# Environment Agency crackdown exposes £747,000 Packaging Export Recovery Note fraud



The recent crackdown on fraudulent packaging export note schemes by the Environment Agency (EA) underscores the growing concerns over waste-related crime in the UK. Following a significant investigation, two men from London were arrested in connection with a £747,000 scheme involving the unlawful sale of Packaging Export Recovery Notes (PERNs). The arrests took place at properties in Chelsea and Westminster, bringing the total number of individuals detained in this investigation to four, including previous arrests in Manchester.

The EA’s operation is a response to allegations that fictitious export notes were issued and sold by a suspected shell company. These notes serve as compliance evidence for businesses that produce packaging waste, requiring them to contribute to recycling and disposal costs. The implications of such fraud are severe, as it not only harms legitimate businesses but also undermines the integrity of the recycling system. As Matt Hindle, Head of Policy at the Environmental Services Association, aptly noted, "Fraud in packaging export schemes damages legitimate businesses that follow the rules and ultimately undermines confidence in the recycling system altogether."

The EA has emphasised that the increasing value associated with PERNs has made them a target for organised crime, with criminals often falsely claiming to have exported non-existent or incorrectly sourced waste. Fraud in this sector has reportedly risen dramatically over the past three years, with the EA's efforts revealing that criminals have falsely presented packaging waste that has either never existed or had already been claimed, costing the UK economy an estimated £1 billion each year.

The issue extends beyond the immediate arrests, reflecting a broader pattern of waste crime in the UK. Previous arrests in this investigation occurred in March, when two men were detained in Manchester as part of a collaborative effort with the North West Regional Organised Crime Unit. Vernon Smith, Acting Deputy Director for Environmental Markets and Regulation at the EA, reiterated the dangers of waste crime, stating, "Fraud in the recycling industry is waste crime. It undercuts legitimate businesses investing in growth in the circular economy." The EA's strategy includes enhancing their investigative team and employing skilled professionals to tackle the complexities of such fraudulent activities.

Notably, environmental charity RECOUP has called for a comprehensive review of the packaging recovery note system, highlighting inherent weaknesses that may contribute to fraudulent practices. The current framework fails to adequately prevent waste crime, prompting a plea for overhaul to ensure a stable system that accurately reflects recycled content claims. Industry voices argue that the packaging recovery note system creates an uneven playing field, with problematic practices allowing non-target contamination to be overlooked in exported materials while being penalised domestically. This discrepancy fuels concerns over the legitimacy of exported recyclables.

Additionally, recent developments indicate that the EA is ramping up enforcement, having already arrested 17 individuals linked to PERN frauds in 2024 alone. The agency’s proactive measures include freezing accounts linked to criminal activities and collaborating internationally to gather intelligence and evidence against organised crime networks involved in waste export fraud. The increased regulatory scrutiny is imperative as the UK aims to meet forthcoming waste recycling targets; however, it will require comprehensive strategies that prioritise both enforcement and prevention.

As environmental regulations evolve and the market for recycling becomes increasingly lucrative, the challenge of ensuring integrity in the waste management sector remains pressing. The EA encourages public assistance in tackling fraud by reporting any suspicious activities, reinforcing the critical role of community vigilance in maintaining trust in the recycling system.

In summary, the investigation into the fraudulent activities surrounding packaging export notes not only highlights immediate legal actions but also raises significant questions about the future of waste management in the UK. The call for reform echoes louder as the industry grapples with the complexities of ensuring compliance while thwarting criminal initiatives that threaten economic and environmental stability.

### Reference Map

1. Paragraph 1, 2, 3, 4
2. Paragraph 4
3. Paragraph 2
4. Paragraph 3, 6
5. Paragraph 5
6. Paragraph 5

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://resource.co/article/further-arrests-made-packaging-export-note-fraud-investigation> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/news/manchester-pair-arrested-over-recycling-fraud> - On March 12, 2025, two men were arrested in Manchester as part of an ongoing investigation into illegal recycling export paperwork. The Environment Agency and North West Regional Organised Crime Unit collaborated to arrest a 45-year-old man in Rusholme and a 43-year-old man in Stretford. Both were questioned and released on bail. The investigation focuses on the unlawful sale of Packaging Export Recovery Notes (PERNs) worth £747,000, which are used by businesses to cover recycling costs. Vernon Smith, Acting Deputy Director for Environmental Markets and Regulation at the Environment Agency, emphasized the agency's commitment to tackling fraud in the recycling industry, stating that such activities undermine legitimate businesses and harm the environment. Detective Chief Inspector Zoe Russo from the North West Regional Organised Crime Unit highlighted the importance of collaborative efforts in addressing organised crime, expressing a commitment to disrupt and dismantle criminal networks involved in waste crime and other illegal activities. The Packaging Producer Responsibility Regulations require businesses that produce packaging waste to contribute towards recycling and disposal costs. Obligated companies must purchase credits, known as Packaging Export Recovery Notes (PERNs), from approved waste reprocessors or exporters as evidence of compliance. These notes provide proof that packaging materials such as plastic, glass, and cardboard have been properly exported or reprocessed. However, the Environment Agency has identified that the value associated with these credits has attracted organised criminal groups seeking opportunities for fraud and money laundering. The agency has previously warned of a significant rise in waste export fraud over the past three years, with criminals falsely claiming to have exported packaging waste that never existed, wasn't UK-sourced, or had already been claimed. This case is part of a broader operation by the Environment Agency to combat fraud and money laundering in the waste sector, which is estimated to cost the UK economy approximately £1 billion annually. The previous arrests in this investigation took place in Manchester on March 12, when a 45-year-old man from Rusholme and a 43-year-old man from Stretford were detained in a joint operation with the North West Regional Organised Crime Unit. Vernon Smith, Acting Deputy for Environmental Markets and Regulation at the Environment Agency, stated at the time: 'Fraud in the recycling industry is waste crime. It undercuts legitimate businesses investing in growth in the circular economy impacting the environment we are striving to protect. The Environment Agency is determined to clamp down on it.' Environmental charity RECOUP has recently called for a review and overhaul of the packaging recovery note system, arguing that the current scheme lacks the stability needed to prevent waste crime and false recycled content claims. The Environment Agency encourages anyone with information that may assist this investigation to call their 24-hour hotline on 0800 807060 or report it anonymously via Crimestoppers on 0800 555111 or their website.
3. <https://resource.co/article/environment-agency-makes-arrests-747000-recycling-credit-fraud> - On March 12, 2025, two men were arrested in Manchester as part of an ongoing investigation into a recycling fraud scheme that saw the illegal sale of Packaging Export Recovery Notes (PERNs) worth £747,000. The arrests, carried out by the Environment Agency and the North West Regional Organised Crime Unit, involved a 45-year-old man detained in Rusholme and a 43-year-old man arrested in Stretford. Both were questioned and later released on bail as the investigation continues. Vernon Smith, Acting Deputy for Environmental Markets and Regulation at the Environment Agency, commented: 'Fraud in the recycling industry is waste crime. It undercuts legitimate businesses investing in growth in the circular economy impacting the environment we are striving to protect.'
4. <https://resource.co/article/environment-agency-intensifies-crackdown-waste-export-fraud> - The Environment Agency (EA) has reported a significant increase in the scale and complexity of fraud within the waste export industry over the past three years. The EA says it has been ramping up its efforts to combat criminals who falsely claim packaging export recovery notes (PERNs), either by misrepresenting non-existent waste, non-UK sourced waste, or waste that has already been claimed. This fraudulent activity is part of a wider issue of waste crime, which is estimated to cost the UK economy approximately £1 billion annually. At the heart of this fraudulent activity is the misuse of PERNs, which are evidence that recyclable packaging has been sent abroad for reprocessing. However, the Environment Agency has found that rogue operators are exploiting the system by falsifying documents, which not only undermines legitimate businesses but also results in illegal waste being exported and often dumped overseas, causing environmental harm. Domestic reprocessors have long argued that the current system for managing PERNs is flawed, as it creates an uneven playing field with Packaging Recovery Notes (PRNs) issued for recyclable material processed in the UK. The contention has been that non-target contamination in packaging exported for recycling is not deducted from the PERN tonnage, whereas this is the case for PRNs. This issue is exacerbated by the fact that domestic reprocessors are unlikely to take highly contaminated recyclate, creating the pressure for this material to be sent to destinations that do not place stringent checks on the level of contamination. Further to this, the EA continues to be challenged by the ongoing issue of containers stuffed with baled waste at the back and baled recycling at the front, not only claiming PERNs but also avoiding disposal charges (including landfill tax). Jon Ashcroft, Producer Responsibility Regulatory Services Operations Manager at the Environment Agency, stated: 'Waste crime has an extremely harmful impact on our environment and the Environment Agency is determined to crack down on it, working with law enforcement agencies to disrupt organised crime, arrest suspects and secure convictions.' The Environment Agency's crackdown has already yielded significant results. During 2024, 17 individuals were arrested for fraud and money laundering in connection with PERN frauds. Account Freezing Orders have led to the forfeiture of £665,000, and in May 2024, a suspect was arrested at Birmingham International Airport upon entering the UK from Spain. To meet the growing challenge, the agency has increased its dedicated team of investigators fourfold. This team is supported by the Environment Agency's Economic Crime Unit, which includes Accredited Financial Investigators, Intelligence Officers, and money laundering experts. The fight against waste export fraud extends beyond UK borders. The Environment Agency is collaborating with international partners to gather evidence and intelligence. For example, EA investigators were recently deployed to Vilnius, Lithuania, to collect evidence as part of an ongoing investigation in collaboration with the Lithuanian Department of Environmental Protection. In addition to enforcement actions, the Environment Agency is focusing on prevention and disruption strategies. In 2023, the agency received 435 applications for accreditation and approved 386. The number of applications refused and withdrawn in 2023 was over three times higher compared to 2022, a trend that has continued into 2024. The Environment Agency encourages anyone who suspects fraudulent activity in the waste export industry to report it. Concerns can be directed to [email protected] or anonymously to Crimestoppers.
5. <https://www.kingsleynapley.co.uk/insights/blogs/criminal-law-blog/fraud-in-packaging-recycling-environment-agency-is-clamping-down-on-waste-crime> - The National Audit Office (NAO) report highlighted that the self-reporting nature of the regulatory system governing packaging recycling, combined with reduced oversight from the Environment Agency, has left the industry open to fraud. This is backed up by increasing complaints to the Environment Agency about fraudulent behaviour of exporters of recyclable waste. Marie Fallon, director of regulated industry at the Environment Agency, has stated that 'waste crime is in the nature of the industry' and has earmarked additional resources to be used to combat it. The Environmental Agency has accordingly moved to step up compliance and enforcement efforts and a number of criminal investigations are in hand into potential fraudulent and organised criminal activities. Recycling packaging waste is an area in which the UK’s environmental obligations are growing. The UK has managed to meet its EU targets for packaging recycling, currently recycling 64% of all waste, significantly above the 55% target proposed by the EU. This target has been met almost exclusively through the practice of exporting waste to other countries rather than reprocessing the waste domestically. However, the packaging recycling target in 2030 is anticipated to be 70%, and the practice of exporting waste is becoming more complicated as countries begin to refuse to accept UK waste. In light of this, pressures on recyclers to process more waste with fewer options to recycle engenders the possibility of fraudulent means being employed either to deal with waste illegally or to increase profit margins. Whilst the value of PRN’s varies in response to market forces, the NAO states that, with respect to plastic, '[t]he financial incentive for companies to fraudulently claim they have recycled plastic packaging is higher than for any other material, with recovery notes [PRN’s] representing around 60% of the price of waste plastic bottles over the first six months of 2018.'
6. <https://www.gov.uk/government/news/environment-agency-investigation-sees-three-individuals-convicted-for-dumping-26000-tonnes-of-illegal-waste> - Three men have been convicted following a major investigation led by the Environment Agency into large-scale illegal deposits of waste at 17 sites across the country. The investigation, named Operation Cesium, involved 17 sites across Liverpool, Lancashire, Staffordshire, the West Midlands, Shropshire, Yorkshire and Humberside. Organised criminal gang members approached waste facilities and offered to dispose of baled waste at reduced costs, which they later abandoned, Environment Agency intelligence revealed. More than 26,000 tonnes of waste – the equivalent weight of around 2,170 double-decker buses – is estimated to have been deposited illegally across the sites investigated. They are estimated to have avoided landfill tax costs in excess of £2.7 million, while the cost of clearing the waste at the landowners’ expense is estimated at more than £3.2 million.