

# Waste Management Services Contract

## Parameters – V4.0

### 1. Purpose / Introduction

Recognising the existing Waste Management Services Contract (WMSC) and in order to avoid iterative decision making on points of detail, it is recommended Cabinet agree to a defined mandate – set of parameters – within which any extension to the Waste Management Services Contract could be concluded.

The parameters are split into:

- Planning Parameters
- Financial Parameters
- Contractual Parameters; and
- Technical Parameters.

## 2. The Parameters

<b>Planning Parameters</b>		
<i>Parameter</i>	<i>Status</i>	<i>Commentary</i>
Timely Planning approval for the proposed extension of capacity at EnviRecover to process additional waste.		
No planning conditions which impact or degrade the performance of the plant(s) to such an extent it is not suitable to meet the output specification.		
There are no planning conditions which render the planned extension not value for money for the Councils.		
<b>Overall Parameter Status</b>		

<b>Financial Parameters</b>		
<i>Parameter</i>	<i>Status</i>	<i>Commentary</i>
The contract extension represents value for money when assessed:		
a) absolutely in terms of the Contractor's Proposals;		
b) relatively with the market; and		
c) in light of the opportunity cost and other disadvantages of alternative options.		
The Internal Rate of Return (IRR) over the life of the Waste Contract shall not exceed the IRR used in the financial model in the original procurement.		
DEFRA (WIDP) approve the variation (as required).		
The life-cycle costs beyond 2023, especially in relation to EnviroSort, are clear and affordable.		

Delivery of a revenue saving for the Councils.		
<b>Overall Parameter Status</b>		

**Contractual Parameters**

<i>Parameter</i>	<i>Status</i>	<i>Commentary</i>
There are no alterations to the Waste Contract, its structure or financial basis, as a result of any extension, save for those:		
a) necessary to give effect to the extension;		
b) bringing the Waste Contract into compliance with current and foreseeable legislation; and		
c) the net effect of which is to deliver a commercial benefit to the Councils.		
External legal advice has been obtained that there is no realistic prospect of a material delay to or cessation of the extension of the contract as a result of challenge on procurement grounds.		
Herefordshire Council and Worcestershire County Council have entered into an agreement to extend the Joint Working Agreement insofar as it relates to the extension of the contract.		
<b>Overall Parameter Status</b>		

**Technical Parameters**

<i>Parameter</i>	<i>Status</i>	<i>Commentary</i>
The Reliability, Availability, Maintainability and Safety (RAMS) and Life Cycle Costs are such that:		
a) the costs in extending the contract are comparable to the market; and		
b) the costs of running the facilities are not deflated during the period up to the end of the Waste Contract at the expense of increased running costs from that point to the end of the design life of the facilities (notably EnviRecover).		
2. The <b>return condition</b> of the facilities at the expiry of the Waste Contract, shall be such that they;		
a) are in accordance with the specifications pursuant to which they were procured (save for agreed changes); and		
b) are in a condition consistent with proper use up to that point in time; and		
c) are capable of being operated for the remainder of their design life; and		

d) are likely to be capable of being re-financed at commercial rates; and		
3. Any prescriptive specification items required by the Councils have been incorporated in the specification.		
4. Any operating restrictions required by the Councils have been incorporated in the operating requirements.		
5. Any major component warranties required by the Councils have been requested in Mercia's contract documents for the facilities.		
<b>Overall Parameter Status</b>		