

WEEE Compliance Fee Evaluation Form

Evaluator Name: Consensus comments

Bid Name: Valpak

Evaluators should measure each proposal against the published evaluation criteria (repeated in the tables below) and award a score for each of the five broad areas that is in line with the following descriptors:

Descriptors

0 - Unacceptable - Nil or inadequate response. Fails to demonstrate an ability to meet the requirement

1 - Poor - Response is partially relevant and poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled

2 - Acceptable - Response is relevant and acceptable. The response demonstrates a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas

3 - Good - Response is relevant and good. The response demonstrates a good understanding of the requirement and provides sufficient details on how the requirement will be fulfilled

4 - Excellent - Response is relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full.

The mark for each question will be multiplied by the relevant weighting and all weighted marks added together to give a final score. The maximum score available is 60 marks.

1 - Proposed methodology for the calculation and administration of the fee.

Weighting 5 = 20 marks available

Criteria	Evaluator comments
<p>Proposals should cover the following key areas. The methodology should:</p> <ul style="list-style-type: none">• encourage compliance through collection and treatment of WEEE by PCSs via DCF collections, Regulation 43 or 52;• reflect the different market economics associated with collection, treatment and environmentally sound disposal of the 6 WEEE collection streams;• set out a methodology for calculation of a compliance fee across each WEEE collection stream and argument/evidence in support of that methodology;• be stream specific, i.e. a PCS short of their targets by 10 tonnes of Display and 15 tonnes of Cooling will pay a fee specific to their shortage in each stream rather than a generic fee for a shortage of 25 tonnes. Proposals may consider circumstances where a negligible or zero fee might be appropriate;• Indicate the extent to which the feasibility of the fee has been tested robustly;	<p>The proposal states incorporation of uplift will act as disincentive to under collect. However, the 75th percentile lacks sufficient explanation as to how this will be calculated, even with further clarification.</p> <p>No evaluation of percentile options has been provided and there is no rationale supporting the use specifically of the 75th percentile or the 90th percentile as being the most effective in incentivising collection over payment of the fee.</p> <p>The rationale behind requesting PCSs to submit the high low and middle costs is not clearly explained, nor how these costs would be used to calculate the base fee. We note that further clarification on PCS cost data submission was provided although even with this additional information there was still a lack of detail on the fee calculation process.</p> <p>Using a median average to calculate the base fee is a robust approach as the median excludes outliers in the data which, if these outliers were used, could skew the figures.</p> <p>Concern about the level of detail on the cost data that is proposed to collect from PCSs. Also concern that the cost data incorporates costs that producers are not obliged to pay under the regulations e.g. rebates to local authorities and "legitimate local authority costs". It also includes what appear to be certain</p>

- describe how the overhead costs of calculating, setting up and administering the compliance fee mechanism and disbursement of funds will be met. This should include contingencies for a situation of minimal up take or zero up take amongst PCSs;
- allow innovation;
- consider the impact of and comply with other relevant law, for example Competition Law;
- consider sound contingencies plans e.g. for failing schemes or new entrants;
- describe what information must be provided by PCSs, including evidence of auditing arrangements that ensures declarations of payments by PCSs (if needed) are robust, and how commercial confidentiality will be maintained;
- describe the mechanism by which PCSs can pay the fee, what information must be provided and commercial confidentiality will be maintained;
- describe the mechanism for ensuring the environment agencies receive necessary evidence that an appropriate compliance fee has been paid by PCSs. The agencies must be able to recognise, when accepting a Declaration of Compliance from a PCS, that it is comprised of WEEE evidence and payment of a compliance fee. Validation of payment of the compliance fee must not place significant additional burdens on the agencies;

overhead costs. We do not believe a PCS that has sought to achieve compliance through collections but whom falls short of their target in any given stream is likely to have incurred significantly different overhead costs compared to those that have met their target. Some responses to the consultation highlighted that producers should only be liable for costs from the collection of the WEEE onwards. Costs prior to collection such as bidding costs should not be incorporated into cost data.

Concerns were raised about the options for non-fee users to submit data, which would then be used to set the fee as non-fee users may have perverse incentives to provide data that sees the fee set at a high a rate as possible.

Requiring PCS who have met their obligations to submit cost data to the scheme administrators adds an additional burden to those PCS who have achieved their collections.

The linear escalator is preferred to the banding multiplier as those who find themselves on the lower edge of a band in the banding multiplier would be excessively penalised compared to utilising a linear escalator. This concern was shared by some consultation responses and devolved administrations.

The inclusion of an option to offset a lower stream with over collection in a high stream is not stream specific. It is therefore not consistent with the need to ensure payments of the fee properly reflect the need to encourage PCSs to achieve compliance by undertaking collections.

The fee has not been robustly tested although one PCS that formed part of the bid did provide some scenario data as part of

<ul style="list-style-type: none"> • set out evidence of auditing arrangements that ensures declarations of payments by PCSs are robust; • explain the extent to which interested parties including producers, local authorities or other organisations have been consulted in developing the proposal. 	<p>their response to the consultation.</p> <p>Concerns over the validation of cost data as this is done internally and not subject to any more formal auditing. It is proposed to request data from AATFs as part of the validation process. Concerns that this brings new administrative burdens to recyclers and they cannot be mandated to do this. The panel notes that responses to the consultation have suggested an amendment to include more stringent auditing requirements similar to that proposed by the JTA.</p> <p>The mechanism for payment has been clearly described.</p> <p>It is noted that the EA would be expected to provide the operator with collection data and target data for each PCS. The agencies would not be able to provide such data to a 3rd party for data protection reasons. That, however, would not prevent the proposed system from operating since PCSs seeking to use the fee could simply provide information on their statutory targets and the shortfalls against these targets.</p> <p>We are content with the process by which the evidence is provided to the Agencies to demonstrate compliance fees have been paid.</p> <p>Limited evidence has been provided in the proposal of consultation with other stakeholders.</p>
Score (0 - 4)	2
Weighted score (x5)	10

2 - Proposed methodology for the dispersal of funds

Weighting 4 = 16 marks available

Criteria	Evaluator comments
<p>As a minimum, proposals should cover the following key areas. The methodology for the dispersal of funds should:</p> <ul style="list-style-type: none">• provide evidence of the suitability of the proposed operator that will administer the Compliance Fee Process;• set out the governance arrangements for the receipt and disbursement of any compliance fees paid;• set out how disbursements of compliance fees will be validated with regards to their intended use;• ensure payments received establish a fund from which disbursements will be made and recover the costs of administering the compliance fee process.• show details of the mechanism for dispersal of funds collected and how validation will take place to show that	<p>The panel does not support a proposal to use the compliance fee funds to pay PCSs who have over collected.</p> <p>The proposal lacks detail on how the administrative costs will be recovered from PCSs that need to use the compliance fee in the event that the take up is low.</p> <p>The proposal to use the existing DTS project fund will save administrative costs. This was also recognised as a positive in the consultation responses and the devolved administrations. However, the proposal assumes that BIS will be responsible for developing and communicating the criteria for disbursement. There has been no consultation with BIS and our ability/capacity to do this in the event that the amount collected is significant.</p> <p>The proposal does not set out how the administrative costs would be funded in the event that the fee collected is lower than the administrative costs. The proposal recognises that there may be an issue with potentially collecting a large fund but does not set out how this would be addressed, only that it will consult</p>

<p>the funds have contributed to higher levels of collection, recycling and re-use of WEEE. This must address the scenario of low up take and minimal levels of funds being collected;</p> <ul style="list-style-type: none"> • recognise the critical role that local authorities (and their partner organisations) play in WEEE collections; • encourage increased volumes of separately collected WEEE and increased recycling in line with BATTTR requirements and legitimate re-use; 	BIS.
Score (0 – 4)	2
Weighted score (x4)	8

3 - Proposed timetable for implementation and operation

Weighting 3 = 12 marks available

Criteria	Evaluator comments
<p>As a minimum, proposals should cover the following key areas. The timetable should:</p> <ul style="list-style-type: none"> • Provide a realistic and comprehensive plan for 	<p>One day to validate data appears ambitious</p> <p>Contingencies have been set out in the proposal</p>

<p>implementation and operation;</p> <ul style="list-style-type: none"> • Show a clear process for staffing the proposals; • Show a clear process for developing and implementing the IT systems; • Demonstrate an understanding of project dependencies; • Have appropriate contingency plans in place. 	<p>Little room for slippage in the timetable</p> <p>Understanding of dependencies demonstrated in timeline</p> <p>Many consultation responses suggested the timeline was realistic and achievable</p>
Score (0 – 4)	3
Weighted score (x3)	9

4 – Experience of proposer and proposed operator

Weighting 2 = 8 marks available

Criteria	Evaluator comments
<p>As a minimum, proposals should cover the following key areas. Proposers and proposed operators should demonstrate:</p> <ul style="list-style-type: none"> • A proven track record of financial probity combined with 	<p>T2E, as the proposed operator, demonstrate evidence of experience in the packaging regime</p> <p>Separate account to receive funds would be set up to ensure</p>

<p>practical experience of working in a regulatory environment,</p> <ul style="list-style-type: none"> • A clear strategy for identifying and effectively mitigating risks arising as a result of any conflicts of interest • Experience of setting up systems to allow data to be submitted and processed effectively • Experience of developing robust proposals for Government 	<p>funds are independently accounted for.</p> <p>Lack of detailed strategy for addressing any potential conflicts of interest. Consultation respondents were also concerned that conflicts of interest were not addressed sufficiently.</p> <p>Lack of evidence for operator provided on developing any proposals for government.</p>
Score (0 – 4)	2
Weighted score (x2)	4

5 - IT systems

Weighting 1 = 4 marks available

Criteria	Evaluator comments
As a minimum, proposals should cover the following key areas.	The proposal states that the current PRN system will be converted for use in WEEE. The panel questioned how similar

<p>Proposals should demonstrate:</p> <ul style="list-style-type: none"> • Appropriate IT systems • Appropriate IT backup systems • Appropriate IT support 	<p>the PRN system is to the proposed WEEE compliance fee system.</p> <p>The proposal demonstrates an appropriate IT system.</p> <p>T2e has appropriate IT back-up in place.</p>
Score (0 – 4)	3
Weighted score (x1)	3

	Weighted score
Question 1	10
Question 2	8
Question 3	9
Question 4	4
Question 5	3
Total (out of 60)	34

