Chair: Okay. I think that is rather disappointing, given the numerous loopholes to avoid landfill tax, such as exemptions. Am I right that you said there have been zero convictions?

Richard Las: We have had zero prosecutions, absolutely.

Q40 Lord Duncan of Springbank: I am struggling to understand how to measure your success. When you present to government Ministers and you explain what you are doing, it would be quite possible to cherry-pick little bits of information where it looks like you have been very successful, but the overall picture does not look very successful at all. A Minister would probably ask you to talk about the negatives, not the positives, so can you help me to understand what the impediments or barriers have been to you making this seismic shift to improve what you do?

Phil Davies: The first thing is to try to understand what success actually means. The work that the joint unit undertakes is against serious and organised criminals. They are very complex in nature. Many of those criminals sit at arm's length from their business ventures. Some have what would be described as traditional waste crime activities; others sit behind permitted and licensed large pieces of waste infrastructure and are making significant amounts of money.

The way that we monitor our success, coming back to your question, is by looking, for example, at how we disrupt some of their activities through other types of intervention, outside of long, protracted criminal prosecutions that can take five or six years. How else do we impact upon them? Through looking at issues such as money laundering, seizing vehicles off them and removing their licences, we squeeze them from multiple directions. This is a model that is seen elsewhere in law enforcement to target organised crime groups. You do not just simply try to prosecute your way out of it. You squeeze your way out of it by pressing from multiple directions. That is why the partnership is important, and the involvement of HMRC looking at different routes to try to pressure their criminal finances is one way of doing it. We look at a multitude of datasets to try to understand what we are doing.

Lord Duncan of Springbank: I understand that, but I am thinking that, with your analogy of squeezing, like squeezing a balloon, it just squeezes out somewhere else. Although you are disrupting in the first instance, if you are not halting it then, like a balloon being squeezed, it will just end up somewhere else. The only real method of ultimately halting this will be through prosecution and, as you would probably admit, that could be five years in the making and might well not lead to any success whatever. That suggests that there is something wrong with your model of approach to tackling this overall crime level.

Steve Molyneux: We are not talking about operators that do not quite understand the law. We work with business to bring people into compliance. When you talk about illegal waste sites, some of these are people who are acting because they are not well informed. Our first role as a regulator is to bring those into compliance, to join the industry and have the right level of investment.

We talked about the opportunities for criminal profits and criminals getting involved. The first point is to try to understand what is going on. Criminals will always try to be one step ahead because they are looking for loopholes and the advantage to exploit. We have undertaken our

waste crime survey since 2021, every two years. In 2023, our survey was indicating that around 18% of waste in the UK may be dealt with illegally at some point in the supply chain. That is 34 million tonnes of waste. We carry out that survey every two years and will have a reiteration this year; it might have increased to around 20%, but that is not that significant. We also know that only about 27% of waste crime may be reported, so we have an intelligence gap. We totally admit that. Our responsibility is to use Home Office best practice in the national intelligence model to get that intelligence in so we know what is happening and we can inform our response and help to inform government policy about what to do.

The reality around crime is: what is the cause of the crime? If we cannot focus on the cause of the crime, there will still be that criminal opportunity no matter how many prosecutions you take. The cause of the crime is that profit incentive. How do you take away that profit incentive in dealing with waste? You do that by waste having a value so that people do not want to lose it, because it has an inherent value and people want to hold on to it and invest in it. There is no opportunity for criminals if waste is a resource.

The Government's Circular Economy Taskforce is looking at opportunities to help develop the waste sector so that we consider waste less as waste and more as a resource. The more that can be squeezed in terms of valuing materials and putting them back into circulation, the less they will be preyed upon by waste criminals looking to make a fast buck by damaging our environment and communities. That has to be the long-term goal.

Lord Duncan of Springbank: That is helpful. I am struck by your 18% figure. I am trying to understand what is actual criminality versus what is probably just mistaken inability to meet the regulatory requirements.

Steve Molyneux: That is very difficult to disaggregate, especially when you are looking across those different regulatory regimes. Certainly, with producer responsibility fraud—people producing fake export or packaging recovery notes to be able to claim money—that is all criminal, if that makes sense. Nobody is acting recklessly by carrying out fraud.

Lord Duncan of Springbank: I can understand the criminality part. I am just trying to understand what proportion are simply people making a mistake, who have just not quite got up to date with the regulations. If it is 18% and that is only just a few per cent, then potentially 15%-plus is the serious crime stuff. I am just trying to understand what we are actually addressing.

Steve Molyneux: It is about 18% across the supply chain. At some point the waste may be dealt with correctly, and then is handed to somebody else through a carrier or broker, who then hands it to somebody who decides to export that illegally. It does not start off being dealt with illegally but somewhere in the supply chain there may be an intervention

for somebody looking to cut corners or cut costs. It is very difficult to understand through the supply chain.

Lord Duncan of Springbank: There would be a difference if you went to court. If somebody was saying they were simply confused by the regulation, they would have mitigation in court. Whereas if somebody said, "I was just trying to rip them off and I was doing all these things that were illegal", you would see the difference immediately.

Steve Molyneux: We would not take people to court for those actions—if people want to come back into compliance, take steps to do so, and have not damaged the environment in a way that would warrant prosecution, we would not prosecute. We leave prosecution for the worst offenders and the worst offences.

Lord Duncan of Springbank: If that is true then, of that 18%, how many would qualify for that category? You must have a note of how many you intend to take to court for serious crime versus those who you are trying to bring back into conformity. What is the proportion? That would be part of your stats.

Steve Molyneux: The 18% is how much waste may be held, so we do not know how many individuals are involved in that 18%. That is part of our intelligence gathering and understanding what is going on in the reporting. While our survey is getting a macro picture of how much waste may be dealt with illegally from our evaluation—it is essentially a scientifically based tool that allows us to understand the breadth of it—who is doing what, where and when relies on specific intelligence coming into the organisation.

The Environment Agency received in the last three years around 16,000 reports of waste crime, so it is not unrealistic to think that we get about 9,000 reports in a year.¹ We work very closely through the Joint Unit for Waste Crime to make sure that we access things such as the police national database, we work with HMRC and we work with the police authorities in bringing that intelligence together. That should help inform where we take our action against the actors or criminals who are having the biggest impact, where we know what is going on. However, we rely on that intelligence coming in. Criminals hide their activity, so unless people report it to us, the police or others, we cannot get that fullest picture. One of our objectives is to increase waste crime reporting. We think it is probably around 27% at the moment.

Lord Duncan of Springbank: Would you say that you are overwhelmed?

Steve Molyneux: I would not necessarily say that the Environment Agency is overwhelmed. I would say that we strive to do the best we can

¹ Note by the witness: Between January 2023 and December 2024, the Environment Agency received 16,773 reports of suspected waste crime.

with the resources that we have, as any other enforcement authority would say. We welcome the Government's continued investment in it.

Lord Duncan of Springbank: That sounds like you say potato, I say potato, but that is the end of my questioning. Thank you very much.

Q41 **Lord Trees:** I am interested in how you gather quantitative data. In particular, you are quoting figures for what is happening illegally. How do you know the quantity of stuff that you do not know about?

Steve Molyneux: How do you know what you do not know about?

Lord Trees: Exactly.

Steve Molyneux: That is an age-old question. I think that Mr Rumsfeld might have talked about that in ages gone past. It is very difficult to understand what you do not know about because you obviously do not know about it. That is why we carry out things such as the waste crime survey and have invested effort and commitment into building our intelligence development capacity through things like the Joint Unit for Waste Crime. We would know less if we did not have access to the national police computer.

Q42 **The Chair:** On that issue, instead of intelligence-led exercises and so on, we have been presented with various technological innovations that could help with resource to provide the data that Lord Trees has been talking about. For digital waste tracking, we understand the pilot is due in autumn—now—so information on that would be good. As well as that, we have satellite data and air and space evidence. Comprehensive evidence has been submitted about how they are able to help the Environment Agency but are finding it very difficult to find anyone within the agency to have a sensible conversation with. GPS tracking, drone technology and so on are all tools that are available to you. Are you utilising them?

Steve Molyneux: We are using some; some are under review and some may not be as open to our use as the committee may think they are. On things such as putting trackers in materials, we have to comply with legal requirements under the Regulation of Investigatory Powers Act. That does not allow enforcement authorities to start putting trackers into material, as maybe journalists can do.

Lord Trees: It would be very difficult to do, I admit, plus you do not know how much waste is produced by every household and every bit of industry and so on, but that would be one way to do it. You start with how much waste is being generated and then how much goes through legal routes and then the difference gives you some idea. Do you have statistics about the totality of waste generated by all the activities in thousands of different sites? That will be difficult, I acknowledge.

Steve Molyneux: It is very challenging. What we have at the moment is a paper-based system—waste transfer notes for tracking waste movements around the country of about 220 million tonnes. We are very supportive of the Government's commitment to develop digital waste

tracking, which will then start to develop that full picture of what waste is being generated and where it is going within or without the country. We are hugely supportive of the Government's ambition to develop digital waste tracking. That will be one important tool in shrinking the space where criminals can operate.

The Chair: Please do write to us with the challenges you face in using other newer technology that is on the horizon.

Steve Molyneux: I am more than happy to.

Q43 **Lord Jay of Ewelme:** Mr Molyneux, you referred to following the Home Office's national intelligence model. Could you very briefly explain what that is and whether you think that is the right approach?

Steve Molyneux: One thing we do as an enforcement authority is adopt Home Office best practice. We use Home Office best practice in management of risk in law enforcement. We use what is called the national intelligence model, which is about how to bring in, share, grade, distribute and use intelligence. If we want to use intelligence from other enforcement authorities and pass intelligence between each of them, then there is a requirement to align to the Home Office's model. Otherwise we would not be able to do that and bring information in from the police, HMRC or local authorities where they have that capacity.

Phil's Joint Unit for Waste Crime is one of the units that we have built over the years to help us do that and share that information. We know more about what we do not know than we used to, but there is still more to do and more of an intelligence gap to bridge.

Phil Davies: To add some context, since the development of the joint unit, between the Environment Agency and HMRC we have shared over 1,800 pieces of intelligence. We work very closely with policing to share intelligence. We submit intelligence directly into policing. We use the Government Agency Intelligence Network. We share intelligence with local authorities where there are the legal gateways to enable us to do it. Everybody needs to work within the parameters of the national intelligence model so that we can protect individuals and make sure that that intelligence is handled in the most appropriate and secure way.

The Chair: Absolutely, and there are challenges to doing that that we heard about from Matthew Scott last week. The intelligence is there but it is not always joined up or accessible. I think that is a challenge. If there is anything you want to say about how that is not the case, please could you do so in writing. That would be very good.

Q44 **Earl Russell:** I was interested in what you were saying on the need for digital waste tracking. It is perverse that, when you are faced with large organised crime—this is described as the new narcotics—and they are using the dark web and developing their own apps, the Government are following bits of paper around. It is important that these systems and processes are updated. In your view, does digital waste tracking need to be mandatory? Are you still expecting a mandatory system to come

forward in order for it to work and be effective?

Steve Molyneux: We work very closely with our Defra colleagues in the development of digital waste tracking. Our understanding is that the first phase will be brought in from April next year for waste receivers and then will be made mandatory from October.

Phil Davies: From an investigation perspective, it is vital. We spend hundreds upon hundreds of hours looking at altered and changed waste transfer notes, but we hope to be able to use the technology that you have just mentioned more to enable that and to enable the sifting of some of it. The hours spent and the opportunity for criminals to make false instruments and fraudulent documents is open to your imagination. Where we have a digitised system that gives us a digital footprint that is then easier to investigate, it will make an investigator's life a lot easier.

Q45 **Baroness Whitaker:** I would like to ask about prioritisation. I know it is always an issue with enforcement agencies. There is never enough money to do everything. I am asking about on-the-ground prioritisation. We have seen in other evidence a certain amount of questioning of your tactics here. The Corry review thought too much was spent on low-value compliance and an issue raised by several people is that the money from permit fees ought to be used on enforcement. This is probably again a matter of the Treasury asking you not to vire between budgets, which is always a pain. Secondly, you seem to focus more on regulated outfits, but unregulated outfits are much more likely to be criminals. How do you approach unregulated outfits in general? Who will start on that basket of anxiety?

Steve Molyneux: I heard questions about prioritisation of waste crime, funding and the regulated sector versus the criminal sector. I will try to pick up the last one first.

The Chair: Succinctly.

Steve Molyneux: I will try; it can be complicated. In a nutshell, the waste industry should operate in the way we said at the start, protecting communities and protecting the environment. They pay a fee for permits that need to be regulated against. Managing public money rules means that they pay for a service and we need to invest in that service. That money is ring-fenced through managing public money rules for regulating the regulated sector.

Baroness Whitaker: Is it you who ring-fences it or is it the Treasury?

Steve Molyneux: No, that is managing public money rules that are set out by wider government. I always hear industry colleagues, because I talk to them all the time, saying, "Can you spend some of that money on the illegal sector?" We do not have the opportunity. What we do is make sure that when we do regulate that sector, we focus on the highest-risk areas. In producer responsibility, we are risk profiling, because the high-risk sectors may be involved in the grey area.

Baroness Whitaker: Is that highest risk of environmental damage, organised crime or what?

Steve Molyneux: In permits compliance it is what we call poor performers. They may not be compliant with their permits. If it is in producer responsibility, it is because we have question marks about their reprocessor and export arrangements. We still focus the regulatory aspects on what we believe to be the poorest performers and use that intelligence in our approach to waste crime.

We want to be in a position where we do not rely solely on government funding to tackle waste crime, and we believe that it would be fair and transparent for the industry to shoulder some of the costs to allow the regulators to enable that level playing field for industry. Last year we consulted on levying the industry's subsistence fees, how much they pay for regulation, at around 10% that could be used specifically to target waste crime. We are looking to how we can broaden that scope of fees and charges and allow industry to pay a contribution towards tackling waste crime alongside the Government. We consulted on that last year and that had the support of the Environmental Services Association and the major waste industry. That is currently with government and going through due process.

On how we prioritise, we use the Home Office best practice, MoRiLE, management of risk in law enforcement. Our top waste crime priorities are misdescription of waste, producer responsibility fraud, illegal waste exports and high-risk illegal waste sites. Those are our top strategic priorities.

Baroness Whitaker: Do you have outcome measurements for those as well as output measurements, not how much you put into it but what happens?

Steve Molyneux: Yes. We measure the number of illegal waste sites that we have stopped. In the past three years we have stopped around 1,600 illegal waste sites. We focus on those at the highest risk.

Baroness Whitaker: These are regulated ones that are behaving illegally?

Steve Molyneux: No, these are illegal. For regulated sites, we will look at performance. We will look at ensuring that the regulated industry has a high level of performance that gives confidence to communities and the regulator that the environment is protected and they are protected. About 90% or above of those 10,000 permits that we have are good operators.²

The legitimate sector operates predominantly responsibly, but we have a level of criminals that use the profit incentive to get involved. We focus our effort through that risk assessment, using Home Office best practice.

² Note by the witness: About 90% or above of those 10,000 permits that we have are good or reasonable performance.

Our priorities are where we see illegal exports, where we are seeing the operation of high-risk illegal waste sites that may be dealing with things such as hazardous waste, where we see producer responsibility fraud, which is in the millions, that could undermine the proper functioning of those regimes that are supporting the circular economy, and in misdescription of waste. Phil was talking about the 1,800 bits of intelligence that we are sharing. We work very closely with HMRC on misdescription of waste. Local teams will prioritise the threats in their area. They work with local communities and local partners to focus on—

Baroness Whitaker: Can I just ask about these local partners? What is their role in setting priorities? You include businesses, I imagine, among them. Who are they? What is their influence on prioritisation?

Steve Molyneux: There is a national fly-tipping group that we work with nationally. There may be local arrangements on fly-tipping with local authorities where the roles and responsibilities cross over. Phil may be able to talk more about relationships we are building with police and crime commissioners and local crime partnerships. They are dependent on local authorities' capacity and willingness to develop them. Our local teams basically prioritise what is coming in.

Baroness Whitaker: Their areas?

Steve Molyneux: Yes, what is coming in from the public.

Baroness Whitaker: Is it their area's illegality or their area's firms that are trying to be responsible but have not quite made it? Which?

Steve Molyneux: Both.

Baroness Whitaker: That is not, if I may say so, a prioritisation.

Steve Molyneux: Yes. They will use MoRiLE. A local team might have four officers, it might have 10. Our team in the West Midlands locally is probably about 12—but do not quote me on it. They will have information coming in from the public, and reports and information coming in from industry and local partners, which might be local police or the local authority, saying "This is going on". They might have information coming down from our national intelligence team saying, "You probably do not know about this, but this is happening". Their role is to work out, with the resources they have, where they can have the biggest impact. They will use what is called MoRiLE to score potential illegal waste sites for investigations and focus on the highest threat risk and harm.

Baroness Whitaker: It is pretty localised. I do not know whether Mr Davies has anything to add.

The Chair: We have 19 minutes left, so we really need to get a move on.

Phil Davies: Very quickly, during that prioritisation process, which can happen at any stage of the information-finding process, Steve has just articulated that an officer might go out to a particular site. That would

then be reprioritised with the information that is gleaned from the initial piece of intelligence.

- Q46 **The Chair:** I have a quick supplementary on that. The Environment Agency, we have heard, uses income from its permit fees and charges to fund its regulatory compliance at permitted sites. But it cannot use such moneys to fund its enforcement work in relation to completely unregulated operations. Do each of you find that a source of frustration? Because I do.

Baroness Whitaker: And I do.

Phil Davies: It is very complex. Yes.

Steve Molyneux: We deal with government and funding structures and look at how we manage the risk and threat within those.

The Chair: Do you find it frustrating that 35% of waste crime is serious organised waste crime but a large proportion of it cannot be tackled because of the rules that are enforced on the Environment Agency? Is that a source of frustration to you?

Steve Molyneux: It is a source of frustration that there is not an element of flexibility. You have to be minded that businesses are paying for a regulatory service, and if they are paying for a regulatory service that is not regulating their businesses, they would need to be—

The Chair: We are assuming that the important regulatory work around landfills and regulated sites goes on, but this is about the ones that are not regulated; for example, Hoad's Wood. We will look at that later, but we are running out of time so I will move on to Richard Las. Can you say very quickly whether the rules as they currently exist are a source of frustration for you?

Richard Las: HMRC operates in a slightly different way. We have a lot of responsibilities, lots of different taxes, which can be difficult to prioritise. But, because we have a lot of people, it allows us to flex resources, so we do not operate under the same constraints.

Baroness Whitaker: If you have any chart or diagram of your prioritisation methodology, which I appreciate is complex, it would help us a lot if you could send it in.

Steve Molyneux: I am more than happy to provide it.

- Q47 **Earl Russell:** Gentlemen, thank you for coming before us today and giving evidence. As you might know, I was a little bit involved in the Hoad's Wood case and I encouraged this committee to take up this inquiry. Before I start, I want to thank the agency for all the work it is doing to clear up that fly-tip, which is costing probably about £15 million.

How long is it typically taking you to respond to and investigate reports of serious waste crime, particularly large-scale dumping and fly-tipping? In the Hoad's Wood case, for whatever reason it was reported to the police,

to the local authority and to the Environment Agency, and nothing was done for months and months. At the peak of it, we had 20 to 30 lorries a day coming from hundreds of miles away, dumping waste in this SSSI. Seemingly, for local residents who were trying their best to report this and for the campaign group that was highlighting this issue, nothing was done and nothing was done. I am not here to criticise the agency, but I am here to try to see what lessons we can learn and how we can improve things, so my questions are intended in that spirit. What more could you be doing to help improve the response so that we have some action and reaction and shut these sites down?

Steve Molyneux: We ended last financial year with about 461 illegal waste sites nationally, which is the lowest we have had, but that is not precluding the fact that we know that there is an intelligence gap. We do strive even within prioritisation. We prioritise the sites that we know are presenting the biggest threat risk and harm, such as high-risk illegal waste sites. We have a target of closing 90 of those high-risk sites down this year, I think.³

Earl Russell: How many are known to the EA that are as big as or bigger than Hoad's Wood at the moment?

Steve Molyneux: In terms of an illegal dump as big as Hoad's Wood, I would probably have to come back on that. There are a couple that are a focus; they are probably not as big as Hoad's Wood, but we can come back on that. We track how long it takes us to close down and stop an illegal waste site. It would not necessarily close down because sometimes these criminals move off and move back again. It currently takes around just over five months on average to close down and stop an illegal waste site.

There are always lessons to learn. I totally acknowledge that. One of the things that we have been doing is reaching out to Kent police and through local authorities to strengthen those local working arrangements between the EA, the police and Kent, which Phil might be able to talk about.

Q48 Earl Russell: I am very interested in working with you to learn those lessons. There might be things outside of your control that this committee could help push for. Again, from the residents' experience it was reported and reported and nothing was done.

I wanted to ask whether you are able to make better use of some of the restrictive powers you have to shut down sites, to blockade them immediately and to respond to residents when they talk to you, and what more you could be doing to actively work with others. Maybe I can move on to Mr Davies. I acknowledge the work that the Joint Unit for Waste Crime is doing and I am pleased that you have gone from six to a grand total of 12 people. What more can you be doing, working with partners

³ Note by the witness: We ended last financial year with about 451 illegal waste sites nationally, and we finished 2023-24 with the lowest on record

and other organisations, to actively bring this together, disrupt these criminals and stop these big, devastating incidents?

Phil Davies: As a point of clarification, we are moving to a resource profile of 18 members of staff as a result of investment that has kindly been provided to us. The answer to all this is working in partnership with other agencies. It is not just a problem for the Environment Agency to solve. The example you have provided down in Kent, where the joint unit has now become involved with local partners and the local authority, is a much-improved picture in terms of our ability to operate together, mounting things like road stops and other operations—

The Chair: A shorter answer would be appreciated. We are really up against the clock.

Phil Davies: That working in partnership model is one that we need to take forward, exemplify and champion.

Earl Russell: Is there more you can do to share those best practices?

Phil Davies: Yes. We are doing it across agencies. We are conducting multiple briefing sessions with other partners. We have, in fact, in the last four years trained over 3,000 members of staff in other agencies around environmental crime and the activities that we can carry out together.

Q49 **The Chair:** Thank you. Before I come to Lord Layard for a very brief intervention, do you think it would be helpful to the JUWC if local authorities had a seat therein?

Phil Davies: At the start when we created the joint unit, we visited the possibility of bringing local authorities in. I am sure that the committee will be aware that the local authority framework in England is very complex and fragmented. There are 317—

The Chair: Yet they are crucial. We heard last week how crucial they are.

Phil Davies: We are achieving it. We spoke with the Local Government Association and LARAC about how we might achieve that and we could not find a single gateway to be able to do it with single representation, so we do it in a different way now. We have local representation liaising with local authorities. When they glean information and intelligence from those local authorities, they place that into the intelligence systems. We put staff and officers into local authority meetings around fly-tipping and other types of criminality.

The Chair: Do you think the suggestion made by Matthew Scott, PCC for Kent, last week that we should have a public inquiry into Hoad's Wood would help with the lessons-learned exercise that Mr Molyneux was talking about?

Steve Molyneux: I think that government recognised some of the tools that can be used to enhance authorities dealing with waste crime: the

introduction of digital waste tracking and the development of reform of the carriers, brokers and dealers regulations. The Government have committed £15 million this year to the Environment Agency to focus on waste crime. We understand—

The Chair: The answer is no, you do not think a public inquiry would be useful.

Steve Molyneux: We understand the steps to take to be able to reduce the area that criminals can focus on.

The Chair: We will see when we see the outcome of the prosecution. I understand there is a prosecution under way.

Steve Molyneux: We have made it public that arrests have been made but we would not be able to talk more about that.

The Chair: The events at Hoad's Wood are such a serious transgression and such a serious failure of the authorities that I would have thought they would have rung all sorts of alarm bells and that a public inquiry would be the least of the interventions that we could take on behalf of the public who suffered there immensely.

Q50 **Lord Layard:** I wanted to ask about the role of fines in the system. These are the people who are in it for the money. Could you explain what the mechanisms are for fining people? Are there limitations on the level to which fines can be charged? Should they be raised?

Steve Molyneux: Fining is a matter for the courts, not the Environment Agency. The Environment Agency puts the information in front of the courts and the courts make decisions along the lines of their sentencing guidelines to magistrates. It will be the same for HMRC. As I said before, there were 194 prosecutions in the last three years where a custodial sentence⁴ was issued. Our staff share people's disappointment where we think that fines levelled by the courts could have been higher, but we recognise that the courts have a difficult job to do. Some people who are brought in front of them are small businesses or individuals who may not have the capacity to pay significant fines. The courts will not issue fines to people who do not have the capacity to pay them.

Q51 **Lord Trees:** In the interests of time, I will break down the question that I have been given and which I think you have had notice of into four quick questions. How much does it typically cost to investigate and prosecute serious waste crime? What proportion of those costs are typically returned to you by the courts? Once an investigation is complete, how long does it take to get a case through the courts? Finally, do you think the sanctions being obtained via the courts are sufficient? Both of you might want to answer with more or less one-word answers.

⁴ Note by the witness: a fine or sentence

Steve Molyneux: How long it takes depends on the case that you are taking. Recent costs have been £50,000 to £80,000 to take a case to court. They are reasonably significant ones; they are not small.

Lord Trees: What is the proportion returned by the courts to you?

Steve Molyneux: We apply for costs, which is outside the fines, and then that will be awarded to the investigation authority. Then it is for the courts to receive that money and apportion it back.

Lord Trees: What about the time taken to go through the courts?

Steve Molyneux: The time taken from the start to the end of a serious or major investigation can be a number of years.

Phil Davies: Some of those timelines are out of our control. Some of those are issues and blockages in the system or applications made on behalf of defendants that slow some of that down. They are not always under our control in terms of the evidence that we submit to the courts.

Lord Trees: That begs a question about the quality of the evidence, but we will not go into that. Finally, do you think the sanctions available are sufficient?

Steve Molyneux: The first thing on the quality of the evidence is that we would not take a case to court if the quality of the evidence would not stand up in court. One of the areas we have invested in is our disclosure team. The committee may not be aware, but to take a case to court we have to disclose all the information to the defence that we have, whether we think it will impact on the defence's case or not. We know that if we go to court, we have to be watertight in terms of the evidence and the information we propose, so we will never go to court unless we believe that all that is in place.

Lord Trees: Does that explain why not many convictions have been achieved?

Steve Molyneux: I go back to the 194 prosecutions from the Environment Agency over three years. Our legal team is proud of that record, but there is a distance to go through from an initial investigation and whether you can gain the evidence that would be presentable in court to secure a prosecution. We talked about the costs involved. That is because there is a lot of work involved in any prosecution case, whether it is the Environment Agency, HMRC or the police. The police have resources. There are 140,000 police officers nationally. They are dealing with a huge, broad spectrum compared to the Environment Agency and what we are doing with waste crime, but still those same standards of evidence in the Regulation of Investigatory Powers Act⁵ all apply.

Lord Trees: Are the sanctions strong enough?

⁵ Note by the witness: and the Police and Criminal Evidence Act

Steve Molyneux: We would always ask for as strong a sanction as possible.

Q52 **Lord Jay of Ewelme:** This is a question for Richard Las, who has been wonderfully patient so far this morning. How would you expect the Treasury's proposals for landfill tax, which are, I understand, now out for consultation, to impact levels of waste crimes, including illegal dumping, landfilling and exporting?

Richard Las: As you will be aware, the consultation has just recently closed at the end of July, so it is currently with Treasury officials and the Government to look at. I cannot give you any additional insight on what the outcome of those consultations will be.

When we look at the context of landfill tax from its inception, it was designed to encourage local authorities not to send waste to landfill. That has broadly been successful; there has been a 90% reduction in the volumes of waste sent by local authorities to landfill. I think that this is a good time to reflect on whether that is the right option going forward, in particular looking at how we can encourage the waste sector to do more about reusing even more waste and making even more of that. If we end up with proposals that can reduce the incentives to misdescribe, that will be a good thing. We must be realistic that any tax will ultimately be an opportunity for some people to want to evade it. I do not think we can be naive about that but if we can reduce some of the disparities, create a more level playing field and get the right incentives in to make a more circular use of the waste chain, that is what we would be seeking.

Lord Jay of Ewelme: On the question of not being naive, have you assessed how the proposed reforms could lead to the abandonment of landfill altogether with people just deciding not to go there and dump elsewhere because that now seems a better option?

Richard Las: No, I do not have an assessment of that. Ultimately, the Treasury may well be working through some of those implications in the wider system.

Lord Jay of Ewelme: If that does look like a risk, how do you think you would mitigate it?

Richard Las: A lot of the controls we have in place already give us the power to deal with that and we have heard a lot of evidence about those unauthorised waste sites and the joint working we have around that, which I feel is a lot stronger than it was in the past. Clearly, any changes to the regime will require us to look at what the new risks are and make sure that we have the mitigations in place so that we can start to tackle it from the outset.

Q53 **Lord Jay of Ewelme:** Looking back over the last few years or so, would you say that things are looking better as far as waste management is concerned now than they were five years ago?

Richard Las: From a landfill tax perspective—that is what I can talk to, not the waste climate in its totality—I feel we have a stronger grip of the sector than we did previously. I feel there are risks in the supply chain, which we have mentioned a few times, where you get some rogue operators who will provide a service—there is money to be made in it—and ultimately misdescribe the waste. We have mechanisms for trying to deal with that but that is one of the fundamental problems and probably will always exist.

Steve Molyneux: I am hugely optimistic about the waste management sector and the Environmental Services Association is committed to invest around £10 billion over the next 10 years in waste recycling infrastructure. The Government have just lodged signature policies on extended producer responsibility for packaging, which, with modulated fees, starts to look at how the country can reduce its reliance on packaging that is hard to recycle and may cause problems down the line in polluting the environment.

The Government are committed to developing digital waste tracking, which we have talked about the importance of, and made announcements around reform of the carriers, brokers and dealers regulations. If you talk to the industry, it sees itself as generating green jobs and investment in the UK, so I am hugely optimistic for the waste management sector and waste management in this country. I think we are definitely on the right path. Will there be opportunities for criminality? While the causes are still there, there will, but the direction of travel is to squeeze the area in which criminals can operate through joined-up policy-making, and regulation and providing the resources from the Environment Agency and HMRC to try to tackle the worst offenders.

Q54 **Baroness Whitaker:** One-word answers will do. Are the sentences handed down by the courts appropriate and are all levels of the judiciary trained in awareness of the hazards and the severity? Trained by you?

Steve Molyneux: That would be a matter for the courts to answer rather than the Environment Agency.

Baroness Whitaker: You don't – Okay. Are the sentences adequate?

Steve Molyneux: We would always ask for the strongest sentences possible and we are sometimes disappointed about the level of sentencing, but the sentencing of individuals and businesses is a matter for the courts.

Q55 **Earl Russell:** The strict focus of this inquiry is serious organised crime within the waste sector. What is one thing that would help you tackle the serious organised criminals?

Steve Molyneux: When you are talking about serious and organised criminality, you are talking about individuals or businesses that can bring to bear significant resources to tackle crime. I think it would be remiss of me to say that one single thing would be held up as a silver bullet that would resolve this. Digital waste tracking is clearly an opportunity to

reduce that space. The development of our capability and resources through things such as the economic crime team to be able to not just prosecute but deny criminals assets and use those modern enforcement techniques is principally where we will be able to have most impact on serious crime - in line with Home Office strategy.

The Chair: I thank our panellists enormously. We have been set a real challenge in trying to figure out how best to tackle the scourge that is waste crime and your input has been invaluable. Thank you very much.