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The NAO report on The Packaging Recycling Obligations – July 2018

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What prompted the NAO interest?

- “The Environmental Audit Committee has also today published the Government’s response to their report Disposable Packaging: Coffee Cups. The Disposable Packaging inquiry revealed some concerns about the Packaging Recovery Note system.”
- “The National Audit Office has today announced that it will launch a review of the Government’s oversight of the Packaging Recovery Note scheme. This work will take place following a request from the Environmental Audit Committee, who have concerns that the system is opaque, and could be subject to fraud and non-compliance.”

(Commons Select Committees March 2018)

Key facts:

64%

reported proportion of UK
packaging waste recycled in
2017 against a target of 55%

Unknown

range of uncertainty in reported
packaging recycling rates

1 of 4

High-risk exporters subject
to a compliance visit in 2017,
a lower proportion than
low-risk companies

Key facts:

11 million	government's estimate of tonnes of packaging used by UK households and businesses in 2017
7,002	companies that registered as having packaging obligations across the UK in 2017
£73 million	amount raised by the system UK-wide to help fund recycling of packaging waste in 2017
Sixfold	increase in exports of packaging material for recycling abroad between 2002 and 2017, with exports accounting for half of the packaging reported as recycled in 2017
124	compliance visits to recyclers and exporters carried out by the Environment Agency in 2016-17, against a target of 346
3	unannounced site visits carried out by the Environment Agency in 2017-18, covering 1.4% of accredited English recyclers and exporters

Recycling rates:

The impact of WRAP and Valpak's analysis on estimates of packaging recycling rates

Each material flow report altered the existing packaging quantity estimates for their respective materials. This also changed the reported recycling rate for each material

Material	Year of publication	Change to waste on the market estimate (%)	Previous recycle rate (%)	Revised recycle rate (%)
Glass	2013	-13	60	68
Metal	2014	-20	57	63
Plastic	2014	-13	28	32
Paper/card	2016	+22	89	73
Wood	2016	+27	40	32

Notes

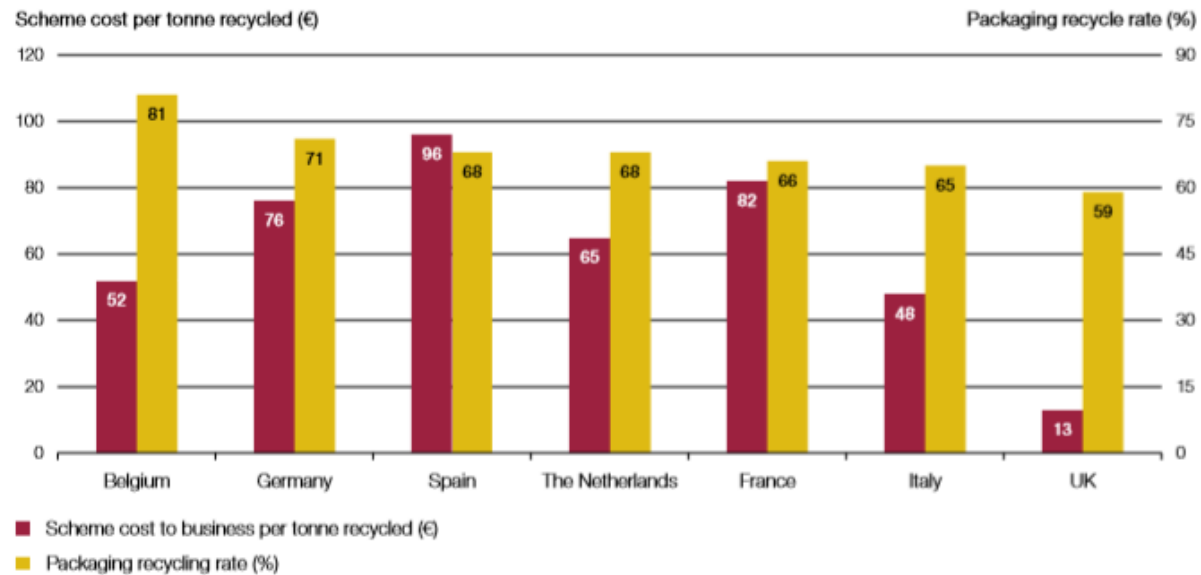
- 1 Revised figures are only used going forward and previous recycling rates are not revisited.
- 2 WRAP is the Waste and Resources Action Programme.
- 3 The change to the waste on the market estimate shows by how much the estimate from the WRAP reports differed from the previous estimate for the same year used by the Department for Environment, Food & Rural Affairs.

Source: The Waste and Resources Action Programme material flow reports

Vs 6 EU countries:

Costs to obligated companies for each tonne of packaging recycled in the UK and six other EU countries in 2014

The UK has significantly lower costs to business than other EU countries



Notes

- 1 Valpak took the compliance and fee costs from annual reports from other compliance schemes. This information is not available for Germany and so DSD, the main compliance scheme there, provided an estimate to Valpak.
- 2 The scheme cost includes all compliance and administrative costs borne by packaging producers in each country.
- 3 This graph does not represent the total cost of recycling in each country, only the costs that are passed to packaging producers.

Source: Valpak – Packflow 2025 report

Recycling destinations – plastic:

Recycling destinations of plastic packaging waste

In 2017 China was the most significant foreign customer for the UK's plastic packaging waste, receiving 25% of exports. The next most significant customers were Malaysia, Poland and Turkey, who each received 11% of exports in 2017

Exports accounted for 66% of plastic recovery notes issued in 2017, with the remaining 34% issued by UK reprocessors.

Recycling destinations of UK plastic packaging waste 2017

UK plastic packaging waste
reprocessed (tonnes)

- More than 500,000
- 50,001 to 500,000
- 5,001 to 50,000
- 501 to 5,000
- 0 to 500
- No exports



Plastic recycling in 2018:

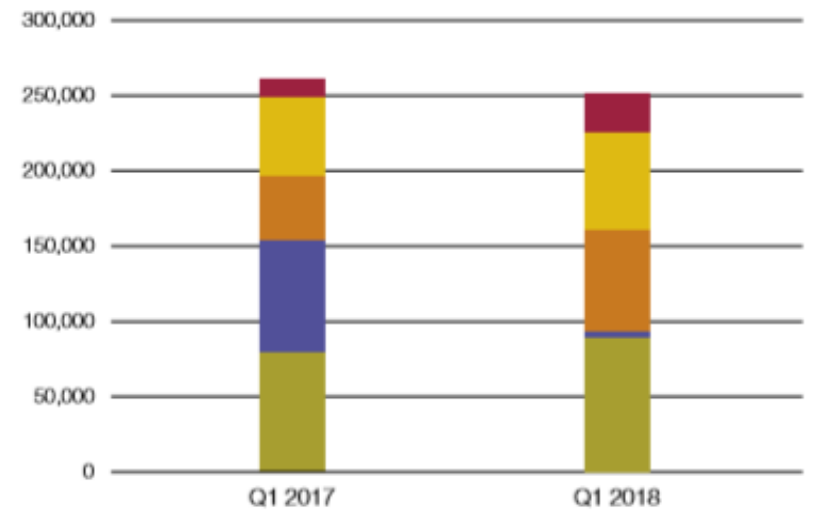
Data for the first quarter of 2018 show that China's share of the market has reduced significantly as a result of its new restrictions on the quality of waste exported. In the first quarter of 2017 it received 40% of the UK's plastic exports, whereas in the same time period for 2018 it received only 3%.

The most significant foreign markets for plastic packaging waste in the first quarter of 2018 were:

- Malaysia (17%);
- Turkey (16%);
- Poland (12%);
- Indonesia (11%); and
- The Netherlands (9%).

Destinations of recycled plastic packaging waste

Tonnes



■ Other Organisation for Economic Co-operation and Development (OECD) Countries ■ European Union ■ Other Asia (excluding OECD and China) ■ China ■ United Kingdom

Notes

- 1 This map assumes that Greenland does not receive any of the exports sent to Denmark.
- 2 Figures for China include Taiwan.

Source: National Audit Office analysis of national packaging waste database data

Conclusions:

- However, the system appears to have evolved into a comfortable way for government to meet targets without facing up to the underlying recycling issues.
- The government has no evidence that the system has encouraged companies to minimise packaging or make it easy to recycle.
- And it relies on exporting materials to other parts of the world without adequate checks to ensure this material is actually recycled, and without consideration of whether other countries will continue to accept it in the long-term
- Our overall sense is that over a long period government has allowed the obligations to keep rolling forward without asking the important questions.

Recommendations:

- Improve its approach to estimating packaging recycling rates.
- Evaluate the scale of fraud and error within the system, including the extent of contamination in waste exports.
- Establish clear objectives for the reformed system, covering outputs and outcomes
- Understand how the system works alongside other interventions as part of a coherent waste strategy

What next?

- **Government has committed to bring in a new Waste and Resources Strategy, due to be published later in 2018.**
- **Government support of the UK 'Plastics Pact', a collaborative initiative that brings together businesses, government and NGOs to address plastic waste. This has set a target to eliminate unnecessary single-use plastic packaging, for all plastic packaging to be re-usable, recyclable or compostable and for 70% to be recycled or composted by 2025.**
- **a commitment to meet the new packaging recycling targets for 2025 and 2030 agreed by the European Union through the 2018 Circular Economy Package.**
- **Plans to implement a deposit return scheme for drinks containers.**