



**Proposal to the Department of Business
Innovation and Skills**

**Operation of a WEEE Compliance Fee for the
2014 Compliance Period**

September 2014

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1. Introduction to the JTA

1.1 This submission is a Proposal for a methodology for calculating and for administering a Compliance Fee, in accordance with Regulation 76 of the Waste Electrical and Electronic Equipment Regulations 2013 (as amended) and associated BIS guidance. It applies to the compliance year ending 31 December 2014.

1.2 Background

1.2.1 The Waste Electrical and Electronic Equipment (WEEE) Directive is a 'producer responsibility' measure where those entities that place goods on the Community market have to take financial responsibility for items once they have finished their use phase, so that the costs associated with treating and disposing of electrical and electronic equipment does not fall on society as a whole. It therefore follows that producers have the responsibility for paying a fair and reasonable price that is truly reflective of the costs associated with treating WEEE and disposing of resulting materials (taking into account the fact that many of the materials resulting from treatment are themselves re-sold as commodities).

1.2.2 The vast majority of producers, who are represented by the Trade Association members of the JTA, are therefore supportive of the changes introduced in the 2013 WEEE Regulations and related Guidance, because they are expected to lead to more appropriate costs for producers. This was evidenced in the impact assessment issued by BIS in 2013. Reflecting this, the JTA has invested considerable resources in preparing this Compliance Fee Proposal in support of the 2013 Regulations.

1.2.3 Collectively, the members of the Trade Associations that comprise the JTA employ nearly 1m staff in the UK, in around 7000 companies across all sizes of producers, from the very small to the very large, and supply to both the business-to-consumer and business-to-business markets. The JTA comprises all the major trade associations representing both business-to-consumer and business-to-business EEE producers in the UK. Moreover, this proposal has been prepared with the involvement of three producer-led WEEE compliance schemes and so it is likely that our combined membership represents approximately 90% of all WEEE producer obligations in the UK. This JTA proposal therefore strongly represents the voice of the Producer community and we believe it is fully consistent with the WEEE Directive's 'producer responsibility' duties.

1.3 The Joint Trade Association Group (Producer Responsibility) (JTA)

As explained previously, the WEEE Directive is a 'producer responsibility' measure. In order to ensure that the opinions of the producer community could be formulated and communicated to HM Government in as clear and effective a manner as possible, the major trade associations representing producers of electrical and electronic equipment (EEE) decided to work together on matters of common interest relating to producer responsibility, including the WEEE Regulations. Thus, in 2010 the 'Joint Trade Associations' group was formed. It comprised:

- AMDEA: the Association of Manufacturers of Domestic Appliances
- BEAMA: (originally an acronym for the British Electrotechnical and Allied Manufacturers' Association)
- BTHA: British Toys and Hobbies Association
- EEF: (Originally an acronym for the Engineering Employers Federation)
- Gambica Association: (Originally an acronym for the Group of Association of Manufacturers of British, Instruments, Control and Automation)
- Intellect: (now techUK, the trade association for the Information and Communication Technology and Consumer Electronics sectors)
- LIA: Lighting Industry Association
- PETMA: Portable Electrical Tool Manufacturers' Association
- SEAMA: Small Electrical Appliance Marketing Association

1.3.1 In addition to the above Trade Associations that comprise the membership of JTA, three producer-led Compliance Schemes (PCS's) that are closely linked with JTA members and support the aims of the JTA actively participate in the JTA. These PCSs, (ERP, Recolight and REPIC) offer technical support to the JTA

1.3.2 The JTA operated on an informal basis until 2014. However, in order to prepare this submission it was decided to put in place a formal constitution, and this was developed in early 2014. This body is still a grouping of trade associations i.e. it is an unincorporated body and not a legal entity. Now the constituted group is known as the Joint Trade Association Group (Producer Responsibility), although for brevity it still uses the initials JTA.

1.4 **Joint Trade Associations (Contracts) Ltd (JTAC)**

1.4.1 Because the JTA is not a legal entity a separate company, Joint Trade Associations (Contracts) Limited (JTAC), has been formed for the express purposes of entering into contracts with third-party organisations for services such as the Compliance Fee administration. JTAC has been established as a not-for-profit company, limited by guarantee rather than by shareholdings so that no distribution of funds to its members is possible. The members of JTAC are three trade associations within the JTA, namely AMDEA, LIA and TechUK (formally Intellect), whose membership have significant household WEEE obligations. The Directors of JTAC are senior representatives of these three Trade Associations.

1.4.2 By forming JTAC as described above and contracting-out responsibility for administering the compliance fee to a well-established, independent, organisation

we have ensured that all commercially sensitive information reported into the Compliance Fee administration system will be kept confidential within the independent administrator organisation only.

2. Executive Summary

2.1 Compliance Fee methodology

2.1.1 The recommended process to calculate the compliance fee is based on a methodology developed by FTI Consulting, a leading group of professional economists.

2.1.2 The calculation is based on the weighted average net cost of direct collections and treatment transactions incurred by PCS's that decide to use the Compliance Fee for a collection stream. This will exclude fixed overheads and the costs of indirectly acquired WEEE evidence. A separate fee is calculated for each collection stream of WEEE.

2.1.3 An escalation factor (the Escalator) will be applied to the calculation. The percentage increase in the fee depends upon how far away a PCS is from their collection target per stream. For PCS's that marginally miss their target the effect of the Escalator will be minimal, for a PCS making no effort to achieve their collection target per stream the effect of the Escalator would be to double the Compliance Fee.

2.1.4 With the impact of the Escalator plus other factors described in the Proposal and the administrative cost of using the compliance fee, the methodology is designed so that it will be more cost effective for a PCS to take all reasonable steps to meet their collection targets without recourse to the compliance fee.

2.1.5 A standard template form will be used for collecting data from PCS's that choose to participate in the Compliance Fee mechanism. Data submissions will be subject to validation for accuracy by the Administrator. Only the costs of those PCS's that choose to use a compliance fee for a stream will be used in the calculation unless certain exceptional circumstances apply.

2.1.6 A special case will apply for the Large Household Appliance stream, because most of the volume is collected by non-producer organisations due to the incentive of the net value of the materials. The proposal is that, for this stream, the compliance fee will be set at zero.

2.2 Independent Administrator of the Compliance Fee mechanism

2.2.1 Mazars LLP have been selected to be the independent Administrator of the Compliance Fee mechanism if the JTA Proposal is selected by BIS. Mazars is a UK top 10 accountancy firm, with extensive relevant experience, which is outlined in section 4 of this Proposal.

- 2.2.2 As the JTA is an unincorporated body, a legal entity, Joint Trade Associations (Contracts) Ltd (JTAC), has been formed for the purpose of managing the contract with the independent Administrator. JTAC is a not-for-profit company limited by guarantee and its members are three JTA trade association members with significant household WEEE obligations. They are; AMDEA, LIA and TechUK.
- 2.2.3 In the event that the JTA Proposal is not accepted by BIS, the full Administrator contract will not be activated and any costs incurred in the preparation work by JTAC directly or through the Administrator will be paid by JTAC.
- 2.2.4 The Administrator will be the contact point for PCS's that wish to use the Compliance Fee. It will receive and validate PCS cost data used to calculate the Fee and will advise PCS's of the resulting Fee they need to pay. The Administrator will receive payments into a dedicated client bank account, which they manage independently. Once payments have been received the Administrator will issue to the PCS concerned a Compliance Fee Payment Certificate (CFPC), for the PCS to use in making their own Declaration of Compliance.
- 2.2.5 The Administrator will keep strictly confidential all data they receive and distribute.

2.3 Disbursements of Compliance Fee Funds

- 2.3.1 Compliance fee payments by PCSs will form a Fund, managed by the Administrator, via a separate client bank account. The costs of setting up and administering the mechanism will be deducted, with all remaining funds then being available for Local Authorities (LA's) to apply for an allocation of funds for the improvement of collection, recycling and re-use rates for household WEEE.
- 2.3.2 Our proposal sets out a process for LA applications, including the establishment of an independent Judging Panel representing various stakeholders. Criteria for applications are in line with BIS Guidance. Decisions on approving applications and the level of funds applied to each will be made by the Judging Panel.
- 2.3.3 The Administrator will be responsible for carrying out reviews of completed projects to validate that funds were spent in line with the intended use approved by the Judging Panel.
- 2.3.4 There is at least one other BIS approved scheme for disbursing funds to LAs for improvements to collection, recycling and re-use of household WEEE. Our proposal advises that the JTA would be pleased to participate in coordination discussions between Schemes if BIS feel that would be useful in reducing administration for LA's

2.4 Governance and Confidentiality

- 2.4.1 The Compliance Fee mechanism will be operated by the Administrator on an independent, professional basis with high levels of integrity and open to all relevant parties to use.

- 2.4.2 Whilst the JTA is the proposer of this mechanism, it has ensured that neither the JTA, nor JTAC, nor any of their members can benefit financially from the scheme or access any confidential data within it or influence any awarding of funds/grants from it. The mechanism is independent but JTAC will manage the performance of the Administrator via a contract and regular reporting.
- 2.4.3 In the event that PSCs do not use the Compliance Fee at all (or use it very little) any costs of the Administrator or of the setting up process that are not covered by Compliance Fee income will be met by JTAC.

3. JTA proposal for the WEEE Compliance Fee for the 2014 Compliance Period

The JTA proposal for a compliance fee mechanism under Reg 76 of the WEEE Regulations is set out below. Additional details are contained in various appendices and cross-referenced in the proposal:

3.1 Compliance Fee Methodology and calculation

The calculation of Compliance Fees, per collection stream, is based on a methodology and formula developed and recommended by FTI Consulting (FTI), a leading group of professional economists. FTI are ideally placed to advise on the compliance fee methodology, having significant experience of using economic and financial analysis, and econometrics to assess complex pricing and valuation issues that occur in regulated industries. The full FTI report is attached as **Appendix 1**, setting out their analysis, their assessment of a number of alternatives and their recommended methodology and Fee calculation formula, together with their supporting rationale. The main steps of their recommended methodology and Fee calculation formula are contained in this Proposal and cross-referenced back to the full report.

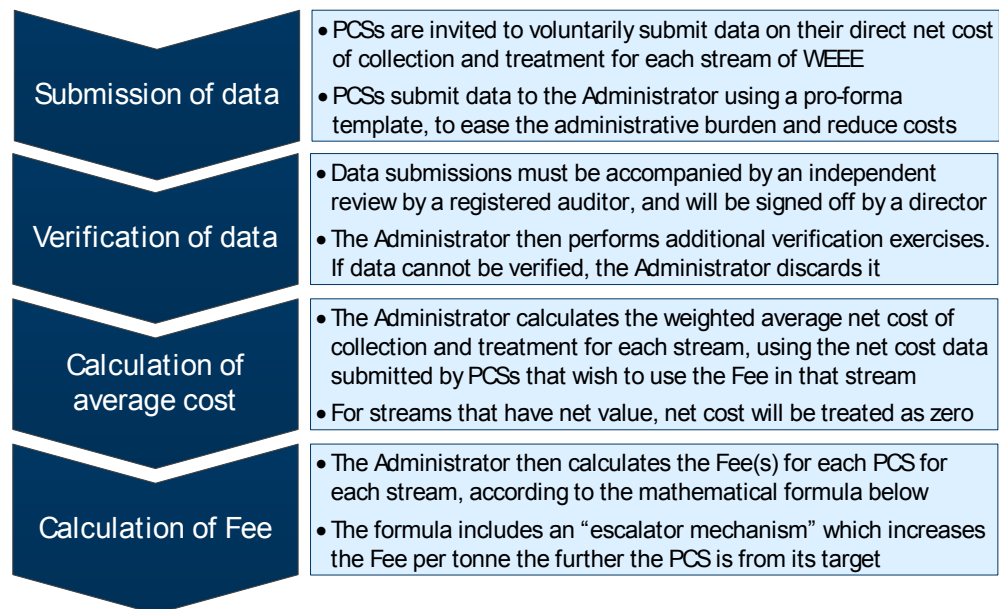
3.2 Compliance Fee Administrator (Administrator)

JTAC have carried out a selection process for the role of Independent Compliance Fee Administrator. From a number of potential providers JTAC have appointed Mazars LLP, a leading UK and international accountancy firm, who have relevant experience and credibility/integrity in terms of financial probity, providing accounting/administration services and acting independently. A fuller report on the profile, experience and qualifications of Mazars LLP in respect of the Administrator role is in Section 4 of this Proposal.

3.3 Calculation and payment of Compliance Fees

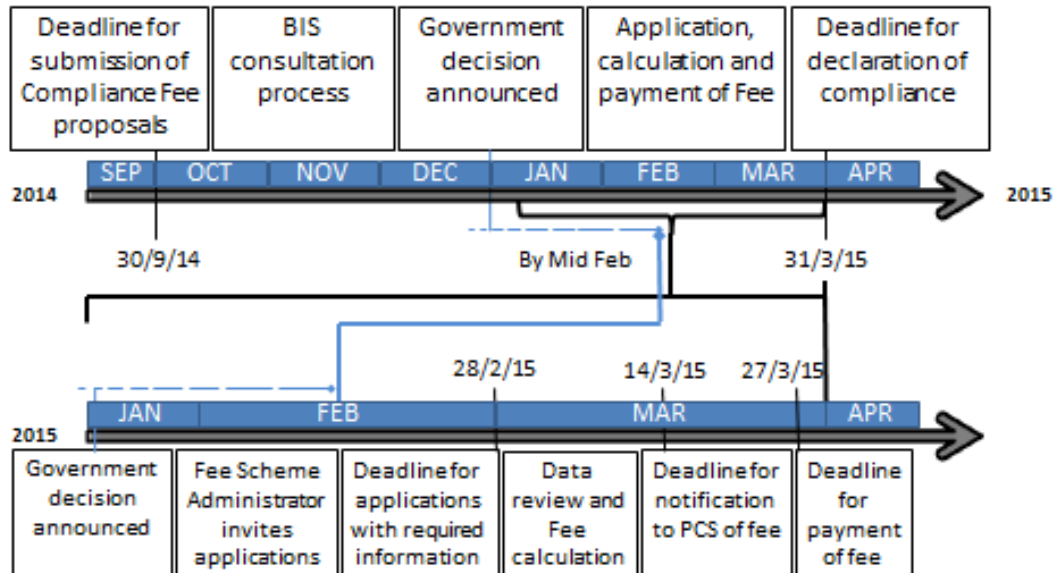
3.3.1 Summary flow diagram and timeline

A more detailed description of the process can be found in the FTI report in Appendix 1.



Compliance Fee Timeline

Applying to use the fee



3.3.2 Pre-announcement by BIS of any decision regarding the Compliance Fee for 2014.

In order to ensure full readiness when BIS announce their decision regarding any Compliance Fee mechanism for 2014, the JTAC appointed Administrator will put in place the basic systems and procedures for the calculation and payment of Compliance Fees by stream. This will include opening a dedicated client bank account, into which Compliance Fees would be paid. This work will be done prior to the BIS decision on whether a Compliance Fee Mechanism will apply and at the risk of JTAC.

This will not be necessary for disbursements of Compliance Fee funds as there will be sufficient time after the BIS decision for systems to be in put place before they need to be used.

3.3.3 Post-announcement process for calculation and payment of Compliance Fee

3.3.3.1 Immediately following any announcement by BIS introducing a Compliance Fee mechanism for 2014, and if the JTA Proposal is selected, the Administrator will contact all PCS's and ask them to confirm if they wish to use the Compliance Fee Mechanism and, if they do, to sign to confirm their acceptance of the Terms and

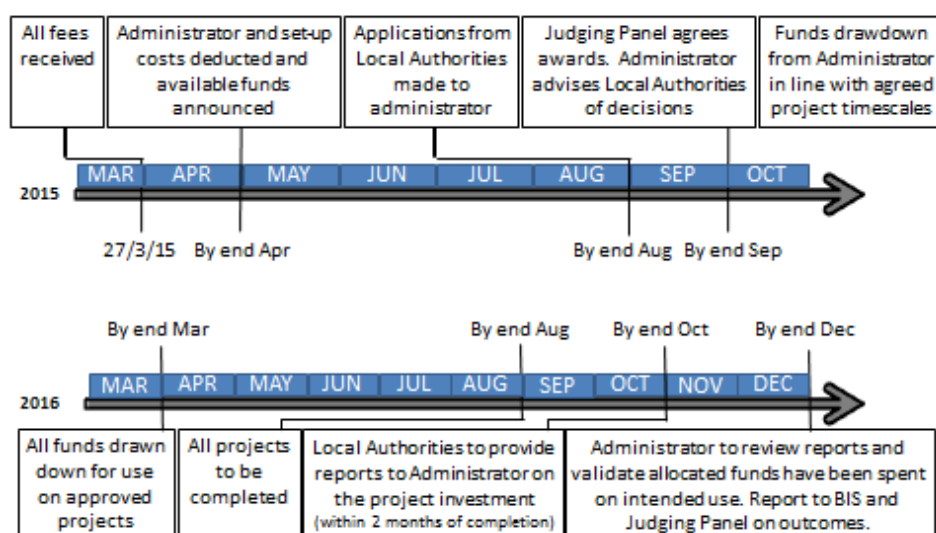
Conditions (covering such matters as confidentiality and compliance with the requirements of the mechanism, as set by the Secretary of State).

- 3.3.3.2 A PCS decision to use the Compliance Fee must be advised to the Administrator promptly, and at the latest by 28th February 2015, to allow time for calculations and payment of any resulting fees. PCS's will know by end of January 2015 whether they are short of evidence for any collection streams and therefore need to use a Compliance Fee. A non-response will be assumed by the Administrator to be a decision that the PCS does not need to use the Compliance Fee mechanism.
- 3.3.3.3 The PCS submits data for each stream for which they need to use the Compliance Fee mechanism to the Administrator by 28th February, using the pro forma template referred to in 3.3.1, together with an independent review of the data, and signed by a Director.
- 3.3.3.4 The Administrator carries out an appropriate level of verification on the data submitted by the PCS and clarifies any lack of clarity or inconsistencies with the PCS.
- 3.3.3.5 The Administrator then calculates the Compliance Fee per stream on a weighted average of direct collection costs, using only the data provided by those PCS's who need to use the Compliance Fee. The calculation is based on the formula developed and recommended by FTI Consulting, section 7, paragraphs 7 - 10. The calculation itself is described in paragraphs 24 to 29 of section 7 of the FTI report in Appendix 1. The resulting fee per collection stream is then advised to those PCS's that need to use it, adjusted by the Escalator mechanism, see section 7, paragraphs 30 - 38 of the FTI report in Appendix 1, by 14th March 2015.
- 3.3.3.6 PCS's pay the Compliance Fee into the dedicated Compliance Fee client bank account as soon as possible after being advised by the Administrator of the fee to be paid and at the very latest in sufficient time for funds to clear by 27th March 2014. Once funds are cleared and in the client bank account, the Administrator will issue a Compliance Fee Payment Certificate (CFPC) to the PCS. This will be done immediately after the funds have been cleared and at the latest by 30th March 2014. The CFPC will confirm the information provided by the PCS (i.e. PCS target, actual evidence and resulting evidence gap in tonnes, per collection stream), and confirm the compliance fee paid and received in the Compliance Fee Fund, in respect of the evidence gap per stream.
- 3.3.3.7 The Administrator will send a summary to each Environment Agency confirming which PCS's have used the Compliance Fee and the tonnes of evidence per stream for which a compliance fee has been paid.
- 3.3.3.8 The Administrator will confirm to BIS and JTAC, by the end of April 2015, the total amount of Compliance Fee funds expected to be available for Local Authorities to make applications against, after allowing for the costs of setting up, managing and administering the Compliance Fee mechanism. This will be estimated to some degree, as it will include the costs of administering the disbursement of funds,

including the judging process, which will only be incurred during the remainder of 2015 and during 2016.

3.4 Disbursements of Funds

Disbursements Timeline Applying for finance from the Compliance Fee Fund



Value of Fund announced

- BIS and Administrator announce the value of the Compliance Fee Fund (Fund) in respect of the 2014 compliance period
- Depending on the value of the Fund available, an appropriate level of awareness-raising is undertaken

LAs make applications for project funding from the Fund

- Local Authorities (LAs) make applications to the Fund for disbursements to support projects to improve collection, recycling and re-use rates for household WEEE. A standard template form is used
- Closing dates for applications is 31st August 2015, allowing up to 4 months for LAs to make their submissions
- The Administrator will check each application for completeness and clarity and submit them to the Panel

Panel reviews applications and decides allocations of Funds, which the Administrator advises to the LAs

- An independent Judging Panel (Panel), which is representative of the various parties involved, meets to review all applications received
- The Panel assess applications against criteria in the BIS Guidance and the Application form, plus a weighted assessment of factors such as environmental benefits, innovation, sustainability and value for money
- The Administrator will advise each applicant of the Panels decision

Draw-down of approved Funds

- The Administrator agrees with each LA a timetable for the draw-down of Funds reflecting the timetable and the value of the approved project
- All Funds have to be drawn-down by end March 2016

Final date for completion of approved projects and reporting to the Administrator

- All projects to be completed by 31st August 2016
- LAs provide reports to the Administrator, using a standard template form to simplify the process, showing how the Funds have been applied against the intended use
- The reports are to be submitted within 2 months of the project being completed and therefore at the latest by 31st October 2016

Administrator to

- The Administrator will review each report with the applicant to validate that the funds have been applied to the intended use and to assess the benefits arising from the investment

3.4.1 **Summary process for Disbursements from the Compliance Fee Fund**

A more detailed description of the process can be found in **Appendix 2** “Process for Disbursements from the Compliance Fee Fund”.

- 3.4.1.1 The value of the Compliance Fee Fund available for Disbursements will be advised to Local Authorities by the end of April 2015, by BIS and the Administrator.
- 3.4.1.2 Local Authorities will then be able to make Applications for funds, using a standard template (see **Appendix 6**) to support new projects that meet the criteria set out in the BIS Guidance documents; i.e. increases in collection rates, recycling and re-use. The disbursements process has been kept simplified in order to reduce administration work, with submission via email, albeit the opportunity to develop IT solutions in the longer term is there. The closing date for Applications is the end August 2015.
- 3.4.1.3 A Judging Panel representative of the relevant stakeholders will assess all applications against the criteria set out in the BIS Guidance plus a weighted assessment of factors such as environmental benefits, innovation, sustainability and value for money. Funds will be awarded taking into account the level of Compliance Fee Funds available. Local Authorities will be advised of the outcome regarding their application by end September 2015.
- 3.4.1.4 Draw-down of funds will be agreed by the Administrator with the Local Authorities, together with expected completion dates for the projects. Final payment of funds will be by end March 2016 and completion dates for projects by end August 2016.
- 3.4.1.5 Local Authorities will be asked to provide a written report within two months of the completion of the project, so therefore at the latest by end October 2016.
- 3.4.1.6 The Administrator will review the report and discuss it with the Local Authority to validate the expenditure of the funds against the intended use. This will be a desk review but in exceptional circumstances the Administrator may carry out a field visit with the support of the Local Authority. The Administrator will report to the judging panel and BIS on the outcomes of the validation process and advise of any concerns.

3.4.1.7 In the exceptional event that, after the judging process and allocation of funds against the applications received, any residual money remained in the Compliance Fee Fund, the Administrator will agree with BIS and the judging panel how those funds are to be used. Some options are outlined in the detailed process in **Appendix 2**

3.4.1.8 The JTA is aware that there is at least one other BIS sponsored scheme, the Distributor Take-back Scheme (DTS) that disburses funds to Local Authorities to support projects aimed at improving the UK household WEEE system. This JTA proposal therefore recognises that there could be some benefits to Local Authorities in seeking to co-ordinate and “standardise” the processes between schemes to the extent possible, given the different legal base and source of funds. The JTA would be pleased to participate in such discussions should BIS consider this to be something worth exploring.

3.5 **Governance of the JTA Proposal for a Compliance Fee Mechanism:**

The broad principles of the mechanism are as follows:

3.5.1 To ensure that the Compliance Fee mechanism put forward in this JTA proposal is operated on an independent, professional basis, with high levels of integrity throughout, is open to all relevant parties to use as required and that there are no conflicts of interest.

3.5.2 Whilst the JTA is the Proposer of this Compliance Fee mechanism it has ensured that the process is designed in such a way that neither the JTA, JTAC, nor any of their members can benefit financially from the scheme or access any confidential information within it or influence any awarding of funds/grants from it (other than as one of the judging panel if so appointed by BIS).

Fuller details of the Governance model are in Section 5 of this Proposal.

3.6 **How the JTA Proposal matches with BIS Guidance on submitting Compliance Fee proposals:**

3.6.1 **Key Principles** detailed in BIS Guidance for submission of Proposals to BIS for a compliance fee under the WEEE Regulations 2013 - please see **Appendix 3** for an analysis in respect of matching of requirements.

3.6.2 **Key features** detailed in the BIS Guidance referred to in 3.6.1. - please see **Appendix 4** for an analysis on the same basis as in 3.6.1.

3.6.3 **Evaluation Criteria** detailed in BIS Guidance on submitting proposals for a WEEE Compliance Fee Methodology, issued August 2014 - please see **Appendix 5** for a schedule of cross-references to the relevant part of this Proposal.

4. Our chosen administrator

4.1 Background

In considering how the administrator services would be provided, the options studied were; the use of in-house resources from a JTA or JTAC member, recruitment of staff by JTAC, and outsourcing the key administrative functions.

4.2 Decision to outsource

It was decided to outsource the administrator role for the following reasons;

- Ensure confidentiality of commercial information
- Ensure appropriate experience and knowledge available
- Ability to innovate and develop the service depending on uptake
- Provide continuity in team and processes
- Provide adequate and flexible level of resource to respond to variable workload
- Value for money

4.3 Evaluation process

The JTA selected a number of potential organisations to provide a proposal to deliver Compliance Fee services, including Environmental Consultants, Accountancy firms and Trade Associations/outsourcing companies. Of these, three were shortlisted for final consideration by JTAC. The decision of JTAC was to appoint Mazars LLP, a Top 10 UK Accountancy firm, as Compliance Fee Administrator to support the JTA Proposal.

4.4 Mazars' background

Mazars is an international, integrated and independent organisation, specialising in audit, advisory, accounting and tax services. The Group operates in 72 countries and draws on the expertise of 13,800 professionals to assist major international groups, SMEs, private investors and public bodies at every stage in their development. In the UK, Mazars has 125 partners and over 1,400 staff serving clients from 20 offices, and is ranked as the ninth largest accountancy firm nationally.

The core values of Mazars define how the firm operates. These values are; integrity, independence, respect, responsibility, diversity and continuity. They translate into a clear obligation to provide independent advice of the highest quality.

In understanding that no two clients are the same, Mazars is practiced in developing and implementing customized solutions. Combining expertise in outsourcing, working with 'public interest' entities and clients across many industries, Mazars has the capacity to deliver each element of the administrator role to the highest standards.

4.5 Key areas of Mazars' proposal

4.5.1 Segregation of duties and conflicts of interest

Mazars will operate a client account on behalf of JTAC, which will be used to collect funds from the relevant PCS organizations. This account is held separately and, as part of the strict confidentiality conditions regarding payment of PCS compliance fees, is not accessible for view by JTAC. Should conflicts of interest be identified, the firm is large enough to mitigate these through the appointment of separate teams under differentiated management structures.

4.5.2 Industry knowledge

Mazars has experience of working with companies in the WEEE sector and has familiarity with the relevant WEEE legislation. They also have substantial experience in the not-for-profit sector and working with government agencies. This knowledge and experience will be used to ensure the professional implementation of the WEEE compliance fee methodology, project funding applications and the subsequent reviews thereof.

4.5.3 Flexible solutions

The organisation has the ability to be flexible in the services it provides and can tailor these to the relevant take up of the scheme. Initially a straightforward off-line IT led solution would be implemented, however if volumes were seen to be sufficient, investment in the implementation of a portal would be considered.

4.5.4 IT systems & security

Mazars considers the information it holds as of the utmost importance. It is essential that this information is protected from a wide range of threats in order to preserve confidentiality and integrity. Mazars protects its information by establishing and maintaining an information management system following the best practice controls set out in ISO/IEC 27001.

Within this context, Mazars has in place controls over both virtual and physical security including disaster recovery plans, automatic data back-ups and power outages. With regard to access controls, each individual at the firm has separate log-ins, which are enforced with regular updating of passwords and on-going training regarding information security. Access to networks and data is restricted based on individual credentials and mobile working is supported by full encryption.

From an operational perspective, Mazars has extensive capabilities to develop technology driven solutions either through intelligent use of software or the development of technology, such as portals, to the benefits of its clients. This could provide innovation in the way the compliance fee service is delivered both to the PCSs and the local authorities when applying for grants.

4.6 **Capacity**

The firm has 125 partners and over 1,400 staff in the UK and offices across the country. This provides the capacity to deal with the possible fluctuations in demand, support field visits to validate project spending if needed and generally respond to issues that might arise.

4.7 **Governance**

Mazars operates in a regulated environment and is principally regulated by the ICAEW. The team members chosen for the assignment are members of their professional body and are bound by its code of conduct.

The Administrator services will be led by a Partner, who will be involved in the set up and overseeing of all aspects of the project. A manager is allocated to organise the set-up of the system and ensure deadlines are met and that the process is running smoothly. There will also be a team of less senior staff members to work on the processing of transactions and producing the reports for review as required.

4.8 **Value for money**

A market competitive offer to provide compliance fee administration services was received.

5. **Governance**

Key points of the governance of the system:

- 5.1 This JTA proposal is designed to ensure that the process is open and transparent; accessible on an equal basis to all relevant organisations that need to use it; operated on an independent, professional basis with high levels of integrity and with no involvement by the JTA in its administration.
- 5.2 The JTA has initiated the establishment of JTAC as the legal entity to manage the independent Compliance Fee Administrator. The independent Administrator is responsible for the operation of the Compliance Fee process in the JTA proposal. The JTA will continue to provide resource and expertise to JTAC, and also to the Administrator, regarding the content and operation of the WEEE Regulations but will not be involved in the management and operation of JTAC or the Administrator contract.
- 5.3 JTAC is a legal entity, formed by three Trade Association members of the JTA with significant household EEE/WEEE obligations. It is a not-for-profit company, limited by guarantee, with no shareholdings and its Constitution prohibits any distribution of funds to its members. It has a Board of Directors, comprising a senior representative from each of the Trade Association members, who are responsible for the proper running of the Company

- 5.4 JTAC has selected an independent Administrator of the Compliance Fee system, responsible for the calculation of compliance fees and the management of any Compliance Fee funds through a dedicated client bank account. The selected Administrator (Mazars) is a UK Top 10 Accounting firm experienced in accounting, auditing, managing client bank accounts and managing commercially confidential information in an impartial and independent manner.
- 5.5 JTAC will manage the performance of the Administrator of the system, without any access to confidential, commercially sensitive, information provided by either PCS's or Local Authorities to the Administrator. For further transparency, an appropriate level of confidential oversight reporting by the Administrator of the Compliance Fee system directly to BIS can also be provided, if required by BIS.
- 5.6 The contract for the Administrator services will be between JTAC and the appointed Compliance Fee Administrator. Responsibility for the effective and efficient performance of the Administrator is placed with the Board of Directors of JTAC on the one hand and a Partner of the Compliance Fee Administrator firm on the other hand. The contract will specify the services to be provided and the Key Performance Indicators (KPIs) required for those services, which will be monitored through regular reporting and meetings. The contract will specify the requirement for confidentiality regarding any commercially sensitive market information in order to ensure no breach of competition law. In this respect the Administrator is required to keep all such information strictly to specified staff members within their own organisation and not to disclose any such information outside their own organisation, including not to JTAC or JTAC members.
- 5.7 The Compliance Fee process is open to any party entitled to and wishing to use it i.e. all PCS's wishing to make use of the Compliance Fee mechanism; all Local Authority organisations wishing to apply for grants from any Compliance Fee funds that are available.
- 5.8 PCS's and Local Authority Organisations will be required to use the system in accordance with the agreed procedures, including timing of any decisions or applications.
- 5.9 The Judging Panel for assessing applications from Local Authority Organisations will be an independent body representative of the various interests involved. The Compliance Fee Administrator will provide the secretarial support to the panel and execute the decisions made but will not contribute to the decision-making of the panel.
- 5.10 A PCS that decides to use the Compliance Fee mechanism will be required to submit accurate information signed off by a Director and backed up with an independent review. (see 3.3.3.3) .
- 5.11 Approved applications for project funding from the Compliance Fee funds will be subject to post-investment validation by the Administrator to ensure that the funds were applied to the intended use.

- 5.12 In the event that the Compliance Fee option does not need to be used by PCS's or is used very little, resulting in uncovered costs of managing and administering the Compliance Fee mechanism, those uncovered costs will be paid by JTAC.

6. **List of Appendices**

Appendix 1	FTI Report on methodology for the calculation of a Compliance Fee
Appendix 2	JTA detailed proposal for disbursements of funds collected
Appendix 3	How JTA Proposal matches against the Key Principles set out in BIS Guidance
Appendix 4	How JTA Proposal matches against the Key Features set out in BIS Guidance
Appendix 5	How JTA Proposal matches against the Evaluation Criteria set out in BIS Guidance
Appendix 6	Draft Application form for Disbursements from the Compliance Fee Fund