



## House of Commons Environmental Audit Committee

### Non-inquiry work | Electronic Waste and the Circular Economy: follow up

#### Submission from the British Retail Consortium

8 April 2024 | Contact: Tom McCarthy, Public Affairs Manager ([tom.mccarthy@brc.org.uk](mailto:tom.mccarthy@brc.org.uk))

#### About the BRC

The BRC is the lead trade association for UK retail. Our purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future.

Retail is the 'everywhere economy', a vital part of the socio-economic fabric of the UK. The industry makes up 5% of the UK GDP and is the largest private sector employer, providing 3 million direct jobs and 2.7 million more in the supply chain. Retail has a presence in every village, town and city across the country.

Over 200 major retailers are members of the BRC, with thousands of smaller, independents represented by BRC's trade association members. Together, these businesses operate across all retail channels and categories and deliver over £350 billion of retail sales per year.

We build the reputation of the retail industry, work with our members to drive change, develop exceptional retail leaders, and use our expertise to influence government policy so retail businesses thrive and consumers benefit. Our work helps retailers trade legally, safely, ethically, profitably and sustainably.

#### Summary

Retail is amongst the most climate-conscious industries and a leader in reducing the environmental impacts of its operations. Retailers have significantly reduced carbon emissions, water and energy usage, and increased the proportion of materials which go for reuse and recycling, alongside a wide range of sustainability and circular economy initiatives.

We wish to note that retailers are facing the introduction of significant complex initiatives including WEEE. These need to be staggered to allow retailers who face the biggest burden time to change their stores and operations. EPR is underway but WEEE implementation time needs to be pragmatic to allow for this, possible DRS and other changes retailers are facing into. We have asked Government to sequence introduction of waste initiatives, including WEEE appropriately.

A robust framework for the handling and processing of WEEE is an integral component of an effective Resources and Waste strategy. This framework should support and incentivise retailers to reduce the environmental footprint of the electrical goods they sell and to increase repair, reuse and recycling. The retail industry is fully supportive of achieving a circular economy but WEEE reforms will add costs to businesses which will put further pressure on prices; this underlines the need to ensure an effective, cost-efficient system, co-designed with industry.

#### Submission

##### Implementing a circular economy for electronic goods

##### Review of WEEE Regulations 2013

The review of WEEE Regulations 2013, launched in December 2023, represents the second largest policy in the Government's Resources and Waste Strategy, after extended producer responsibility

(EPR) for packaging, in terms of impact on the retail industry.

It is crucial that the Government dedicates sufficient time and resources to ensure that the review leads to a fit-for-purpose, well-designed and well-timed EPR scheme for WEEE.

The review is an opportunity for the Government to work together with industry to develop a policy framework which does this and delivers on our shared objective of increasing the collection and recycling of WEEE.

However, we have significant concerns that the system proposed in the consultation which closed in March 2024 will not lead to a robust and cost-effective WEEE EPR scheme. There should be a reassessment and redesign, with industry, of the proposals.

A call for evidence ran alongside the consultation, but with a shorter eight-week timeframe. As with the consultation, this was a very short window and limited the ability for industry to engage with the call for evidence. As with all new or reformed regulation, Government needs to ensure adequate time to engage with impacted businesses so that they fully understand the implications of proposals.

Retailers want to see a framework which will deliver long-term change, incentivise investment in collecting more WEEE for reuse, repair and recycling, and enable consumers to adapt to the expansion of the circular economy.

We recommend that the Government builds on the 10-week consultation period; this short timeframe has limited the ability to gather comprehensive industry feedback on the proposals and allow for more detailed engagement between the Government and businesses.

#### Impact of WEEE review proposals on retailers

The proposed reforms would impact a wide range of retail businesses. Many qualify as distributors of EEE whilst a large number also produce own-branded EEE on a small scale. As reforms will impact on many businesses, not just in retail, it is crucial that the Government there is adequate representation of obligated sectors in the co-design of policy proposals and their implementation.

In terms of full cost recovery, our members would potentially be impacted for their own-brand EEE, but the industry does not have sufficient clarity from Government on the full scale of financial obligations, and so cannot say whether a rolling three-year process of cost allocation for the collection and treatment of household WEEE would be appropriate. It also remains unclear as to whether the full net cost recovery would be applicable to kerbside WEEE collections and/or retail route collections.

#### Anticipated cost of the proposals

There are concerns about the scale of costs associated with the proposals for kerbside collections of WEEE and extended in-store takeback. We have undertaken a high level review of the full cost figures set out in the Government's Impact Assessment to arrive at a more realistic cost of proposals, by applying an updated inflation rate to the Government's pre-inflation 2019 figures.

This yields a total cost of £2.4bn over the period from 2025 to 2034, a figure which is around 40% higher than the Impact Assessment projections. To calculate the proportion of costs which would impact retail, we allocated a modest 5% (to account for inflation since 2019) to some of the set up and operational costs (inflation included), which resulted in a total of £1bn. This means that retailers will effectively be picking up a significant proportion of the total cost.

The Government has therefore made a significant underestimation of the cost of its proposals. There will be some inevitable feedthrough to consumers which underscores the need to ensure the scheme is effective and delivers value for money.

### Principles for reform of the WEEE Regulations 2013

The following principles guided our responses to the call for evidence and consultation which both closed in March 2024.

1. The retail industry is supportive of the need for reform to increase the sustainable collection and recycling of WEEE and enable effective pathways for repair and reuse.
2. Recycling, including of WEEE, is not a cost-free service and those involved should be able to recoup their costs.
3. The policy framework should not blur the line between the respective responsibilities of EEE producers and distributors. Those who place EEE on the market should rightfully cover its end-of-life costs, in line with the 'polluter pays' principle embodied in the concept of EPR.
4. Additional costs on industry of WEEE reform are anticipated. There must be fairness and transparency on where the financial burden will sit in the EEE value chain, including the risk of costs being fully passed to consumers.
5. Any expansion to the current obligations on distributors will need to be fairly and adequately compensated for.
6. The future WEEE EPR scheme will need to ensure that it is environmentally and economically viable for retailers to operate takeback of WEEE upon delivery or in stores.
7. Consumers should have easy and well understood options to dispose of their WEEE which are consistent, irrespective of how they purchased it.
8. Whilst certain aspects of the reforms may be implemented at a faster pace, the current design of proposals relating to distributors of EEE are sub-optimal and require further development with the retail industry.
9. The implementation of WEEE reform needs to be pragmatic and realistic in light of the requirements and costs on businesses of the ongoing packaging EPR reforms.
10. The true cost of policy proposals should not be based on pre-inflation 2019 figures.

In order to have efficient reuse policy for WEEE, we recognise the potential merits in considering targets. However, these would need to be proportionate and set at the most appropriate point on the value chain. They would need to be underpinned by the most adequate route for collection WEEE. Handling WEEE for reuse is different than handling it for recycling or recovery of materials, with an associated handling cost which will need to be covered.

Introducing recovery targets for specific critical minerals would support the move to a circular economy. This will require the entire EEE value chain coming together to identify the product categories which contain the largest quantities of critical raw materials, and to make this recovery commercially-viable at scale.

We are supportive of the principle of eco-modulation as it is intended to incentivise reuse and repair. For WEEE, we believe that eco-modulation would inherently link to product design rather than the costs of collection and treatment, as is the case with packaging EPR. The industry would welcome further engagement with the Government as to whether eco-modulation is a characteristic which is consumer-facing and would be beneficial. Many retailers trade across multiple markets and there is concern over potential divergence from the EU, and the need to have UK-specific mandatory labelling.

We would also welcome engagement with Government on a reasonable and proportionate approach to banning producers and distributors of EEE from sending whole items, such as surplus stock, to

landfills or for incineration.

#### Proposals for kerbside collection of small and large WEEE

We are conceptually open for the WEEE review to explore the introduction of a producer-funded service for nationwide collection of small and large WEEE at the kerbside. This would result in more options for consumers to appropriately dispose of WEEE, alongside the retail route and existing drop-offs at Household Waste Recycling Centres.

This policy would need to be clearly communicated to the public to improve consumer understanding and awareness of the collection service, particularly if there is no uniform, nationwide approach.

It is our view that only producers of small and large EEE (including retailer own-branded products where relevant) should be obligated to finance the cost of household collections but consideration should be given to cost pass-through along the EEE value chain from producers to retailers and on to consumers.

Clarity is still required on several key areas of Government proposals. For example, it remains uncertain as to whether the kerbside collection route would be the most cost-efficient approach to increase take up, given the some of the small-scale trials have been inconclusive. There are also questions as to whether kerbside would be the most cost-efficient method for all types of WEEE; whether it would result in increasing recycling rates to the detriment of repair and reuse rates; and its implications on the commercial viability of retail takeback schemes.

Government should facilitate discussions involving all stakeholders if it decides to pursue its proposals to assess whether cost-efficient outcomes could be achieved if the onus on kerbside takeback is placed on small EEE. There will also need to be extensive consumer research to understand preferences for WEEE recycling systems, and a large-scale trial over a prolonged period of time to draw evidence-based conclusions. Government would need to work with industry to determine the boundaries of producer and distributor obligations.

It will take time to design and implement a cost-efficient and effective kerbside collection service for WEEE UK-wide, but distributors can play a supportive role in the meantime. Offering consumers a wider range of WEEE disposal routes may seem convenient, but we remain unconvinced by the logic behind the proposals to subsidise household collections of small and large WEEE, whilst simultaneously increasing retailers' collection infrastructure. In time, the retailer route may be more cost-efficient than kerbside – but this has not been explored in the consultation.

Ultimately, the reform should aim to establish a new WEEE regulatory system which is cost-efficient via both retail takeback and kerbside collection routes.

#### Proposals to increase the distributor collection infrastructure

Our industry has significant concerns over Government proposals to obligate retailers to provide a free-of-charge collection for large WEEE upon delivery of new items and, in tandem, expand the in-store requirements to provide free takeback of unwanted EEE without the need to purchase a new item (known as 0:1 takeback).

These proposals are sub-optimal and require Government improving them through co-design with industry, to ensure they work for all retailers, distributors and online sellers who sell EEE online and in-stores.

The WEEE policy framework should be channel-agnostic and should ensure that the commercial viability of selling EEE via physical stores is not undermined versus the sale of EEE products via online platforms and marketplaces.

Retailers want to support customers in responsibly disposing of their large WEEE, and currently charge a minimal fee for large WEEE collections, which cover the costs of the service provided. Removing the upfront charge for the collection of large WEEE could result in costs being folded into retail prices and would disincentivize those retailers which have invested in providing this service to continue doing so.

We recommend Government reconsiders its proposal to remove retailers' ability to charge for the collection of large WEEE upon delivery and to engage with impacted businesses on an alternative which would effectively increase large WEEE takeback. Further discussions are also needed between Government and industry on the proposed 0:1 takeback approach which has far-reaching implications for retail business models and store formats. Retailers have shared concerns over the space lost to store WEEE in shops, warehouses and distribution centres, logistics, liabilities, insurance, training, licenses, disruption to stores and potential low uptake of the service. This proposal also requires re-design with industry.