

5.5. Waste Electrical and Electronic Equipment (WEEE)

Background

Regulating the WEEE system (which flows from the Waste Electrical and Electronic Equipment Regulations 2013) is funded directly by the businesses that operate within the system. We have identified that we do not receive sufficient WEEE income to fund our regulatory activity. We therefore need to adjust our WEEE charging scheme to enable us to achieve full cost recovery.

The WEEE system is built around three main customer groups (Producers, Compliance Scheme and treatment operators and exporters) working together to deliver the overall outcome of increased recovery and recycling of waste electrical products.

We regulate all customers in England, ensuring that: producers are correctly meeting their obligations; compliance schemes are approved to operate, are viable and able to meet their members' obligations; treatment operators and exporters are approved and monitored to ensure they issuing valid evidence of WEEE treatment, recovery and recycling. Our regulatory effort ensures obligations are being met and any non-compliance is addressed, maintaining a level playing field for all operators and helping ensure that the UK meets recycling targets.

Rationale for New Charges

It is critical that within the system we have sufficient treatment operators able to treat, recover and recycle WEEE and issue the 'evidence' to allow producers to meet their statutory obligations. It is also important that there is effective regulation of this part of the system to ensure it operates in a fair and compliant manner.

The proposed new charge will have the least impact on the operation of the WEEE system and the market dynamics between the three main industry groups and allow us to fully recover our regulatory costs.

Both the regulatory costs and the more significant recovery/recycling costs in the WEEE system are ultimately borne by Electrical and Electronic Equipment (EEE) producers, and we are proposing that this group will pay the bulk of costs as the main beneficiaries of our regulatory activity as we move to a full cost recovery position.

We have proposed only a modest increase to the charge for Approved Authorised Treatment Facilities (AATFs) and Approved Exporters (AEs), with a higher proportion of the under recovery of our costs being met through the revised producer registration charge. In addition, we have proposed a subsistence fee for compliance schemes to cover the costs associated with our regulatory activity with this customer group. Currently, compliance schemes do not pay directly towards the costs of regulating them.

Charges proposals

Producer Charges

We propose to introduce a single £800 charge for all 'Large' EEE producers (that place more than 5T EEE on the market each year). This simplifies the information needed from producers and schemes at registration, compared to the existing position where producers must justify their eligibility for a specific charge band. The existing charge bands do not have any direct relationship to the amount of EEE placed on the market nor the regulatory effort required for compliance monitoring of an EEE producer. The proposed approach provides for a more even approach to all EEE producers who are required to register.

Charges for 'Small' producers (that place less than 5T EEE on the market each year) will remain at £30.

Producer Compliance Scheme Charges

We propose to introduce an annual subsistence charge of £12,500 for compliance schemes.

Currently schemes only pass on a registration fee per member but do not pay directly for the core work needed to regulate a compliance scheme.

We will retain the current one-off scheme approval fee of £12,150.

AATF and AE charges

Charges for Large AATFs and AEs (that issue more than 400T of evidence each year) will increase from £2,570 to £3,500, and Small AATFs and AEs (that issue 400T or less of evidence each year) charges would increase from £500 to £600.

The charge payable by an exporter if they add an additional overseas export site to their approval will rise from £110 to £150 for each request.

Regulatory change

Our charge proposals have been developed based on the number of EEE producers whose principal place of business is in England. All large producers have to be a member of a compliance scheme and a compliance scheme can seek approval from any of the four UK environment agencies. As a result there is flexibility as to where a producer registration is made by virtue of being able to join any of the UK approved compliance schemes. There is therefore a risk that producers will migrate to compliance schemes who are approved by other agencies, and who have lower registration charges. If this occurred, it would undermine the approach we have adopted whereby producers pay a larger proportion of the overall Environment Agency costs for regulating the WEEE system.

In order to mitigate this, Defra have agreed to consult on introducing a regulatory amendment that would have the effect of requiring all large producers to pay the registration charge applicable to them, based on where their principal place of business is. Thus the proposal is that an English based producer who chooses to join a compliance scheme approved by one of the other agencies, would still be required to pay the Environment Agency registration charge. The reverse position would also apply, for example a Scottish based producer joining an Environment Agency approved compliance scheme, would be required to pay the prevailing Scottish Environmental Protection Agency (SEPA) EEE producer registration charge. The agencies would work with each other to facilitate the transfer of registration charges between them.

In considering any regulatory change a key outcome for Defra, will be to ensure that none of the agencies' cost recovery position is adversely impacted as a consequence.

This regulatory change would not remove the flexibility for a producer to join any UK approved compliance scheme.