

<b>Regulatory Triage Assessment</b>	
<b>Title of measure</b>	The Waste Electrical and Electronic Equipment (Amendment) Regulations
<b>Lead Department/Agency</b>	Defra
<b>Expected date of implementation</b>	1/03/2018
<b>Origin</b>	Domestic
<b>Date</b>	05/11/2018
<b>Lead Department contact</b>	Graeme Vickery
<b>Departmental Triage Assessment</b>	Departmental Self Certification
<b>Rationale for intervention and intended effects</b>	
<p>The 2013 Waste Electrical and Electronic Equipment (WEEE) Regulations ('the 2013 WEEE Regulations') implement the requirements of the WEEE Directive (2012/19/EU). In particular, they ensure that producers of Electrical and Electronic Equipment (EEE) finance the cost of collection, treatment, recycling and recovering of that equipment when it becomes WEEE.</p> <p>The 2013 WEEE Regulations were amended in March by the Waste Electrical and Electronic Equipment (Amendment) Regulations 2018. The 2018 Regulations included an amendment to regulation 34. This amendment clarified the rights of local authorities to have WEEE that has been deposited at a designated collection facility ('DCF') they operate collected free of charge by a producer compliance scheme ('PCS') that has been established to fulfil the obligations of producers described above.</p> <p>Previously, the language in regulation 34 could have been interpreted as restricting the scope of regulation 34 to DCF operators that had previously been party to a contract with a PCS for the collection, treatment, recovery and environmentally sound disposal of household WEEE deposited at its facilities either during the current or previous compliance period.</p> <p>This meant that a new local authority DCF operating in a local authority would not be able to rely on regulation 34 if it was unable to secure a contract with a PCS for the collection, treatment, recovery and environmentally sound disposal of household WEEE deposited at its facilities. Similarly, regulation 34 would not be available to an existing DCF which did previously have a contract if that contract had expired or terminated earlier than the previous compliance period.</p> <p>The 2018 amendment to the Regulations reflects the policy intent of the 2013 WEEE Regulations and the Impact Assessment that was published ahead of the 2013 WEEE Regulations being laid in Parliament. The intention was that all household WEEE collected at DCFs operated by local authorities (or those operating DCFs on their behalf) would be financed by a PCS. Thus, it was intended that regulation 34 would be available to a local authority DCF operator to secure collection of WEEE by a PCS free of charge in all cases where the operator did not have a contract in place with a PCS at the time of making the regulation 34 request.</p> <p>No impact assessment was prepared prior to the 2018 amendment as no additional impacts to those considered in the original Impact Assessments which accompanied the 2013 WEEE Regulations were envisaged. Following concerns raised regarding the impact of the amendment to regulation 34, Defra has committed to produce an assessment of costs and benefits arising from the amendment.</p>	

Any additional burden on PCSs of meeting requests under the amended regulation 34 (made in circumstances where regulation 34 would previously not have been available to the relevant local authority DCF operator) will be small. This is because:

- there is low usage of regulation 34 requests in proportion to the total amount of WEEE collected from DCFs;
- establishing new DCFs alone will not lead to increases in overall WEEE being collected (the householder would have previously taken their WEEE to an alternative DCF);
- there is a small number of new DCFs registered annually;
- contracts between local authorities and PCSs may include a provision requiring the contracted PCS to collect WEEE from any new site for which the local authority obtains approval as a DCF during the contract period;
- there is no basis for believing that local authority DCF operators will start using regulation 34 requests as anything other than a measure of last resort.

### **Viable policy options (including alternatives to regulation)**

**Option 1:** Do nothing. Make no regulatory amendments/legislative provisions, leaving the existing gap in regulation 34 to persist in cases in which the DCF has not previously had a contract that expired or terminated in the current or previous compliance period.

If no amendment had been made to the 2013 WEEE Regulations, a local authority DCF operator would not have been able to use regulation 34 unless it had a contract with a PCS in the current or previous compliance year (that had then expired or terminated) for collections of WEEE that was deposited at the site. In this circumstance the local authority would have to bear the cost of collection, treatment, recovery and recycling of WEEE at that site.

**Option 2:** is the preferred option. Amend the 2013 WEEE Regulations (as per the 2018 amendment) to ensure regulation 34 applies in all cases in which a local authority DCF operator is unable to secure a contract with a PCS for removal of WEEE deposited at the site.

This approach addresses the unintended deficiency in the 2013 WEEE Regulations and ensures that local authorities will not have to finance the cost of collection, treatment recovery and recycling of any WEEE that is deposited at their sites.

This amendment will specifically address cases in which a local authority establishes a new DCF for which there cannot have been a previous contract and where the operator has been unable to establish a contract with a PCS. The amendment also addresses cases where an existing DCF did previously have a contract but it expired or terminated earlier than the previous compliance period.

### **Initial assessment of impact on business**

The business impact of the measure will focus specifically on the costs of collections by PCSs from new DCFs. There were 28 new local authority DCFs approved in the three year period from 2015 - 2017. The additional costs imposed on PCSs would be the differential between the cost of collection under a business as usual contract between a PCS and a local authority and the cost associated with collections from DCFs under regulation 34.

Our analysis therefore focuses on the cost to PCSs collecting WEEE from DCFs requiring collections under regulation 34 compared to the cost of routine WEEE collections from DCFs under existing contracts. It also looks at the likely volume of WEEE collected

from new DCFs compared to existing DCFs. It is assumed that all costs arising from collections by PCSs are passed on to their producer members.

The PCS Balancing System ('PBS') was set up by the majority of PCSs in August 2016 to ensure the costs of fulfilling regulation 34 requests would be distributed on an equitable market share basis across all PCSs that chose to join. This reduced the financial risks to PCSs of being required to finance the collection of regulation 34 requests when the tonnage was not needed in order for that PCS to achieve its collection targets.

Since being established we understand that all regulation 34 requests have been handled via the PBS mechanism. Producers placing less than 5 tonnes of EEE on the market per year do not have to join a PCS and are therefore not exposed to any financial obligations that may arise from regulation 34.

The analysis indicates that in the most likely scenario the overall additional costs arising for PCSs as a result of operators of new DCFs being required to use regulation 34 is less than £12,000 (£11,882) a year.

#### **Impact on SMEs**

SMEs that are required to join a PCS will have a low and proportionate exposure to regulation 34 requests given that the costs are distributed via the PBS to its member PCSs on a market share basis. Any impact on SMEs is considered not to be significant and so a separate impact study on SMEs has not been undertaken.

To illustrate the effects of the amendment on PCSs of new DCF sites arising, we have examined the cost implications of these under a high, a likely and a low scenario.

#### **BIT status/score**

The proposal is an NQRP. The two exclusions that apply are:

- a) Regulatory provisions that have been certified by departments or regulators as falling under the de minimis rule, namely those that have an EANDCB of less than ± £5 million;
- b) Regulatory provisions that implement new or changed obligations from European Union Regulations, Decisions and Directives, and other international commitments and obligations, except in cases of gold-plating. This includes measures incorporating EU law into domestic law under the EU Withdrawal Bill and legislation made for the purpose of implementing the EU Withdrawal Agreement, including implementation of new EU law during the implementation period.

#### **Rationale for Triage rating**

An impact assessment on the amendment to regulation 34 in the 2018 amending Regulations is not required since the costs of implementing the policy were reflected in the final Impact Assessment that preceded the introduction of the 2013 WEEE Regulations. The 2018 amending Regulations simply address a deficiency in the drafting of the 2013 WEEE Regulations which had resulted in the policy intent not being fully implemented. Even if an assessment of costs and benefits of the 2018 amending Regulations was required it is noted that those costs would fall below the ± £5 million Equivalent Annual Net Direct Cost to Business (EANDCB) threshold for which a full impact assessment is required.

**Departmental sign off (SCS):** Chris Preston

**Date:** 24/10/2018

**Economist sign off (senior analyst):** John Walsh

**Date:** 25/10/2018

**Better Regulation Unit sign off:** Debbie Hoare

**Date:** 05/11/2018

## **Supporting evidence**

### **The policy issue and rationale for Government intervention**

The amendment to regulation 34 made by the 2018 amending Regulations was made to address a negative externality that arose due to a deficiency in the 2013 Regulations. This could result in new DCF sites being approved in respect of which PCSs were neither motivated nor obliged under the Regulations to finance the cost of collection, treatment recovery and recycling of household WEEE deposited at that site. This situation would be inconsistent with the policy intent of the 2013 Regulation that all household WEEE collected at DCFs operated by local authorities (or those operating DCFs on their behalf) would be financed by a PCS. Government intervention is required to address this issue.

The amendment of regulation 34 ensures that local authorities will never be required to finance the cost of collection, treatment, recovery and environmentally sound disposal of household WEEE deposited at DCFs. Instead, consistent with the 2013 policy intent, local authorities can always require a PCS operator to arrange this. An impact assessment on the amendment to regulation 34 is not required since the costs of implementing the policy were reflected in the final Impact Assessment that preceded the introduction of the 2013 WEEE Regulations.

### **Policy background**

1. The requirements of the recast WEEE Directive were implemented in the UK by the 2013 WEEE Regulations<sup>1</sup>. These Regulations were amended by the Waste Electrical and Electronic Equipment and Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment (Amendment) Regulations 2014 (SI 2014, No. 1771) and The Waste Electrical and Electronic Equipment (Amendment) Regulations 2015 (SI 2015, No. 1968). The 2013 WEEE Regulations were subject to an Impact Assessment (Impact Assessment of the Recast Directive 2012/19/EU on Waste Electrical and Electronic Equipment (WEEE), IA No: BIS 0382)<sup>2</sup>.
2. To meet the requirements of Article 5(2) of the recast WEEE Directive, the 2013 WEEE Regulations require producers of electrical and electronic equipment ('EEE') to finance the cost of collection, treatment, recovery and recycling of WEEE arising from private households. Producers are able to join a Producer Compliance Scheme ('PCS') that takes over responsibility for fulfilling these obligations on behalf of producers (regulation 14(7) and 28(1)). Producers placing less than 5 tonnes of EEE on the market annually do not need to join a PCS.
3. The recast WEEE Directive also requires EU Member States to establish systems allowing end customers (e.g. householders) of WEEE to return such waste free of charge to collection facilities. In the UK, the network of collection facilities is the Household Waste Recycling Centres ('HWRCs'), that have been approved as designated collection facilities ('DCFs') under the 2013 WEEE Regulations, operated by or on behalf of local authorities.
4. Amongst other things, PCSs collect WEEE free of charge from local authority DCFs, that is, there is no charge to the DCF - the cost of collection is borne by producers. The Environment Agency determines the amount of WEEE for which each PCS is responsible in a given compliance year (regulation 28(2)). This is worked out based on

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<sup>1</sup> <http://www.legislation.gov.uk/ukxi/2013/3113/contents/made>

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249742/bis-13-1180-impact-assessment-recast-directive-201219EU-waste-electrical-and-electronic-equipment-weee.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249742/bis-13-1180-impact-assessment-recast-directive-201219EU-waste-electrical-and-electronic-equipment-weee.pdf)

the proportion of each category of the total amount of EEE (there are 14 categories in the UK) that the PCS members were responsible for placing on the UK market the previous year and the total amount of WEEE which the Secretary of State has determined should be financed by producers in the current year (regulation 28(3)).

5. A local authority can work with one or more PCS to secure collection and removal of WEEE deposited at its facilities. There is also a requirement for a local authority waste site to be approved as a DCF (regulation 70). Both sides must comply with a Code of Practice issued by the Secretary of State under regulation 72. The Code of Practice requires the DCF to have a legally binding contract with each PCS it uses (paragraph 5).
6. Regulation 34 permits the local authority DCF operator to require any PCS with financing obligations to arrange for the collection and treatment of deposited WEEE (regulation 34(1)). This is subject to a condition that there is no contract in place between the DCF operator and any PCS for the collection and treatment of WEEE in the relevant collection stream (regulation 34(2)). Regulation 34 ensures that even if all PCSs have met their collection targets (and therefore choose to decline to enter a contract with a DCF operator) the DCF operator can still ensure that a PCS finances the collection of WEEE deposited at its DCF.
7. PCSs that have obligations to collect WEEE from private households can join the PCS Balancing System ('PBS'). It is a voluntary solution to meet the statutory demands from local authorities under regulation 34. Costs arising from regulation 34 requests handled by the PBS are shared on a market share basis across all PCS members.
8. The original policy intent, as set out in the Government response to the consultation held ahead of the introduction of the 2013 WEEE Regulations, was that regulation 34 would be available to a local authority DCF operator to secure collection of WEEE by a PCS free of charge in all cases where the operator did not have a contract in place with a PCS at the time of making the regulation 34 request. It was not intended to restrict availability of regulation 34 requests to cases where the local authority DCF operator had previously had a contract in place with a PCS.
9. In the 2013 consultation paper 'Implementation of the WEEE Recast Directive 2012/19/EU and changes to the UK WEEE system'<sup>3</sup>, paragraph 78, describing an aspect of Option 3, stated that "A PCS must arrange collection free of charge if asked by a DCF operator regardless of targets".
10. The Government response to consultation dated October 2013<sup>4</sup> set out the decision to pursue Option 3 when transposing the WEEE Regulations (paragraph 23). It stated at paragraph 26: "A PCS must collect and finance the treatment and recovery of WEEE from a local authority DCF if requested to do so by that DCF and that DCF has not previously notified BIS [the Department of Business Innovation and Skills, now the Department for Environment, Food and Rural Affairs (Defra)] of their intention to self-manage for that WEEE stream for that compliance period. The PCS must honour this request irrespective of whether it has met or expects to meet its obligation."

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<sup>3</sup> <https://www.gov.uk/government/consultations/waste-electrical-and-electronic-equipment-weee-implementing-the-recast-directive-and-uk-system-changes>

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249408/bis-13-1179-government-response-waste-electrical-and-electronic-equipment-weee-implementing-the-recast-directive-and-uk-system-changes.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/249408/bis-13-1179-government-response-waste-electrical-and-electronic-equipment-weee-implementing-the-recast-directive-and-uk-system-changes.pdf)

11. The Final Impact Assessment dated 11 October 2013<sup>5</sup> noted at paragraph 67 that a key feature of the new system would be: “A requirement for PCSs to provide free uplift of WEEE if requested to do so from a DCF operator.” The ‘Costs to DCFs’ were described in paragraphs 233-234 and made no mention of the cost of treating WEEE deposited at their facilities, because that cost would be borne by PCSs.

### **Policy objectives and intended effects**

12. The policy objective of the 2018 amendment is to address deficiencies in the 2013 WEEE Regulations set out above. Specifically, it is intended to ensure that DCFs operated for or on behalf of local authorities will be able to arrange for a PCS to finance the cost of collection, treatment, recovery and environmentally sound disposal of household WEEE deposited at its facilities in any case where there is no contract in place for collection and treatment. This is entirely consistent with the policy intention set out in the Government response to the consultation and impact assessment that preceded the 2013 WEEE Regulations.
13. As indicated above the intended effect of the 2018 amending Regulations is to ensure that DCFs operated by or on behalf of local authorities can rely on regulation 34 irrespective of whether there was previously a contract in place either during the compliance year in question or in the previous compliance year.

### **Policy options considered, including alternatives to regulation**

14. **Option 1:** Do nothing. Make no regulatory amendments/legislative provisions, leaving the existing gap in regulation 34 to persist in cases in which the DCF has not previously had a PCS contract. If no amendment had been made to the 2013 WEEE Regulations, a local authority DCF operator would not have been able to use regulation 34 unless it had a contract with a PCS in the current or previous compliance year (that had then expired or terminated) for collections of WEEE that was deposited at the site. In this circumstance the local authority would have to bear the cost of collection, treatment, recovery and recycling of WEEE at that site.
15. **Option 2:** (Preferred Option) Amend the 2013 WEEE Regulations (as per the 2018 amendment) to ensure regulation 34 applies in all cases in which a local authority DCF operator is unable to secure a contract with a PCS for removal of WEEE deposited at the site. This approach addresses the unintended deficiency in the 2013 WEEE Regulations and ensures that local authorities will not have to finance the cost of collection, treatment, recovery and recycling of any WEEE that is deposited at their sites. This amendment will specifically address cases in which a local authority establishes a new DCF for which there cannot have been a previous contract and where an operator has been unable to establish a contract with a PCS. The amendment also addresses cases where an existing DCF did previously have a contract but it expired or terminated earlier than the previous compliance period.

### **Expected level of business impact**

16. The starting point is to assess how often in practice one of the two identified scenarios might arise in which regulation 34 was not available to a local authority DCF under the previous wording of regulation 34, but will now be available under the amended wording. In other words, it is necessary to consider how often will cases arise in which either:

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<sup>5</sup> <https://www.gov.uk/government/consultations/waste-electrical-and-electronic-equipment-weee-implementing-the-recast-directive-and-uk-system-changes>

- (1) a local authority establishes a new DCF for which there cannot have been a previous contract and where the operator has been unable to establish a contract with a PCS, and the operator now wishes to make a regulation 34 request; or
  - (2) an existing DCF did not previously have a contract in place, and the operator now wishes to make a regulation 34 request.
17. Having assessed how often such cases are likely to arise, it is then necessary to consider the likely costs that will be incurred by PCSs in fulfilling regulation 34 requests in such cases. This can then be compared with the costs they would have incurred if regulation 34 had not been available in such cases. This assessment is confined to scenario (1). All DCF operators as a condition of approval are required to comply with the WEEE Code of Practice which requires they have in place a contract with one or more PCSs thus making scenario (2) a circumstance that will not exist unless a breach of the regulations has taken place.
18. To quantify the expected level of business impact of the amended regulation 34, this assessment will focus on the costs of collections from new local authority DCFs and the differential between the costs of undertaking regulation 34 requests from new DCFs compared to the costs of collection from local authority DCF sites under contract with a PCS.
19. This is because the creation of a new DCF in a local authority is unlikely to result in an increase in WEEE that needs to be collected. There are many factors that will determine consumer behaviour in dealing with their waste and consequently what a householder may choose to do with an item of electrical equipment they no longer want. In the case of WEEE, determining factors are likely to be whether it is still working, the availability and cost and convenience of take-back services offered by the retailer on purchase of a replacement, access to a car to transport the items to a DCF and access to availability of information on disposal options. All UK householders have access to a local DCF provided by their local authority. It is therefore assumed that a householder sufficiently motivated to take their WEEE to a new DCF would have been also been motivated to take their WEEE to an existing site that was subject to a PCS/local authority contract had the new site not been opened. The PCS would therefore have previously collected the WEEE from the pre-existing DCFs under existing contracts. On the other hand, if it transpired that significant amounts of existing disposals of WEEE might be diverted from old to new DCFs for which the local authorities did not have a contract, then the reasonable assumption is that once the inoperability of regulation 34 to the new DCFs became evident, the local authority in question would take measures to prohibit the intake of such WEEE in the new DCF.
20. The WEEE collected from a regulation 34 request is often in remote locations and/or defined as hazardous waste and as such is more expensive to treat compared with other WEEE. PCSs may therefore have been less likely to commit to a long-term collection contract with the DCF operator leaving them to resort to regulation 34. The immediate and short-term nature of the obligation imposed on the PCS obliged to collect WEEE under regulation 34 is also likely to lead to increased costs when compared to the longer-term arrangements and economies of scale that will apply to collections undertaken under contracts with local authorities.
21. For administrative, practical and operational reasons, any local authority DCF operator will always prefer to have the stability and certainty of a long-term contract with a particular PCS or multiple PCSs. This is preferable to having to make a regulation 34 request every time a container becomes full or having to rely on the PBS mechanism



which is short term and does not provide the local authority with choice of PCS that is appointed to undertake collection.

### **New DCFs per year**

22. To assess the impacts of the amended regulation 34 on PCSs resulting from newly registered DCFs it is necessary to determine the total number of new DCF sites registered per year. Only 6 percent of total WEEE arising at DCFs was financed through the PBS via regulation 34 in 2017 (see Table 2). It is likely that a similar percentage of WEEE arising from new DCFs will be subject to regulation 34 collections.
23. This is because all DCFs are required to provide similar facilities to householders and there is no evidence to suggest new DCFs are likely to be established in areas with particular demographics that might impact on the volume or nature of collections. It is also noted that in many instances the new DCF will be serviced by the PCS that is already contracted to service the existing DCFs in the local authority area.
24. Although it is highly likely that the number of new DCFs that would have to use regulation 34 would reflect to some extent the proportion of sites overall that utilise it, a scenario has been assumed whereby the total number of new DCFs in the recent past was taken into account in projecting the number in forward years, to allow for a range of eventualities.
25. In the absence of data for future years, numbers of new sites over the previous 3 years were taken into account to determine the number of new DCFs likely to be approved annually.

**Table 1. Total new DCF sites per year (source: administrator of DCF register)**

<b>Year</b>	<b>New DCF Sites</b>
2015	10
2016	6
2017	12
Total sites over 3 years	28
Average new sites per year	9

26. Taking the average of the preceding three years gives an estimated figure of 9 new DCFs per year. Data have been obtained from the PBS administrator for 2017 (being the only complete compliance year for which the PBS has been in operation). We understand that all regulation 34 requests were handled by the PBS during that year. Data have also been obtained on the number of new local authority PCSs approved in 2015, 2016 and 2017 and WEEE collected by PCSs as published by the Environment Agency. This is presented in Table 2.

**Table 2. Total WEEE & regulation 34 Collections from DCFs in 2017**

<b>WEEE category</b>	<b>Quantity</b>	<b>Percentage</b>
Total WEEE collected	525,079 tonnes	100%
Total DCF WEEE (including regulation 34 WEEE)	369,712 tonnes	70%
Total regulation 34 WEEE	20,897 tonnes	6% of DCF WEEE

(Source: Environment Agency and administrator of Producer Balancing System)

## Determining Costs

27. It is necessary to ascertain the likely cost of WEEE collected by PCSs under regulation 34 and to compare that with the cost of collections under business as usual contracts with local authorities<sup>6</sup>. The key costs to PCSs will be the cost of transport, collection and treatment of WEEE that will be collected from DCF sites under the regulation 34 requirements. The total costs and costs per tonne are set out in Table 3.

**Table 3. Costs of Collection of regulation 34 WEEE in 2017**

Total cost of regulation 34 WEEE collections in 2017	£4,624,343
Cost of regulation 34 WEEE per tonne	£221.29/tonne

## Establishing the Baseline

28. To conduct the comparative analysis of costs it is necessary to establish two benchmarks. The general core standard benchmark of the average costs of WEEE collections is taken to represent the comparator baseline for the majority of PCS operators who are members of the PBS. Their standard costs include the cost arising from possible regulation 34 collections in a compliance year.

### Benchmark 1 - Standard WEEE collection cost per tonne

29. The standard average estimated cost of WEEE collection in this case is £200/tonne<sup>7</sup>. This represents a weighted average overall of total WEEE collection which includes a small proportion of costs required to cover potential regulation 34 activity.

### Benchmark 2 – cost per tonne of WEEE excluding the cost of any regulation 34 compliance activity

30. For a limited minority of PCSs who are not members of the PBS and hence are not subject to the same costs as PBS members we consider another supplementary benchmark which represents the cost to this group. We have calculated a basic charge of collecting WEEE excluding any costs associated with collecting regulation 34 WEEE.

## Establishing benchmark 2

31. WEEE collected under regulation 34 represents about 6% of total volume collected from DCFs.

- We have the weighted average cost of WEEE collection at £200/tonne
- The cost of regulation 34 WEEE collection at £221.29/tonne (see Table 3)
- $x$  = average collection and treatment costs per tonne (£/tonne) of WEEE excluding the cost of any regulation 34 compliance activity.

<sup>6</sup> Email communication with Anthesis Group 21.6.19.

<sup>7</sup> Valpak Proposal to (Defra) on the Operation of a WEEE Compliance Fee for the 2017 Compliance Period, Valpak 2017. Also-commercial sensitive correspondence with industry contacts provided some additional information, but this did not give any other definitive costing. However this further cost information seemed to broadly corroborate the general magnitude of this price of £200 per tonne. Hence the estimate from Valpak was the most suitable and reliable estimate available to us as a general average.

Table 4 illustrates the calculation of cost per tonne of WEEE excluding the cost of any regulation 34 compliance activity.

**Table 4. Calculation of Benchmark 2**

$x*(94/100) + 221.29*(6/100)$	= 200.00
$x*(94/100)$	= 200.00 -13.28
$x*(94/100)$	= 186.72
x	= <b>£198.64</b>

32. Thus this unencumbered WEEE collection and treatment cost would equate to £198.64 per tonne. Table 5 shows the breakdown of respective collection cost per tonne of WEEE by type.

**Table 5. Breakdown of WEEE Collection Costs by type**

WEEE type	Cost per tonne (£/tonne)
General WEEE	£200.00
WEEE excluding any regulation 34 compliance activity	£198.64
Regulation 34 WEEE	£221.29

### Overall DCF Collections and Costs

33. To determine what the relevant costs to PCSs for the collection of regulation 34 WEEE from the new DCF site, it is necessary to estimate the amount of material they might be required to collect under regulation 34. This is estimated in Table 6.

**Table 6. Regulation 34 WEEE collected per DCF site in 2017**

Total regulation 34 WEEE collected in 2017	20,897 tonnes
Total number of individual DCFs that used regulation 34 in 2017	337 sites
Volume collected per DCF site in 2017	62.01 tonnes per site

34. Taking the number of new sites based on the last three years, as shown in Table 1, the likely tonnage of regulation 34 WEEE that will need to be collected from new DCF sites can be estimated. The quantities associated with the likely, higher and lower number of prospective sites are provided in Table 7 and the cost implications associated with these volumes are set out in Table 8.

35. To deal with uncertainties around the number of new DCFs, the following sensitive testing has been applied:

- Likely – 9 new sites being the average number of sites approved in the period
- Low – 6 new sites being the lowest number of sites approved in the period
- High – 12 new sites being the highest number of sites approved in the period

**Table 7. Estimated Tonnage of regulation 34 WEEE collected from new DCF sites per annum**

Likely estimate	558 tonnes
Higher estimate	744 tonnes
Lower estimate	372 tonnes

**Table 8. Estimated Costs of Volume of regulation 34 WEEE collected from new sites per annum**

Likely estimate	£123,499
Higher estimate	£164,665
Lower estimate	£82,333

36. Table 8 shows the overall estimated costs to PCSs for collecting regulation 34 WEEE from new DCFs. In practice, their normal business activities will involve collecting WEEE from other DCFs under contract. This is assumed to have a weighted average cost of around £200/t. The increased cost to PCSs will consist of the additional or incremental cost associated in collections undertaken under regulation 34<sup>8</sup>. This is set out in Table 9.

**Table 9. Incremental cost to PCSs for number of new DCFs over general collection baseline cost of £200/t**

Scenario	Incremental costs to PCSs for prospective number of new DCF sites
Likely scenario - Prospective number based on three year average (2015-17)	£11,882
High cost scenario – Prospective number based on highest number of new DCFs from 2015-17	£15,843
Low cost scenario – Prospective number based on lowest number of new DCFs from 2015-17	£7,921

37. The costs shown in Table 9 indicate that the overall additional costs arising for PCSs as a result of operators of new DCFs being required to use regulation 34 in the likely scenario is less than £12,000 a year.

<sup>8</sup> This WEEE is frequently located in more distant or remote areas.

38. In the likely scenario, Net Present Value (NPV)<sup>9</sup> (at constant current prices) of this incremental cost to business is £102,283 over the 10 year period.

**Table 10 Projection and NPV of cost to Business (£)**

Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10
11,882	11,882	11,882	11,882	11,882	11,882	11,882	11,882	11,882	11,882
<b>NPV (cost to business) : £102,283</b>									

39. It should be explained that if it were feasible it would be desirable to conduct this type of analysis at a disaggregated WEEE stream level but there were insufficient detailed data to enable this.

#### **Impact (costs and benefits) to Main Stakeholders**

40. The costs and benefits of the amendment to regulation 34 are in essence distributional because they are confined to either PCSs (and their members) or local authorities that apply for new household waste recycling centres (HWRCs) to be approved DCFs under the 2013 WEEE Regulations.

41. The benefit of the amendment is confined to local authorities with new DCF sites who will, as a consequence of the amendment, be able to use regulation 34 to ensure costs associated with collection and treatment of WEEE deposited at these sites will be met by a PCS. It is not the case, for example, that the amendment to regulation 34 will lead to an increase in new HWRCs being built and subsequently being approved as a DCF since the overarching business case would not hinge on the costs associated with collection and treatment of WEEE deposited at that site and any assessment of whether those collections would require recourse to regulation 34.

42. In any event local authorities have not been aware of the deficiency in the 2013 WEEE Regulations and as such have presumed that all household WEEE arising at DCFs will be financed by PCSs. The 2018 amendment does not change that presumption, nor therefore any decisions on future investment in HWRCs.

#### **Wider Societal Impacts**

43. There are no wider societal impacts from this amendment to Regulation 34. There will be no material effects on householders because they will always take their WEEE to the most convenient collection point. All UK householders have access to local authority collection points for WEEE. A new HWRC could prove more convenient to use by some local consumers and householders but the benefit on that increased convenience will be small and unquantifiable. It will not have any material impact on WEEE collection.

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10. NPV: Net Present Value which allows for discounting payments in the future. It is standard practice in the absence of concrete information on future developments and changes to relative patterns to apply the ceteris paribus simplifying assumption to these relationships.

