

**WASTE DISPOSAL AND HOUSEHOLD WASTE RECYCLING CENTRES**  
**MWHL WASTE MANAGEMENT CONTRACTS OCTOBER 2008 TO SEPTEMBER 2009**  
**WDA/56 /08**

**Recommendation**

That:

1. Upon receipt of the rates and prices for the new Mersey Waste contracts for continuation of existing waste management services, Ernst and Young be requested to review the rates and prices and;
2. subject to finalisation of rates and prices, the Director be granted delegated powers to let the Contracts accordingly and;
3. In the event that finalisation of rates and prices is not achieved at the expiry of existing contracts, then the Director be granted delegated powers to let contracts and make payments to Mersey Waste based upon existing rates which shall be uplifted in accordance with inflation until such time that the new rates are finalised.

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**Report of the Director of Waste Disposal**

**1. Purpose of the Report**

- 1.1 To advise Members of the current position of the proposed new waste management contracts for services to be provided by Mersey Waste following the expiry of the existing waste contracts on 30<sup>th</sup> September 2008.
- 1.2 To seek approval to request Ernst and Young to review the rates and prices to be submitted by Mersey Waste in order to finalise such and subsequently allow the Director of Waste Disposal to let the new Contracts accordingly.
- 1.3 To advise Members of the detailed terms of the proposed contracts and seek Members approval of such terms.

**2. Background**

- 2.1 The Authority at its meeting held on 28<sup>th</sup> March 2008 approved the recommendation that new waste management contracts for the current waste management service be let to Mersey Waste (WDA/23/08), and that the Director report back to the Authority for approval of the detailed terms and conditions of the contracts.

**3. New waste management contracts**

- 3.1 It is proposed that two new waste management contracts should be let in order to allow Mersey Waste to provide the current waste management service. These are;

3.1.1 Waste Disposal Contract

For the disposal/treatment of Merseyside District Council collected household and commercial waste and operation of the Bidston MRF, and also the disposal of Clinical Waste collected by Merseyside District Councils.

### 3.1.2 Household Waste Recycling Centre Contract

For the operation of the fourteen Merseyside HWRC's and also two HWRC's and a Composting Facility currently operated in accordance with arrangements made by Halton BC.

## 3.2 Contracts terms and conditions

Draft terms and conditions incorporating the following details (for both new contracts) have been presented and discussed with Mersey Waste:

- 3.2.1 12 months contract for the period 1<sup>st</sup> October 2008 to 30<sup>th</sup> September 2009.
- 3.2.2 the contract may be terminated upon one months notice from the Authority.
- 3.2.3 the contract may be extended by up to 1 year by the Authority who shall provide 6 months notice to extend.

## 3.3 Current position

Mersey Waste are currently determining their rates and prices for the provision of services over the new contract period and will submit final rates to the Authority during September 2008.

## 3.4 Assessment of rates

It is proposed that Ernst and Young undertake an assessment of the new rates and prices in order to provide an independent examination and review of the submitted rates and so ensure best value is achieved by the Authority.

## 3.5 Letting of Contracts

- 3.5.1 It is proposed that subject to the finalisation of rates and prices via 3.4 the Director of Waste Disposal is delegated powers to let the contracts accordingly.
- 3.5.2 In the event that the finalisation of rates and prices is not completed in sufficient time to allow the Director of Waste Disposal to let the contracts accordingly it is proposed that the

Director be permitted to let the contracts and certify monthly payments based on existing rates and prices which shall be increased in accordance with inflation until such time that the finalisation of rates and prices is achieved.

- 3.5.3 Mersey Waste has agreed to undertake all services required in accordance with the new contracts in the event that rates are not finalised at the expiry of existing contracts; MWDA will in this event make payments to Mersey Waste in accordance with 3.5.2 above. It is also agreed that once rates are finalised a review of payments made can be undertaken in order to establish if any monies are owed to either organisation.

#### **4. Risk Implications**

- 4.1 Briefly, a failure to let the new contracts would result in those waste management services currently provided by the Authority not being provided and result in a failure by the Authority to fulfil its statutory duties. Failure to assess rates and prices increases the risk of the Authority not achieving best value.

#### **5. Financial Implications**

- 5.1 An estimate for the new contracts costs have been included in the 2008/09 Waste Disposal Contracts budget. Should this prove to be insufficient the Authority would need to address the situation at the Revised Estimate stage for 2008/2009.

#### **6. Conclusion**

- 6.1 This report advises Members that draft contract documents have been established for the continuation of existing services for the period October 2008 to September 2009. The services are to be provided solely by Mersey Waste who are currently determining their rates, which are to be submitted for acceptance by the Authority during September 2008.

It is recommended that an independent assessment of the rates is undertaken by Ernst and Young in order that the Authority achieves best value for money.

Upon completion of the review, whereby rates are appropriately finalised, it is recommended that the Director of Waste Disposal be granted delegated powers to let the contracts accordingly. In the event that rates cannot be appropriately finalised prior to the commencement date of the new contracts (1<sup>st</sup> October 2008) it is recommended that the Director let the contracts and make payments to Mersey Waste based upon existing rates plus inflation. The letting of contracts is essential to provide a continuation of service to District Councils and the general public.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 – Nil.