

# WEEE Distributor Takeback Scheme - Phase 6

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## Proposal to the Department for Environment, Food and Rural Affairs

### WEEE Distributor Takeback Scheme - Phase 6

In Conjunction with The British Retail Consortium (BRC)  
& The Association of Convenience Stores (ACS)

September 2021

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## Executive Summary

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### Background – current position

Under the current UK WEEE regulations, distributors (usually retailers) of EEE with less than £100,000 p.a. sales of electrical items or operate through on-line sales only are able to choose from two options to fulfil their legal distributor obligations. They can either;

- offer in store take back of WEEE on a one for one like for like basis, or
- join a Distributor Take Back Scheme (“DTS”) that has been approved by the UK Government.

Note: In earlier phases all distributors were eligible to join the DTS regardless of size but as of 1 January 2021 distributors with physical stores and greater than £100,000 p.a. sales of electrical items are no longer eligible to join the DTS.

The DTS option allows eligible members an exemption from the very specific requirement to take back on a one for one like for like basis at the point of sale in exchange for making a financial contribution to help the operation of the UK WEEE collection infrastructure and funding projects that establish best collection practice.

Eligible retailers recognise that the role and function of the DTS remains an important element of the UK WEEE system because it:

- Facilitates an important funding stream for Local Authorities
- Accommodates those smaller retailers and types of stores where requiring in-store take back is likely to be highly ineffective (as take up by consumers would be very low), and/or prohibitively costly or operationally difficult to manage to contribute financially to an alternative
- Has the potential to provide an important additional element to the UK WEEE collection network which could be a valuable contribution to achievement of future national targets.

To date the DTS has:

- Helped the UK to deliver some of the highest WEEE collection rates in Europe
- Provided over £9 million funding to Local Authorities to establish and register their Civic Amenity sites as Designated WEEE Collection Facilities (DCFs) and a further £1 million of subsequent site maintenance funding
- Supported 52 Local Authority projects with £1.9 million funding, to increase the collection and recycling of WEEE in the UK – this will increase once phase 5 projects have been selected.
- Initiated a final round of project funding for Local Authorities in phase 5 through which it is about to award a further fund of over £600,000.
- Commissioned and funded important research projects to help inform best practice for WEEE collection and project funding.

In total the DTS has raised over £13,000,000 from retailers since 2007.

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A survey was conducting in summer 2021 by Valpak/BRC/ACS to understand retailers' appetite for the continuation of the DTS scheme. Over 500 current DTS members were mailed. 190 responded of which 180 (95%) of them wanted the scheme to continue.

We seek a continuation of the DTS to:

- further improve the UK's WEEE collection rates and fund Local Authority WEEE projects
- increase consumer engagement and understanding of the importance of WEEE takeback and recycling
- provide smaller and online retailers with an alternative option to requiring in-store takeback
- provide important information to help decision makers when reviewing the WEEE regulations.

## Collection Rates

Overall UK WEEE collection rates are ahead of most other European Union countries which has been delivered through an efficient take-back system.

The UK reported a WEEE collection rate in 2016 above the EU average and has met all WEEE collection targets up to 2017, exceeding the 45% target, based on the previous three years placed on the market (POM) tonnage.

**TABLE 1: SUMMARY OF WEEE COLLECTION IN EUROPE - EUROSTAT 2019 (2016 DATA)**

Country	PoM EEE (kg/inhabitant) 3-year average (2013-2015)	Collected WEEE (kg/inhabitant) 2016	Collection Rate WEEE (%) 2016
Belgium	26.7	10.7	42.6
Finland	23.3	9.7	47.3
France	24.1	10.8	45.3
Germany	21.1	8.63	44.9
Ireland	20.0	9.4	58.2
Netherlands	19.1	8.3	47.9
Sweden	25.7	14.0	66.4
<b>UK</b>	<b>25.18</b>	<b>14.66</b>	<b>59.7</b>

Source: Eunomia (2019): Assessment of WEEE collection systems and their effectiveness in other European countries, Report for Valpak Retail WEEE services.

All other countries in the table above rely to a significant extent on in-store retailer take back as well as other methods. The UK is thought to be unique in being the only country currently in Europe to take advantage of the option to operate an alternative through the DTS yet still achieves comparable or better collection rates compared with most other countries studied.

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## Development of Phase 6 and the WEEE Review

The current DTS phase 5 scheme approval comes to an end on 31 December 2021. In addition, the UK Government has announced in their recent Resources and Waste Strategy that they intend to review the whole UK WEEE system during 2021/22 with the potential to introduce reforms in the future. Because the nature and extent of those reforms is not yet clear the BRC, ACS and DTS are now proposing the continuation of the DTS through a phase 6 whilst the longer-term policy is developed and seek to propose a scheme that will give the Government valuable insight relating to the potential of retailer collections to feed into that process.

We understand that a key element of the Government review is likely to include a detailed consideration of all WEEE collection arrangements including those provided by retailers and the DTS as well as other stakeholders and therefore this proposal was initially made with this in mind and has subsequently been further developed following discussion with DEFRA.

## Proposal - Principles

Phase 6 of the DTS should begin on 1<sup>st</sup> January 2022 and remain in operation until 31<sup>st</sup> December 2023. This could be extended if needed, in discussion with DEFRA, dependent on when the WEEE reform comes in to place. The scheme will continue to raise funds to be used in addition to the WEEE fund (from producer compliance fees) for projects run by Local Authorities which aim to develop best practice to increase the rate of collection, reuse and recycling of WEEE in the UK. New Civic Amenity sites which are publicly accessible and allow for the collection of all WEEE streams will also continue to be considered to register as Designated Collection Facilities (DCF's) and receive funding as in previous phases.

Unlike in previous years, the UK Government took the decision that Band A and Band B members with at least one physical store in the UK could only be a member of the DTS during Phase 5 for a maximum of 1 year (to 31<sup>st</sup> December 2020) and thereafter they will be required to provide in store takeback as per the WEEE regulation requirements. Therefore only Band C members and Band A & B members who are online/distance sellers only with no physical stores in the UK will be able to join the DTS Phase 6 for 2 years.

## DTS Fees

DTS Membership fees are calculated depending on the turnover of EEE sales within the previous calendar year. The fees are shown in figures 5 and 6 within this document. Fees are split into 3 bands A, B and C, with Band A being for retailers with the highest sales turnover and Band C the lowest. The joining costs for B and C members are based on a fixed fee model that is similar to the previous phases. Those for Band A members are related to sales volumes and are explained in more detail throughout the proposal.

## DTS Operations

As DTS operator, Valpak is responsible for a number of tasks to ensure the smooth and effective running of the scheme including:

- managing the membership process
- maintaining the register of Designated Collection Facilities (DCFs)
- setting up and maintaining the DTS web site
- handling enquiries
- managing the process for fund distribution to suitable local authority and other projects
- working with BRC and ACS to develop proposals for any future phases

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- coordinating DTS steering committee meetings
- further tasks outlined on page 14

Why the DTS has been good for the nation:

- Helped to meet and exceed 45% target
- It has provided private funding for the Government to develop best practice projects for a collection system of WEEE
- Helps establish and maintain a convenient national collection network for householders to dispose of their WEEE
- It has provided private funding, not public funding, to LA sites which have signed up to provide the network of collection facilities required by the regulations
- Facilitates a circular economy for EEE by incentivising close loop collection/sorting and recycling of WEEE with the projects

Why it's good for retailers and distributors:

- It reduces the risk of contamination, unknown costs, storage issues, and health and safety concerns
- It is a cost-effective method of meeting obligations
- It provides them with time to plan and prepare for in-store takeback should this be required in future
- Level playing field amongst businesses in their contribution to a sustainable management of EEE waste

Valpak has consulted fully with the British Retail Consortium, The Association of Convenience Stores and the DTS membership in order to gain input from smaller and online retailers on all aspects of the scheme's proposed operation for phase 6, and this proposal is presented with their full support. We have also consulted widely with Local Authorities regarding the project proposals. Their feedback has also been positive and has been incorporated into this proposal.

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## Background

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The WEEE regulations place various obligations on distributors (usually retailers) to encourage collection of WEEE from consumers as specified in regulation 42:

*“42. (1) A distributor who supplies new EEE to a person will ensure that WEEE from private households can be returned to them free of charge and on a one-to-one basis by that person, provided that any such WEEE—*

*(a) is of an equivalent type to, and*

*(b) has fulfilled the same function as, the supplied equipment.*

*(2) A distributor who supplies new EEE from a retail premises with a sales area relating to EEE of at least 400m<sup>2</sup> must provide for the collection of very small WEEE free of charge to the end user of the EEE with no obligation to buy EEE of an equivalent type. Such collection must take place at the retail premises or in its immediate proximity.”*

The current regulations also allow for the formation of a DTS approved by the Secretary of State. Distributors who are members of an approved DTS are exempt from the requirements above. The regulation is set to be reviewed by Government during 2021/22.

The BRC and ACS have worked with Valpak to provide retailers with a DTS option since the WEEE regulations were introduced in 2007. The current DTS phase (Phase 5) comes to an end on 31 December 2021, and in conjunction with the BRC and ACS, Valpak has drawn up this proposal to plan for the continuation of the DTS as phase 6 from 1 January 2022 for a period of 2 years (ending 31 December 2023).

This phase is intended to:

- Allow very small retailers to remain in the DTS, thereby allowing them to contribute when instore collections are either unlikely or disproportionately burdensome.
- Continue to allow those online retailers and distance sellers who do not have physical stores and are less able to easily collect WEEE from customers the option to pay a fee instead
- Continue to raise a project fund for Local Authority WEEE collection projects

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## Summary of the DTS to date - Phases 1 to 5

In total the DTS has raised a total of £14,123,000 since 2007, a full breakdown per phase is provided below:

**Figure 1 – DTS Membership Fees Raised per Phase**

DTS Phase	Period	Membership Fees Raised
1	2007 – 2009	£ 9,855,000
2	2010 – 2012	£ 2,192,000
3	2013 - 2016	£ 459,000
4	2017 - 2019	£ 906,000
5	2020 – 2021	£ 711,000

Phase 1 of the DTS was in operation between July 2007 and December 2009. In Phase 1, £9m was raised in DTS fees from retailers which were used to fund the setup of WEEE collection facilities by offering grants to Local Authorities to assist their Civic Amenity sites in becoming Designated Collection facilities (DCFs). This phase of activity was critical in establishing the UK WEEE system and led to the setting up of a national collection network of over 1,800 Local Authority and other WEEE collection points all operating to a nationally agreed Code of Practice for consistent collection streams, operational standards and consumer information.

Phase 2 was in operation between January 2010 and December 2012. In phase 2, £1 million was used for improvement of Civic Amenity sites and £600,000 was used to provide a fund for Local Authority projects to improve WEEE collection rates.

Phase 3 was in operation between January 2013 and December 2016 and two rounds of funding of £700,000 and £400,000 were provided in support of Local Authority WEEE projects to improve WEEE collection rates throughout the UK.

Phase 4 was in operation between January 2017 and December 2019 and two rounds of funding of £183,000 and £601,000 were provided in support of Local Authority WEEE projects to improve WEEE collection rates throughout the UK. In addition, two external research projects were financed.

Phase 5 was in operation between January 2020 and December 2021 and one round of funding of over £600,000 was provided in support of Local Authority WEEE projects to improve WEEE collection rates throughout the UK.

The current DTS has over 800 members. A breakdown of the members per banding level per phase can be seen in the figure below

**Figure 2 – DTS Members**

Banding	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Band A	162	179	173	197	146
Band B	1151	430	429	428	281
Band C	1861	947	765	619	436
<b>Total</b>	<b>3174</b>	<b>1556</b>	<b>1367</b>	<b>1244</b>	<b>863</b>

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The current DTS phase manages a register of over 1,800 Designated Collection Facilities (DCFs). The table below shows a breakdown of the different types of DCFs in operation currently across the UK and those new sites added during phase 4.

**Figure 3 – Current Operational DCF Sites**

<b>DCF Type</b>	<b>End of Phase 5</b>
Civic Amenity (CA)	1072
Commercial Designated Collection Facility (CDCF)	236
Waste Transfer Station (WTS)	307
Not for Profit (NFP)	125
Retail Distribution Centre (RDC)	29
<b>TOTAL</b>	<b>1769</b>

The funding provided by the DTS in the initial phases was higher because of the higher costs required by Local Authorities in establishing the national collection network. In Phase 3 some unused funding was carried over from previous phases and used to increase the available project funds to LAs. There are likely to be a small amount of funds available to be carried over from phase 5 into Phase 6, as the available funds were almost entirely used for projects for local authorities.

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## Proposed Scope for DTS Phase 6

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### Introduction

The DTS has been very successful through Phases 1 to 5 with a number of key achievements including:

- Establishing a nationwide WEEE collection network
- 1072 CA DCFs and 697 non-CA DCFs currently in operation
- £2,552,099 total investment in 52 LA WEEE collection projects
- Funding key research projects to assist with development of future WEEE system

Therefore, there was widespread support from eligible retailers to continue the scheme in some form beyond the current phase coming to an end on 31<sup>st</sup> December 2021.

However, the DTS also recognizes that the UK has not met the more demanding 65% national WEEE collection requirements and there remains a significant amount of WEEE, including but not limited to smaller items, which is not separately collected for recycling or reuse in the right way. The causes of this are complex and uncertain, and the Government and other parties are conducting a number of projects and activities to help better understand the reasons and develop solutions. It is recognised that some actors within the WEEE system believe that one for one and like for like takeback at the point of sale provides an important contribution toward meeting these targets, and that Government believe that this activity could prove to be at least a useful contributor.

The Government has confirmed that it will be reviewing the current WEEE regulations and the whole WEEE system, including the producer and distributor requirements, during 2021/22. They will be exploring how best to effectively increase collection rates across the whole system in the UK. The review process may take 1 to 2 years to be completed. BRC, ACS, the DTS have therefore designed this proposal with the principle of helping to support the delivery of best practice collections during the period while the regulatory review is taking place from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2023. Larger retailers with at least one physical store will be no longer be permitted to be members of the DTS and instead will be required to implement instore takeback on a one for one and like for like basis. Smaller and online retailers will be the only ones allowed to join during this period. During this period both the regulations and any potential role of the DTS within the UK WEEE system will be reviewed.

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## DTS Phase 6 - Proposed Membership System

Based on the changes that were made to phase 5; there will now only be one membership category.

### Standard DTS Membership (Band C & Online/Distance Sellers only)

- Two year DTS membership to 31<sup>st</sup> December 2023
- No take-back offered by DTS member
- Consumer Information Obligation required – Posters etc. (as previous phases) to ensure household consumers are aware of the closest collection facilities which will accept their household WEEE products
- Pay full DTS membership fee

Online / Distance sellers can only access this option if they have no physical store premises in the UK

## Proposed Timeline

It is proposed that Phase 6 will run from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2023.

All members of the DTS must complete their registration by 31<sup>st</sup> January 2022. It is assumed that existing phase 5 DTS members will be considered as continuing members up until this date.

The funds for WEEE projects are expected to be made available to Local Authorities in a single round of funding to be launched in early 2023.

## Online distributors

The DTS would continue to encourage online only distributors to join DTS as take-back option while the current WEEE regulations are in place and being reviewed by Government.

## Project Funding

Should DTS phase 6 be approved, the funds raised will depend critically on the degree to which members take up the option to participate or set up their own take back systems, but research undertaken by the DTS indicates this is likely to be in the range of £100,000 to £200,000. This will be used to fund smaller projects run by Local Authorities compared to the projects within the previous phases. Remaining funds from phase 5 will also roll over to further contribute to the phase 6 project fund and cover administrative costs, rather than being refunded to DTS phase 5 members.

The maximum standard project award is proposed to be £20,000. Project funding will be conditional on successful applicants providing suitable project review feedback in order to verify the results achieved and help improve knowledge of collections in future. It is proposed that there is a single payment of project funding for those projects which are of the value of £20,000 or less.

For phase 6 funding it is proposed that the DTS would work closely with Material Focus, the organisation currently responsible for managing the compliance fee fund on behalf of EEE producers. The DTS will work with Material Focus to coordinate the messaging and branding of suitable communication projects in order to maximise effectiveness and build consumer awareness, for example by potentially offering a menu of communication options and other projects revolving around kerbside collections. Material Focus have been offering to help local authorities with kerbside collections with cages on vehicles, offering containers in flats and also bring banks. As they already have a communication toolkit it would make sense to adopt their communication guides rather than starting from scratch. If phase 6 is approved this will be progressed in more detail.

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As in phase 5, project bids from Local Authorities will be assessed by a suitable independent third party based on pre-agreed selection criteria and recommendations for successful projects made to Defra for final approval.

In all cases the funds would then be paid by the DTS to successful Local Authorities direct unless other special arrangements are agreed.

## Selection of Projects

In order to ensure all project bids were evaluated independently, the DTS in phase 5 appointed Anthesis (as an independent third party) to create selection criteria to grade each of the project applications.

The selection criteria included:

- Overall fit with funding objectives and reflection of good practice
- Delivery approach and resourcing
- Project longevity
- Social benefits
- Comparative value for money ranking

We propose to continue with this approach for phase 6, if approved.

Where required, Local Authorities will be given the opportunity to provide clarification to the independent third party to improve their original application to be considered for funding. The projects chosen will aim for a representative geographical split across all parts of the UK, however, this will depend on the quality of project bids submitted.

In the event that the fund is oversubscribed, priority will be given to allocate the funding as widely as possible and to those projects assessed as having the best potential for collecting additional WEEE.

Bids will be invited not only from Local Authorities themselves but also from commercial or third sector organisations including, but not limited to; charities, re-use and reconditioning organisations, etc. who can demonstrate they are working in conjunction with Local Authorities. Partnerships between Local Authorities and other stakeholders will be encouraged but the application on behalf of the partnership must be submitted by the LA lead.

A greater level of auditing and monitoring of performance of projects will be carried out compared with previous phases in conjunction with the independent third party. Mid-project reviews will be undertaken with the successful Local Authorities to monitor the progress of the project and provide additional support where required in order to maximise project effectiveness and also provide important learning for any future collection schemes.

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## Membership Fees

Membership fees outlined below will be calculated using a similar methodology to previous phases where costs were based on sales value of EEE and split into 3 Bands: Band A, Band B and Band C. These fees have not increased since Phase 3, in Phase 2 the fees were much higher in comparison. It is important to note that the large retailers that have historically contributed the most to the DTS funding are no longer permitted to be a part of the DTS. This means that the total level of funding for Phase 6 will be significantly lower than previous phases. In order to partly compensate for this and help maintain a realistic project fund we are proposing to slightly increase the flat fees for Band B & C members for Phase 6. We have taken into consideration what is reasonable and our research has indicated these businesses would largely be willing to pay provided the increases are not excessive. We therefore propose that the Band B and C fees will increase by around 5% for this phase.

The fees for DTS members will be determined by them providing sales data as part of their application for membership. This data can either be based on the 2021 calendar year or alternatively, if they wish to ease administration, they can agree that the DTS re-uses the data they submitted for their phase 5 membership. The data will be checked by the DTS to ensure the figures entered look reasonable in comparison with previous years.

Any distributors which join after 31<sup>st</sup> January 2022 will be required to pay the full membership fee for Phase 6, unless they are a new start-up company which did not distribute any EEE in the prior calendar year or an existing company with no previous EEE distributor obligation. In these cases, Valpak will pro-rata the fees accordingly. Payment for membership fees will be required by 31<sup>st</sup> March 2022 or as specified in the invoice if later.

Under the UK WEEE regulations “A distributor who supplies new EEE from a retail premises with a sales area relating to EEE of at least 400m<sup>2</sup> must provide for the collection of very small WEEE free of charge to the end user of the EEE with no obligation to buy EEE of an equivalent type. Such collection must take place at the retail premises or in its immediate proximity”. It is thought unlikely that any phase 6 members will meet this criteria, but in order to compensate for this additional requirement, any members which do meet the criteria in 25% or more of their stores would need to make an additional payment equivalent to 25% of their overall fees.

The administrative fee will be used to cover Valpak’s running costs for operating and managing the DTS which will be agreed with Defra.

## Standard DTS Membership

Please see the table below for membership fees:

**Figure 4 – Phase 6 membership fees**

Band	Total Annual Sales value of Electrical Products	Membership Fees
A	Greater than £1.5million	Per unit fee (see below)
A+	Greater than £1.5million and meet the 400m2 criteria	Per unit fee + 25% additional to pay
B	£100,000 - £1.5million online/distance sellers only	£200 (covers 2 year DTS membership)
C	£0-£100,000	£74 (covers 2 year DTS membership)

Retailers that prefer to offer takeback will not be required to join the DTS or pay membership fees.

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## Band A Membership Fees

Please see the table below for Band A members per unit fees. The fees proposed for the two year period remain the same as those in Phase 5.

To acknowledge that collecting data can be extremely burdensome, Valpak will offer band A members the opportunity to either submit 2021 sales data or allow for 2019 sales data (phase 5) to be reused for Phase 6.

**Figure 5 -- Band A per unit fees**

<b>Category</b>	<b>Per Unit Fee for Band A - Online/Distance ONLY Sellers 2 years</b>
Refrigeration e.g., fridges and freezers	£0.1189041
Other Large Household Appliances e.g., washing machines and other "white goods"	£0.0487396
Televisions and monitors	£0.0431186
Lighting (lamp bulbs)	£0.0006944
All other EEE (including Light fittings and Luminaires)	£0.0015911

## DTS Operator Tasks

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Valpak Retail WEEE Services has fulfilled the role of DTS operator since 1997 and the BRC and ACS has selected Valpak as its preferred partner in continuing as DTS operator for interim Phase 6. The proposed activities of the DTS operator for phase 6 include:

- Creating the proposal for phase 6 of the DTS
- Recruitment of DTS members for the phase 6
- Updating Membership Terms
- Obtaining funding from members
- Setting up and maintaining a register of members
- Setting up and maintenance of the register of Designated Collection Facilities (DCFs)
- Providing advice on Consumer Information Obligations (CIOs)
- Liaisons with OPS&S (or other regulator) and DEFRA
- Launching, promoting and administering the Local Authority project fund
- Conducting regular steering committee meetings
- General queries and day to day administration of the scheme
- Approval and payment of stage payments to successful Local Authority project bids

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- Considering and commissioning any relevant external research or other project as may be deemed appropriate in conjunction with the steering committee and DEFRA
- Website and internal systems update for the phase 6 including updates to the online registration process, member area for access to CIO toolkit, module calculator, news page, FAQs and more