

## WEEE Compliance Fee Evaluation Form

Evaluator Name: Consensus comments

Bid Name: JTA

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"> <li>• encourage compliance through collection and treatment of WEEE by PCSs via DCF collections, Regulation 43 or 52;</li> <li>• reflect the different market economics associated with collection, treatment and environmentally sound disposal of the 6 WEEE collection streams;</li> <li>• set out a methodology for calculation of a compliance fee across each WEEE collection stream and argument/evidence in support of that methodology;</li> <li>• 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;</li> <li>• Indicate the extent to which the feasibility of the fee has been tested robustly;</li> </ul>	<p>The use of weighted mean average cost data is deemed an appropriate method as it does not allow outliers to skew data.</p> <ul style="list-style-type: none"> <li>• Easier for PCSs to submit cost data as a mean average as opposed to a median</li> <li>• Less risk of error as PCSs would not have to undertake any calculation themselves as opposed to establishing a median</li> <li>• A mean average can also be further used to extrapolate more data</li> </ul> <p>The inclusion of an escalator incentivises collections as the cost of the fee is above the mean average costs of those accessing the fee. It also reflects the different economics of each of the WEEE streams.</p> <p>The proposal sets out a clear argument for a zero fee for LDA. To impose a fee based on the formula proposed could have a significant and detrimental impact on any PCSs seeking to use the fee for LDA in circumstances in which they collect from high cost areas, creating potential unnecessary market uncertainty for local authorities in those areas.</p> <p>The request for under collectors to submit data is less burdensome and more practicable than requesting data from all PCSs. Some consultation responses were concerned that the</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;

fee would be calculated using only data from those schemes needing to use the fee rather than data from all schemes. However, combined with the stringent audit requirements BIS thinks this approach reduces the risk of the data being skewed by schemes with perverse incentives that do not need to access the fee.

The proposed audit of all data submitted by PCSs is robust and mitigates against the risk of misreported data.

The proposal sets out different options which have been developed by a respected independent firm of economic analysts. It sets out a clear appraisal framework by which they have assessed the options and have provided a clear economic justification in support of their preferred methodology.

The consideration of an escalator system from the outset is beneficial. The exclusion of overhead costs is a reasonable approach which makes the base fee cost reflective of actual / marginal costs associated with recycling extra tonnage necessary to achieve target. Only costs that the WEEE Regulations impose on producers are included which is fair.

Some consultation respondents felt that the weighted mean cost would not reflect the cost of collection and treatment in remote areas and could lead to the compliance fee being cheaper than collection and treatment costs from these remote areas. BIS acknowledges this as a possibility. However, it has concerns that such costs for a relatively small tonnage could disproportionately skew the compliance fee. Additionally, any risk that PCSs could avoid collecting from such areas is addressed by regulation 34 which guarantees collection from all

- 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.

#### LA DCFs

The rate of increase in the escalator becomes more extreme as the shortfall increases i.e. the marginal cost of under collection increases which ensures any PCSs that do not take steps to undertake collection and rely significantly on the fee will pay a higher cost per tonne. We believe this will encourage compliance through collection as opposed to payment of the fee.

There may be exogenous factors whereby schemes cannot meet their targets despite taking reasonable steps to do so. This escalator, whilst encouraging physical collections, ensures PCSs won't be excessively penalised if this is the case.

The proposal would allow innovation by stimulating competition for efficient collection systems.

The proposal lacks information on Mazaar's administrative costs on running the scheme. However it does include a clear contingency plan in the event of administrative costs being incurred for when the fee recovered does not cover the costs incurred. The proposal also states that a number of organisations were invited to pitch to take on the role. We are therefore reassured that a value for money offer has therefore been received from Mazaars

The PCS data/information template submitted should support accurate data submission and there is a clear process for verification by auditors. The audit process and the timescales for completing could be burdensome on some small PCSs. However, on balance it was considered that the advantage of a limited independent audit of data outweighed the costs incurred

	<p>by those seeking to use the fee. It is only those that wish to access the fee that will incur those additional costs.</p> <p>There is clear evidence of consultation with stakeholders and representative bodies of local authorities, although feedback from Northern Ireland suggests they had not been consulted.</p>
<b>Score (0 - 4)</b>	<b>3</b>
<b>Weighted score (x5)</b>	<b>15</b>

## 2 - Proposed methodology for the dispersal of funds

**Weighting 4 = 16 marks available**

<b>Criteria</b>	<b>Evaluator comments</b>
<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"> <li>• provide evidence of the suitability of the proposed operator that will administer the Compliance Fee Process;</li> <li>• set out the governance arrangements for the receipt and</li> </ul>	<p>The system of disbursement is robust and detailed and involved discussion and input from local authority groups</p> <p>A respected accountancy firm has been proposed for the management of funds. This provides reassurance on the appropriate governance and management of the funds</p> <p>No detail has been provided on managements costs for</p>

<p>disbursement of any compliance fees paid;</p> <ul style="list-style-type: none"> <li>• set out how disbursements of compliance fees will be validated with regards to their intended use;</li> <li>• ensure payments received establish a fund from which disbursements will be made and recover the costs of administering the compliance fee process.</li> <li>• show details of the mechanism for dispersal of funds collected and how validation will take place to show that 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;</li> <li>• recognise the critical role that local authorities (and their partner organisations) play in WEEE collections;</li> <li>• encourage increased volumes of separately collected WEEE and increased recycling in line with BATRT requirements and legitimate re-use;</li> </ul>	<p>disbursing the fund and how this will impact on the amount available for projects. However, Mazaars were selected following a competitive bidding process which gives reassurance that a value for money offer has been received</p> <p>It has been noted that this method is more suited when there is a substantial pot of money. The proposer's suggestion of discussions with the DTS to discuss areas of standardisation of both bidding processes is welcome. But the proposal does not clearly address the scenario in which only a very small amount of surplus is available following deduction of administrative costs.</p> <p>The proposed criteria that projects will be measured against builds on the broad criteria set out in guidance and include a well-developed draft application form. It is reassuring to see that LAs were consulted on its development and their comments are included in the proposal.</p> <p>Some consultation respondents were concerned that this fund was a duplication of the DTS fund and could be administered in a more cost effective manner by combining the two streams. BIS acknowledges that there may be efficiencies to be gained through a combined management approach with the DTS scheme.</p>
<b>Score (0 – 4 )</b>	<b>2</b>
<b>Weighted score (x4)</b>	<b>8</b>



### 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"><li>• Provide a realistic and comprehensive plan for implementation and operation;</li><li>• Show a clear process for staffing the proposals;</li><li>• Show a clear process for developing and implementing the IT systems;</li><li>• Demonstrate an understanding of project dependencies;</li><li>• Have appropriate contingency plans in place.</li></ul>	<p>The timetable is realistic which was reflected in many of the responses to the consultation. Other points set out in the criteria for this aspect of the methodology have all been addressed in the proposal. In particular the proposal sets out how administrative costs incurred will be recovered in the event that they cannot be recovered in full through compliance fee payments</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"><li>• A proven track record of financial probity combined with practical experience of working in a regulatory environment,</li><li>• A clear strategy for identifying and effectively mitigating risks arising as a result of any conflicts of interest</li><li>• Experience of setting up systems to allow data to be submitted and processed effectively</li><li>• Experience of developing robust proposals for Government</li></ul>	<p>The proposal provides detailed information on Mazaar's proven track record of financial probity and practical experience of working in a regulatory environment.</p> <p>The proposal provides clear information on the steps taken to protect confidentiality via different management structures.</p> <p>The proposal does not supply, in respect of the proposed operator, information or examples of experience on developing robust proposals for Government. Whilst we note the extensive background information provided there is no evidence to suggest the administrator has a proven track record of developing robust proposals for Government.</p> <p>The proposer has extensive experience and understanding of the UK WEEE Regulations. We do not envisage a conflict of interest arising from the JTAC involvement in managing the administrator given the strict proposals around non disclosure of information. It is further noted that confidential data will be kept strictly to specific staff members at Mazaars and the background information provided on Mazaars indicates they have a good understanding and experience of managing and controlling confidential data.</p>
Score (0 – 4 )	3



<b>Weighted score (x2)</b>	<b>6</b>
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## 5 - IT systems

**Weighting 1 = 4 marks available**

<b>Criteria</b>	<b>Evaluator comments</b>
<p>As a minimum, proposals should cover the following key areas. Proposals should demonstrate:</p> <ul style="list-style-type: none"> <li>• Appropriate IT systems</li> <li>• Appropriate IT backup systems</li> <li>• Appropriate IT support</li> </ul>	<p>The information supplied in the proposal demonstrates clear steps to provide a robust IT system. As exemplified in the use of an ISO control system to protect data.</p> <p>Consultation respondents felt the response to this question was robust.</p>
<b>Score (0 – 4 )</b>	<b>4</b>
<b>Weighted score (x1)</b>	<b>4</b>

	Weighted score
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Question 1	15
Question 2	8
Question 3	9
Question 4	6
Question 5	4
Total (out of 60)	42