 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	Waste Electrical and Electronic Equipment (WEEE) System	
Lead Department/Agency	Department for Business, Innovation and Skills	
Stage	Consultation	
Origin	European	
IA Number	BIS 0393	
Date submitted to RPC	12/02/2013	
RPC Opinion date and reference	22/03/2013	RPC13-BIS-1712
Overall Assessment	AMBER	
<p>The IA is fit for purpose. However, there are a number of areas outlined below where the IA would benefit from further information or clarification to assist the consultation. The section on One-In, Two-Out will also need to be strengthened at final stage.</p>		
<p>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</p>		
<p>There are a number of areas where further information or clarification of presentation would assist the consultation.</p>		
<p><u>Costs and Benefits.</u> The IA presents limited detail on how the costs and benefits estimates have been calculated. Greater visibility (subject to commercial confidentiality) of these calculations would potentially assist the consultation and will be required at final stage. (It will also enable the reader to see, for example, whether the assumptions on the costs per tonne given in this IA are consistent with those in the IA on the recast WEEE Directive (RPC12-BIS-1536(2)) for the new tonnages required under the recast.)</p>		
<p>It is also not clear whether the calculations are based on current levels and costs or whether they have been developed in conjunction with all those in the system, and take into consideration anticipated changes in the levels of WEEE (e.g. a potential significant fall of CRT TV's following digital switch over).</p>		
<p>The IA should also present up-front a breakdown of costs and benefits by type of organisation across the options in a more easily comparable format, with an explanation of what is driving the differences in costs and benefits between the options. The zero costs and benefits estimates for Approved Authorised Treatment Facilities (paragraph 211 says: <i>“At this stage it’s not possible to predict what changes may occur, we have therefore assumed there would be no changes to costs to approved treatment operators.”</i>) will also need to be revisited post-consultation.</p>		
<p><u>Risk and Uncertainty.</u> The IA has a short section on risk (page 41) in relation to option 3 but does not draw together an assessment of risk and uncertainty for all the options. In addition to the uncertainty over the level and structure of the compliance fee in option 3 (paragraph 256 says: <i>“...assumptions are hypothetical as the construction, methodology and use of the compliance fee has not been agreed”</i>),</p>		

there would appear to be considerable uncertainty over the matching system to be developed under option 4.

Whilst the aim of the proposed changes are to reduce the costs on producers of electrical and electronic equipment, the consultation should be used to test the assumptions made on the impacts on all businesses in the system in delivering an effective WEEE system that delivers the aims of the Directive.

Sensitivity Analysis. The sensitivity testing undertaken (pages 85-87) results in little change in the relative costs and benefits of the options. However, it is not clear that this means that a switching of the option ranking is unlikely. The sensitivity analysis at final stage should address what it would take for an alternative option to have a higher NPV than the preferred option.

Relationship with the recast of the WEEE Directive. This IA was submitted at the same time as an IA on the recast of the WEEE Directive (RPC12-BIS-1536(2)). The preferred option for implementing the recast of the WEEE Directive is assumed in the baseline here. (The UK must implement the recast Directive by 14/02/2014.). Paragraph 143 says: “*The costs and benefits of the recast are therefore the same for all options*”. However, the IA should explain the significance of the assessment in Table 3 (page 49) under “*Compatibility with the WEEE Recast*” which places option 3 as GREEN and the other options as AMBER for “*Compatibility with achieving the Member State collection target*”. More generally, if there is significant remaining risk or uncertainty over the preferred option to meet the requirement of the recast Directive, the impact of this will need to be assessed in the final IA for this proposal.

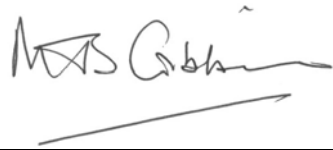
International Comparisons. Annex A of the IA describes WEEE systems in other countries, notably Germany and Italy. The IA could draw more clearly into the main body of the IA how the proposals here compare to what is done in other countries, particularly as some of those countries appear to use a matching system, which is the key feature of option 4.

Have the necessary burden reductions required by One-in, Two-out been identified and are they robust?

The IA says that the proposal is out of scope of OITO “*because the WEEE Directive is a directly applicable EU measure and the transposition does not gold plate the regulation, i.e. it does not go over the minimum EU requirements.*” Whilst the options here are ultimately to meet the requirements of an EU Directive (with no gold plating), the IA also presents the proposals as “*options for change in response to the Red Tape Challenge*” (paragraph 6).

The final IA will need to provide a more detailed justification for why it is considered that this proposal is out of scope. Even if this is out of scope of OITO as an EU measure, an EANCBC will still need to be provided at final stage, in line with current guidance.

Signed

Handwritten signature of Michael Gibbons in black ink, featuring a stylized 'M' and 'G'.

Michael Gibbons, Chairman