



**Proposal to the Department for Environment Food and
Rural Affairs**

**Operation of a WEEE Compliance Fee for the 2023
Compliance Period**

September 2023

Proposal to the Department for Environment Food and Rural Affairs

Operation of a WEEE Compliance Fee for the 2023 Compliance Period

September 2023

Contents

1. Executive Summary
2. JTA proposal for the 2023 WEEE Compliance Fee calculation methodology
3. Practical operation of the 2023 JTA WEEE Compliance Fee
4. Governance

Appendices

1. Responding to the Defra evaluation of the 2022 JTA Compliance Fee proposal
2. JTA views of the WEEE market in 2023 and the rationale for the 2023 JTA Compliance Fee mechanism
3. FTI Consulting Report
4. JTAC's chosen administrator – Mazars LLP
5. JTA and JTAC
6. Draft forms for collecting information from PCSs and feedback on the Compliance Fee process.
7. JTA Process for spending the Compliance Fee Fund in respect of the 2023 Compliance Period
8. Fee calculation examples
9. Stakeholder feedback
10. WEEE Compliance Fee Fund Spending Panel: Terms of Reference 2023

1. Executive Summary

- 1.1. This proposal is submitted by the Joint Trade Associations (JTA). Background to the JTA, its constitution and its membership is provided in Appendix 5.
- 1.2. The detailed JTA proposal for a Compliance Fee mechanism (JTA Fee Mechanism) under Regulation 76 of the WEEE Regulations is set out in section 2 below. This proposal is based upon the following work:
 - 1.2.1. A review of the most recent Defra guidance for submission of a Compliance Fee (Fee methodology)¹ (that published on 20th September 2022). This makes specific reference for proposals to explore evidence of the actual impacts that the cost-of-living crisis has had, and will have, on collections during the compliance year, and to consider including measures designed to mitigate the impacts;
 - 1.2.2. A review of the feedback received from Defra on the 2022 JTA Fee Mechanism, considering how this should influence the design of the 2023 JTA Fee Mechanism – Appendix 1;
 - 1.2.3. An assessment of 2023 market conditions and consideration of the aspects that should influence the design of the 2023 JTA Fee Mechanism. The assessment also considered whether updated professional economic analysis was required and concluded that it was. A summary of the 2023 market conditions identified and briefed to FTI Consulting (see 1.2.4 below), and how they influenced the 2023 JTA Fee Mechanism, is provided, cross referenced to the FTI Consulting report – Appendix 2;
 - 1.2.4. Professional economic analysis commissioned from FTI Consulting on areas identified by the JTA for further consideration during its assessment of 2023 market conditions – Appendix 3; and
 - 1.2.5. Consultation with stakeholders to assess market conditions, the Fee calculation methodology used for the 2022 compliance period, and views to date on the spend of the Fund accrued through the use of the Fees in previous years – Appendix 9.
- 1.3. The economic analysis undertaken by FTI Consulting concluded the JTA's "business as usual" Fee methodology should be used for the 2023 compliance year - this is the JTA Fee methodology selected by Defra for the 2021 and 2022 compliance years – with one minor, future focused modification to signal the importance of increasing reported reuse within the WEEE system. This will be achieved through the inclusion of a Reuse Adjustment Premium, which reflects the proportion of WEEE reuse evidence a PCS has collected to meet its target, compared to the national average of WEEE reuse evidence for that stream. As with the WEEE Source Adjustment Premium, where a Reuse Adjustment Premium applies, it will result in a PCS paying a higher fee the further they are away from the national average.

¹ Defra (2022) *Waste Electrical and Electronic Equipment (WEEE) Regulations 2013: Guidance on submitting proposals for a WEEE methodology* <https://www.gov.uk/government/publications/weee-submit-a-proposal-for-a-compliance-fee-methodology/waste-electrical-and-electronic-equipment-weee-regulations-2013-guidance-on-submitting-proposals-for-a-weee-compliance-fee-methodology>

1.4. In summary the 2023 JTA Fee Mechanism proposal contains the following features:

Features	Benefits
Fees are stream specific.	Ensures PCSs pay a Fee that is reflective of the cost to collect the relevant stream of WEEE.
The weighted average net cost per tonne of direct WEEE collections from Local Authority (LA) DCFs incurred by PCSs submitting cost data is the underlying basis for the calculation.	As WEEE from LA DCFs is generally more costly, this strengthens the incentive for PCSs to collect directly from LAs.
A non-linear escalator will be applied to the weighted average net cost of direct WEEE collections from LA DCFs, to reflect the extent that a PCS has met its own target.	Incentivises PCSs to meet their own targets and ensures all PCSs, large and small, and regardless of size of obligation, are encouraged to collect.
Where national collections are in deficit compared to the national target, the Normal escalator will be applied. Where national collections are in surplus to the national target, the Surplus escalator will apply	The use of the Surplus escalator, where national collections are in surplus compared to the national target, is appropriate because it is more reasonable to expect a PCS to comply without recourse to the Fee, and so a higher Fee in such circumstances encourages the right behaviours by PCSs. A 1.5% tolerance is applied before the Surplus escalator applies, to allow for small shortfalls against the national target.
A WEEE Source Adjustment Premium is included in the Fee calculation, which reflects the extent to which PCSs have collected WEEE from LA DCFs.	<p>A PCS which does not collect its share of WEEE directly from LA DCFs, will pay more if it misses its targets.</p> <p>LA DCFs remain the major source of WEEE in most categories yet LA DCFs continue to be placed into the PBS. The WEEE Source Adjustment Premium strengthens the incentive for PCSs to collect WEEE from LA DCFs directly, rather than relying on lower-cost evidence from other sources and supports the intention within the WEEE Regulations to prioritise collections from LAs.</p> <p>During 2023 there has been exceptionally high use of the PCS Balancing System, with over 15 different Local Authorities offering one or more streams to the mechanism. This confirms that there remains a need to incentivise PCSs to collect LA WEEE, rather than relying on other arrangements.</p>
A Reuse Adjustment Premium is included in the Fee calculation, which reflects the proportion of WEEE reuse evidence a PCS has collected to meet its target compared to the national average.	<p>A PCS which collects less reuse evidence to meet its target than the national average, will pay more if it misses its targets.</p> <p>This is a future focused adjustment to emphasise the importance of, and to encourage, reuse in achieving a circular economy. It also recognises the increased proportion of WEEE collected through retailers and other organisations compared to local authority DCFs,</p>

Features	Benefits
	where reuse is more difficult to achieve. It results in a marginal adjustment to the Fee calculation at this stage because it remains important to prioritise local authority DCF collections.
All PCSs that wish to use the Fee must pay an administration charge to cover the cost of undertaking independent verification of PCS data submissions.	Covers the cost of administering the Fee mechanism and further strengthens the incentive for PCSs to collect WEEE rather than have recourse to the Fee.
Stream specific, Variable Administrative Costs are included in the Fee calculation	<p>The inclusion of stream specific Variable Administrative Costs helps to ensure that the cost of using the Fee is less attractive than collecting WEEE to meet targets and that the Fee is fully reflective of all avoided costs. This also strengthens the incentive to collect directly from LAs.</p> <p>To apply a “flat fee” that is not stream specific would not be equitable. It would either materially understate the Variable Administrative Cost of low unit weight streams such as lamps; or would materially overstate the Variable Administrative Cost of high unit weight streams such as LHA.</p>
All PCSs should be permitted to submit cost data for inclusion in the calculation of the weighted average net cost of direct WEEE collections from LA DCFs, providing this is subject to audit. Those PCSs submitting data but not needing to use the Fee should not pay an administration charge.	Ensures the Fee is based on as wide a pool of data as possible and is therefore fully reflective of the cost of collecting WEEE directly from LAs.
There may be circumstances where some categories should attract a zero Fee (e.g. WEEE that has a net positive value).	Ensures Fees paid by PCSs are reflective of the cost and benefit of collecting WEEE and avoids PCSs paying Fees where WEEE is not accessible to them because collectors are receiving a net income from that WEEE.

- 1.5. Appendix 8 provides worked examples of the Fee calculations.
- 1.6. Recognising the importance of keeping precious resources in use for longer and achieving a more circular economy the JTA has proposed enhancements to its Fund Disbursement strategy through the establishment of a new circular economy (Innovation) pillar. The JTA’s Fund Disbursement Strategy is explained in Appendix 7.
- 1.7. The JTA would welcome the opportunity to discuss any aspect of this proposal with Defra, and is open to any appropriate amendments.
- 1.8. In addition, if Defra considers that any other of the factors proposed for the 2023 JTA Fee Mechanism are not necessary, we would be happy to discuss removing that element.

2. JTA proposal for the 2023 WEEE Compliance Fee calculation methodology

2.1. Background to JTA Fee Methodology

The JTA Fee Mechanism is based on a methodology and formula initially developed and recommended by FTI Consulting LLP (FTI) in 2014. FTI is a leading group of professional economists and was selected to advise the JTA, because they have significant experience of using economic and financial analysis, and econometrics to assess complex pricing and valuation issues that occur in regulated industries. The FTI methodology was reviewed and endorsed by an independent study by another group of leading economic consultants, Frontier Economics Ltd, in 2015.

FTI undertook reviews of the methodology in every year since 2016 based on the JTA's assessment of the WEEE market in those years, which were incorporated into the JTA's proposed Fee Mechanisms for each of those years. A summary of the Fee's development is provided in Appendix 2 of FTI's report.

Following the feedback received from Defra on the 2022 JTA Fee Mechanism (Appendix 1), the JTA's assessment of the 2023 WEEE market (Appendix 2) and the latest Guidance on submitting compliance fee proposals (issued by Defra on 20th September 2022²), the JTA asked FTI to consider whether any changes to the 2022 JTA Fee Mechanism selected by Defra were required. The factors that FTI considered are set out in section 3.2 of FTI's report.

FTI concludes that although inflation remains high and the amount of EEE placed on the market has fallen when compared to the same period in 2022, there is no current indication that 2023 WEEE collections may fall significantly short of target. FTI identified other market factors affecting 2023 – the ongoing requirement for some local authorities to rely on the PBS for a free of charge collection service, WEEE being concentrated in the hands of certain types of organisations and vertical integration within the sector – and also reflected on the increasing importance attached to reuse and other related business activities as more focus is placed on achieving a more circular economy for electricals.

In conclusion, FTI has recommended the 2023 Fee methodology should be based upon the 2022 JTA Fee Mechanism selected by Defra, with one minor modification:

- The inclusion of a Reuse Adjustment Premium, to reflect the extent to which PCSs collect WEEE reuse evidence compared to the national average.

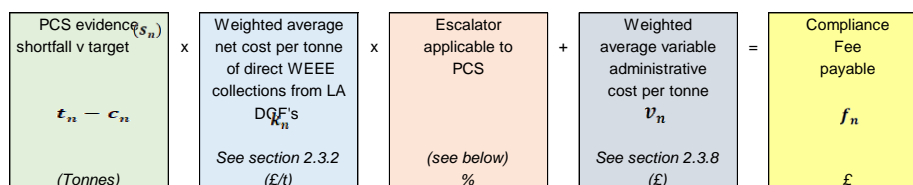
The JTA has considered FTI's recommendation and has incorporated this into its proposed 2023 Fee methodology.

² Defra (2022) Waste Electrical and Electronic Equipment (WEEE) Regulations 2013: Guidance on submitting proposals for a WEEE methodology, <https://www.gov.uk/government/publications/weee-submit-a-proposal-for-a-compliance-fee-methodology/waste-electrical-and-electronic-equipment-weee-regulations-2013-guidance-on-submitting-proposals-for-a-weee-compliance-fee-methodology>

2.2. Fee calculation – overview

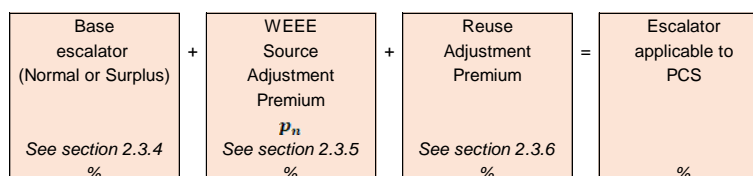
The 2023 JTA Fee Mechanism calculates a Fee for each stream for which a PCS is applying to use the Fee as follows:

- A calculation for each PCS wishing to use the Fee is undertaken for each stream:



The escalator applicable to the PCS is based on four factors:

- Whether national collections in the stream exceed the national target (the base escalator – which may be either Normal or Surplus);
- How far the PCS is from its target (the escalator increases the further a PCS is from its target);
- The extent to which the PCS has been collecting directly from local authorities (the WEEE Source Adjustment Premium); and
- The amount of WEEE reuse evidence a PCS has collected compared to the national average.



2.3. Fee calculation methodology – in detail

2.3.1. Fees are stream specific

A separate Fee is calculated for each collection stream of WEEE for which a PCS is applying to use the Fee. Costs will be calculated using data submitted on a compulsory basis by those PCSs that decide to use the Fee for any stream, and any other PCSs that choose to submit costs on a voluntary basis. The JTAC appointed third party Administrator will undertake a review of the data submitted by each PCS using an Agreed Upon Procedure approach. In line with the successful approach adopted since 2020 the Administrator will undertake these reviews remotely. The reviews will be conducted through web calls and the use of secure portals for the provision of supporting documentation (see section 3.2.2.3 for further information).

2.3.2. The weighted average net cost per tonne of direct WEEE collections from LA DCFs incurred by PCSs submitting cost data is the underlying basis for the calculation

The Fee calculation uses the weighted average net cost of direct collection and treatment transactions incurred by PCSs when directly contracting with a DCF operator to finance WEEE collection and treatment from an LA DCF (k_n). This is based on the direct, incremental and avoidable costs and revenues incurred and excludes the costs of indirectly acquired WEEE evidence. The rationale for this decision is consistent with the JTA's Fee methodologies approved by Defra for the years 2017 to 2022 and is taken in the light of our analysis of the WEEE market in 2023. This shows that despite the uncertainty created by the cost-of-living crisis, and there being shortfalls in actual collections against pro-rata national targets in a number of streams over the last few years, some LAs remain unable to make arrangements with PCSs and have needed to use the PCS Balancing System (PBS) to secure collection. This indicates that PCSs still seek to comply with WEEE from non-LA sources, including purchasing evidence, rather than undertaking collections from LAs. This is because LA WEEE is often more expensive to collect and treat than WEEE from other sources.

During 2023 there has been exceptionally high use of the PCS Balancing System, with over 15 different Local Authorities offering one or more streams to the mechanism. This confirms that there remains a need to incentivise PCSs to collect LA WEEE, rather than relying on other arrangements.

Making the Fee more reflective of the higher cost of LA WEEE that some PCSs have chosen not to collect should encourage more PCSs to make arrangements to collect LA WEEE. It also ensures that the Fee is set sufficiently high so that it encourages compliance without resorting to the Fee, in compliance with regulation 76. In addition, the operation of the UK's WEEE regulations require a national collection infrastructure for WEEE collection, open to all consumers, regardless of whether or not they have made a new EEE purchase. The JTA recognises there is an increasing proportion of WEEE collected through non-LA DCF routes, particularly through retail takeback at the same time as new EEE delivery. However the UK primarily uses the LA DCF network to meet this national collection infrastructure requirement in the Small Mixed WEEE and Display categories, and LA DCF Cooling collections remain significant. In addition, PCSs are only responsible for accepting WEEE collected by retailers for treatment, so the cost of this WEEE is likely to be lower than that of LA DCF WEEE. Likewise, WEEE sourced by PCSs through other non-LA DCF routes is likely to be lower cost, because the PCS will have more control over collection arrangements than is typically possible for LA DCF collections, or it could be from purchases of lower cost evidence where the seller has already been paid to provide a WEEE collection and treatment service. Using LA DCF WEEE collection and treatment costs for calculation of the Fee therefore remains appropriate and properly reflects avoided cost.

The weighted average net cost per tonne of direct WEEE collections from LA DCFs, to which any escalators or adjustments are applied, will be calculated using the information provided by the PCSs submitting data as follows:

- calculating the total direct net cost submitted by those PCSs undertaking the direct collection of that stream from LA DCFs and its subsequent treatment; and

- dividing this by the corresponding aggregate tonnage submitted by those PCSs for that stream.

This calculation is illustrated in section C of Appendix 8.

2.3.3. A non-linear escalator will be applied to the weighted average net cost of direct WEEE collections from LA DCFs, to reflect the extent that the PCS has met its own target

An escalator increases the Fee paid by a greater amount, the further a PCS is from its collection target.

The principle underlying the escalator is to encourage PCSs to meet their targets through collection, and to incentivise those that do not collect, whilst recognising that a PCS may have reasonable justification for falling modestly short of its targets for some WEEE categories.

FTI does not recommend an escalator based on a PCS's absolute shortfall (in tonnes) versus the aggregate national target, the detailed reasoning for which is set out in Appendix 2 of FTI's proposal. In summary, FTI advise that this is less effective in incentivising some PCSs to meet their targets through collection. This is because PCS obligations can vary substantially in scale, measured by the target applicable to each PCS (in tonnes). FTI advises that such an approach would result in PCSs which have a larger tonnage obligation in a particular stream, and are thus accountable for a greater proportion of total collections, paying a higher Fee for the same relative shortfall (in percentage terms) than a PCS with a smaller tonnage obligation. Instead, FTI considers that the escalator should increase in proportion to the size of the PCS's shortfall relative to its *own* target, as this encourages all PCSs to collect WEEE, rather than pay the Fee, regardless of the size of their tonnage obligation. FTI reasons that this would also encourage PCSs to be as efficient as possible so as to reduce their costs, and ultimately act as an incentive for innovation for all operators.

The importance of using the PCS target, as opposed to the national target, to encourage target achievement through collection is illustrated in the table below:

	PCS A	PCS B
Key Figures		
National Target (t)	100,000	100,000
PCS Market Share	50%	5%
PCS target	50,000	5,000
Position A		
PCS WEEE collected (t)	40,000	4,000
PCS shortfall v target (t)	10,000	1,000
Shortfall as % of own target	20%	20%
Shortfall as % of national target	10%	1%
Position B		
PCS WEEE collected (t)	45,000	0
PCS shortfall v target (t)	5,000	5,000
Shortfall as % of own target	10%	100%
Shortfall as % of national target	5%	5%

Under position A, both PCSs are 20% short of their respective targets, so have collected proportionately to their scale. However, measured against the national target, PCS A is 10% short, whereas PCS B is only 1% short. Here, PCS B would face a lower Fee escalator than PCS A if the Fee were based on the shortfall from the national target, yet PCS A has contributed 40% toward the national collection target, whereas PCS B has only contributed 4%.

Under position B, both PCSs are 5% short of the national target and would face the same Fee escalator if the Fee were based on the shortfall from the national target, however PCS A has collected 90% of its target and contributed to 45% of the national collection target, whereas PCS B has collected nothing.

Paying a Fee is a legitimate form of compliance, however collection should remain the preferable route for PCSs to comply. The Fee should therefore be set such that PCSs are always incentivised to collect WEEE directly where it has been made available to them. This outcome is an explicit requirement in the WEEE Regulations and a principle in the Fee guidance published by Defra.

2.3.4. The type of non-linear escalator used will be dependent upon whether national collections are in deficit or in surplus compared to the target

Two alternative escalation factors (the escalators) are proposed, the Normal and the Surplus escalator. This is to ensure that the Fee takes account of the national position for each stream and reflects the collective responsibility of all PCSs to meet the national targets. Examples of the escalator calculations are provided in sections A and B of Appendix 8.

Normal escalator

The Normal escalator applies unless there is a surplus of evidence in a stream against the national target (subject to a 1.5% tolerance explained below). The Normal escalator applicable to a PCS whose collections are below its target is calculated as follows:

$$\left(1 + \left(\frac{t_n - c_n}{t_n} \right)^2 \right)$$

Where:

t_n is the PCS's target for the stream, in tonnes.

c_n is the total amount of WEEE in that stream collected by that PCS, in tonnes.

The information on a PCS's target for the stream (t_n) and the total amount of WEEE in that stream collected by that PCS (c_n) is obtained from the data submitted by those PCSs wishing to use the Fee.

Surplus escalator

The Surplus escalator applies where national collections in a stream exceed the national target (subject to a 1.5% tolerance explained below) and is calculated as follows:

$$\left(\frac{C_n}{T_n} + 2 \times \left(\frac{t_n - c_n}{t_n} \right)^2 \right)$$

Where:

C_n is the sum of household WEEE collections by all PCSs in the relevant stream in the market, in tonnes.

T_n is the national target for that stream, in tonnes.

And all other terms are as defined for the “Normal” escalator.

The sum of household WEEE collections by all PCSs in the relevant stream in the market, (*C_n*) will be obtained from the Defra WEEE team soon after 1st February 2024. We propose that Defra use the tonnage of household WEEE evidence (by stream) held on the Settlement Centre for the 2023 compliance period, unless Defra is of the opinion that another dataset is more accurate. The national target for that stream (*T_n*) will also be obtained from Defra.

Impact of the escalator

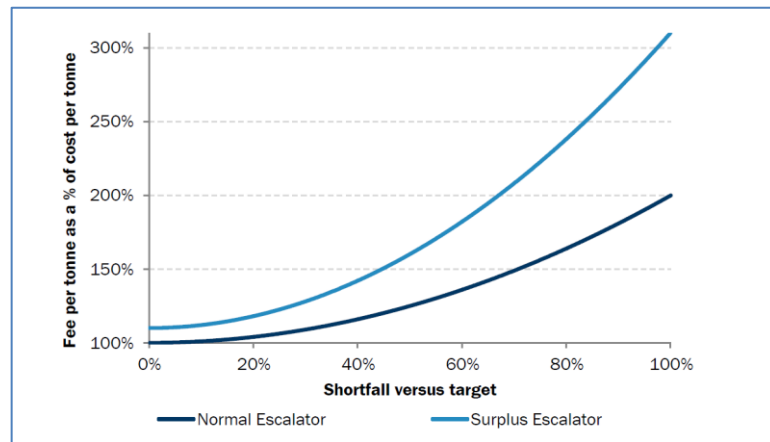
Both escalators are non-linear and so the percentage increase in the Fee for each PCS depends upon how far away that PCS is from its collection target per stream and whether UK WEEE collections for that stream exceed the WEEE collections target set by Defra.

The Administrator will determine whether the Normal escalator or the Surplus escalator applies to each WEEE stream. As indicated above, we propose that a threshold amount should be applied above which the stream is assessed to be in deficit or surplus for the purpose of the Surplus escalator. We consider that this should be set as a fixed proportion of the total tonnage of WEEE collected in each stream, at 1.5%. That is, if the sum of household WEEE collections exceeds the national target by more than 1.5%, then the Surplus escalator should apply. 1.5% was chosen because, in the opinion of the JTA, it allows for the aggregate effect of PCSs that may inadvertently under or over-collect, and it is a principle that has been accepted in previous JTA proposals.

The Surplus escalator starts at an uplift over the weighted average net cost of direct LA DCF collections which is proportional to the extent of oversupply in that stream. This means that a PCS will pay a Fee per tonne which exceeds the weighted average net cost per tonne of direct WEEE collections from LA DCFs – even for a shortfall of a single tonne. The Surplus escalator also increases the uplift more quickly than the Normal escalator, as the extent of the PCS’ shortfall increases.

In the example used for the graph below, the surplus stream is 10% over the national target, and so the starting point for the Surplus escalator is 110% of the base cost. The graph shows the effect of the Normal and Surplus escalator mechanisms on the Fee paid per tonne of shortfall. For PCSs that marginally miss their target and where total UK WEEE collections for

the relevant stream are broadly in line with the UK WEEE collections target, the effect of the escalator is minimal. For a PCS making no effort to achieve their collection target per stream the effect of the escalators is to double the Fee paid under the Normal escalator (assuming no WEEE Source Adjustment Premium was applicable), or to treble it under the Surplus escalator.



2.3.5. Application of a WEEE Source Adjustment Premium which reflects the extent to which PCSs have collected WEEE from LA sources

For the reasons set out in section 2.3.2 above and in section A2.57 of Appendix 2 in FTI's report, we consider that it is important that PCSs remain fully incentivised to collect LA WEEE and that an adjustment should be applied to increase the Fee paid, to reflect the extent to which (i) non-LA WEEE has been used by a PCS to meet its target rather than LA WEEE and (ii) where that non-LA WEEE has been collected at a lower cost.

In the early years of the WEEE Regulations, it was feasible for some PCSs to claim that they had difficulty winning tenders for direct collection from LAs, particularly where their requirements were not for all WEEE streams. This created a barrier for access to LA WEEE. With the PBS in place, this is no longer the case. All participating PCSs can offer to undertake collection of single streams at stage 1 of the PBS allocation process thereby giving them access to LA WEEE, indeed some of the requests received have been for a small number of a LA's DCFs rather than all its DCFs. The argument made by some PCSs in the past is therefore no longer valid, and accordingly the inclusion of the WEEE Source Adjustment Premium acts as a further incentive for all PCSs to collect WEEE from LAs.

The WEEE Source Adjustment Premium (p_n) is the same as the 2022 JTA Fee methodology. and will be calculated using the formula set out in section 5.4 of the FTI Report:

$$p_n = d * \left(a - \frac{l_n + s_n}{t_n} \right)$$

Where:

d is the percentage amount by which the weighted average net cost of collection from LA-DCF's for the stream, in GBP per tonne, k_n exceeds the cost of other WEEE sources, in GBP per tonne, expressed as a ratio.

- a is the average share of collections from LA-DCFs (in tonnes), as a proportion of all household collections in that WEEE stream (in tonnes), expressed as a ratio.
- l_n is the actual volume of collections from LA-DCFs, made by the PCS itself, in tonnes.
- s_n is that PCS's shortfall, in tonnes.
- t_n is the PCS's target for the WEEE stream, in tonnes.

The WEEE Source Adjustment Premium reflects the extent to which a PCS's collections meet the proportion of national collections from LA DCFs, and whether the cost of LA DCF collections exceed those of other WEEE sources. Where the PCS collects less than the national proportion of LA DCF WEEE in a stream, and the average cost per tonne of LA DCF WEEE for that stream exceeds that of other WEEE sources, the PCS will pay a WEEE Source Adjustment Premium. If the cost of LA DCF WEEE is lower than that for other sources, no WEEE Source Adjustment Premium is payable.

To undertake the calculation the Administrator will obtain information as follows:

- the average share of national collections from LA DCFs as a proportion of total national collections (a), will be obtained from the quarterly "WEEE Collected in the UK" report issued by the EA. Whilst the figures reported for household WEEE collections from DCFs will contain some non-LA DCF collections, the JTA understands that this will not be a significant figure. The final report for 2023 will not be available until 31 March 2024 so the Administrator will use the interim report, which is expected to be published by the EA on 1 March 2024.
- the percentage amount by which the cost per tonne of LA-DCF collections exceeds the cost per tonne of other WEEE sources (d), will be calculated by the Administrator using the weighted average net cost per tonne of direct WEEE collections from LA DCFs calculated in 2.3.2 above, and the average net cost per tonne of other WEEE sources. The average net cost per tonne of other WEEE sources will be calculated by stream by calculating the total net cost provided by PCSs submitting data for that stream and dividing this by the corresponding aggregate tonnage for that stream. The Administrator will review the information provided on the cost of PCS collections from other WEEE sources and after making enquiries may disregard any outlier results. An example of the calculation is provided in section C of Appendix 8.
- the actual volume of collections from LA-DCFs, made by the PCS itself (l_n), that PCS's shortfall (s_n) and the PCS's target for the WEEE stream (t_n) will be calculated using information obtained from those PCSs wishing to use the Fee.

2.3.6. Application of a Reuse Adjustment Premium that reflects the extent to which a PCS has collected WEEE reuse evidence compared to the national average

Section 4.4 of FTI's report explains the increasing priority attached to the reuse of WEEE and proposes that a Reuse Adjustment Premium should be applied to increase the Fee paid, to reflect the extent to which a PCS collects WEEE reuse evidence compared to the national average.

It remains important for PCSs to continue to prioritise collections from LA DCFs and due to WEEE arising at LA DCFs being less likely to be suitable for reuse this could create a potential conflict in Fee objectives. FTI therefore recommends the Reuse Adjustment Premium should be used as a future indicator of policy intent and to encourage behaviour change in PCSs for future years, rather than act as a material adjustment to the Fee payable by a PCS in 2023. The maximum amount by which a PCS's Fee could increase as a result of the application of a Reuse Adjustment Premium is therefore set by the calculation methodology and the inclusion of a co-efficient to be recommended by FTI. In 2023 FTI recommends setting the coefficient at 1 to reflect that the premium should only have a marginal effect in 2023.

The Reuse Adjustment Premium will be calculated using the formula set out in section 5.6 of the FTI Report:

$$r_n = h * \left(\frac{W_n}{C_n} - \frac{w_n}{c_n} \right)$$

Where:

h is the coefficient recommended by FTI.

W_n is the volume of reuse evidence achieved in the stream, in tonnes.

C_n is the sum of household WEEE collections by all PCSs in the stream, in tonnes.

w_n is the volume of reuse evidence achieved in the stream, by the PCS, in tonnes.

c_n is the total amount of household WEEE in the stream collected by that PCS, in tonnes.

To undertake the calculation the Administrator will obtain information as follows:

- The co-efficient (***h***) will be set at 1 for 2023.
- The volume of reuse evidence achieved in the stream (***W_n***) will be obtained from the quarterly “WEEE received at an Approved Authorised Treatment Facility (AATF)” report issued by the EA. The final report for 2023 will not be available until 31 March 2024 so the Administrator will use the interim report, which is expected to be published by the EA on 1 March 2024. It is possible the total amount of reuse evidence recorded on PCSs Settlement Centre accounts could slightly differ to the total amount recorded in the “WEEE received at an Approved Authorised Treatment Facility (AATF)” report, however the former information is not publicly available and as the environment agencies undertake quality control on the data provided by both AATFs and PCSs we do not anticipate the difference will be material.
- As used with the Surplus Escalator calculation, the sum of household WEEE collections by all PCSs in the relevant stream in the market, (***C_n***) will be obtained from the Defra WEEE team in early March 2024. We propose that Defra use the total household WEEE evidence held on the Settlement Centre, unless Defra is of the opinion that another dataset is more accurate.

- The actual volume of WEEE reuse evidence in that stream collected by a PCS (w_n) and the total amount of WEEE in that stream collected by that PCS (c_n) is obtained from the data submitted by those PCSs wishing to use the Fee.

2.3.7. All PCSs using the Fee will need to pay an administration charge

To cover the cost of undertaking independent verification of PCS data submissions, all PCSs needing to use the Fee for any stream will be required to pay £2,500 towards the administrative costs of operating the 2023 JTA Fee Mechanism. If a PCS wishes to submit data voluntarily for use in the calculation of the weighted average cost of direct collections from LA DCFs but does not need to use the Fee, then there will be no administration charge.

2.3.8. Stream specific Variable Administrative Costs should be included in the Fee calculation

As with its 2022 Fee methodology the JTA proposes to use a stream specific Variable Administrative Cost as part of the Fee calculation (v_n). This will reflect the weighted average variable administrative cost per tonne incurred by PCSs for each WEEE stream when undertaking household WEEE collections, and will include costs such as undertaking audits, managing collections and bidding for LA contracts. The JTA considers it appropriate to add the weighted average Variable Administrative Cost per tonne to the Fee calculated for each PCS after the appropriate escalator and WEEE Source Adjustment and Reuse Adjustment Premiums have been applied to the weighted average net cost per tonne of direct WEEE collections from LA DCFs. To add this prior to this calculation could result in an unduly punitive Fee.

Since this component of the Fee was introduced into the JTA's Fee Mechanism, to ensure that the Variable Administrative Cost figure used is cost reflective and stream specific, the three PCSs advising the JTA – ERP, Recolight and REPIC – have provided their variable administrative cost and collections data from the previous compliance year to the consultancy firm Anthesis on a one-to-one confidential basis, accompanied by an auditor's assurance statement. Other PCSs have also been able to provide their variable administrative cost data for inclusion in the calculation, subject to the same requirement. The JTA proposes to use the same approach for the 2023 compliance year, so the three PCSs advising the JTA will provide their 2022 variable administrative cost and collections data to Anthesis, and other PCSs will also be able to provide this data voluntarily.

As most PCSs are likely to undertake WEEE collections from a variety of sources, in order to identify only the variable administrative cost of undertaking household WEEE collections and avoid inconsistent cost allocations, Anthesis requests information on the variable administrative costs incurred when undertaking all collections, the number of all collections made by the PCS in each WEEE stream, and the tonnage collected for each stream. Anthesis then calculates the average cost per collection, per WEEE stream, and converts this back into a weighted average Variable Administrative Cost per tonne of undertaking household WEEE collections for each WEEE stream using the collection and tonnage data provided.

Using data from the previous compliance year provides sufficient time for this to be calculated robustly and to be externally reviewed, and because it is not anticipated the result will be materially different from using the actual compliance year variable administrative cost data.

The three PCSs advising the JTA share the cost of the work undertaken by Anthesis but the outcome has not, nor will be, shared with them, nor JTA nor JTAC.

2.3.9. The full 2023 JTA Fee Mechanism calculation formulae

For completeness:

- For streams where national collections fall short of the national target, the full Fee calculation is as set out in section 5.2 of the FTI report.
- For streams where national collections exceed the national target, the full Fee calculation is set out in section 5.7 of the FTI report.

2.3.10. There may be circumstances where some streams should attract a zero Fee

If the sum of the annual weighted average net cost per tonne of direct WEEE collections from LA DCFs calculated by the Administrator (2.3.2 above) and the Variable Administrative Cost per tonne provided to the Administrator by Anthesis (2.3.8 above) generates a positive value for a WEEE stream, the Fee for that stream will be set at zero.

In addition, FTI has recommended that the Fee for positive net value WEEE streams should be set at zero (and no Variable Administrative Cost per tonne should be applied) if suitable evidence of this is provided to Defra. FTI expects this will apply to the LHA stream in the 2023 compliance year. Such evidence will necessarily contain cost information so it will be confidential to the PCS providing it, therefore for this aspect of the 2023 JTA Fee Mechanism the JTA considers Defra to be the appropriate body to make such a decision. This recommendation is fully in line with Defra guidance which states *“Proposals may consider circumstances where a negligible or zero fee might be appropriate”*.

3. Practical operation of the 2023 JTA WEEE Compliance Fee

3.1. Independent Administrator of the 2023 JTA Fee Mechanism

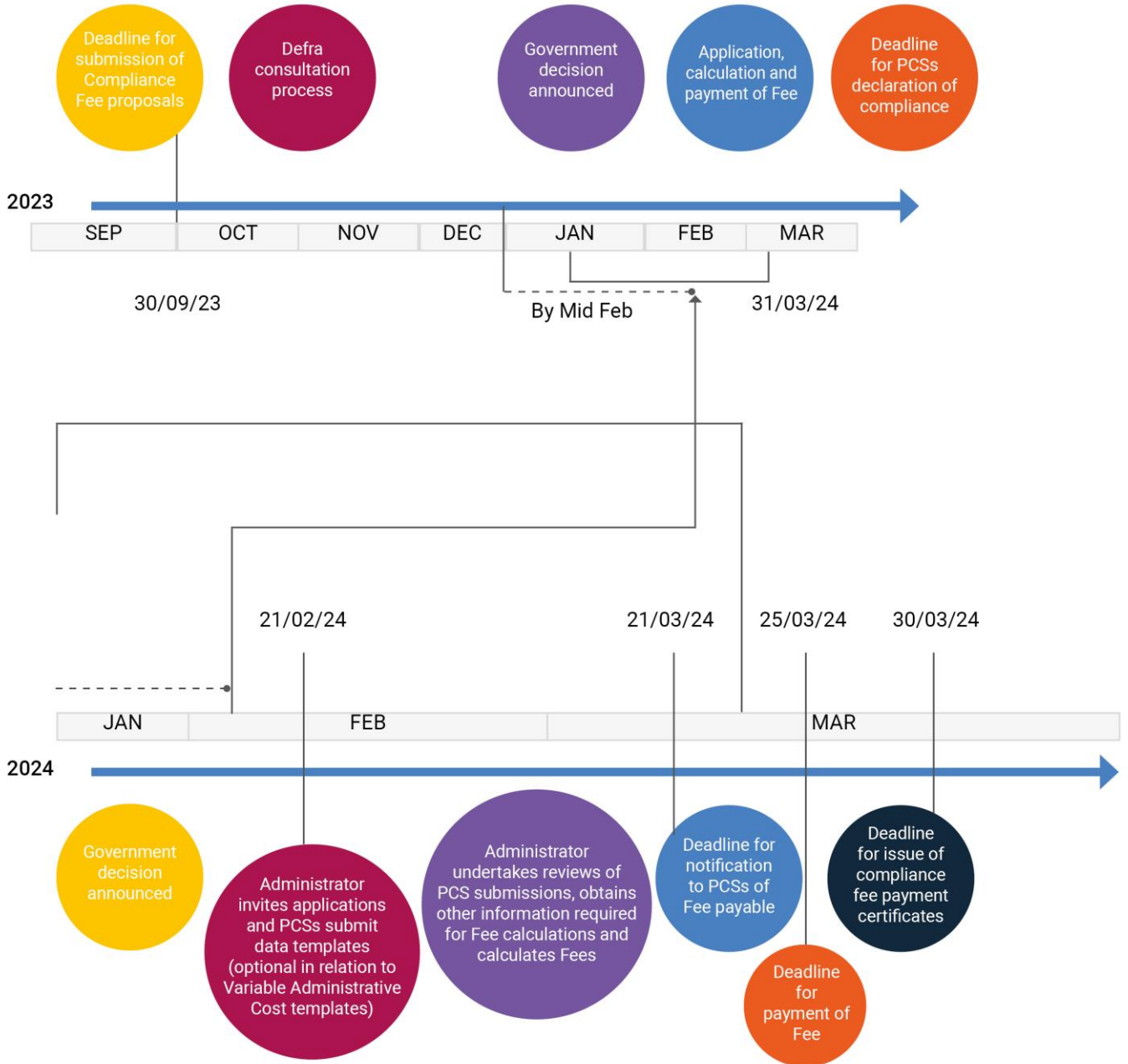
- 3.1.1. Mazars LLP has been selected by JTAC to be the Administrator for the 2023 JTA Fee Mechanism if Defra select this proposal. The reason for this choice is set out in Appendix 4.
- 3.1.2. The Administrator will be the main contact point for PCSs wishing to use the Fee and for those PCSs who wish to submit cost data voluntarily for use in the calculation of the weighted average cost of direct collections from LA DCFs. The Administrator will undertake the process set out in section 3.2 below to review data provided by PCSs and calculate the Fees that PCSs need to pay. The Administrator will also disburse any remaining collected funds, as instructed by Material Focus, to approved projects, contracts and associated administrative costs (further information on the fund disbursement strategy is provided in Appendix 7).
- 3.1.3. In addition, JTAC will engage the Executive Director of Material Focus (Expert Adviser), who has no affiliation to any PCS, to work with Mazars during the operation of the Fee to ensure that it is administered and managed in a smooth, independent and professional manner. Using this approach ensures that Mazars has access to an advisor who is fully WEEE literate, and yet is wholly independent of any PCS or producer.
- 3.1.4. In line with previous year Fee methodologies, JTAC will arrange for the Administrator and the Expert Adviser to receive a full briefing on the methodology from FTI, including the Fee calculation templates. To ensure consistency in approach, JTAC will also provide the Administrator with a proposed written scope for the data reviews, and the PCS cost and data templates and associated guidance notes, which will be tested in advance by the PCS advisers to the JTA. The Expert Adviser will also review all Fee calculations and invoices prior to issue by the Administrator.

3.2. Calculation and payment of Fees

3.2.1. Timetable

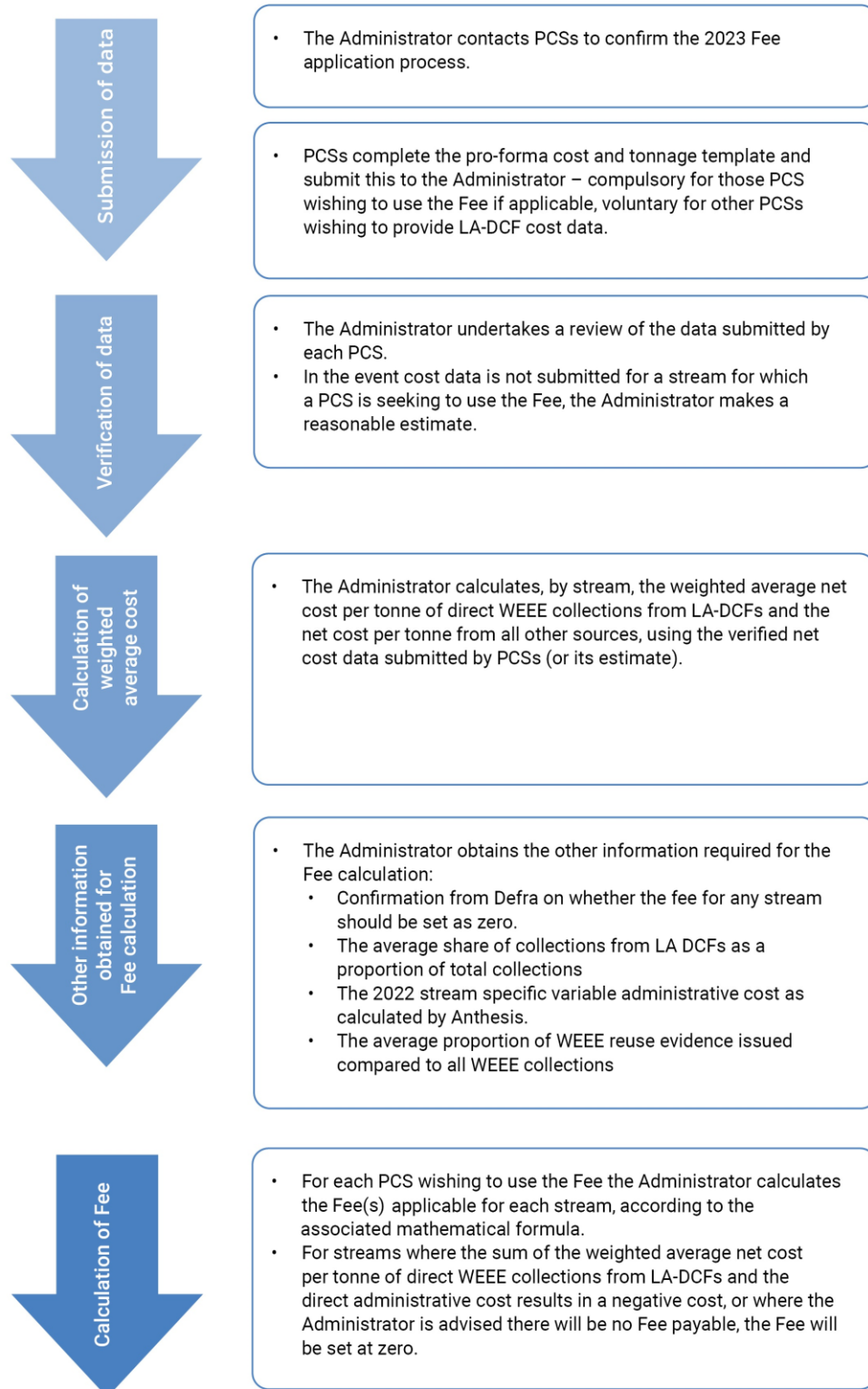
- 3.2.1.1. The most time-critical element of the Fee process remains the setting up and completion of the PCS Fee calculation and payment stages. This is due to the limited time that is usually available between the date of the expected announcement by Defra regarding a Fee and 31st March 2024, when all PCSs are required to return their declarations of compliance to the environment agencies.
- 3.2.1.2. The timetable for the 2023 JTA Fee Mechanism is summarised in the diagram below. It is similar to that used for the 2022 JTA Fee Mechanism selected by Defra. This timetable is indicative and would be amended if Defra wished to make changes to the JTA's proposal or if the number of participating PCSs necessitated this; for instance, if a longer period were required for review of data by the Administrator.

Compliance Fee Timeline Applying to use the fee



3.2.2. Process for the calculation and payment of Fees

The process for the calculation and payment of the Fees is summarised in the chart, below:



Examples to illustrate the Fee calculations are provided in Appendix 3 of the FTI report and Appendix 8 of this report. They use common data and to assist with the review of the two documents cross references have been inserted in Appendix 8 of this report where appropriate.

3.2.2.1. PCSs contacted by the Administrator

The Administrator will contact all PCSs and ask them to confirm whether they wish to use the Fee or voluntarily submit cost data. PCSs will be asked to sign to confirm their acceptance of the Terms and Conditions covering such matters as confidentiality and compliance with the requirements of the mechanism, as set by the Secretary of State. The terms and conditions used for the 2022 JTA Fee Mechanism will be used, updated where appropriate; they will require PCSs to pay the administration charge of £2,500 if they wish to use the Fee.

3.2.2.2. PCSs submit data to the Administrator

Having advised the Administrator of their intention to use the Fee and voluntarily submit cost data, PCSs will be asked to submit the data required by the Administrator by 21st February 2024, to allow time for data reviews, calculations, invoicing and payment of any resulting Fees. This date is based on the Secretary of State both deciding to operate a Fee for 2023 and announcing the methodology to be used by early February. Should this not be the case the deadline may be changed in agreement with Defra and this will be advised to PCSs by the Administrator at the time. However, PCSs will know by the end of January 2024 whether they are short of evidence for any collection streams and therefore wish to use the Fee so the JTA considers it unlikely that such an extension would be required. A non-response from a PCS will be assumed by the Administrator to be a decision that the PCS does not wish to use the Fee, nor wishes to voluntarily submit cost data (the Administrator has no knowledge of PCSs' individual targets or levels of collection achieved).

PCSs must submit data using the pro-forma template supplied to them by the Administrator, which must be signed by a Director. The template will be based on that used for the 2022 Fee, modified as appropriate. A draft proforma is presented in Appendix 6. Due to the tight timescales for data submissions, JTAC will ask the Expert Adviser once again to support the Administrator on any questions raised.

3.2.2.3. Administrator review

Once a PCS confirms it wishes to use the Fee or voluntarily submit cost data, the Administrator will contact the PCS to agree a suitable date for review of the data. This will be performed remotely by professionally qualified staff of the Administrator on an "Agreed Upon Procedure" basis. Such a review will be naturally proportionate to the activity of the PCS and the amount in tonnes and number of streams involved, and will require the provision of supporting documentation, including transaction sampling. In most cases the data review, on a sampling basis, will be completed within a one day timeframe, albeit this may extend over a number of days as information will be provided and reviewed remotely.

3.2.2.4. Calculation of weighted average net cost per tonne of direct WEEE collections from LA DCFs by stream

The Administrator will calculate the annual weighted average net cost per tonne of direct WEEE collections from LA DCFs by WEEE stream (see 2.3.2), using cost data from both PCSs that wish to use the Fee and from those PCSs who have voluntarily submitted cost data.

This calculation results in the k_n parameter, to be used in the relevant formula as set out in the FTI report, applicable to each stream. There will be six such calculations, assuming at least one PCS needs to use the Fee in every stream.

In the unlikely event that there is no LA DCF cost data submitted to the Administrator for a stream of WEEE, then the Administrator shall seek and assess alternative sources of cost data (for example by submitting “mystery shopper” requests to waste management companies) that it reasonably considers can be used for the calculation of the Fee for that stream. If no alternative data sources are available, the Administrator shall calculate a weighted average value for k_n using data from other streams or using prior year data with an adjustment for inflation if appropriate.

3.2.2.5. Administrator obtains information for Variable Administrative Cost calculation

If a PCS choosing to use the Fee or voluntarily submitting cost data wishes to provide its 2022 variable administrative cost information to Anthesis for inclusion in the calculation of the Variable Administrative Cost per tonne (see 2.3.3), the PCS should inform Anthesis and request a data template. The completed template and an assurance report that the scheme itself has had audited via a Registered Auditor should be sent to Anthesis (mark.sayers@anthesisgroup.com) by 21st February 2024. The Administrator will subsequently contact Anthesis to obtain the calculated Variable Administrative Cost per tonne by stream.

This information provides the v_n parameter as set out in the FTI report, applicable to each stream. There will be six such calculations, assuming at least one PCS needs to use the Fee in every stream.

3.2.2.6. The Administrator calculates if national collections have fallen short of the national target

The Administrator will contact the Defra WEEE team soon after 1st February 2024, to request confirmation of the tonnage of household WEEE evidence (by stream), held on the Settlement Centre for the 2023 compliance period, unless Defra is of the opinion that another dataset is more accurate (see 2.3.4).

The Administrator will then use this data to determine whether each stream is deemed to be in surplus or in deficit for the year so that the appropriate escalator can be used in the calculation of the Fee. A stream will be in surplus if the chosen data set exceeds

the 2023 national WEEE collections target set for that stream by Defra by more than 1.5%.

3.2.2.7. Administrator determines whether the Fee for a stream should be set at zero

For each stream the Administrator will add the annual weighted average Variable Administrative Cost v_n per tonne to the weighted average net cost per tonne of direct collections from LA DCFs k_n and if this results in a negative total cost per tonne (i.e. there is net income per tonne), the Fee for that stream will be set to zero.

The Administrator will also contact Defra soon after 1st February 2024 to ascertain if evidence has been provided that the Fee in any stream should be set to zero, irrespective of the calculation undertaken above.

3.2.2.8. Administrator calculates Fee for each PCS by stream

For each PCS that needs to use the Fee, the Administrator will calculate the WEEE Source Adjustment Premium p_n and Reuse Adjustment Premium r_n by stream using the formulae set out in sections 5.4 and 5.6, respectively, of the FTI report.

The Administrator will then, by WEEE stream, apply the appropriate escalator, along with the WEEE Source Adjustment Premium and Reuse Adjustment Premium, to the weighted average net cost of direct collections from LA DCFs.

The resulting cost per tonne will then be added to the weighted average Variable Administrative Cost per tonne, and the total multiplied by the calculated PCS tonnage shortfall to calculate the Fee payable by the PCS for that WEEE stream. The PCS tonnage shortfall is calculated by deducting the evidence recorded as being held by the PCS on its Settlement Centre account on 1st February 2024 (i.e. at midnight on 31st January 2024, the deadline for issuing evidence notes for the 2023 compliance year) from the final target notification received by the PCS from the relevant environment agency for the 2023 compliance year.

All calculations will be quality assured by the Expert Adviser.

3.2.2.9. Invoicing and payment of the Fee

By 21st March 2024 each PCS that has chosen to use the Fee will be advised of its Fee, payable by WEEE stream, and the applicable administration charge. The Fee payable by WEEE stream will include the Variable Administrative Cost, which will not be disclosed separately.

PCSs should pay the Fee and administration charge into the Administrator's dedicated Fee client bank account as soon as possible after being advised by the Administrator of the Fee(s) to be paid, and at the very latest in sufficient time for funds to clear by 25th March 2024. Once funds are cleared and in the client bank account the Administrator will issue a Compliance Fee Payment Certificate (CFPC) to the PCS. This will be done as soon as possible after the funds have been cleared and at the latest by 30th March

2024. The CFPC will confirm the information provided by the PCS (i.e. PCS target, actual evidence held and the resulting evidence gap in tonnes, per stream), and confirm that the requested Fee and administration charge(s) have been paid into the Compliance Fee Fund. It will not show the value of the Fees paid.

Alongside the Fee notifications, PCSs will be sent an evaluation form which seeks to assess their experience of using the Fee. A draft form is included in Appendix 6. To ensure that PCSs feel free to express their views, PCSs will be invited to submit their evaluations to the Expert Adviser, who will collate anonymised views and prepare a report for JTAC and the JTA.

The Administrator will send a summary to each of the environment agencies concerned, confirming which PCSs have used the Fee, and for which stream (s) and for those streams, the PCS target in tonnes and the tonnes for which a Fee has been applied.

3.2.3. Process for spending Fee Funds

3.2.3.1. Soon after Fees have cleared, the Administrator will confirm to Defra and JTAC the estimated Fee funds available to spend on WEEE projects (the “Fund”) as set out in the Defra Guidance. In estimating the Fund expected to be available the Administrator will include the amounts paid by PCSs using the Fee, including the administration charge, and deduct its assessment of the administrative costs expected to be incurred through to the close of the 2023 Fee mechanism.

3.2.3.2. The JTA’s proposed 2023 Fund disbursement process is set out in more detail in Appendix 7.

3.2.4. Underwriting of Fee mechanism costs

3.2.4.1. In the event that Defra do not accept the JTA proposal, the full Administrator 2023 contract will not be activated, and any costs incurred in the preparation work by JTAC directly or through the Administrator will be met by JTAC.

3.2.4.2. In the event that the Fee mechanism is not used by any PCS (or is only used to a very limited extent) any residual costs of the Administrator that are not covered by Fee and administration charge income will also be met by JTAC.

3.2.5. Contingency planning

The JTA has assessed its plans thoroughly, and is comfortable that all reasonable contingencies have been addressed including:

3.2.5.1. If there is a large number of PCS users of the Fee, the appointment of Mazars as Administrator means that sufficient staff will be available to cope with the applications.

3.2.5.2. External accountants such as Mazars routinely conduct audits and other work remotely. Those PCSs that consider they may wish to use the Fee will see the JTA’s proposal in

October 2023 and will have at least five months to prepare for providing any information Mazars may require electronically.

3.2.5.3. If there is no, or insufficient, data to support the calculations, then the Administrator may use data from other sources that the Administrator considers are appropriate (for example by submitting “mystery shopper” requests to waste management companies).

3.2.5.4. Should the JTA be appointed, all necessary due diligence steps have already been completed by Mazars, including the establishment of a client bank account, and dedicated email addresses.

3.2.6. Flexibility

Please note that the JTA considers that this proposal represents an effective turnkey solution to the implementation of the 2023 Fee. However, the JTA is open to discussing any aspects of this proposal with Defra, and where appropriate, amending aspects of the proposal.

4. Governance

The 2023 JTA Fee Mechanism, as set out in detail in sections 2 and 3 and the supporting Appendices, incorporates importance governance features, these are summarised below.

4.1 Independence

- 4.1.1. There is clear separation between the Administrator and JTAC, JTAC and the JTA, and the JTA and the three PCSs that advise the JTA. The Expert Adviser, who supports the Administrator, is employed by JTAC but is independent of the JTA and PCSs. This is crucial in eliminating any conflict of interest, especially when PCSs need to communicate with the Administrator. This also reduces the burden on Defra, who will not need to be involved in the administration process.
- 4.1.2. As explained in Appendix 5, the JTA established JTAC as the legal entity to manage the independent Administrator. JTAC was formed by three Trade Association members of the JTA representing producers with significant household EEE/WEEE obligations. It is a not-for-profit company, limited by guarantee, with no shareholdings and its Constitution prohibits any distribution of funds to its members. It has a Board of Directors, comprising a senior representative from a number of key Trade Association members, who are responsible for the proper running of the Company. The role of the JTAC Board is described in more detail in Appendix 5. JTAC engages with stakeholders and consumers via the brand name “Material Focus”.
- 4.1.3. The independent Administrator is solely responsible for the operation of the Fee process in the JTA Fee Mechanism, including the management of the Fund through a dedicated client bank account. The selected Administrator (Mazars) is a UK Top 10 Accounting firm, experienced in accounting, auditing, managing client bank accounts and managing commercially confidential information in an impartial and independent manner. In addition, although Mazars provides a wide range of services to many different clients, they are regulated by the Institute of Chartered Accountants in England and Wales and other regulatory authorities and must demonstrate they have appropriate internal “firewalls” in place to ensure confidential information received from a client in relation to one service is not passed on to any other part of the organisation. The number of staff employed by Mazars in the different services also assists with this, and can confidently ensure separate engagement teams are solely utilised on this account. Access to the WEEE email is only available to the direct team that work on this account. The team will comprise fully qualified accountants and other suitably qualified staff that can bring expertise and advice to the role as Administrator. Mazars successfully operated as Administrator for the 2014 to 2015 and 2017 to 2022 Fee mechanisms. More detail on the JTA’s chosen administrator is outlined in Appendix 4.
- 4.1.4. The JTA will continue to provide resource and expertise to JTAC, where needed, and to the Administrator, regarding the content of the WEEE Regulations and the JTA Fee Mechanism. None of the PCSs that provide advice to the JTA will be involved in the operation of JTAC or the Administrator contract, although they may be nominated via the WEEE Schemes Forum to participate in the WEEE Compliance Fee Fund Spending Panels (“Spending Panels”) and their sub-panels/ judging panels.

4.1.5. The process for agreeing the spend of the Fund is outlined in detail in Appendix 7. The Fund currently has three spending “pillars” and the JTA is proposing to add a fourth “pillar”, recognising the importance of the Circular Economy. Expenditure for this pillar would be decided by a separate Spending Panel, representative of relevant stakeholders. Funds generated from the operation of the 2023 JTA Fee Mechanism will be added to the existing Fund and the disbursement of these will be decided by the relevant Spending Panel. The composition of the Spending Panels and any appropriate sub-panels or judging panels, will be representative of the relevant stakeholders: including central and local government, EEE producers, recyclers, waste management and the reuse sector. A new terms of reference has been drafted to cover the operation of the current Spending Panel (see Appendix 10), which will also be used for the Spending Panel for the proposed new pillar. Material Focus’ Executive Director will execute any decisions agreed by the Spending Panels and their sub-panels/judging panels.

4.2 Professionalism

4.2.1 As outlined in section 2.8 of Appendix 7, a suite of policies and procedures are in place to ensure robust governance of JTAC including policies on anti-bribery and corruption, conflicts of interest, data protection, business conduct, security, and on handling complaints as well as those covering expenses, privacy, diversity and equality, and employment rights.

4.3 Transparency

4.3.1 To deliver transparency regarding the spend of any remaining Fund available, JTAC proposes to continue to ensure:

- All major findings financed by the Fund are accompanied by a press release once finalised, confirming details of the project, the parties involved and the estimated cost of the project.
- All research reports financed by the Fee are posted on the Material Focus website
- Regular updates, including financial summaries, are shared with stakeholders (i.e. via the Spending Panel, ICER, WSF and JTA meetings, conferences and other industry events). The www.recycleyourelectricals.org.uk and www.materialfocus.org.uk websites provide details on activities and projects being undertaken. Material Focus are happy to provide further details on request.
- Management accounts, providing a more detailed breakdown of Fees received and Fund expenditure, are supplied regularly to Defra to provide an appropriate level of oversight directly to Defra of information that must otherwise remain confidential.
- There is a regular independent review of the Fund to provide assurance to stakeholders of the regularity and propriety in respect of the expenditure of the Fund. The results of the review are shared with Defra. The next review is currently being planned.
- A project-by-project overview of spend for technical and local projects is shared regularly with the relevant Spending Panel. KPIs to monitor spend for communications and behaviour change activities will also be agreed with, and provided to, the relevant Spending Panel.

- Material Focus activity reporting is moving away from an annual review to more real time impacts and a KPI report, circulated to stakeholder groups. This approach will be launched in Sept/Oct 23.

4.4 Quality Assurance

- 4.4.1 A series of checks and balances will be in place at every appropriate stage of the operation of the Fee to provide quality assurance in the process. As explained in section 3.1.4, this includes the provision of a detailed briefing session between the Administrator and Expert Adviser and FTI on any new features of the Fee methodology, pre-testing of Fee calculation spreadsheets with dummy data, the establishment of Agreed Upon Procedures for data reviews, detailed briefing of auditors ahead of data reviews, testing of the PCS data collection forms and a second review of all invoices raised.
- 4.4.2 Approved applications for project funding from the Fund are subject to independent oversight. The Material Focus staff closely monitor the progress of projects through regular meetings and calls, calling on external resources where appropriate. Where appropriate, any Funds allocated are subject to post-investment validation to ensure that the Funds were applied to the intended use.

4.5 Confidentiality

- 4.5.1 The 2023 JTA Fee Mechanism will be operated by the Administrator, with support from the Expert Adviser, on a professional basis with high levels of integrity and is open to all relevant parties to use. This is in keeping with their operation of the 2014 to 2015 and 2017 to 2022 JTA Fee Mechanisms.
- 4.5.2 The Administrator and the Expert Adviser will keep all data they receive and handle it as strictly confidential, as demonstrated in their handling of all previous JTA Fee Mechanisms.
- 4.5.3 Whilst the JTA is the proposer of this mechanism, other than expenses recovered for services provided in relation to the operation of the WEEE Fund, which will be agreed in advance with Defra, it has ensured that neither the JTA, nor JTAC, nor any of their members, can benefit financially from the scheme or access any confidential data. Equally, the three PCSs that advise the JTA cannot access any confidential data. Any PCS or JTA member trade association may however submit proposals to Material Focus for projects, which could include receipt of funds, however this would be subject to judging in the same way as all other proposals. The mechanism is therefore independent, and JTAC will manage the performance of the Administrator and Material Focus' Executive Director via a contract and regular reporting.
- 4.5.4 All PCSs submitting data to the Administrator will be required to sign an agreement to keep the Fee payable confidential.

4.6 Impact of competition law and other legal requirements

- 4.6.1 The JTA has carefully considered the impact of this proposal in respect of competition law, and other legal requirements. There are several features of the proposal that are implemented specifically to ensure competition law compliance. These include:
- 4.6.1.1 The requirement for the JTA's chosen Administrator, Mazars, to be totally independent of any PCS or Producer.
 - 4.6.1.2 Mazars being regulated by the Institute of Chartered Accountants in England and Wales means appropriate measures must demonstrably be in place to ensure confidential information received from clients in connection with one service provided is not shared with any other part of the organisation. This is further safeguarded through the number of employees Mazars has.
 - 4.6.1.3 The establishment of JTAC to ensure that PCSs that support the JTA do not have access to confidential information.
 - 4.6.1.4 The requirement for PCSs to sign terms and conditions that keep the Fee actually paid, and where relevant remuneration received, confidential.
 - 4.6.1.5 The fact that a PCS pays a Fee based on the shortfall against its own target and that there are escalators based on the extent to which a PCS has used directly collected LA WEEE and obtained WEEE reuse evidence to meet its target means that Fees actually payable will vary materially. This reduces the risk of appreciable cost commonality.
 - 4.6.1.6 The Variable Administrative Cost will not be separated out and will be included within the cost per tonne calculated for each WEEE stream, to ensure that PCSs are not given any more cost data than is necessary for the payment of the Fee.
 - 4.6.1.7 The Fee process is open to any PCS entitled to and wishing to use it i.e. all PCSs wishing to make use of the Fee and submit cost data; and all organisations that meet the criteria, wishing to apply for funding from any Fee Funds that are available.
 - 4.6.1.8 PCSs using the mechanism and organisations applying for Funds will be required to use the system in accordance with the agreed procedures, including timing of any decisions or applications.

Appendix 1

Responding to the Defra evaluation of the 2022 JTA Compliance Fee proposal

Note that quotation marks are used to indicate the verbatim feedback received from the evaluation panel.

1. General JTA Fee Methodology principles

The JTA proposed two alternative methodologies, Scenario A “business as usual”, and Scenario B which would have operated a cost-of living threshold to adjust the obligations of PCSs in streams where there was a shortfall in national collections compared to target. The choice between the scenarios was to be made by Defra based on whether data showed that the cost-of-living crisis had a clear impact on the ability of PCSs to meet collection targets. The panel felt the data did not demonstrate this and selected Scenario A.

The panel were content with the application of the methodology in line with Scenario A and welcomed the following aspects;

- "the focus on cost arising from LA collections only",
- the inclusion of the WEEE Source Adjustment Premium and stream specific Variable Administrative Costs,
- “the use of a formula based on a scheme’s shortfall against its own target as opposed to the national target” when calculating the escalator,
- allowing PCSs “who do not need to use the compliance fee to submit data to contribute to the calculation of weighted average costs”, and
- the approach “to handling net income generating WEEE streams” and “its recommendation for zero fee for LDA”

The JTA has considered the panel’s comments, and assessed 2023 market conditions, and has concluded these elements of the JTA’s Fee methodology remain appropriate for 2023. Market conditions currently indicate a “business as usual” approach is appropriate for the 2023 Fee methodology, with one modification to include a Reuse Adjustment Premium.

2. Administration of the Fee

- 2.1. The panel did not request any modifications to the JTA’s proposed administration process for the 2022 Fee methodology, noting the key aspects that had met the requirements of the Fee guidance.
- 2.2. Mazars summarised and anonymised feedback they received from PCSs that paid a Fee in 2022 and provided this to the JTA. The feedback was positive.
- 2.3. Based on the feedback received, the JTA is proposing to continue with the administration arrangements deployed for its 2022 Fee process.

3. Dispersal of Funds

- 3.1. The panel did not request any modifications to the JTA's proposed dispersal process for the 2022 Compliance Fee, noting the proposal set out how the fund would be used and the process for the disbursement of funds.
- 3.2. During 2023 stakeholders have been consulted by the JTA on the Fund dispersal arrangements. Some helpful feedback has been received and as a result, proposed changes are incorporated in the JTA's 2023 Fee proposal. These are summarised in Appendix 9.

4. Timetable for implementation and operation

- 4.1. The panel did not request any modifications to the JTA's proposed timetable for the implementation and operation of the 2022 Compliance Fee, noting the proposal provided a detailed timeline and an outline of staffing resources along with contingencies and an understanding of dependencies.
- 4.2. The JTA is proposing to continue with the timetable deployed for its 2022 Fee process, adjusted as appropriate to reflect the inclusion of the Reuse Adjustment Premium and the 2023/4 calendar.

5. Experience of proposer and proposed operator

- 5.1. The panel noted "Mazars overall effectiveness in running the compliance fee in previous years" and that "Mazars is regulated by the ICAEW which, coupled with its available resources and background demonstrates evidence of its suitability as the administrator of the compliance fee". The panel added that "possible risks around conflict of interest with the JTA's role and that of JTAC are well understood and clearly set out in the proposal".
- 5.2. The JTA is proposing to re-appoint Mazars as the Fee Administrator and to continue with the governance arrangements that have been developed and enhanced as appropriate since 2014.

6. IT systems

- 6.1. The panel noted that the proposal set out that there are robust systems in place, particularly with regards to data protection.
- 6.2. The JTA will continue with the same robust IT systems and support that were provided for its 2022 Fee process.

Appendix 2

JTA views of the WEEE market in 2023 and the rationale for the 2023 JTA Compliance Fee mechanism

The JTA discussed the WEEE market in 2023 and concluded that an updated economic analysis should be requested from FTI. Through the WEEE Schemes Forum, the JTA also invited PCSs to share their views on the 2023 market conditions that should be considered in the design of the 2023 JTA Fee Mechanism.

The JTA provided an extensive briefing on 2023 WEEE market conditions to FTI, and using this, and other sources of information explained in section 1.5 of their report, FTI set out what it considered to be the key market features that could influence the design of the 2023 Fee mechanism, their conclusions regarding these and their recommendation for the 2023 JTA Fee mechanism. Further detail can be found in sections 3, 4 and 5 of FTI's report, which is included as Appendix 3 of this proposal.

We have summarised below the key market conditions that were identified by the JTA, and briefed to and considered by FTI, and have stated how they are reflected in the design of the JTA's proposed 2023 Fee methodology.

2023 Market Condition	Impact on the 2023 JTA Fee Mechanism
<p data-bbox="220 994 628 1021"><i>Section 3.5 to 3.13 of FTI's report.</i></p> <p data-bbox="220 1066 651 1173">The UK economy (high inflation, increasing inflation rates, and the cost-of-living crisis)</p> <p data-bbox="220 1218 692 1370">The Bank of England base rate is now at 5.25%, the highest rate for 15 years, and the rate of inflation is currently at 6.4%</p> <p data-bbox="220 1415 670 1568">The Office of Budget Responsibility is expecting real household disposable incomes to fall by 2.8% in the year to April 2024.</p>	<ol data-bbox="724 994 1449 1908" style="list-style-type: none"> <li data-bbox="724 994 1449 1182">1. This high interest rate will have an increasingly big impact on consumers as fixed rate mortgage deals come to an end. That in turn, could lead to a further downturn in EEE placed on the market towards the end of 2023, placing more pressure on producers. <li data-bbox="724 1227 1449 1496">2. There are clear indications that inflation and the cost-of-living crisis is impacting the market for the supply of new EEE. The Q1 and Q2 EEE POM data shows that the impact is already material, with the tonnage of EEE placed on the market 8.6% down compared to the same period in 2022 (if data for category 14, PV panels is excluded). <li data-bbox="724 1541 1449 1765">3. We expect that continued high inflation will likely cause further slowing down in EEE POM. Although not apparent in the UK data for Q1 and Q2, we expect this will also have a consequent impact on full year WEEE collections, particularly in those streams where new EEE usually results in WEEE arising. <li data-bbox="724 1809 1449 1908">4. Inflationary pressures, including from higher diesel fuel prices and energy costs, are also impacting WEEE transport and treatment costs. There have been

2023 Market Condition	Impact on the 2023 JTA Fee Mechanism
	<p>widespread reports of cost increases being passed on to PCSs during 2023.</p> <p>5. As a result, very considerable economic headwinds are building for producers. Fortunately though, the Fee impacts of these headwinds should be considerably softened because the collection targets set in 2023 were considered to be a realistic reflection of what is likely to be collected. If this continues to be the case in Q3 and Q4, we consider that the number of PCSs needing to use the Fee in 2023 will be lower than recent years. Accordingly, we consider that the “business as usual” JTA methodology proposed is appropriate for 2023.</p>
<p><i>Section 3.14 of FTI’s report</i></p> <p>PCSs not making collections from LA DCFs and growth in the use of the PBS</p> <p>A significant proportion of PCSs do not collect WEEE from LA DCFs. LA DCF WEEE is generally more expensive to collect and treat than other sources of WEEE, and as such there is no incentive for PCSs to increase collections from LA-DCF. This continues to be the case in 2023, with fewer than 10 PCSs out of a total of 26 collecting from LA-DCF. In 2023 there has also been a material increase in the number of arrangements placed into the PBS by PCSs, with over 15 different Local Authorities offering one or more streams to the mechanism.</p>	<p>JTA Fee methodologies since 2017 have incorporated an adjustment for the source of WEEE which aims to increase the incentive for PCSs to collect from LA DCFs.</p> <p>The WEEE Source Adjustment Premium means those PCSs that do not meet their targets, and who collect below their share of national collections from LA DCFs, will pay a higher Fee/tonne where the data shows that such WEEE is more costly to collect and treat than other sources of WEEE.</p> <p>We therefore propose to retain the WEEE Source Adjustment Premium for the JTA’s 2023 Fee methodology.</p> <p>The origin of this adjustment is further explained in section A2.57 in Appendix 2 of FTI’s report.</p>
<p><i>Section 3.16 of FTI’s report.</i></p> <p>Low levels of reuse within the WEEE system.</p> <p>As focus on a more circular economy gains importance, so there is a greater</p>	<p>Levels of reuse reported within the WEEE collections data have remained consistently low. In 2022, the data shows that the tonnage of household WEEE reused was only 2.6% of the tonnage of household WEEE that was recycled. The tonnage has not varied significantly over the last five years.</p> <p>Whilst there are many valid reasons for low reported reuse levels, it is widely accepted that levels of reuse must improve. So the inclusion for the first time of a Reuse</p>

2023 Market Condition	Impact on the 2023 JTA Fee Mechanism
<p>need to encourage reuse within the WEEE system.</p>	<p>Adjustment Premium in the JTA proposal is an important signal for PCSs to consider ways of increasing the level of reuse. It remains important that the Fee methodology continues to encourage PCSs to collect WEEE from LA DCFs, where reuse is more difficult to achieve, and prioritising collections from LA DCFs is a core principle of the Regulations. The Reuse Adjustment Premium has therefore been designed to have a marginal impact in 2023, with the future development of this premium to be considered based upon Defra's Fee methodology guidance and our assessment of reuse market conditions.</p>
<p><i>Section 3.22 of FTI's report.</i></p> <p>Increased concentration of WEEE in the hands of a small number of operators.</p> <p>Some waste management companies, distributors, and vertically integrated PCS/AATFs collect significant tonnages of WEEE.</p>	<p>The design of the Fee takes this into account in two ways:</p> <ol style="list-style-type: none"> 1. Where the Fee calculation for a stream results in a positive value, or where it can be demonstrated that a WEEE stream has a net positive value, a zero Fee applies, and, 2. The methodology always results in Fees that are higher than the weighted average net cost of LA DCF WEEE – but not so high as to allow some operators to make excessive charges to PCSs for the WEEE they collect.
<p><i>Section 3.25 of FTI's report.</i></p> <p>Significant increase in disposal of waste vapes</p> <p>This is causing significant pressure on the WEEE system, in large part because many vape producers are free-riders, and because vape treatment is much more expensive than small mixed WEEE. Yet, vape EEE producers only finance a small market share of category 7. The increased costs are placing pressure on AATFs, PCSs, and some producers.</p>	<p>The design of the Fee takes account of costs incurred by PCSs when collecting SMW containing vapes from LA DCFs through the use of the weighted average net cost of LA DCF WEEE when calculating Fees payable.</p> <p>Vape EEE is reported in Category 7, Toys Sport & Leisure Equipment, however producers are allowed to use evidence generated from any SMW category to meet their obligations. This means there is no current requirement for producers to fund vape WEEE separately. The WSF is in the process of amending the PBS to ensure vape producers fund the collection and treatment of vape WEEE deposited at LA DCFs, and implementing a new voluntary PBS to fund the treatment of vape WEEE collected by retailers in store.</p> <p>No adjustment in relation to the impact of vapes is therefore considered necessary in the Fee methodology.</p>

Appendix 3

FTI Consulting Report

See separate document

Appendix 4

JTAC's chosen administrator – Mazars LLP

1. Background

In considering how the administrator services would be provided, the options studied by JTAC were; the use of in-house resources from a JTA or JTAC member, recruitment of staff by JTAC, and outsourcing the key administrative and data review functions.

2. Decision to outsource

It was decided to outsource the administrator role for the following reasons:

- Ensuring the confidentiality of commercial information;
- Experience in managing client monies;
- Provision of adequate and flexible level of resource to respond to variable workload; and
- Availability of qualified staff to perform data reviews. This is carried out by the Administrator's outsourcing team, which has proved to be successful, providing consistency and specialist expertise.

3. Services to be provided by the Administrator

The services provided by the Administrator have evolved since the JTA's initial fee methodology in 2014 and now comprise the following:

- Communicating with PCSs about the Fee mechanism, providing support to PCSs in using it, including liaison with the Expert Adviser; calculating Fees (during 2020 this also included calculating remuneration); issuing invoices, collecting payments, issuing compliance fee payment certificates and advising the environment agencies concerned of appropriate information;
- Undertaking data reviews, conducted remotely using an Agreed Upon Procedure approach, of all PCSs that wish to use the Fee or submit cost data on a voluntary basis;
- Receiving payments of Fees (during 2020 this also included paying remuneration), holding those in a dedicated client bank account, making approved payments from that account and managing the bank account;
- Advising Defra and Material Focus on the Fees available for disbursement, after taking account of necessary Fund expenditure. To disburse Funds to the organisations concerned as instructed by Material Focus;
- To maintain, through to the final close of the Fund, full accounting records of all transactions including VAT returns and annual accounts information. To provide management reports,

project tracker updates and payment report updates to JTAC and Material Focus on a regular basis without disclosing any confidential or commercially sensitive information; and

- To be subject to an independent audit as part of the broader audit examining the performance and functioning of JTAC in relation to the commitments outlined in the Fee proposal.

4. Evaluation process

JTAC initially selected a number of potential organisations to deliver Fee services, including Environmental Consultants, Accountancy firms and Trade Associations/outsourcing companies. Of these, three were shortlisted for final consideration by JTAC. The decision of JTAC was to appoint Mazars LLP, a Top 10 UK Accountancy firm, as the Fee Administrator to support the JTA proposal.

The decision to appoint an Accountancy firm rather than an Environmental Consultancy or Trade Associations/outsourcing company as Administrator, was taken because they are subject to strict governance rules that are monitored and enforced by external bodies such as the Institute of Chartered Accountants in England and Wales (ICAEW). This provides JTAC and all Fee users with the assurance that confidential information received by the Administrator in the course of its duties will not be shared with any other parts of the Administrator's organisation or be used in connection with any other activities undertaken in the course of the Administrator's business. This cannot be guaranteed with "independent" or third party Environmental Consultancies or other outsourcing companies, who tend to be sector focussed. This means there is a real risk that the same consultant could both take responsibility for the Fee administration (and thereby have access to highly sensitive pricing and market share data) and also be providing WEEE related consultancy services to producers and PCSs, when knowledge of confidential Fee data could prove very informative.

Mazars has successfully carried out the role of independent Administrator to the 2014 to 2015 and 2017 to 2022 Fee mechanisms in accordance with its contract with JTAC. It has demonstrated its expertise, professionalism, and integrity in executing their tasks in all years and JTAC proposes to re-engage with Mazars for its 2023 Fee proposal.

5. Mazars' experience

Mazars is an international, integrated and independent organization, specializing in audit, advisory, accounting and tax services. The Group operates in 95 countries and draws on the expertise of 47,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage in their development. In the UK, Mazars has 140 partners and over 2,500 staff serving clients from 14 locations and is ranked as the ninth largest accountancy firm nationally.

The core values of Mazars define how the firm operates. These values are: Integrity; Responsibility; Diversity and respect for individuals; Technical excellence; Independence; and Continuity,. They translate into a clear obligation to provide independent advice of the highest quality.

In understanding that no two clients are the same, Mazars is practiced in developing and implementing customized solutions. Combining expertise in outsourcing, working with 'public interest' entities and clients across many industries, Mazars has the capacity and have proven their ability to deliver each element of the administrator role to the highest standards.

6. Key areas of Mazars' proposal

6.1 Segregation of duties and conflicts of interest

Mazars will operate a client account on behalf of JTAC, which will be used to collect funds from the relevant PCS organisations. Should conflicts of interest be identified, Mazars has the scale and resources to mitigate such conflicts through the provision of entirely separate engagement teams. Mazars are legally bound by the engagement terms and conditions with Joint Trade Associations Contracts Ltd and also as members of a recognised Professional Accountancy body by the rules on confidentiality and integrity.

6.2 Industry knowledge

Mazars has experience of working with companies in the WEEE sector and has familiarity with the relevant WEEE legislation. They also have substantial experience in the not-for-profit sector and in working with government agencies. This experience combined with their robust conflict of interest policies and knowledge of the Fee process will help to deliver a highly cost effective and commercially confidential solution. It is important to note that Mazars do not, however, provide consultancy on the application of the WEEE regulations for producers. This is vital in ensuring that there are no conflicts of interest in acting as the Fee Administrator.

6.3 Flexible solutions

The organisation has the ability to be flexible in the services it provides and can tailor these to the relevant take up of the Fee in any compliance period for which it is appointed as the Administrator. This flexibility has been demonstrated through the successful transition Mazars has made to conducting remote reviews and ensuring the continuity of its other professional services, which was essential in 2020 and 2021 due to the impact of the Covid-19 pandemic and which has now been adopted as its standard review methodology. Mazars use a secure online portal for the provision of information and a web-based system to hold virtual meetings with clients.

6.4 IT systems & security

Currently a straightforward offline IT-led solution has been implemented for administering the Fee because this has been most appropriate and has worked well. PCSs email requests to use the Fee and submit cost data using standard templates provided by the Administrator.

Mazars use cloud-based accounting software to record information on receipts and expenditure into and out of the dedicated client bank account, track Fund spend, approve payments, raise invoices to PCSs, and issue CFPCs.

Mazars considers the information it holds as of the utmost importance: information held is protected from a wide range of threats in order to preserve confidentiality and integrity. Mazars protects its information by establishing and maintaining an information management system and is ISO27001 certified.

Within this context, Mazars has in place controls over both virtual and physical security including disaster recovery plans, automatic data back-ups and power outages. With regards to access controls, each individual at the firm has separate logins, which are enforced with regular updating

of passwords and on-going training regarding information security. Access to networks and data is restricted based on individual credentials and mobile working is supported by full encryption.

From an operational perspective, Mazars has extensive capabilities to develop technology driven solutions either through intelligent use of software or the development of technology, such as portals, to the benefits of its clients. This could support future innovation in the way the Fee service is delivered both to the PCSs and the organisations when applying to Material Focus for project funding.

7. Capacity

The firm has over 140 partners and over 2,500 staff in the UK and offices across the country, covering a wide range of disciplines including audit, taxation and corporate finance. This provides the capacity to deal with the possible fluctuations in demand, support field visits to validate project spending if needed and generally respond to issues that might arise. The benefit of this was illustrated in 2020 when Mazars was able to advise on, and mobilise swiftly, the COVID loan fund for AATFs and reuse organisations.

8. Governance

Mazars operates in a regulated environment and is principally regulated by the ICAEW. The team members chosen for the assignment are members of their professional body and are bound by its code of conduct. The Administrator services will be led by a Partner, who will be involved in the overseeing of all aspects of the administration of the 2023 JTA Fee Mechanism. A director is allocated to manage the process and system and ensure deadlines are met and that the process is running smoothly. There will also be a team of less senior staff members to work on the processing of transactions and producing the reports for review as required.

Due to the level of Fees received in the period 2017 to 2022, as an additional governance measure, JTAC will arrange for an independent review of Fund disbursements and will provide its report to Defra.

9. Administrator 2023 Costs

Providing an accurate estimate of administrative costs for the Fee mechanism in respect of any particular compliance year is not practical because there are several unknowns that will influence the costs, some examples of which are:

- The number of PCSs that choose to use the Fee or voluntarily submit cost data and the number of streams they wish to use it for;
- The number of organisations that submit applications for Fee funding and the number that are approved for payment; and
- The time it takes to complete the whole process from the time that Defra announce whether there will be a Fee for a particular year through to when all the projects that are funded are completed and report their results.

Part of the costs for the Administrator services and Fund administration support are fixed e.g. managing the client bank account, maintaining full accounting records, including VAT returns, providing details for

annual accounts and payroll support, which are charged against the Fund. This represents a small proportion of the overall Fund spend.

It is expected therefore that the net costs of administering and managing the 2023 JTA Fee Mechanism, which are charged against the Fees paid, will represent good value for money for a professional service with high levels of integrity in handling commercially sensitive and confidential information and data.

In respect of these services Mazars have provided a quote for costs to cover the 2023 compliance period, which reflects their insight and experience gained from the previous processes. As a result, overall costs are projected to be similar to those for the 2022 compliance period, subject to an annual inflationary increase. The Mazars financial offer is commercially confidential and therefore is not included in the JTA proposal but can be separately disclosed to Defra upon request.

Appendix 5

JTA and JTAC

1. Background

The Waste Electrical and Electronic Equipment (WEEE) Regulations is a 'producer responsibility' measure where those entities that place goods on the UK market are required to take financial responsibility for items once they have finished their use phase, so that the costs associated with collecting, treating and disposing of electrical and electronic equipment do not fall on society as a whole. It therefore follows that producers have the responsibility for paying a fair and reasonable price that is reflective of the costs associated with collecting and treating WEEE and managing the resulting materials.

2. The Joint Trade Association Group (JTA)

To ensure that the opinions of the producer community could be formulated and communicated to the Government in as clear and effective a manner as possible, the major trade associations representing producers of electrical and electronic equipment (EEE) decided to work together on matters of common interest relating to producer responsibility, including the WEEE Regulations. Thus, in 2010 the 'Joint Trade Associations' group was formed. Today it covers producer responsibility legislation, product policy and chemical legislation and comprises of:

- AMDEA: Association of Manufacturers of Domestic Appliances;
- BEAMA: (Originally an acronym for the British Electrotechnical and Allied Manufacturers' Association);
- BIPBA: British and Irish Portable Batteries Association;
- BIVDA: British in Vitro Diagnostic Association
- BHETA: British Home Enhancement Trade Association;
- BTHA: British Toys and Hobbies Association;
- Make UK: the Manufacturers' organisation;
- Gambica: (Originally an acronym for the Group of Association of Manufacturers of British, Instruments, Control and Automation);
- ICMMA: Industrial Cleaning Machine Manufacturer's Association
- techUK: (The trade association for the Information and Communication Technology and Consumer Electronics sectors);
- LIA: Lighting Industry Association; and

- PETMA: Portable Electrical Tool Manufacturers' Association

Collectively, the members of the trade associations that comprise the JTA employ nearly 1m staff in the UK, in around 7,000 companies across all sizes of producers, from the very small to the very large. The JTA comprises all the major trade associations representing both business-to-consumer and business-to-business EEE producers in the UK. This proposal therefore strongly represents the voice of the producer community and we believe it is fully consistent with the WEEE Regulation's producer responsibility' duties.

Since its formation, the JTA and its members have engaged with Government in a number of WEEE related consultations. The JTA has also submitted proposals for a Compliance Fee methodology for every compliance year it has been in operation. The JTA methodology was chosen by the Government for 2014 to 2015 and 2017 to 2022 compliance years and was used as a basis for the Valpak proposal chosen in 2016.

In preparing this proposal, the JTA has called upon the expertise of three PCSs. These PCSs (ERP, Recolight and REPIC) between them are representative of all WEEE streams and moreover are viewed by the JTA as organisations which seek the long-term success and stability of the WEEE system in the interests of both producers and other actors in the WEEE system. They are closely linked with JTA members and support the aims of the JTA actively and participate in the JTA by providing expertise and technical support. As PCSs working in the regulated producer responsibility environment, they regularly engage with Government in both formal and informal consultations on future policy development, making proposals both individually and collectively through relevant trade bodies. They also undertake their own related research into areas such as carbon impact, consumer recycling behaviour and EEE data flows. The combination of the JTA and these three PCSs means it is estimated that the combined memberships represents approximately 90% of all WEEE producer obligations in the UK.

The JTA operated on an informal basis until 2014 when it put in place a formal constitution. This body is still a grouping of trade associations i.e. it is an unincorporated body and not a legal entity. The constituted group is known as the Joint Trade Association Group, although for brevity it uses the initials JTA.

3. Joint Trade Associations (Contracts) Ltd (JTAC)/Material Focus

As the JTA is not a legal entity, a separate company, Joint Trade Associations (Contracts) Limited (JTAC, now publicly branded as Material Focus), was formed for the express purposes of entering into contracts with third-party organisations for services such as the Fee administration. JTAC is a not-for-profit company, limited by guarantee rather than by shareholdings so that no distribution of funds to its members is possible. The Members of JTAC are four trade associations within the JTA, namely AMDEA, BEAMA, LIA and techUK, whose members have significant household WEEE obligations. The Directors and Company Secretary of JTAC are senior representatives of these four trade associations.

By forming JTAC as described above and contracting-out responsibility for administering the Fee to a well-established, independent, organisation we have ensured that all commercially sensitive information reported into the Fee administration system will be kept confidential within the independent Administrator organisation only. We consider that a clear separation between the entity (JTAC Ltd) that contracts with the Administrator, and the entity that comprises Producer and PCS representatives (in

our case the JTA) is vital for all Fee submissions. However, it should be noted that the existence of JTAC does not preclude the Government from taking a role in engaging or contracting with the Fee Administrator should it wish to do so.

JTAC has developed a significant amount of experience through the operation of the Fee in the years 2014 to 2015 and 2017 to 2022. Material Focus has produced an unrivalled set of research, feasibility studies and data to help inform Government Policy with respect to the WEEE regime including:

- Waste electricals: towards a circular economy
- Retailer Take-back: An industry briefing for retailers
- Metrics that could help drive circularity in the UK's waste electricals and portable battery systems
- Vapes recycling: An industry briefing for retailers and producers
- Business Electrical Waste - Challenges and opportunities
- A UK WEEE matching system: a feasibility study
- Encouraging battery recycling to reduce waste stream fires
- Fly-tipping and unregistered waste carriers in England
- Kerbside collections for waste electricals
- Time for a WEEE infrastructure fund?
- Electrical Waste – Challenges and Opportunities: An investigation into Waste Electrical and Electronic Equipment (WEEE) flows in the UK
- Waste Electrical and Electronic Equipment (WEEE): Public Attitudes and Behaviours in the UK

Appendix 6

Draft forms for collecting information from PCSs and feedback on the Compliance Fee process

1. Administrator data template

The draft data template and instructions for completion are provided below.

All PCSs using the Fee, or choosing to supply collection cost data, will be provided with the data template in an Excel file format for completion and return to the Administrator.

Instructions for completion of the data template

A. General requirements

Scope of information to be provided

PCSs wishing to use the Fee mechanism are required to complete sections 1, 2 and 3 for all streams for which the PCS has a WEEE financing obligation – even when they do not wish to use the Fee for all streams.

PCSs that do not wish to use the Fee but choose to supply LA-DCF cost data on a voluntary basis, are required to complete section 2 for all streams where the PCS collects WEEE from LA DCFs.

All tonnage information should be stated after application of any relevant protocols i.e. it should reflect the tonnage of evidence that was issued to the PCS. Tonnages should be entered to three decimal places (i.e. not rounded to the nearest tonne).

Identify related party transactions requiring disclosure

Please indicate on the template if data submitted includes any related party transactions. Related party transactions for the purpose of this template are those that take place between the PCS and other organisations within the same corporate grouping as the PCS, for instance with other divisions within the same legal entity as the PCS, or with associate, joint venture, parent or subsidiary companies, as defined by the Companies Act. Examples of related party transactions would be WEEE transport and treatment services provided to the PCS by a subsidiary company, or by an AATF operated by the PCS itself.

If data submitted includes any related party transactions, please provide further explanation with your submission to the Administrator. The Administrator will consider the related party nature of such transactions.

Process for handling queries

If you have any further questions or need to modify the template in any way, please consult the Administrator.

Administrator review requirements

All backing documentation that supports the data included on the form should be made available to the Administrator for their data review. The PCS should be prepared to demonstrate how the data on the form reconciles to its quarterly WEEE collections returns to the relevant environment agency, its accounting records, or other supporting documentation, as appropriate.

B. Guidance for numbered sections of the template

1. Shortfall/Surplus

1a. WEEE collection target

Please enter your PCS's exact household WEEE tonnage target in each stream. This should be the final target for your PCS for the 2023 compliance year as advised by the relevant environment agency.

1b. Total WEEE evidence received

For all WEEE streams please enter the exact household WEEE tonnage that your PCS has received evidence for by stream for the 2023 compliance year, as recorded in your PCS's Settlement Centre account at close of business on 31st January 2024 i.e. column 3 of your Settlement Centre Dashboard for the 2023 compliance year. This may be different to the amount of WEEE your PCS has directly collected, as it may **include** evidence obtained through other routes (e.g. purchased from AATFs or third parties such as other PCSs or waste management companies) and **exclude** any evidence transfers your PCS has made to other PCSs. This will be used to calculate your PCS's shortfall against its target.

Please see the note in section C below about how PBS collections undertaken by your PCS should be dealt with in the template.

1c. Total Reuse evidence received

For all WEEE streams please enter the exact tonnage of household WEEE reuse evidence that your PCS has received by stream for the 2023 compliance year, as recorded in your PCS's Settlement Centre account at close of business on 31st January 2024 i.e. column 4 of your Settlement Centre Dashboard for the 2023 compliance year. This figure should **not** be deducted from the amount of total WEEE evidence received reported in section 1b, the information is used for two different calculations.

2. Net costs of directly collected WEEE from LA DCFs

2a. Tonnage of WEEE directly collected by the PCS from LA DCFs

Please enter the tonnes of household WEEE in each stream directly collected by your PCS from LA-DCF in the year specified.

Direct collections are those where your PCS has been contracted by the DCF Operator (LA or Waste Management Company operating the DCF on behalf of a LA) to finance the collection and treatment activity. Tonnage in relation to collections from, or evidence obtained from, any other sources (e.g. WEEE collected from other third parties, or evidence purchased from PCSs, AATFs or waste management companies) should not be included.

Please see the note in section C below about how PBS collections undertaken by the PCS should be dealt with in the template.

2b. Total direct costs of collection, transport and treatment

Please enter, in GBP, the direct, incremental and avoidable costs of the direct collections undertaken for each stream in the year specified, from the LA-DCFs reported in 2a above.

Direct costs may include:

- transport costs;
- container costs (e.g. rental or empty container delivery costs);
- other collection costs;
- treatment costs;
- environmental levies (e.g. waste transfer or consignment notes); and
- any other categories that meet the definitions of direct, incremental and avoidable above.

Direct, incremental and avoidable all relate to the same concept:

- Direct: Direct, or variable, costs and income are those that change in proportion to the amount of WEEE collected by the PCS.
- Incremental: Incremental, or marginal, costs and income are those additional costs and revenues that arise as further WEEE is collected.
- Avoidable: Avoidable, or separable, costs and income are those that could be eliminated if the WEEE was not collected.

Submitting only selected transactions is not acceptable. All transactions meeting these criteria must be included.

Cross-subsidisation of costs and income between streams is not acceptable. All costs and income for the collections reported in each *stream should be included in that stream*.

If you are not able to separate costs and income for a WEEE stream, please leave this section blank.

You should exclude direct administrative (overhead) costs and any direct staff costs. Administrative costs, like management, HR, administration, IT, marketing and office rent, do not meet the definitions above and should not be included.

Please see the note in section C below about how PBS collections undertaken by the PCS should be dealt with in the template.

2c. Gross income from resale or reuse of parts

Please enter, in GBP, any income from the WEEE collections your PCS has reported as directly collected from the LA-DCFs reported in 2a above.

Income may relate to:

- (1) reuse of EEE;
- (2) sale of material parts; and
- (3) any other income that meets the definitions of direct, incremental and avoidable above.

Please include all income in respect of the collections reported as directly collected from LA-DCFs, including any income redistributed to LA's or others.

If income for a stream is zero, please enter 0.

If you are not able to separate costs and income for a WEEE stream, please leave this section blank.

Please see the note in section C below about how PBS collections undertaken by the PCS should be dealt with in the template.

2d. Total direct costs minus gross income

If you were able to complete both the cost and income sections, this section will calculate the net cost automatically. No further data is required.

If you were not able to complete both the cost and income sections, please enter here the overall net cost for each stream of WEEE.

Ensure that all costs and income that comprise net cost relate to the LA-DCF collections you have reported in 2a above and meet the requirements specified in the Cost and Income sections above, including the definition of direct, avoidable and incremental.

Please see the note in section C below about how PBS collections undertaken by the PCS should be dealt with in the template.

3. Net costs of WEEE from all other sources

The tonnage and net cost in relation to all other (non LA-DCF) direct WEEE collections or for other evidence obtained by your PCS in the specified year should be included in this section, excluding:

- (1) any tonnage or cost in relation to collections made for the PBS or evidence received from the PBS;
- (2) any tonnage in relation to evidence issued to your PCS where no cost has been incurred by your PCS, for instance in relation to collections undertaken by a PCS Producer member.

Where the cost of collections from other direct WEEE collections are included in this section they should be the direct, incremental and avoidable costs relating to those collections and should exclude direct administrative (overhead) costs. Further guidance regarding this is provided in section 2b above.

The PCS should be prepared to provide the Administrator with a reconciliation between the total WEEE evidence it reports in column 1b, and the tonnages reported in columns 2a and 3a. i.e. such that the difference is only accountable to the two exclusions mentioned above and any evidence notes transferred to other PCSs.

C. Treatment of PBS costs

Throughout the data template, LA-DCF collections made on behalf of the PBS should be handled as follows:

- For LA-DCF collections which your PCS was appointed to manage at stage 1, these should be treated as direct collections from LA-DCFs and all costs and tonnage should be included. This applies to tonnage information required for completion of section 1b and 2a, and cost information required for completion of sections 2b, 2c and 2d (as appropriate).

- For LA-DCF collections which your PCS was appointed to manage at stages 2,3, or 4, you should calculate your PCS's share of the collections (in tonnes) it undertook on behalf of the PBS, and apply the cost per tonne it charged the PBS for those collections, and include the resulting tonnage and cost as direct collections from LA-DCFs. You should use your PCS's market share for the 2023 compliance year as notified by the relevant environment agency in its final household WEEE obligation notification. The calculated tonnage should be included in column 2a. The calculated cost should be included in column 2d.
- You should not include any other tonnage or cost for evidence your PCS received from the PBS.

Draft Data Template

2023 Compliance Year Compliance Fee Mechanism
 Compliance Fee PCS Request for Information Data Template
 Private and Business Confidential

PCS NAME

Please refer to the corresponding numbered sections in the instructions provided. This form relates to household WEEE only.

1. SHORTFALL / SURPLUS

	1a. Target	1b. Evidence	1c. Evidence
	PCS WEEE collection target Year tonnes (3dp)	Total WEEE Evidence received Year tonnes (3dp)	Total Reuse Evidence received Year tonnes (3dp)
Unit			

For the period 1 January to 31 December 2023 - for submission on or before 21 February 2024

(1) Large Household Appliances			
(2) Small Mixed WEEE			
(3) Display Equipment			
(4) Cooling Appliances Containing Refrigerants			
(5) Lamps			
(6) Photovoltaics			

2. NET COST OF DIRECTLY COLLECTED WEEE FROM LA-DCFs

	2a. Collected	2b. Costs	2c. Income	2d. Net cost
	Tonnage of WEEE directly collected by the PCS From LA DCFs Year tonnes (3dp)	Total direct costs of collection, transport and treatment From LA DCFs Year £ (2dp)	Gross income from resale or reuse of parts From LA DCFs Year £ (2dp)	Total direct costs minus gross income From LA DCFs Year £ (2dp)
Unit				

For the period 1 January to 31 December 2023 - for submission on or before 21 February 2024

(1) Large Household Appliances				0.00
(2) Small Mixed WEEE				0.00
(3) Display Equipment				0.00
(4) Cooling Appliances Containing Refrigerants				0.00
(5) Lamps				0.00
(6) Photovoltaics				0.00

3. NET COST OF WEEE FROM ALL OTHER SOURCES

	3a. Collected	3b. Net cost
	Tonnage of WEEE from all other sources Year tonnes (3dp)	Net cost of WEEE from all other sources Year £ (2dp)
Unit		

For the period 1 January to 31 December 2023 - for submission on or before 21 February 2024

(1) Large Household Appliances		
(2) Small Mixed WEEE		
(3) Display Equipment		
(4) Cooling Appliances Containing Refrigerants		
(5) Lamps		
(6) Photovoltaics		

The data above includes related party transactions as described in general requirements section of the instructions

Yes/No (delete as appropriate)

Signature of director authorising submission of the data template

Name of director

2. PCS Fee Process Evaluation Form

The draft PCS Fee Process Evaluation Form is provided below. All PCSs using the Fee or choosing to supply LA-DCF collection cost data, will be provided with the form by the Administrator and will be invited to provide feedback on the 2023 Fee process.



Using the 2023 WEEE Compliance Fee

Feedback form

Please circle your responses:

1. Was the data (eg tonnage, costs) you were asked to supply readily available?
- | | | | | | |
|-----------------------|---|---|---|---|----------------|
| Not readily available | | | | | Easy to locate |
| 1 | 2 | 3 | 4 | 5 | |

If you have scored 3 or less, please explain:

2. Did the Compliance Fee administrator (Mazars) respond rapidly to any information requests?
- | | | | | | |
|-----------------|---|---|---|---|------------------|
| Slow to respond | | | | | Quick to respond |
| 1 | 2 | 3 | 4 | 5 | |

If you have scored 3 or less, please explain:

3. Were the instructions for completing the data submission spreadsheet clear and unambiguous?
- | | | | | | |
|-----------|---|---|---|---|-------|
| Ambiguous | | | | | Clear |
| 1 | 2 | 3 | 4 | 5 | |

If you have scored 3 or less, please explain:

4. How would you rate the professionalism of the auditor?
- | | | | | | |
|----------------|---|---|---|---|--------------|
| Unprofessional | | | | | Professional |
| 1 | 2 | 3 | 4 | 5 | |

If you have scored 3 or less, please explain:

5. Any other comments?

Appendix 7

JTA process for spending the Compliance Fee Fund in respect of the 2023 Compliance Period

1. 2023 Fund disbursement proposal - summary

The JTA proposes that any Fees paid by PCSs in 2023 be added to the Fee Funds (Fund)s accrued to date and be spent as set out below.

Since 2020 the spending priorities of the Funds accrued through the Fee have been determined independently of the JTAC Board through the Spending Panel (previously known as the Advisory Panel).

From 2024, the Spending Panel will be made up of representatives from the Department for Environment, Food & Rural Affairs (Defra), Approved Authorised Treatment Facilities Forum (AATF Forum), Industry Council for Electronic Equipment Recycling (ICER), Local Authority Recycling Advisory Committee (LARAC), National Association of Waste Disposal Officers (NAWDO), WEEE Schemes Forum (WSF), Reuse Network, three producer trade associations, the Joint Trade Associations (JTA) and the Environmental Services Association (ESA). Each organisation may vote on proposals brought to the panel, unless there are conflicts of interest. The composition of the Spending Panel provides an opportunity for all key stakeholders within the WEEE system to propose and agree spending plans in line with the identified needs of the UK WEEE system. All Spending Panel representatives are appointed on the basis that they consult with their membership and, where appropriate, contribute ideas and worked-up fundable projects for consideration. Stakeholders who are not members of the Spending Panel but have project suggestions can submit these to Material Focus for consideration by the Spending Panel, or any relevant sub-group.

Funds have been divided into three “pillars”: technical projects (Insights); projects covering local authority kerbside support and some reuse and repair (Investment); and a communications and behaviour change programme (Inspiration). Initiatives are in progress under all three pillars, and the JTA proposes to continue with these three Fund pillars.

Material Focus Fund spend and allocations to end June 2023 are as follows:

Activity	Allocation	Spend to date	Remaining
Insights	£3,000,000	£1,604,906	£1,395,094
Investments	£3,500,000	£2,500,000	£1,000,000
Inspiration	£6,500,000	£5,246,808	£1,253,192
Covid-19 grants	£481,223	£481,223	£0
Support and unallocated	£12,758,910	£3,672,585	£9,086,325
TOTAL	£26,240,133	£13,505,522	£12,734,611

As summarised above, compliance fee funds raised to date now exceed £26 million, of which £12.7 million remains to be spent. The funding of the Inspirations programme (the Recycle Your Electricals

campaign) is currently committed to 31st December 2024. A £750k national TV, radio and social HypnoCat campaign ran in March 2023 and a similar sized campaign will run again in October 2023. Following external independent analysis on the success of the campaign more national pushes are proposed across 2024 and 2025. The JTA proposes that subject to demonstration of value for money, including impact, a further £2.5 million of the unspent Fund is committed to this pillar to expand and continue the programme through to end December 2025.

Whilst there have been many beneficial projects and activities to date, the JTA considers an additional pillar should be added to the Fund spend to recognise the importance of the Circular Economy. The Circular Economy (Innovation) pillar would focus on initiatives that increase the life of electricals and circular business models and applications for funding would be open to any organisation that undertakes activities in this area, but with a focus on associations that represent multiple organisations, rather than individual organisations. The JTA proposes that £2.5 million of the unspent Fund is allocated to this pillar. The spend of the Innovation pillar would be decided upon by a Spending Panel that is representative of the stakeholders in the sector, the members of this Spending Panel to be agreed in consultation with Defra. The JTA considers a different Spending Panel is appropriate for this pillar because initiatives should by their nature reduce the amount of WEEE available for collection and this may conflict with the objectives of some of the current Spending Panel members.

Finally, as the consultation on the implementation of EPR for WEEE is expected to be published in the near future, the JTA considers that 2024 is the right time to undertake a full review of the Fund disbursement strategy to consider whether it remains the right one for the future development of the WEEE system. The review would be undertaken in conjunction with all relevant stakeholders and any change to the Fund disbursement strategy agreed with Defra.

Section 2 below explains the development of the current Fund and its governance process. Sections 3 to 5 set out further information on the JTA's proposal regarding its disbursement.

2. Background to the Fund

2.1 In 2017 to 2022, the JTA's Fee methodology has been adopted by Government. In 2017 the Compliance Fee Fund (Fund) generated from Fees was considerable and initially, to manage this, JTAC appointed an Expert Adviser to oversee the disbursement process; work with stakeholders to determine the best approach for spending the Fund; and, engage in communication efforts to raise awareness of funding opportunities. A dedicated website was established to support this process, www.weeefund.uk, which has now been migrated into two websites: www.recycleyourelectricals.org.uk and www.materialfocus.org.

2.2 Following an initial stakeholder meeting in June 2018, JTAC and the Expert Adviser agreed with Defra a broad approach to managing spend of the Fund. The Fund was divided into three elements: technical projects (Insights), with an annual call for research proposals; local projects (Investment) covering reuse, repair, and local authority kerbside support; and a communications and behaviour change programme (Inspiration). Judging panels, agreed with Defra, and with representation from across the WEEE sector, were established to assess applications for research and local projects. The approach adopted for communications and behaviour change was agreed with Defra and other stakeholders representing the WEEE sector, with competitive tender exercises undertaken for all the agencies subsequently selected and involved in designing and delivering national and local campaigns.

- 2.3 For its 2018 Fee methodology, in view of the extensive Fund arrangements already in place, and as many of the projects already being funded would span several years, the JTA proposed that the Expert Adviser be retained to continue to manage the disbursement of the Fund for consistency and to minimise stakeholder confusion. In addition to this, the JTA proposed that any Fees raised from the 2018 Fee process be added into the 2017 Fund to support the activities and workstreams already underway. This proposal was accepted by Defra.
- 2.4 The size of the Fund increased further in 2019 and recognising the need for a professional and standalone entity with dedicated staff to disperse this, JTAC employed its Expert Adviser in early 2020 as Executive Director to manage the spend of the Fund, the projects and activities undertaken and staff and agencies needed to deliver these projects and activities.
- 2.5 In its 2019 Fee methodology, the JTA recommended the continuation of the 2017 and 2018 Fund infrastructure and for this to be supplemented by the establishment of a new Fund Disbursement Strategy Committee to determine how any Fees raised from the 2019 Fee process should be spent. Members of the committee would be drawn from representatives within the WEEE sector. This committee was formed following Defra's acceptance of the JTA's 2019 Fee proposal, under a different name, the Compliance Fee Advisory Panel (subsequently renamed the Spending Panel to reflect the strategic nature of the panel's role). In addition, the JTA proposed that with the agreement of Defra the 2019 Fee could also be used to undertake activities that are considered beneficial in maintaining the integrity of the WEEE system, such as legal action. Members of the Spending Panel do not have any oversight of the day-to-day operation of the Fee itself, thus dealing with any conflicts of interest and ensuring compliance with Competition Law. Additional measures were also introduced to ensure further transparency in the spend of the Fund.
- 2.6 During 2019, to support the framing of the public awareness campaign, the WEEE Fund was rebranded as Material Focus. Since then further staff members have been directly employed (reaching a total of 9 at 21st Sep 2023) to ensure effective project management of the research projects (Insights), the local authority and community sector investments (Investments), and the communication and behaviour change programme (Inspiration). Material Focus continues to call on two experienced consultants for strategic support on marketing and media relations.
- 2.7 Material Focus operates a hybrid work model, using a small dedicated office space with break out desks in Victoria, London.
- 2.8 Governance of JTAC and Material Focus is subject to a comprehensive suite of policies and procedures including policies on anti-bribery and corruption, data protection, business conduct, security, and on handling complaints as well as those covering expenses, privacy, diversity and equality, and employment rights.
- 2.9 In 2019/20 an independent third-party "Agreed Upon Procedures" review of Material Focus was carried out by Macintyre Hudson to ensure disbursement was being conducted in line with the JTA's proposals. The findings were shared with Defra and the recommendations suggested by the auditors – which outlined a small number of administrative improvements – have since been implemented. As stated in last year's JTA Fee proposal, a further

independent third-party review is currently being arranged and will take place in September/October 2023.

2.10 In 2021, to further increase the transparency of the activities and actions of Material Focus to stakeholders, an annual review was produced which provided an oversight of the structure of Material Focus, how it spent Fund fees, the impacts that were achieved and future vision. This was repeated in 2022 and a dedicated Material Focus website was launched in 2022 which will be updated on a regular basis, including a new “live” impacts and KPI reporting to be launched before the end of 2023.

2.11 Progress to date from the 2017 to 2022 Funds:

2.11.1 *Technical Projects (Insights):*

£3m was allocated with three open calls for research proposals having now taken place. In addition, specific projects identified by stakeholders and research to support the comms campaign have also been briefed and competitively tendered. Once completed the stand-alone reports are published, promoted and made available at [Publications and research - Material Focus](#). Where possible, technical research has been used to also support PR campaigns. To the end of June 2023 over 20 technical research projects have been funded totalling £1.6 million.

2.11.2 *New collection and reuse projects (Investments):*

Following extensive discussions to determine the best way to support local authorities, in August 2019 a £3m small mixed WEEE kerbside collection infrastructure fund was launched alongside a £0.5m fund (making £3.5m in total) to help reuse organisations build capacity and expand their small mixed WEEE collections. Many of these projects were delayed due to the impact of the Covid-19 pandemic and have just been completed. Impact reports for these projects will be published by Material Focus and the findings used to develop case studies and direct future projects and investment. The Investments funding was relaunched as the Electricals Recycling Fund, with a broader scope in late 2022. Over 40 projects have been identified that will make it easier for 10 million more people to reuse and recycle their electricals. To the end of June 2023, over 60 projects have been funded totalling £2.5 million. Appropriate KPIs and reporting metrics are built into each project and case studies have been produced for some of the key ones to help inform new projects when they consider making funding submissions.

2.11.3 *Communications and Behaviour Change (Inspiration):*

Based on extensive market research, Material Focus launched the £3.5m, three-year Recycle Your Electricals campaign in Spring 2020. A new information hub has been developed at www.recycleyourelectricals.org.uk and various PR and marketing activities have taken place. An additional £3m of funding (making £6.5 million in total) was agreed by the Spending Panel to allow the campaign planning and activity to continue for at least a further two years to the end of 2024. Spend to the end of June 2023 was £5.25 million. Material Focus has built appropriate KPI measures into its campaigns so that the contribution of these to higher levels of collection, recycling and re-use, or to wider WEEE objectives where relevant, can be assessed.

Campaign highlights and impacts to date include:

- Material Focus designed and built a best in class postcode locator tool that allows for search by type of equipment and by action (donate, fix or recycle). It also flags if particular postcodes might have kerbside in their areas. From circa 3k drop-off points at launch in March 2020, as of September 2023 there are now over 15k listed drop off points for electricals and portable batteries.
- In 2023 to date 792k new users have visited the Recycle Your Electricals campaign website.
- The Recycle Your Electricals campaign has now worked with over 200 UK local authorities on a mix of funded collection projects and communication projects.
- In 2023 to date Material Focus and Recycle Your Electricals have been mentioned in over 1,900 mainstream media articles, interviews and appearances across BBC National and Local News, ITV National and Local News, BBC Radio 4, BBC Radio 5 Live, all BBC local radio stations, Times Radio, Radio Times, Heart, Absolute, The Voice of Islam, Financial Times, The Daily Mail, The Daily Express, The Sun, The Times, The Guardian, The Telegraph, Grazia, Hello, Which, Country Life and hundreds of trade, specialist and regional titles.
- The campaign coverage in 2023 to date has an Advertising Value Equivalent of £62.8 million.
- A national TV, radio and social media HypnoCat campaign ran in March and April 2023 had the following impacts:
 - 31.47M people reached within target population.
 - c 10.7M people recognised the campaign (tracking data - recognised any of the ads).
 - c 860k more people said they were acting post the campaign (vs pre) @ 87p/ action.
 - c 430k more people said they searched for more info about their nearest recycling points.
- 220k new website users at www.recycleyourelectricals.org.uk during the 3 weeks of the campaign (vs 40k for the same period, 2022); Recycle Now also reported increased searches for electricals' recycling points.

2.11.4 Covid-19 loan and grant support scheme:

Using 2019 Fee payments, and in response to the Covid-19 pandemic impact on WEEE collections, Material Focus put in place a loan and grant support scheme to support commercial WEEE treatment facilities and reuse organisations. Nearly £2 million in interest free loans was provided to 14 commercial electrical waste treatment facilities, repayments over a 24 month period having commenced in July 2021. To the end of June 2023 all repayments due have been made on time and the loan package is now completely and successfully repaid. In addition, 34 organisations in the charity sector supporting the reuse of electricals received just under £500k in grants.

3. 2023 Fund disbursement proposal – further detail

3.1 Spending Panel and governance

In preparing this proposal, the JTA approached members of the current Spending Panel to seek views on the Fund disbursement process and invited suggestions for improving the process. A summary of the consultation is outlined in Appendix 9.

In response to points made by stakeholders, the JTA will implement the following changes to its fund dispersal process:

- The Spending Panel Terms of Reference will be updated to clarify the requirement for panel members to consult with their membership prior to attending meetings.
- A fourth Fund pillar – Innovation – will be introduced to support the development of circular business models.
- A full stakeholder review of the Fund disbursement strategy will be undertaken during 2024.
- Material Focus will launch a new “live” impacts and key performance indicators tracker on the Material Focus website before the end of the year.

The Administrator supports Material Focus in providing annual budgets and quarterly spending reviews to the JTAC board. These are broken down across Material Focus’s current three pillars (Insights, Investment, and Inspiration) and support costs. Support costs are split between total staff and agency costs and total overheads (covering items such as Rent, Rates, Consultants Fees, etc.). Note that JTAC Ltd directors have the fiduciary duty to ensure the company is properly resourced to meet its commitments and must therefore make any decisions regarding this. Quarterly board meetings monitor all activities and spend, including overhead costs, supported by Mazars who handle all project spend through the Fee fund client account. There is an annual budget and objective setting cycle, which is then drilled down to team and personal objectives.

Material Focus also provides a “projects funded to date” summary to the current Spending Panel on a regular basis.

The allocation of responsibilities between JTAC and the Spending Panels, including the new innovation panel, is set out in the table below:

JTAC Board	Spending Panels
Remit	
<ul style="list-style-type: none"> • Select and Appoint an Administrator to carry out the operation of the Fee and an Executive Director to carry out disbursement of the Fund. • Employ, review and evaluate the performance of the Administrator and Material Focus' Executive Director. • Determine JTAC policies and provide additional fiscal oversight of the Fund through multi-stage invoice approval process. • Ensure that the composition, structure and capability of JTAC are appropriate for implementing agreed strategies. • Meet its general governance and fiduciary duties. 	<ul style="list-style-type: none"> • To agree on the strategic direction of the Compliance Fee Fund disbursement plan for the pillars covered by the panel. • To agree project and programme Fund disbursement strategy for Material Focus. • To support appropriate sub-committees or panels to ensure the correct technical expertise is available to evaluate proposals and projects.
Composition	
<ul style="list-style-type: none"> • Chaired by AMDEA, the JTAC Board is currently composed of senior representatives from the Lighting Industry Association, BEAMA, techUK., and the JTA Chair 	<ul style="list-style-type: none"> • Chaired by the Executive Director of Material Focus, the Spending Panels will consists of the Chair of JTAC and representatives of the relevant stakeholder community, including where appropriate, but not limited to representatives of EEE producers, WSF, WEEE recyclers, ICER, local authorities, reuse organisations, waste management companies and Defra.
Meetings	
<ul style="list-style-type: none"> • The Board will meet as required to fulfil its remit and will meet at least every quarter. • Minutes, agenda and papers will be circulated to those in attendance at least four working days in advance. • The quorum for meetings is three. 	<ul style="list-style-type: none"> • The panels will meet as required to fulfil their remit and will meet at least twice a calendar year. • Minutes, agenda and papers will be circulated to those in attendance at least four working days in advance. • The quorum for meetings is six.
Voting/decision making	

JTAC Board	Spending Panels
	<ul style="list-style-type: none"> • While every attempt will be made to unanimously agree spending priorities in the event of split opinion the panels will vote on priorities. • Weighting of voting will be adjusted so that actors – government, local authorities, waste & treatment operators, PCSs, and producers – have an equal vote. • In the event of a split of opinion, the Executive Director of Material Focus will take a deciding vote.

Funding principles for future projects and research would continue to be as follows.

- All projects and applications for funding must demonstrate how they will improve the UK WEEE system, including increasing collections, reuse or circular business models where this is relevant to the project. The funds are not available to meet normal operating costs or to pay for the collection or treatment of non-household WEEE.
- Keep the process as simple as possible, thereby reducing the administrative burden of making an application for funding to a reasonable and proportionate level. Low value applications should require a lower level of detail than higher value applications.
- Provide clear criteria for organisations to meet when preparing their applications for funding, e.g. demonstrating that the application is in respect of new projects and encourages collaboration. For the avoidance of doubt, EEE producers (individually or collectively) are also eligible to apply for funding, where they can demonstrate they meet the designated criteria.
- All approved funds are drawn down by the applicant organisations and paid by the Administrator. Payment schedules are agreed with the applicants. Typically, a proportion of the funds will be held back until completion of the project.
- On satisfactory completion, and unless there are strong reasons to the contrary, technical research will be made public, circulated to stakeholders and posted on the www.recycleyourelectricals.org.uk site. Additional publicity will be considered on a case-by-case basis.
- The effectiveness of interventions are evaluated using the criteria specified in the relevant project brief and made public via the Material Focus website, following the conclusion of projects using an appropriate range of indicators. This would include how collections or reuse have been increased, where relevant to the project and other relevant reporting metrics.

Prospective applicants would be encouraged to engage with Material Focus when formulating research ideas so that potential synergies and collaborations can be identified and encouraged.

The process for making applications for funding will be tailored to each project, which may include submitting them by email using a standard template form, available via the Material Focus website, or as otherwise requested by Material Focus. Applications would be assessed based on their compatibility with the evaluation criteria. Material Focus will work with the relevant stakeholder groups, Defra and the Environment Agencies to ensure it reaches relevant parties.

Material Focus may also issue tenders requesting applications for research projects that have been approved by the Spending Panels, or for services they procure in relation to other spending agreed by the Spending Panels.

3.2 Processing and approval of Fund applications

Following approval of Fund disbursements by the Spending Panels, judging panel(s) established by the Spending Panels may be used to further assess and approve applications received for funding and/or tender responses. Where a judging panel is established the Material Focus Executive Director will ensure that: all applications are checked for completeness; any points of clarification are given to potential applicants; all applications are consolidated and submitted to the judging panel for consideration. Costs, if any, associated with the judging panel meeting(s) will be part of the administration costs of the Fee system.

The judging panel(s) will assess all applications using the criteria set out in the request for proposal, or the notification inviting funding proposals or any relevant general criteria above, plus an assessment of factors such as environmental benefits, innovation, sustainability and value for money. The judging panel(s) will instruct the Material Focus Executive Director to implement the decisions. Any panel member with a commercial interest in a particular project will not be eligible to vote on that project to avoid any conflicts of interest.

Material Focus will advise each applicant whether they have been successful or not, the extent of the funds allocated to them, and agree with them the expected drawdown of funds.

Where Fund disbursements are approved by the Spending Panels, but judging panels are not used, the process above will be followed by Material Focus to assess and approve applications or tender responses received.

The Material Focus Executive Director will report to Defra and stakeholders periodically as to progress of the projects.

3.3 Defra Projects

The JTA recognise that Defra may have some specific WEEE projects for which funding may be required. The JTA welcomed the use of the 2017 to 2022 Funds for such projects if they contributed to the enhancement of the UK's WEEE system and would do so again with the 2023 Fund.

4. Continuity of the Fund

Recognising the substantial funds accrued by the Fee in recent years, the nature of the work being carried out through the Fund (which requires contractual commitments that extend beyond the single Fee year), and the level of commitment required to ensure that JTAC operates as a professional, standalone entity to disperse these funds, JTAC/Material Focus will offer to continue to act as the disbursement entity if any other organisation is appointed as operator of the 2023 Fee. This approach will help to improve the efficiency in the spend of the Fund, avoid the need for duplicating administrative bodies and will reduce confusion in the market. Under this arrangement, funds accrued through the use of the Fee, regardless of the operator, could be transferred to the Administrator and the Material Focus Executive Director will follow the process described in the proposal for disbursement.

Furthermore, the disbursement entity could undertake the function of a central administrative body covering a wider scope of WEEE activities, should Defra consider this appropriate.

5. Potential links with other schemes dispersing funding for household WEEE improvements

This proposal sets out a standalone process. For the 2014 and 2015 Fee Fund process, with the support of Defra, the JTA and the Distributor Take-back Scheme (DTS) cooperated to create a single call for proposals as they both managed funds with very similar criteria for allocation. In the event that the DTS has funds available, JTA would again be pleased to cooperate and, if considered appropriate, act as the management entity for the DTS and the disbursement vehicle for the Funds in the interests of reducing administration work for applicant organisations and ensuring a coordinated approach to how funds generated through both the DTS and the Fee are spent. In such an event, a representative from the retail community would also be offered a seat on the appropriate Spending Panel.

Appendix 8

Fee calculation examples

This Appendix provides examples of the Fee calculation for a PCS and is based on the different elements within the Fee formula.

The examples are split into three sections:

- Section A for those streams where national collections are below the national target;
- Section B for those streams where national collections exceed the national target;
- Section C provides examples of other calculations used in the Fee formula, such as the weighted average net cost per tonne of direct WEEE collections from LA DCFs (k_n) and the Variable Administrative Cost per tonne (v_n).

Section A – For WEEE streams where national collections fall below the national target

In all examples in this section A the base UK data used is also used in the examples provided by FTI in sections A3.1 to A3.17 of Appendix 3 of the FTI report. The reference to the corresponding Fee cost per tonne calculation in the FTI report is provided where relevant. The third column provides the reference to the relevant part of the Fee formula:

Total national target for all PCS (t)	20,000	T_n
Total national collections of all PCS (t)	18,000	C_n
Proportion of total national collections from LA-DCF's	70%	a
Weighted annual average net cost/tonne of direct collections from LA-DCF's (£/t)	£50	k_n
Weighted annual average net cost/tonne of other WEEE sources (£/t)	£30	
Reuse Adjustment Premium co-efficient.	1	h
WEEE reuse evidence obtained by all PCSs (t)	900	w_n
Variable Administrative Cost per tonne	£3.50	v_n

Three examples have been provided to show the operation of the base Fee calculation and the impact of the WEEE Source Adjustment Premium and Reuse Adjustment Premium on this. The core data used in each example will be:

PCS collection target (t)	t_n
PCS actual collections (t)	c_n
PCS actual collections from LA DCF's (t)	l_n
PCS WEEE reuse evidence obtained	w_n

Base example 1 shows the relevant part of the formula within the Fee calculation and the high-level pictorial diagram to aid understanding. In example 1a, one element of the PCS data has been amended from that used in base example 1 to show the impact of the WEEE Source Adjustment Premium on the Fee calculation – the element changed is shown in red. In example 1b, one element has been amended from that used in base example 1 to show the impact of the Reuse Adjustment Premium on the Fee calculation – the element changed is shown in red.

Example 1 – Base

PCS data:

PCS collection target (t)	5,000	t_n
PCS actual collections (t)	3,000	c_n
PCS actual collections from LA DCFs (t)	2,500	l_n
PCS WEEE reuse evidence obtained (t)	180	w_n

The UK has a shortfall in collections compared to target so the Normal escalator will apply:

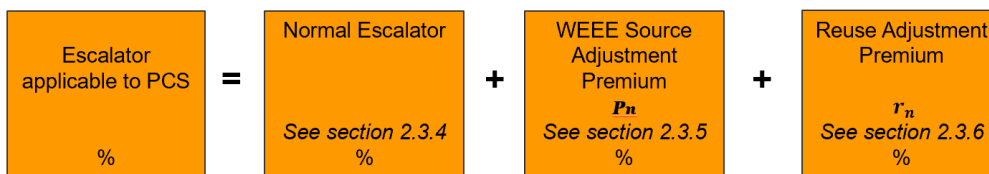
a. Calculate the PCS shortfall in evidence against its target (s_n)

$$(s_n) = (t_n - c_n)$$

$$5,000 - 3,000 = \mathbf{2,000}$$

The PCS has a 2,000 tonne shortfall against its target.

b. Calculate the escalator applicable to the PCS



i. Calculation of the Normal escalator

The Normal escalator calculation is calculated as follows:

$$1 + \left(\frac{t_n - c_n}{t_n} \right)^2$$

The calculation is therefore:

$$1 + ((5,000 - 3,000)/5,000)^2 = \mathbf{1.16}$$

ii. Calculate if the PCS is required to pay a WEEE Source Adjustment Premium (p_n)

$$p_n = d * \left(a - \frac{l_n + s_n}{t_n} \right)$$

The calculation within the brackets in the formula is undertaken first to establish if the PCS needs to pay a WEEE Source Adjustment Premium.

$$0.7 - (2,500 + 2,000)/5,000 = - 0.2$$

The WEEE Source Adjustment Premium will be **0.00** for this PCS because the resulting calculation is negative and the WEEE Source Adjustment Premium cannot reduce the Base escalator.

iii. Calculate if the PCS is required to pay a Reuse Adjustment Premium (r_n)

$$r_n = h * \left(\frac{W_n}{C_n} - \frac{w_n}{c_n} \right)$$

The calculation within the brackets in the formula is undertaken first to establish if the PCS needs to pay a Reuse Adjustment Premium:

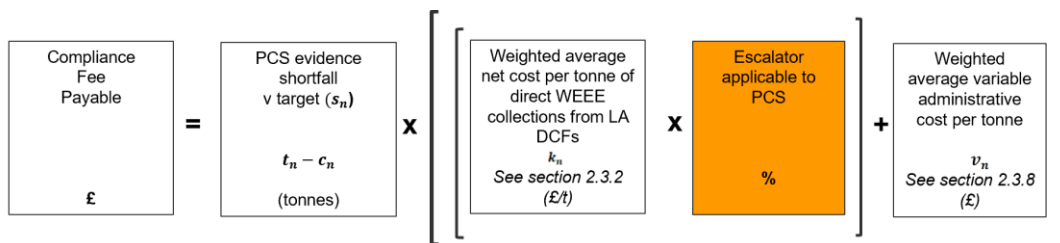
$$900/18,000 - 180/3,000 = - 0.01$$

The Reuse Adjustment Premium will be **0.00** for this PCS because the outcome of the calculation is 0.00 or below which means it's proportion of reuse evidence obtained is better than the national average.

iv.) Calculate the total escalator applicable to the PCS

$$1.16 + 0.00 + 0.00 = 1.16$$

c. Calculate the Fee payable by the PCS



$$2,000 \times ((£50 \times 1.16) + £3.50) = \mathbf{£123,000}$$

This equates to £61.50 per tonne and corresponds to the assumptions used in example A3.4 in Appendix 3 of the FTI report.

Example 1a

PCS data:

PCS collection target (t)	5,000	t_n
PCS actual collections (t)	3,000	c_n
PCS actual collections from LA DCFs (t)	1,000	l_n
PCS WEEE reuse evidence obtained (t)	180	w_n

Calculation of the Fee for the PCS:

a. Calculate the PCS shortfall in evidence collected against its target (s_n)

Unchanged from example 1 – **2,000**

b. Calculate the escalator applicable to the PCS

i. Calculation of the Normal escalator

Unchanged from example 1 – **1.16**

ii. Calculate if the PCS is required to pay a WEEE Source Adjustment Premium(p_n)

$$0.7 - (1,000 + 2,000)/5,000 = 0.100$$

A WEEE Source Adjustment Premium is payable by this PCS because the resulting calculation is positive. The combination of the PCS LA-DCF collections l_n and the tonnes for which a Fee will be paid (s_n) result in a ratio that is lower than the national percentage of collections from LA DCFs

a.

The calculation is:

$$(50/30 - 1) * (0.7 - (1,000 + 2,000)/5,000) = 0.07 \text{ (rounded to 2dp)}$$

iii. Calculate if the PCS is required to pay a Reuse Adjustment Premium (r_n)

Unchanged from example 1 – 0.00

iv. Calculate the total escalator applicable to the PCS

The total escalator applicable to the PCS is:

$$1.16 + 0.07 + 0.00 = 1.23$$

c. Calculate the Fee payable by the PCS

$$2,000 \times ((£50 \times 1.23) + £3.50) = £130,000$$

This equates to £65.00 per tonne as set out in section A3.10 of Appendix 3 in the FTI report.

Example 1b

PCS data:

PCS collection target (t)	5,000	t_n
PCS actual collections (t)	3,000	c_n
PCS actual collections from LA DCFs (t)	2,500	l_n
PCS WEEE reuse evidence obtained (t)	120	w_n

Calculation of the Fee for the PCS:

a. Calculate the PCS shortfall in evidence collected against its target (s_n)

Unchanged from example 1 – 2,000

b. Calculate the escalator applicable to the PCS

i. Calculation of the Normal escalator

Unchanged from example 1 – 1.16

ii. Calculate if the PCS is required to pay a WEEE Source Adjustment Premium(p_n)

Unchanged from example 1 – 0.00

iii. Calculate if the PCS is required to pay a Reuse Adjustment Premium (r_n)

The calculation within the brackets in the formula is undertaken first to establish if the PCS needs to pay a Reuse Adjustment Premium:

$$900/18,000 - 120/3,000 = 0.01$$

A Reuse Adjustment Premium is payable by this PCS because the outcome of the calculation is greater than 0.00. The reuse evidence obtained by the PCS compared to its total collections results in a ratio that is lower than the national percentage of reuse evidence generated from collections.

The calculation is:

$$1 \times (900/18,000 - 120/3,000) = \mathbf{0.01}$$

iv. Calculate the total escalator applicable to the PCS

The total escalator applicable to the PCS is:

$$\mathbf{1.16 + 0.00 + 0.01 = 1.17}$$

c. Calculate the Fee payable by the PCS

$$\mathbf{2,000 \times ((\pounds 50 \times 1.17) + \pounds 3.50) = \pounds 124,000}$$

This equates to £62.00 per tonne as set out in section A3.16 of Appendix 3 in the FTI report.

Section B – For WEEE streams where national collections exceed the national target

The data below is the same as that used in Section A above, other than the level of national collections and reuse evidence achieved.

Total national target for all PCS (t)	20,000	T_n
Total national collections of all PCS (t)	22,000	C_n
Proportion of national collections from LA-DCFs	70%	a
Weighted annual average net cost/tonne of direct collections from LA-DCFs (£/t)	£50	k_n
Weighted annual average net cost/tonne of other WEEE sources (£/t)	£30	
Reuse Adjustment Premium co-efficient	1	h
WEEE reuse evidence obtained by all PCSs (t) <i>Note 1</i>	1,100	W_n
Variable Administrative Cost per tonne	£3.50	v_n

Note 1: Assumed to increase proportionately with the national collections figure.

As in section A, three examples have been provided, to show the base Fee calculation and the impact of the operation of the WEEE Source Adjustment Premium and Reuse Adjustment Premium. The core data used in each example will be:

PCS collection target (t)	t_n
PCS actual collections (t)	c_n
PCS actual collections from LA DCFs (t)	l_n
PCS WEEE reuse evidence obtained (t)	w_n

Base example 2 shows the relevant part of the formula within the Fee calculation and the high-level pictorial diagram to aid understanding. In example 2a, one element of the PCS data has been amended from that used in base example 2 to show the impact of the WEEE Source Adjustment Premium on the Fee calculation – the element changed is shown in red. In example 2b, one element has been amended from that used in base example 2 to show the impact of the Reuse Adjustment Premium on the Fee calculation – the element changed is shown in red.

Example 2 – Base

PCS data:

PCS collection target (t)	5,000	t_n
PCS actual collections (t)	3,000	c_n
PCS actual collections from LA DCFs (t)	2,500	l_n
PCS WEEE reuse evidence obtained (t)	180	w_n

National collections exceed the national target:

$$C_n - T_n$$

$$22,000 - 20,000 = \mathbf{2,000}$$

Calculation of the Fee for the PCS:

a. Calculate the PCS shortfall in evidence collected against its target (s_n)

$$(s_n) = (t_n - c_n)$$

$$5,000 - 3,000 = \mathbf{2,000}$$

The PCS has a 2,000 tonne shortfall against its target.

b. Calculate the escalator applicable to the PCS



i. Calculation of the Surplus escalator

The Surplus escalator is calculated as follows:

$$\left(\frac{C_n}{T_n} + 2 \times \left(\frac{t_n - c_n}{t_n} \right)^2 \right)$$

The calculation is therefore:

$$(22,000/20,000) + 2 \times ((5,000-3,000)/5,000)^2 = \mathbf{1.42}$$

ii. Calculate if the PCS is required to pay a WEEE Source Adjustment Premium (p_n)

$$p_n = d * \left(a - \frac{l_n + s_n}{t_n} \right)$$

The calculation within the brackets in the formula is undertaken first to establish if the PCS needs to pay a WEEE Source Adjustment Premium:

$$0.7 - ((2,500 + 2,000)/5,000) = - 0.2$$

A WEEE Source Adjustment Premium is not required because the resulting calculation is negative and it cannot reduce the effect of the escalator.

The WEEE Source Adjustment Premium is therefore **0.00**

iii. Calculate if the PCS is required to pay a Reuse Adjustment Premium (r_n)

$$r_n = h * \left(\frac{W_n}{C_n} - \frac{w_n}{c_n} \right)$$

The calculation within the brackets in the formula is undertaken first to establish if the PCS needs to pay a Reuse Adjustment Premium:

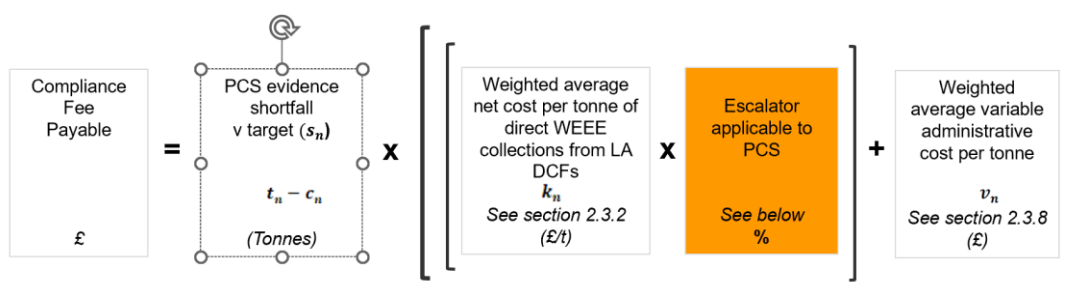
$$1,100/22,000 - 180/3,000 = -0.01$$

The Reuse Adjustment Premium will be **0.00** for this PCS because the outcome of the calculation is 0.00 or below which means it's proportion of reuse evidence obtained is better than the national average.

iv. Calculate the total escalator applicable to the PCS

$$1.42 + 0.00 + 0.00 = 1.42$$

c. Calculate the Fee payable by the PCS (Section 2.2)



$$2,000 \times ((£50 \times 1.42) + £3.50) = \mathbf{£149,000}$$

This equates to £74.50 per tonne as set out in sections A3.6 of Appendix 3 in the FTI report.

Example 2a

PCS data:

PCS collection target (t)	5,000	t_n
PCS actual collections (t)	3,000	c_n
PCS actual collections from LA DCFs (t)	1,000	l_n
PCS WEEE reuse evidence obtained (t)	180	w_n

Calculation of the Fee for the PCS:

a. Calculate the PCS shortfall in evidence collected against its target (s_n)

The total shortfall is unchanged from example **2,000**.

b. Calculate the escalator applicable to the PCS

i. Calculation of the Base escalator

Unchanged from example 2 – **1.42**

ii. Calculate if the PCS is required to pay a WEEE Source Adjustment Premium (p_n)

The calculation within the brackets in the formula is undertaken first to establish if the PCS needs to pay a WEEE Source Adjustment Premium.

$$0.7 - (1,000 + 2,000)/5,000 = 0.10$$

A WEEE Source Adjustment Premium is payable by this PCS because the resulting calculation is positive. The combination of the PCS LA-DCF collections l_n and the tonnes for which a Fee will be paid s_n result in a ratio that is lower than the national percentage of collections from LA DCFs α .

The calculation is:

$$(50/30 - 1) * (0.7 - (1,000 + 2,000)/5,000) = \mathbf{0.07}$$
 (rounded to 2dp)

iii. Calculate if the PCS is required to pay a Reuse Adjustment Premium (r_n)

Unchanged from example 2 – **0.00**

iv. Calculate the total escalator applicable to the PCS

The total escalator applicable to the PBS is therefore:

$$\mathbf{1.42 + 0.07 + 0.00 = 1.49}$$

c. Calculate Fee payable by PCS

$$\mathbf{2,000 \times ((\pounds 50 \times 1.49) + \pounds 3.50) = \pounds 156,000}$$

This equates to £78.00 per tonne as set out in section A3.11 of Appendix 3 in the FTI report.

Example 2b

PCS data:

PCS collection target (t)	5,000	t_n
PCS actual collections (t)	3,000	c_n
PCS actual collections from LA DCFs (t)	2,500	l_n
PCS WEEE reuse evidence obtained (t)	120	w_n

Calculation of the Fee for the PCS:

a. Calculate the PCS shortfall in evidence collected against its target

The total shortfall is unchanged from example 2 – **2,000**.

b. Calculate the escalator applicable to the PCS

i. Calculation of the Base escalator

Unchanged from example 2 – **1.42**

ii. Calculate if the PCS is required to pay a WEEE Source Adjustment Premium

Unchanged from example 2 – **0.00**

iii. Calculate if the PCS is required to pay a Reuse Adjustment Premium (r_n)

$$1,100/22,000 - 120/3,000 = 0.01$$

A Reuse Adjustment Premium is payable by this PCS because the outcome of the calculation is greater than 0.00. The reuse evidence obtained by the PCS compared to its total collections results in a ratio that is lower than the national percentage of reuse evidence generated from collections.

The calculation is:

$$1 \times (1,100/22,000 - 120/3,000) = \mathbf{0.01}$$

iv. Calculate the total escalator applicable to the PCS

The total escalator applicable to the PBS is therefore:

$$\mathbf{1.42 + 0.00 + 0.01 = 1.43}$$

c. Calculate Fee payable by PCS

$$\mathbf{2,000 \times ((£50 \times 1.43) + £3.50) = £150,000}$$

This equates to £75.00 per tonne as set out in sections A3.17 of Appendix 3 in the FTI report.

Section C – Examples of other calculations used in the Fee formula

1. Weighted average net cost per tonne of direct WEEE collections from LA DCFs (k_n)

In this example 3 PCSs are providing cost and collection data to the Administrator (in section 2 of the draft template provided in Appendix 6):

PCS	Tonnage collected (section 2a)	Net cost (section 2d)
PCS 1	1,000	£30,000
PCS 2	1,250	£55,000
PCS 3	750	£65,000
Total	3,000	£150,000

A **B**

Weighted average net cost per tonne of direct WEEE collections from LA DCFs

$$= £150,000 \div 3,000 = \text{£50.00 per tonne}$$

2. Variable Administrative Cost (v_n)

In this example 2 PCSs provided cost and collection data to Anthesis:

Stream	PCS 1		PCS 2		Total		Admin cost/tonne
	No. of collections	Weight of collections (tonnes)	No. of collections	Weight of collections (tonnes)	No. of collections	Weight of collections (tonnes)	
	A1	B1	A2	B2	A1 + A2 = A3	B1 + B2 = B3	A3 x D / B3
LHA	100	7	-	-	100	7	£7.14
SMW	75,000	750	-	-	75,000	750	£50.00
Display	5,000	150	7,500	263	12,500	413	£15.13
Cooling	20,000	1,400	-	-	20,000	1,400	£7.14
Lamps	1,000	2	-	-	1,000	2	£250.00
PV Panels	-	-	100	2	100	2	£25.00
Non-WEEE	100	3	-	-	100	3	
Total	101,200	2,312	7,600	265	108,800	2,577	

	PCS 1	PCS 2	Total
Admin Cost	£50,000	£4,000	£54,000

C

$$\text{Admin Cost/Collection (C} \div \text{A)} = £54,000 \div 108,800 = \text{£0.50 (rounded) D}$$

3. Weighted annual average net cost/tonne of other WEEE source collections

In this example 3 PCSs are providing cost and collection data to the Administrator (in section 3 of the draft template provided in Appendix 6):

PCS	Tonnage of WEEE from all other sources (section 3a)	Net cost of WEEE from all other sources (section 3b)
PCS 1	2,000	£55,000
PCS 2	1,150	£35,000
PCS 3	850	£30,000
Total	4,000	£120,000

Weighted average net cost per tonne of other WEEE source collections:

$$= \text{£}120,000 \div 4,000 = \text{£}30.00 \text{ per tonne}$$

Appendix 9

Stakeholder feedback

In line with Defra guidance, the JTA reached out to all current Spending Panel members to obtain their feedback on the JTA's Fee methodology and Fund disbursement process. The Spending Panel members represent key stakeholders within the WEEE sector and include the JTA and producer trade associations, WSF, AATF Forum, ICER, LARAC, NAWDO, the ESA, and the Reuse Network. In line with previous years' approaches the JTA also invited individual PCS members of the WSF to provide their own responses and offered to take responses in a short interview rather than in written form.

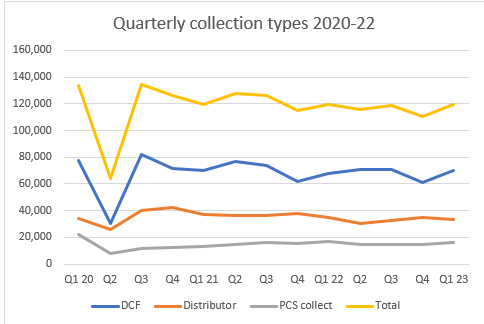
The questions asked are detailed below:

1. Are you content with the governance arrangements for Material Focus to date?
 - 1a. If you answered no, how do you think it might be improved?
2. How successful do you think the Spending Panel is as a vehicle to obtain cross party agreement on investment priorities?
 - 2a. If you answered not successful, how do you think it might be improved?
3. Are you content with the transparency and level of information you are receiving about how Material Focus is investing compliance fee funds?
 - 3a. If you answered no, how do you think it might be improved?
4. Are you content with the activities of Material Focus to date? This would include funding allocation, strategy, and projects that have been approved.
 - 4a. If you answered no, how do you think it might be improved?
5. Please feel free to share any further observations or thoughts you might have on the Compliance Fee methodology used for 2022.

Four Spending Panel members and two PCSs responded to the request for views on the Fee Fund disbursement process. The specific points that were raised under each of the question headings are detailed below, along with the JTA's response to these.

The JTA sought comments on the basis that these would be anonymised, so the names of the Spending Panel members and PCSs providing the comments have been withheld.

Comment	JTA Response
<p>1. Are you content with the governance arrangements for Material Focus to date? If you answered no, how do you think it might be improved?</p>	
<p>The Spending Panel members that responded were content with the governance arrangements in place.</p>	<p>The JTA is pleased to hear this. The governance arrangements have been developed in consultation with key stakeholders since the establishment of Material Focus and the JTA keeps these under continual review.</p>
<p>2. How successful do you think the Spending Panel is as a vehicle to obtain cross party agreement on investment priorities? If you answered not successful, how do you think it might be improved?</p>	
<p>General satisfaction was expressed with the Spending Panel being used as a vehicle to obtain cross party agreement on investment priorities.</p> <p>The following additional comments were provided:</p> <p>“It works reasonably well, although while some attendees always get input from their members, this is not always the case.”</p> <p>Three respondents noted the difficulty in obtaining consensus across a wide variety of stakeholders with one adding the Spending Panel “does at least give a platform for different views to be considered”.</p>	<p>The JTA is pleased that the Spending Panel members feel it is an effective vehicle to obtain cross party agreement on Fund investment priorities.</p> <p>It is very important for Spending Panel members to be sufficiently active, particularly in getting input from their members and in representing their member’s views rather than their own views in the panel discussions. New Terms of Reference have been issued (see Appendix 10) to reflect this. These will also be used for the Spending Panel for the proposed new fourth Fund pillar (see further below).</p> <p>In addition, with Government policy increasingly focused on the achievement of a circular economy and net zero, the JTA has proposed enhancements to its Fund disbursement process through the addition of a fourth Fund pillar – Innovation. Further information is provided in section 1 of Appendix 7.</p> <p>The JTA is also proposing a full stakeholder review of the Fund disbursement strategy during 2024. Further information on this is also provided in section 1 of Appendix 7</p>
<p>3. Are you content with the transparency and level of information you are receiving about how Material Focus is investing compliance fee funds? If you answered no, how do you think it can be improved?</p>	
<p>The majority of respondents were content with the transparency and level of information they are receiving about how Material Focus is investing compliance fee funds.</p> <p>One Spending Panel member commented that information on what has been spent has “fallen of late” and there were two requests for more information on Fund expenditure to be provided:</p>	<p>Material Focus provide details on all the insights and investments projects funded, including recipients and spend, on at least an annual basis and will continue to do so.</p> <p>Material Focus has produced two annual reports and will launch a new “live” impacts and key performance indicators tracker on the MF website before the end of the year.</p>

Comment	JTA Response
<ul style="list-style-type: none"> “We would like to see more granularity in the financial reporting, broken down by project, and also by year. We think this could best be achieved by publishing a formal activity report once/year, to include relevant KPIs, together with a 6 monthly update. Seeing spend broken down annually across projects, the different spend categories, overheads, and unallocated would help stakeholders to have better visibility of where/how the money is spent.” “There is still a huge gap between the funds received and the funds spent and there is little information available on the administrative costs for MF.” 	<p>Material Focus provide regular updates to all relevant industry meetings on its activities and has presented a spend versus allocated analysis to the JTA and the Spending Panel.</p> <p>2022 annual accounts (actually from June 2021 to end December 2022) will in future include a more detailed split of spend. This will be submitted to Companies House by end September 2023 and will be publicly available. This will then move to calendar year financial year reporting after that.</p>
<p>4. Are you content with the activities of Material Focus to date? This would include funding allocation, strategy, and projects that have been approved. If you answered no, how do you think it might be improved?</p>	
<p>The majority of respondents said they were content with the activities of Material Focus to date. One Spending Panel member commented: “We still have concerns over the lack of practical measures and projects that have been put in place to actually deliver an increase in the amount of WEEE collected. Whilst the Hypnocat project, for instance, has achieved widespread recognition, this has not translated into volume. And whilst the funding for research projects has provided useful – although not always welcome – data, it has not led to increased collection volume. The graph below shows the general decline and from our point of view, the key to investment, standards etc is volume growth at the right price.”</p>  <p>Another Spending Panel added that “Increasing WEEE collection must always be the main driver.”</p>	<p>A significant amount has been achieved since the inception of the Fund:</p> <ul style="list-style-type: none"> Material Focus designed and built a best-in-class postcode locator tool that allows for search by type of equipment and by action (donate, fix or recycle). It also flags if particular postcodes might have kerbside in their areas. From circa 3k drop-off points at launch in March 2020, as of September 2023 there are now over 15k listed drop off points for electricals and portable batteries. In 2023 to date 792k new users have visited the Recycle Your Electricals campaign website. The Recycle Your Electricals campaign has now worked with over 200 UK local authorities on a mix of funded collection projects and communication projects. In 2023 to date Material Focus and Recycle Your Electricals have been mentioned in over 1,900 mainstream media articles, interviews and appearances across BBC National and Local News, ITV National and Local News, BBC Radio 4, BBC Radio 5 Live, all BBC local radio stations, Times Radio, Radio Times, Heart, Absolute, The Voice of Islam, Financial Times, The Daily Mail, The Daily Express, The Sun, The Times, The Guardian, The Telegraph, Grazia, Hello, Which, Country Life and hundreds of specialist, trade and regional titles. The campaign PR coverage in 2023 to date

Comment	JTA Response
	<p>has an Advertising Value Equivalent of £62.8 million.</p> <ul style="list-style-type: none"> • A national TV, radio and social media HypnoCat campaign ran in March and April 2023 had the following impacts: <ul style="list-style-type: none"> ▪ 31.47M people reached within target population ▪ c 10.7M people recognised the campaign (tracking data - recognised any of the ads) ▪ c 860k (+8%) more people said they were acting post the campaign (vs pre) @ 87p/ action ▪ c 430k more people said they searched for more info about their nearest recycling points ▪ 220k new website users at www.recycleyourelectricals.org.uk during the 3 weeks of the campaign (vs 40k for the same period, 2022); <i>Recycle Now</i> also reported increased searches for electricals' recycling points. <p>Material Focus do not control the operational side of the WEEE system and need LAs, waste management companies and PCSs to offer proposals and projects to improve the collection network. Since 2020 Material Focus has funded over 60 projects making it easier for circa 12 million people to reuse and recycle their electricals. Any delays in rolling out new collection projects was entirely linked to various disruptions linked to Covid-19. But now with the rebooted and refocussed launch of the Electricals Recycling Fund there are over 40 new collections projects impacting 10 million people going live over the next six months.</p> <p>The Recycle Your Electricals campaign has been deliberately built with testing and learning at every phase as the campaign volume is increased and to avoid spending money on things that don't work. After a very successful first national TV, radio and social campaign in early 2023 there will be more bursts from October 2023 through to end of 2025. This will continue to be supported by localised communications and PR opportunities across the year.</p> <p>Looking at the latest data from the Environment Agency we believe there are some positive signs. What is looking encouraging is the performance of small electricals, particularly in Q2 2023 when HypnoCat made his national TV and radio debut. This is 10% up from Q1 2023, over 6% against</p>

Comment	JTA Response
	<p>the same quarter in 2022, and H1 2023 is up over 4% compared to the same half 2022. We will continue to monitor this.</p> <p>There are many factors affecting the level of WEEE made available for collection each year. The graph provided covers 2020 and 2021, with both years being affected by the impact of the Covid-19 pandemic on collection systems. The position also differs by WEEE category. The JTA agrees focus should be on ensuring that EEE products are properly collected and treated when they reach end of life and Material Focus has undertaken a considerable amount of research, and funded consumer awareness campaigns and novel collection initiatives to encourage this. As Government policy becomes increasingly focused on the Circular Economy and achieving net zero it is inevitable focus will widen from waste generation targets to encouraging measures to increase the life of products through product design measures and encouraging repair, reuse and refurbishment where appropriate. This could reduce the amount of WEEE arising in the future and Fund spending priorities need to be considered in this context.</p> <p>In recognition of this the JTA has proposed enhancements to its Fund disbursement process through the addition of a fourth Fund pillar – Innovation. Further information is provided in section 1 of Appendix 7.</p> <p>The JTA is also proposing a full stakeholder review of the Fund disbursement strategy during 2024. Further information on this is also provided in section 1 of Appendix 7</p> <p>The research projects that have been funded and delivered over the last four years - more than in any other country – means the UK is the most informed nation on e-waste matters in the world. These research projects were often driven by what stakeholders wanted Material Focus to look at, as approved by the Spending Panel.</p>

Comment	JTA Response
5. Please feel free to share any further observations or thoughts you might have on the Compliance Fee methodology used for 2022	
<p>One Spending Panel member commented it “seemed to work well”, another said “I think Material Focus does a fantastic job and gets very little appreciation for all their hard work”.</p> <p>No other comments were received on the 2022 Fee methodology.</p>	<p>The JTA is pleased Spending Panel members were content with the 2022 Fee methodology and welcome the comment about Material Focus.</p>

Appendix 10

WEEE Compliance Fee Fund Spending Panel Terms of Reference 2023

Background

[Material Focus](#) is an independent not-for-profit organisation working to stop electricals being hoarded and thrown away, and working to ensure that they're reused and recycled instead.

The Material Focus WEEE Compliance Fee Fund comes from UK WEEE Regulations Compliance Fees. Fees are paid by electrical producers if they don't meet annual recycling targets set by the Government.

The Material Focus Board is made up of four producer trade associations who are also members of the Joint Trade Associations (JTA). These are the [Association of Manufacturers of Domestic Appliances](#) (AMDEA), [BEAMA](#), the [Lighting Industry Association](#) (LIA) and [techUK](#), whose members have significant household WEEE obligations.

Purpose

1. The WEEE Compliance Fee Fund Spending Panel (Spending Panel) provides support and advice for the disbursement of the funds collected through the UK WEEE Compliance Fee process.

Responsibilities

2. The Spending Panel operates independently of the Material Focus Board.
3. The Spending Panel has two roles:
 - To advise on the strategic direction of the fund disbursement plan, and
 - To review specific project proposals submitted on a case by case basis.
4. Members of the Spending Panel are expected to engage in debate and discussion and should be ready and willing to openly discuss issues with stakeholders and other members in every Spending Panel meeting.
5. Members of the Spending Panel are expected to consult with their own members on matters, agenda items and projects to be discussed by the Spending Panel, and to present these member views in every Spending Panel meeting.
6. All Spending Panel meetings will operate in full compliance with all aspects of UK competition law, and no discussions will be held that could breach such laws.
7. Members of the Spending Panel agree not to use or disclose to others, or permit the use or disclosure of, any Confidential Information, except as may be authorised in writing by the chair of the Spending Panel.

Membership

8. The Spending Panel will be chaired by the Executive Director of Material Focus.
9. The Secretariat for the Spending Panel will be provided by Material Focus.
10. The Spending Panel will be made up of the chair/specialist policy lead (or nominated representatives) of the following stakeholder groups:
 - Defra
 - AATF Forum

- ICER
- LARAC
- NAWDO
- WEEE Schemes Forum (WSF)
- Reuse Network
- Three producer trade associations
- Joint Trade Associations (JTA)
- Environmental Services Association (ESA)

11. If appropriate and agreed by members of the Spending Panel, other stakeholders can be invited to attend meetings on a regular basis.

Meetings

12. The Spending Panel will meet at least two times a calendar year, with further meetings to be scheduled as required/agreed by the membership.
13. Meetings will be minuted unless a private session is requested and agreed to by the Chair.
14. The quorum for meetings is six, including the Chair.

Decision-making process

15. A high level of consensus is required for all decisions by the Spending Panel.
16. The Spending Panel can consider specific proposals for fund disbursement, reserving the right to reject, make suggested amendments and/or to approve any such proposals received.
17. A conflict of interest occurs when an individual involved in the assessment of a proposal for funding has a personal, professional or organisational relationship with the applicants or will receive funding as a result of the proposal, thereby affecting their ability to undertake their role in an objective and unbiased way. Panel member(s) who have a conflict of interest in relation to a proposal for funding will not be included in the funding decision.
18. Where a potential study or project is discussed at a Spending Panel meeting, the Secretariat will only develop an outline once at least three members of the Spending Panel have indicated a willingness to support the preparation.

Secretariat

19. Material Focus will manage and resource the work of the Spending Panel.
20. The Secretariat comprises of:

Scott Butler, Executive Director, Material Focus

scott@materialfocus.org.uk

Alice Brady, Project Manager, Material Focus

alice@materialfocus.org.uk