

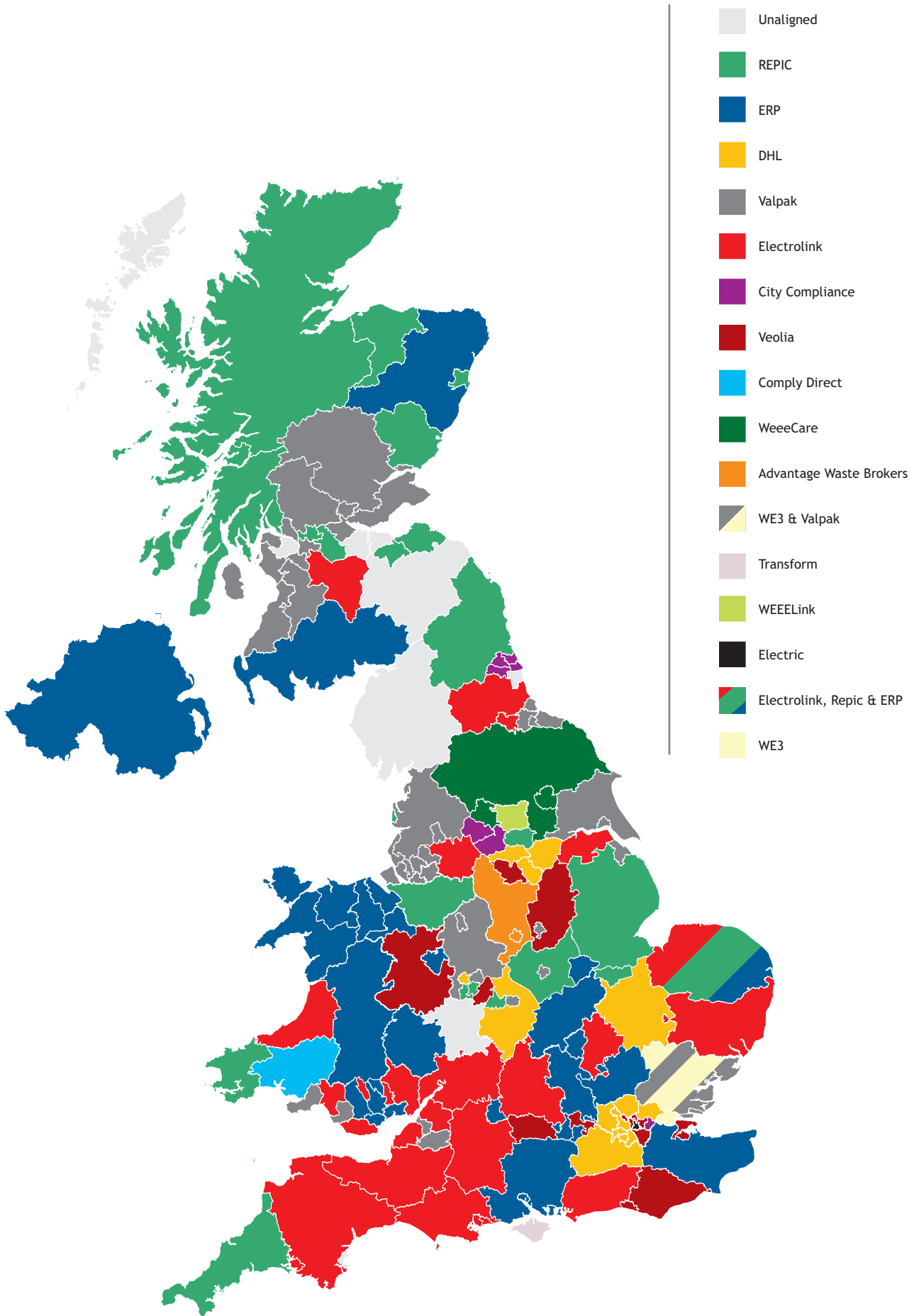


one year on

UK's waste electrical and electronic equipment (WEEE) regulations

 valpakweee
compliance

September 2008



**Producer Compliance Schemes and
 Waste Disposal Authorities contracts**
 WEEE clearance from Local Authority sites

executive summary

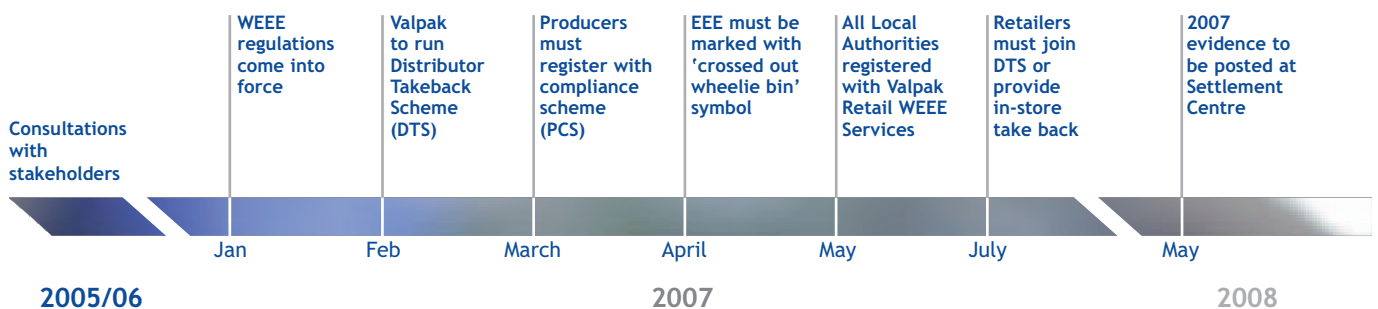
The Waste Electrical and Electronic Equipment (WEEE) Directive, and the WEEE regulations that implement it, aim to reduce the amount of electrical and electronic waste being produced in the UK and encourage consumers to reuse, recycle and recover it. In its first six months (July to December 2007) 7 kg per person of WEEE was collected and recycled.

Another important objective of the WEEE Directive is to improve the environmental performance of businesses that manufacture, supply, use, recycle and recover electrical and electronic equipment.

The legislation places obligations on importers, rebranders and manufacturers of electrical or electronic equipment, requiring them to register with a producer compliance scheme. It also requires businesses who sell electrical and electronic equipment to contribute to improved public collection facilities.

This document, published by Valpak Limited, chronicles the history of the WEEE regulations from the beginning of 2003, when serious discussions first began, through the consultative process, up to the time they were laid before parliament in December 2006. It also brings the story up-to-date for 2008, reporting on the considerable benefits already being experienced from the first year of producer compliance schemes, as well as a few teething problems.

Drawing on its experience as a leading provider of producer responsibility and recycling solutions, Valpak highlights the significant benefits the regulatory system has brought to the sector, in addition to making proposals that will improve the efficiency of the regulations and ultimately reduce costs to businesses.



regulations

key benefits

In the relatively short time the WEEE regulations have been in force in the UK, they have brought a number of noteworthy benefits.

- **financing** - the responsibility for financing the treatment and recycling of WEEE has been shifted from consumers or Local Authorities to those who produce, rebrand or import it. This is a significant change as it means that the majority of companies across the UK are now taking direct responsibility for the impact their goods have on the environment

- **costs** - the regulations have been delivered by a competitive producer responsibility regime at well below the government and industry's original cost estimates of £350 to £500 million per annum

Competing schemes and increased economies of scale have ensured that the costs have reduced greatly from those prices seen previously for the recovery, recycling and treatment of fridges, freezers and cathode ray tubes/monitors. In some cases the individual unit costs have reduced by 100%

- **regulatory regime** - a regime is in place to prosecute those who try to avoid their legal responsibilities. A number of rogue WEEE reprocessors have already been removed from the system. Schemes have responsibilities to ensure the end markets and treatment centres with which they deal

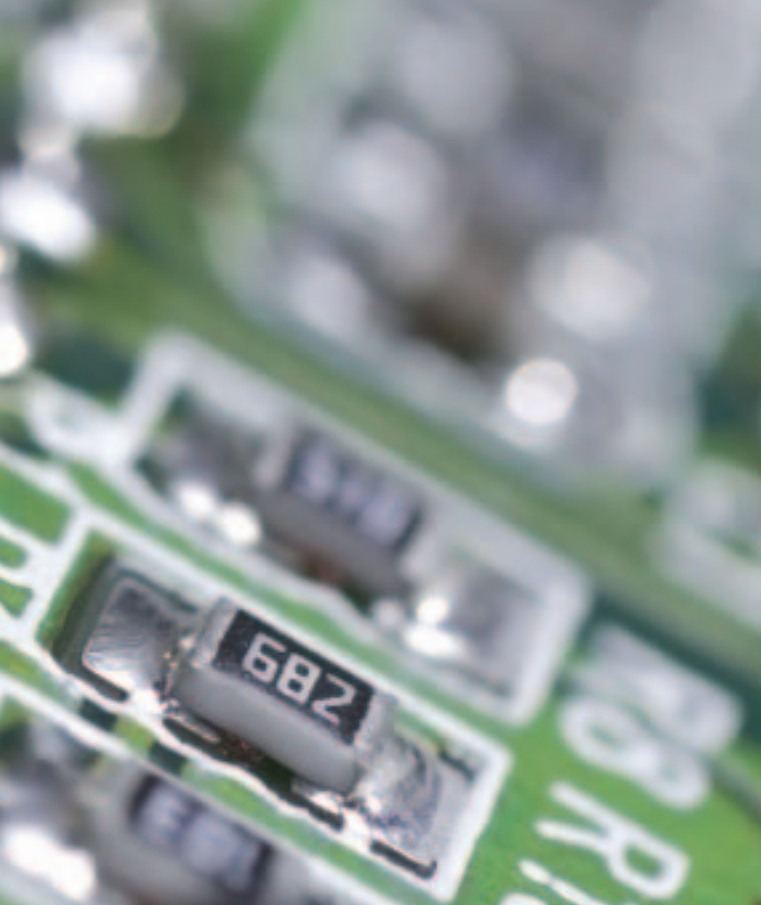
operate to high standards approved by the agency. Some schemes, like Valpak, ensure that these end market reprocessors meet their standards which, in some circumstances, can be higher than those set by the regulator

- **accountability and monitoring** - many retailers, importers and manufacturers are now registered with the enforcement agencies and levels of WEEE are being monitored. These organisations should now all be on a public register and therefore open to public scrutiny

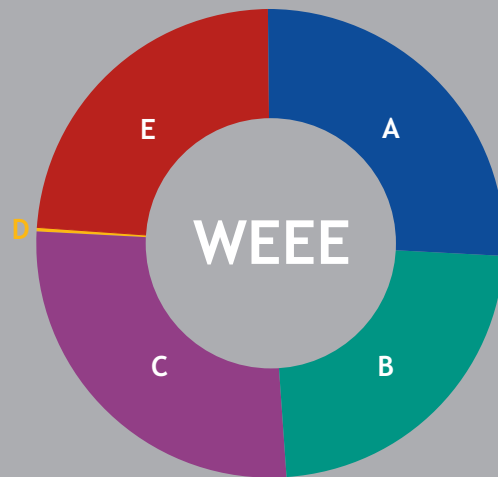
They also all carry a unique number, so that retailers can check if those down the supply chain are registered to comply with the regulations

- **electrical and electronic equipment** - the WEEE regulations cover both business-to-consumer and business-to-business WEEE. This means that producers now have a responsibility to take back WEEE items at the end of life from business customers, ensuring that all WEEE is covered by the regulations, not only that which ends up in the domestic waste stream

Businesses have a requirement to detail in a plan what electrical and electronic equipment items they place on the market and what steps they will take to inform their clients about the ultimate disposal of those goods and what route they can access to dispose of those items responsibility



performance to government targets of weee categories (July to December 2007)



- Stream A: Large domestic appliances
- Stream B: TVs and monitors
- Stream C: Fridges and freezers
- Stream D: Lamps
- Stream E: Small domestic appliances

- **data** - more detailed data on the production, manufacture, import and retailing of WEEE - as well as its recovery, collection and treatment - is known than ever before

- **access** - there is wider access for the public to recycling facilities for WEEE and a better network for collection and processing. This is particularly important, as improving WEEE recycling figures count towards the UK achieving its increasing recycling and landfill diversion targets

why are the regulations needed?

Electrical waste is the UK's fastest growing waste stream. Each year we throw away more than 1.2 million tonnes of electrical and electronic waste, a figure that is growing steadily by about 5% a year. More than 75% of waste electrical goods are disposed of in landfill. Yet many of the items discarded could be repaired, reused or recycled, saving valuable finite resources and reducing the quantity of lead and other toxins in the environment.

WEEE regulations cover manufacturers, importers and distributors of electrical and electronic equipment. They are designed to address and resolve these crucial issues, reducing the amount of such waste going to landfill, and improving recycling and recovery rates.

As Authorities and obligated businesses are aware, the introduction of the WEEE regulations came at a time of

heightened consumer interest in Corporate Social Responsibility issues, when public concerns about the environmental performance of companies has never been greater, providing even more motivation to ensure the regulations are a success.

how well are they working?

The birth of the WEEE regulations was difficult and protracted but, after much debate and delay, they came into force in January 2007.

Since then, much has been achieved. The cost of processing electrical waste has been transferred from the consumer to the retailer and producer. One of the most comprehensive national networks of collection facilities anywhere in Europe has been established. Thousands of businesses who manufacturer, rebrand or import WEEE have registered with a compliance scheme. Business awareness of the scale of the environmental impact of electrical waste has increased hugely.

However, some internal issues within the system remain to be resolved - not least the situation of over-contracting and the issues around data collection and reporting.

Valpak, operator of one of the UK's largest WEEE producer compliance schemes, regards this first year as a very promising start and a strong foundation on which to build a robust, fair and effective strategy to reduce and manage the UK's electrical waste.

background

moving responsibility

Discussions on the WEEE regulations started in the UK as soon as the European Directive was finalised in 2003, when the government began a prolonged consultative process with industry stakeholders.

There are two basic tenets of the regulations: producers, not consumers, must take financial responsibility for waste electrical and electronic equipment at the end of its useful life; and retailers, when selling new equipment, must offer customers, free of charge, either in-store take back facilities or an alternative that is just as convenient.

Producers - that is, any business manufacturing and selling, reselling or importing electrical and electronic equipment - are required to register with an approved producer compliance scheme. The complex nature of the implementation of the Directive, particularly when it came to reaching a consensus on financing provisions, led to delays in the process. In consequence, the UK was almost two years late in implementation.

Valpak believes that the vast majority of large producers are now registered, representing nearly 85% of the tonnage placed on the market.

Though some companies may still be unaware of the regulations and their responsibilities, the competitive nature of the system will drive schemes to find any 'free riders' and register them as members.

The agencies also have a key task to play in regulating the market and ensuring all obligated businesses are kept informed and within the regulatory framework.

emergence of compliance schemes

In the run-up to the legislation, a large number of potential compliance schemes emerged, with varying degrees of experience. Most of around 40 schemes offered services in consumer WEEE, some in business-to-business WEEE.

Each scheme offered its unique selling points to prospective customers. Valpak offered more, providing:

- a clear forecast around which customers could budget
- factual information about the regulations and the emerging marketplace
- 10 years' worth of compliance experience
- a business already capable of recruiting Local Authorities, handling data on a large scale to tight deadlines, and with the processes and systems to manage the start of the regulations
- a strong procurement team with established relationships
- informed and committed staff who would answer all queries in a timely and pleasant manner

By announcing a 12-month delay to the legislation in 2005, the government sought to give all prospective schemes the time to put adequate plans in place to operate within the regulations, and meet the collection requirement of their members.

Valpak was awarded the contract to facilitate the DTS in February 2007



options for retailers

It was agreed with the British Retail Consortium and the Department for Business, Enterprise & Regulatory Reform (BERR, formerly DTI) to offer retailers the option of either providing customers with in-store take back facilities or paying to join the Distributor Take Back Scheme (DTS) to avoid the inconvenience of in-store take back or providing a postal service in the case of internet retailers.

Valpak was awarded the contract to facilitate the DTS in February 2007. The Vehicle Certification Authority was appointed by government as the regulator of this part of the regulations.

valpak retail weee services limited

Valpak Retail WEEE Services Limited was set up as a separate organisation to manage and operate the Distributor Take Back Scheme.

More than 2,300 retailers have so far joined the DTS, including many major high street names like Argos, Comet, Tesco, ASDA, Littlewoods Shop Direct Group, B&Q, Homebase, Boots the Chemists, Selfridges, J Sainsbury, Woolworths and Toys R Us. In addition, many smaller independent retailers have joined.

DTS membership currently represents over 75% of UK electrical retailing.

distributor take back scheme

Membership of the DTS relieves retailers who sell electrical equipment to consumers of the responsibility of having to make arrangements at the point of sale for in-store take back, storage and disposal of customers' old electrical goods.

Instead, scheme members contribute into a £10m fund, which is used to develop the UK's network of WEEE collection facilities. DTS members are responsible for promoting these facilities to customers.

From July 2007, retailers had to become DTS members or provide their own in-store take back.

The DTS has registered more than 1,400 collection points (Designated Collection Facilities or DCFs), including over 1,000 sites provided by Local Authorities for access by the public.

Despite tight timescales, by May 2007 Valpak Retail WEEE Services Limited had secured the support of every Local Authority across the UK. Many of them registered all their household waste recycling centres and civic amenity sites to accept all five major categories of WEEE (see map on page 2).

working together



local authority participation

Co-operation with Local Authorities is a critical part of the success of the regulations. The Local Authorities have been essential partners in delivering a network of Designated Collection Facilities where consumers can deposit WEEE, helping to provide a compliance mechanism for retailers not offering in-store take back.

As part of the producer compliance process, schemes must take responsibility for WEEE collected at Designated Collection Facilities according to the size of the combined obligations of their members. At one time during the consultation process, allocation of Local Authority sites to producer compliance schemes was considered as a way of partnering schemes.

The concept was eventually dismissed as being too complex and taking choice away from Local Authorities. Individual schemes were left to approach Local Authorities directly, through existing waste management partnerships and contractual arrangements, or by contacting them and explaining their service offering.

scheme approval

Compliance schemes wishing to operate under the WEEE regulations were required to submit operational plans to the environment agencies for approval between January and March 2007.

Operational plans were required to include detailed information on how a scheme would comply on behalf of its membership, including estimates of market share, procurement plans, evidence of sufficient staff and resources to deliver the plan.

Some schemes were asked to resubmit plans which did not meet government standards or contain the required information. Valpak was among the first schemes to be approved and begin securing membership.

settlement centre

Producer compliance schemes are required to provide documentary evidence of the amount of electrical waste they handle and treat on behalf of their members. Using this information, the government and regulators can trace compliance evidence and ensure it meets the market share requirements of the schemes.

An electronic internet-based settlement centre has been set up to handle the recording and trading of evidence under the regulations. Real Time Engineering Ltd was appointed by the government to operate the centre.



Valpak was among the first schemes to be approved and begin securing membership



meeting evidence obligations

The first compliance period under the regulations ran from July to December 2007. During this time all registered schemes had to demonstrate that they had the necessary evidence that they had financed their required tonnage of WEEE on behalf of their members. This complex process had to be completed by 16 June 2008.

Valpak, operator of one of the UK's largest WEEE producer compliance schemes with 773 members, was the first major scheme to meet its WEEE evidence obligations, complying well before the deadline.

The situation was less straightforward for a number of other producer compliance schemes. Despite endeavours to ensure the required amount of evidence was available for sale to allow all schemes to meet their obligations, when the deadline for submission of evidence by compliance schemes passed, as many as seven schemes were left potentially non-compliant. This was caused by problems in securing sufficient evidence to meet their members' 2007 obligations.

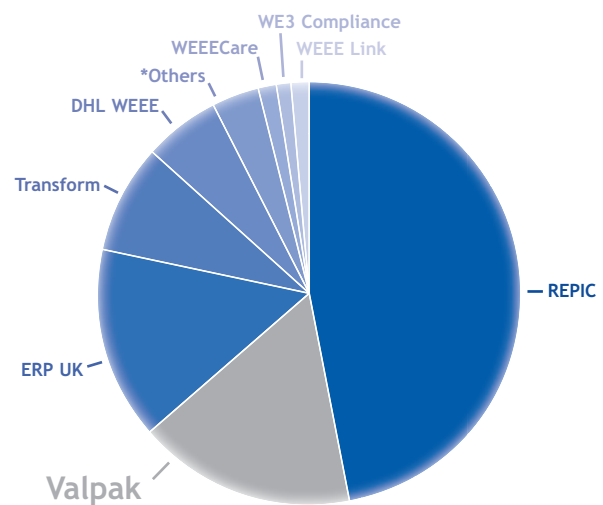
In June 2008, urgent discussions were held between BERR and the environment agencies in an attempt to resolve the situation. Details remain unclear but it is understood that a temporary solution was found for 2007.

If this impasse is not resolved in the longer term, it risks bringing the regulations, and those schemes who have made every effort to comply with the letter and the

spirit of the new regulations, into disrepute. Government will need to ensure through some form of arbitration that the regulations are enforced fairly and that non-compliant schemes are not able to gain commercial advantage by avoiding the cost of compliance.

market share percentages

In June 2007, the environment agencies issued preliminary market share percentages to producer compliance schemes, based on the data submitted with producer registrations. Valpak achieved 15%, giving it the second largest market share (see chart below).



** Others: Advantage Waste Brokers, B2B Compliance, Budget Pack, City Compliance Scheme, Comply Direct, Dataserv Compliance Services, ECONO-WEEE, Electric International, Electrolink, Fonebak PLC, Recolight, Recycle 1st, Servis WEEE, Veolia ES WEEE Compliance Scheme, WEEE Comply*

how did we do?

raising awareness of weee

The WEEE regulations require Valpak to contract with Local Authorities across the UK to collect discarded electrical and electronic items.

To date, Valpak has contracts with 35 Local Authorities and is working with them to prepare relevant marketing materials.

Valpak is also responsible for raising consumer awareness of WEEE recycling.

glasgow campaign

A project to bring the new recycling services to the attention of householders was launched in Glasgow. The campaign included leaflets, a schools poster competition and face-to-face promotional activity, all supported by Valpak's 'WEEE recycle-more' website.

The 'WEEE recycle-more' poster competition was a great success, attracting 120 entries from six Glasgow schools.

A judging panel from Wincanton, Scottish Waste Awareness Group (SWAG), Glasgow City Council and Valpak awarded the prize to two pupils from Hyndland Secondary School. Runners up came from Drumchapel High and St Roch's Secondary. The winning design is now on display on the Easter Queenslie rescape™ bank.

Financial support for the Glasgow WEEE campaign came from Wincanton, a contractor in the Glasgow area.

Experience gained from the Glasgow exercise will be used to inform future promotional activity with other Local Authorities' partners.

The Glasgow campaign had a significant impact. Between January 2007 and June 2008, the mixed WEEE tonnages collected at all four Glasgow civic amenity sites increased by a remarkable 253%.

other activity

In addition, the recycle-more team manned a promotional stand advertising the recycle-more WEEE text back service. The team handed out WEEE flyers and magnets, designed to represent the five categories of WEEE.





Valpak is also responsible for raising consumer awareness of WEEE recycling



what lessons have been learnt?

Some of the problems encountered in implementing the regulations were undoubtedly caused by the tight deadlines imposed.

At Valpak we believe that future legislation in this area would benefit greatly by having legal frameworks and policies in place well ahead of the start of the regulations.

Though the consultation process was extensive, we would like to see it widened to include learning from other similar regulatory regimes, as well as talking to those who manufacture, sell and recycle WEEE.

The future of the evidence trading market needs to be clarified, to resolve the outstanding issue of the financing of evidence for 2007. Widely differing views exist among compliance schemes, from the option of BERR buying up surplus evidence and reselling it to schemes short of evidence, to BERR taking on the role of arbiter to seek a consensus among the schemes.

Whatever the solution arrived at, the issue needs to be addressed urgently to prevent any disruption to civic amenity sites waiting for payment for services already

provided. With continued discussion and dialogue, Valpak is convinced that an acceptable and workable solution can be found.

The last year of activity in putting the WEEE regulations into practice represented a steep learning curve for government, Local Authorities, consumers, compliance schemes, producers and distributors. Despite its shortcomings, Valpak considers this first compliance period to have been an overall success with more room for improvement.

The necessary infrastructure has been developed and introduced, great strides have been taken in raising industry and consumer awareness of the importance of minimising the impact of WEEE on the environment, and the average UK person is now recycling 7 kg of electrical goods per year, well in excess of the EU directive target of 4 kg.

During the second year, there will be opportunities to build on these foundations, fine tuning the WEEE system, based on the experiences of the past year, and helping to ensure that the EU recycling targets continue to be exceeded at the lowest cost to all.

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Malcolm Wickes

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