

## **Waste Management Service: Briefing Note – Soft market test (smt)**

### **1. Purpose**

- 1.1 To report the findings of the market consultation, or soft market test (smt), undertaken as part of the future service delivery model (FSDM) project.

### **2. Background**

- 2.1 The purpose of the smt is for the council to gain a better understanding of how the waste services supply market operates in relation to a specified range of waste management and waste collection services. The exercise will inform the scope and processes for securing service delivery after the expiry of waste collection and disposal contracts that are currently in operation by encouraging a broad range of potential suppliers.

- 2.2 The smt focuses on the supply market as a whole, rather than the merits of individual suppliers and does not commit either the council or contributing parties to any further actions or involvement.

### **3. Smt format**

- 3.1 The design, format and scope of the smt was developed in conjunction with the corporate procurement unit. In particular, the benefits and lessons learnt from the smt undertaken as part of the recent highways and streetscene contract procurement were considered. The smt sought market views on the following:

- Contract models and specifications
- Cost models and how risks are priced
- Contract management arrangements
- Contract efficiencies
- TUPE management
- Working with the voluntary and community sector (VCS)
- Asset management
- Contract mobilisation and resourcing

- 3.2 The format of the smt was as follows:

- An electronic questionnaire published on the council's contract opportunities portal Supplying the South West using the ProContract system (<https://www.supplyingthesouthwest.org.uk>). This was accompanied by an Information Note describing Wiltshire's waste services and strategy (Appendix A).

All the suppliers registered with ProContract with a self-selected interest in waste-related contract opportunities will have been alerted to the smt. To maximise the potential for responses to the smt some additional steps were also taken to highlight the opportunity to the supply market. These included:

- The facility within ProContract, which allows authorities to select waste-related suppliers was used, and the smt specifically 'pushed' to over 40 suppliers.
- Organisations involved in the service delivery review (SDR) undertaken in summer 2012 were emailed the link to ProContract.
- A range of Wiltshire-based and national VCS organisations the waste service has been working with were also emailed the link to ProContract.
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### **4. Results**

4.1 In total 12 questionnaires were returned, 8 from waste companies operating at regional, national and international levels (including a wholly social enterprise provider of recycling services). The remaining 4 suppliers consisted of 2 smaller VCS organisations (in terms of the elements of service provision they are interested in, as opposed to the scale of the organisation), a logistics company and a consultancy.

4.2 The table below summaries the responses received in the format of the original questionnaire:

### 1. Ownership & management of assets

What is your usual approach to asset provision and how do different models impact upon tender pricing and contract length?

#### Funding options included:

- Wholly/partly corporate funded
- Using various sources of debt eg. hire purchase, leasing, prudential borrowing by the client authority
- Project financing for infrastructure contracts, ensuring an 'anchor contract' or minimum tonnage were secured to ensure bankability.
- Payment by gate fee at merchant facilities.

#### Considerations when selecting option includes:

- Obtaining best value for client and contractor
- Contract length
- Access to council-owned assets
- Nature of asset and asset life
- Handback arrangements at contract end
- Availability of financing
- Tax implications for contractor eg impact of capital allowances, whether interest payments are tax deductible

#### Asset life:

- Vehicles – Generally 5-7 years, with modern RCVs tipping at non-landfill sites 7-10 years.
- Treatment infrastructure – 15-30 years, reflecting higher levels of capital input.

#### Contract length:

- Aligned to asset life
- Ranging from 7 + 7 to 10 + 10 for fleet based contracts.
- 25 years for infrastructure based contracts

#### Pricing:

- Tender prices can be reduced by using wholly owned assets.
- Tender prices are evaluated against a variety of cashflows eg IRR (internal rate of return), NPV (net present value) and profitability.
- Tender prices can be reduced through guaranteed buy-back clauses on bought

### assets at contract end.

What are the benefits (or weaknesses) of the model you describe?

- Considered generally cheaper to use prudential borrowing than hire/lease, project finance or equity investment.
- Lease hire considered more expensive than ownership, but as securing funding becomes more difficult/expensive having known costs can be more attractive.
- Vehicle maintenance costs increase significantly from year 5 onwards.
- Running vehicles for longer requires a mid-life refurbishment programme.
- Whole life costs need to be considered ie higher initial capital costs for quality equipment vs cheaper initial outlay and greater maintenance costs.

Have you any knowledge or experience of new/innovative approaches to asset management?

- Offering discounted cost for early payment
- Passing reduced net vehicle depreciation costs back to the client when contract extensions are agreed
- Flexible specifications to meet client's efficiency savings by absorbing change costs and redeploying strategic vehicles and plant within the wider business of the contractor without the usual financial penalties.

## 2. Finance & cost modelling

What is your preferred cost model to work with & why?

- It was suggested that a standard Bill of Quantities can negatively impact on innovative integrated working and, counterproductively, fail to provide a true reflection of actual operating costs. As an alternative model a resource based schedule of rates was recommended, which if profiled annually, enables mobilisation costs to be clearly identifiable.
- A risk adjusted cost plus model was proposed, reflecting operational costs (plus profit) adjusted by a risk factor (that could be reduced if greater certainty is achieved).

Is there an industry standard price inflation index or composite indices in use? If so, what is this and how has it, historically, compared to CPI & RPI?

- No absolute industry standard was identified.
- It was noted that CPI/RPI are not relevant to municipal contracts as the components do not accurately map to the cost base of services. A bespoke 'basket' of service or item-specific indices was recommended as a means of more accurately reflecting true cost increases.
- A suggested approach for a waste collection contract is set out below:

%	Activity	Index
60%	Labour	Building cost information services (BCIS)
10%	Fuel	BCIS
15-25%	Vehicles & plant maintenance	BCIS
5-15%	Other	RPI



How do any liquidated damages stated in a contract affect your cost model?

- It was considered that the transfer of any tangible risk is usually reflected in an additional cost allowance in the model.
- Likelihood and impact of any LDs is analysed and applied to costs.
- Providing they are specific, quantifiable and relate directly to service provision, LDs can be incorporated into a Performance Framework Mechanism linked to key Contract Targets. Typically direct operating costs would be ring-fenced so as not to impact upon service provision.
- In one instance it was suggested that costing in damages suggests lack of confidence in fulfilling contract terms and that a contractor would not knowingly enter into a contract that they were not confident that they could fulfil in its entirety.

What do you understand by the term 'open book accounting'? What experience do you have in working this way & what opinions have you formed?

- This term was commonly understood as the sharing of schedules and information, including profit and loss accounts, fixed asset schedules and KPI's both financial and contract related. In one case this extended as far as all elements of the supply chain to incentivise innovation and efficiencies.
- Generally it was considered that this arrangement supports mutual trust and works well to deliver outcomes where the mechanism is aligned to shared objectives, which are both challenging and achievable and where financial risk and reward is shared by both parties.
- Two organisations expressed reservation about this approach, even suggesting that 2 sets of accounts would be operated and only one made available to the authority!
- Noted as particularly beneficial when dealing with income share arrangements.

How are corporate overheads apportioned in your cost modelling?

- A range of 5-7% of contract value was suggested. The higher the contract value the lower the %.
- Other proposals included percentage of turnover or a fixed fee as a methodology.
- In a few cases suppliers noted that only the overheads directly identifiable and attributable to a project would be included as opposed to reflecting existing corporate overheads.

### 3. Contract Management

What experience do you have of different contract management approaches? Which has worked most effectively and why?

- Many expressed a strong steer toward partnership approaches which made use of a partnership board to determine strategic direction.
- Views on the appropriateness of Joint ventures (JVs) and special purpose vehicles (SPVs) were mixed.
- One supplier stated that a traditional outsourcing model of a 'master & servant' approach would deter them from bidding.
- The NEC suite of contracts was highlighted as a format which delivered beneficial working relationships, encouraging foresight and a collaborative culture.
- Regular meetings, reports and an annual improvement plan were proposed as routes to successful contract management, as were the following attributes:
  1. Integrity and openness.
  2. Staff development.
  3. A "Can Do" philosophy.
  4. Continual development of services.

## 5. High emphasis on cost control and value-for-money.

### 4. Efficiency savings and service improvement

What experience do you have of identifying efficiency savings within an existing waste contract?

- All the service providers with experience of delivering across the range of services reported that contract efficiencies had been realised within their contracts. Particular service areas highlighted as having the potential to deliver efficiencies included:
  1. moving to commingled collections (resulting in reduced disposal costs through increased recycling)
  2. changing containment and vehicle configurations to reduce the number of vehicle passes and limit residual waste capacity (from 240 litres to 180/140 litres)
  3. contract extensions utilising the reduction in vehicle depreciation costs
  4. review of specification and changes to contract targets/elimination of non-essential activities
  5. rounds and routing reviews utilising IT solutions to reduce waste miles and travel time
  6. third party and commercial waste gain share arrangements
  7. supply chain reviews and market testing to ensure ongoing value for money in consumables and supplies

How successfully were these savings realised?

A range of examples were quoted. These would need to be investigated in more detail with the referenced local authority to verify.

Can you provide an example of where you have improved a service within contract term to allow residents to recycle additional materials at the kerbside or HRCs etc?

Kerbside:

- Converting kerbside sort scheme to a co-mingled collection
- Cross-boundary working
- Collection residual waste and co-mingled recycling on a weekly basis on split-bodied vehicles (in an inner city area).
- Introducing AWC residual collections with co-mingled recycling and weekly food waste collections together with quarterly reviews of the markets values of the recyclates collected. Increases in the 'basket' value against an agreed baseline are shared with the council, whilst the baseline protects the council from negative market fluctuations.

HRCs:

- Joint promotional events/communications
- Operating an on-site education facility
- Provision of in-door HRC facilities
- Mattress recycling
- Carpet recycling
- Rigid plastics recycling
- Cooking oil recycling
- Paint re-use

How were such improvements dealt with contractually? How did the improvements affect

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payment mechanisms? What learning points did you take away from this?

Examples of mechanisms used to successfully realise savings included:

- Embedded within the original tender proposal
- Open book accounting for transparency of costs and benefits
- Joint development of the financial business case for service changes
- Contract change control procedures and negotiated contract variations

Suppliers highlighted the need for robust and clear contract change and payment mechanisms from the start of the contract. The experience of operating contracts that were implemented during better economic times for local authorities and having to retrospectively adapt arrangements to realise efficiencies in less favourable times was cited.

## 5. Procurement

What are the key attributes of a 'good' tendering exercise from your perspective? What have been the key issues you've identified?

- Clarity of the service required was repeatedly emphasised as was early provision of quality information (see question 20) together with good communications at all stages of the process.
- Other key attributes of a good tendering exercise cited included:
  - An properly resource, experienced and knowledgeable local authority team
  - Sufficient time to prepare bids
  - Clear timetable
  - Transparency of process
  - Clear political alignment and authority steer on TUPE aspirations
  - Clear evaluation criteria
  - Well prepared, unambiguous and consistent documentation
  - Identification of risk allocation and sharing
  - Prompt response to bidders' clarification requests
  - Opportunity for innovation & acceptance of variant bids
  - No fixed methodologies (links to above)
  - Short lead time to contract award (cited by smaller providers)
  - Avoiding prescriptive contract conditions unless relevant
- In terms of the procurement path used, preferences were expressed for both Restricted Tender (RT) & Competitive Dialogue (CD) routes.
- The smaller providers expressed no views on this. However, one did state that an issue they had experienced was large companies winning a contract, negotiating details later, often resulting in the original objectives being diluted. By inference, this appears to be a criticism of CD.
- Of the 8 large suppliers, only 1 expressed a specific preference for CD, with the others giving path-neutral responses.

## 6. Collection and treatment models

Do you have a preferred collection model? If 'yes', why do you prefer it? If 'no', what is your approach to evaluating the different models proposed by potential clients? Support with experiences of different models where possible.

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- There was no specific preference expressed for either kerbside sort or co-mingled recycling collection systems.
- Suppliers quoted a flexible approach and experience of operating both systems.
- Suppliers are guided by the priorities of the contracting authority in respect of cost, performance and ease of use for the householder.
- The most appropriate collection model is dependent on a number of factors, including:
  - Proximity of quality MRF facilities
  - Urban/rural nature of the authority
  - Existing and proposed range of materials collected from the kerbside
  - Existing and proposed containerisation
  - Existing recycling material arrangements
  - Recycling and composting aims and aspirations

Some suppliers specifically recommended that the council explores and evaluates all methodologies as part of its procurement.

What do you consider to be the health and safety implications of these different collection models? Does one model pose fewer risks than another?

- Opinions were on the 'safest' collection model were mixed.
- In some cases suppliers specifically stated that they considered collections from wheeled bins preferable to collections using bags and/or boxes.
- Other suppliers noted that each collection system presents different risks rather than fewer risks and that if staff are properly trained and follow operational procedures risk levels should not increase by changing collection models.
- It was noted that irrespective of collection methodology the key challenges around ensuring the health, safety and welfare of crews were considered the same and are driven by the level and effectiveness of supervision, systems and behaviours.

How would your pricing account for the risk/uncertainty associated with the potential to change collection model within contract term, if it was suggested as a possibility during the tender process?

- Provision of a detailed service specification for the potential new model was cited as being critical to being able to develop a price model.
- Changes to vehicle types and numbers as well as numbers of crews were highlighted as the biggest risks. For these reasons suppliers recommended the use of standard vehicles from the start of the contract that could be more easily re-deployed and which could have flexibility built in from the initial purchase.
- Other factors that suppliers noting as influencing their price model included:
  - The starting collection model
  - The nature and magnitude of the required change.
  - Whether the change includes the addition or removal of material.
  - Whether the change includes different collection frequencies.
  - Whether the change involves different collection containers.
  - The fleet configuration and age profile at the point of the required change
  - The ability of receiving facilities to accommodate any required change in material composition and/or type
- The planning and permitting risks associated with changing collection models were also highlighted.

How does your approach to pricing for unplanned variations to change a collection model differ from the above?

- Use of a negotiated contract variation was proposed as the most suitable solution.
- One supplier noted that until a change results in a requirement for additional resources prices would not change.

What innovative collection methods have you previously identified (and worked with) and what has been the impact on service delivery, including the time/cost ratio and participation rates?

Examples quoted include:

- Cross boundary working: generated savings of £1m pa with recycling rates of >50% achieved for one respondent
- Single-pass collections: generated savings of £1m pa for one respondent; others referred to performance improvements
- Communal bins at the end of the street in densely populated areas: more efficient rounds (this may not be suitable in big enough parts of Wiltshire to make the change viable)
- 4-day working week to avoid Monday/bank holiday working.
- On-board computing using 'real-time' systems where instances of contamination, non-presentation, restricted access are logged and transmitted directly to the call centre.
- Re-engineering (stillage) vehicles: configurations are adjusted to meet the needs of waste composition as they change, which avoids purchase of new fleet as existing vehicle capacity is optimised
- Design of new vehicles: an efficiency gain of 20% was cited by one respondent after designing and adopting new vehicle types. Unloading time was also reduced for certain design types, making the tipping operation more efficient.
- Delivering all bulky waste collections to a re-use social enterprise.
- Commercial co-mingled recycling collections scaled (in containment and collection frequency) for even the smallest of businesses.

A key message about innovation in collection services is that any change that is considered should be assessed against waste forecasts to understand the effect on service performance and cost.

How important is the method of waste collection in guaranteeing quality outputs from a MRF? Can you give examples of your experiences of receiving waste from different collection models and the lessons learned (consider cost and quality)?

- Several suppliers quoted the method of collection as an important factor in guaranteeing quality, although in two cases the MRF technology was considered more important than the collection method.
- MRF operators said that they had seen examples of waste from each collection model working well and examples which from both which had produced low quality.
- Co-mingled recycling collections were noted as delivering high quantities, but lower quality MRF input materials compared with kerbside sorted materials.
- In particular, keeping glass separate from other materials in a co-mingled service (collected on a RCV with a separate 'pod' for glass) was considered an important element in improving MRF input quality for co-mingled services.
- In several responses suppliers referred to the need for customer engagement, good education and enforcement systems to reduce contamination in recycling collections. Educating hard-to-reach groups was identified as a challenge.

From 2015 there is a requirement to collect mixed plastics separately. What do you understand by the term 'mixed plastics' and what do you consider to be some of the key



challenges?

- A variety of definitions of mixed plastics were quoted, with the majority being in line with WRAP's definition ie. *"Mixed plastic is a term that covers all non-bottle plastic packaging sourced from the domestic waste stream, and it includes rigid and flexible plastic items of various polymer types and colours that are typically found in the household waste bin. It excludes plastic bottles and non-packaging items."*
- Surprisingly one of the larger companies defined mixed plastics as mixed plastic bottles!
- The outcome of the judicial review about the definition of 'separate' collections was, in one case, cited as removing the 2015 requirement.
- The key challenges highlighted included:
  - Segregating polymers with a kerbside sort collection system.
  - The extra costs of processing the material to produce a quality end product that is also profitable.
  - Extra vehicle/collection costs related to collecting increased quantities of low density/high volume material.
  - Producing communications for residents that clearly explain which materials can be collected (as opposed to the messages shown on packaging).

## 7. Contracts

What do you consider to be the optimal contract lengths for a) waste management and b) waste collection contracts and why?

- The common factor determining contract length was considered to be the amount of investment required. Assets life and cycles were reported as traditionally being used as a guide to contract period in order to provide alignment between the operating life of key plant and equipment and the contract length.
- Collection service: proposals ranged 7 to 10 years, based on the life of LGV vehicles. It was noted that this also depends on the tipping location. Vehicles tipping at waste transfer stations are likely to have a longer life than those tipping at landfill sites.
- Bulky waste collections: 5-7 years, based on vehicle life (vans as opposed to LGVs)
- MRF: 8 years was suggested, on the basis that most major components need to be replaced at around 8 years (apart from balers which can have an asset life of up to 15 years plus for a good one)
- Other waste treatment facilities requiring major capital investments were considered to require contracts of 10-25 years to enable sufficient time for debt recovery, although one supplier warned of overly long contracts resulting in a stale partnership.

Is your preference for an extension period to be built into contracts based on performance? What are your views on such arrangements? Does this have an effect on the cost model used?

- The majority of suppliers expressed a preference for mutually agreed contract extensions based on performance. This approach was considered beneficial in keeping the service provision 'fresh' and ensuring a consistently high level of service.
- Several responses specifically referred to not favouring extension options that are at the exclusive discretion of the authority.
- It was noted by one supplier that the performance area linked to extension award should relate to those aspect of service delivery where the contractor is wholly responsible for delivery and risk management.
- In terms of the impact on the cost model a range of responses were given – from no change to acknowledging cost savings during the extension period. One supplier noted that where the risk/reward of an extension sits wholly with the contractor this is

likely to result in reduced costs within the model.

In your experience, is there an industry norm for the mobilisation period for a) waste management and b) waste collection?

Although no industry norm was identified there was broad similarity in the mobilisation periods proposed.

- **Waste management:** The requirements for obtaining sites and consents were cited as the determining factors, with mobilisation periods of at least 12-24 months.
- **Waste collection:** 4-6 months was the preferable range quoted, with the key factor being the lead time for procuring vehicles (quoted as approx 20 weeks). It was also noted that the extent of 'day 1' service changes would affect the mobilisation time required. One supplier noted that the 4-6 month timeframe would presume that existing collection routes and rounds were utilised for the first 3 months of the contract.

What are the risks in relation to mobilisation? What do you consider to be unacceptable risk?

**Mobilisation risks:**

- Un-availability of vehicles and/or containers
- Un-availability of assets transferred from existing contract
- Insufficient lead time for the acquisition of any new assets required
- Insufficient time to implement changes/refurbishment/upgrades to sites and/or depots
- Unable to obtaining necessary consents in time – Planning permission/s, environmental permits, 'o' licenses
- Insufficient time and/or resources to plan, organise and communicate 'day 1' service changes
- Insufficient time and/or resources to implement ICT systems
- Lack of co-operation from outgoing contractor

**Unacceptable risks:**

- Staff/TUPE issues eg lack of information, unexpected pay increases, changes to employment conditions
- Material differences in information provided at tender which negatively impact on resource requirements.

**8. Local community agenda/ creating social capital/ Big Society**

What is your approach to working with local and/or voluntary community groups and other organisations who deliver Big Society objectives?

What is your experience of working with these organisations? What was the scope of the work? What are the pros and cons? How recent was this experience?

What innovative ways of working with the VCS have you had experience of or are aware of

that you think could benefit clients?

Have you worked with clients who have embedded working with these organisations into contracts? What were the pros and cons? How did you price this element?

What do you think are the main benefits in involving the VCS in service delivery?

What barriers do you think there to working with the VCS? Have you experience of overcoming these?

## 9. Specifications

Do you prefer working with a particular type of specification?

A key message for the council is that the quality of the service specification is vital to ensuring accurate pricing and risk apportionment in suppliers' bids and to also avoid costs associated with contract changes implemented as a result of lack of info/misunderstanding.

Opinions on the preferred type of specification were mixed:

- Five suppliers expressed no preference for a particular form of specification, other than requesting clarity from the authority in its requirement. One of these five highlighted that the majority of collection contracts they have been involved with were based upon input specifications
- Three noted a preference for an outcome specification and three for an output specification.

Can you give examples of specification formats that worked well and why you think they succeeded? Can you give examples of ones that did not work well?

Specification formats that worked well:

- Clear, open and flexible, not necessarily written to a specific format, but one that clearly articulates the end goal without prescribing the route.
- Input-based specification supported by a suite of KPIs was considered to work well in collection contracts where the objectives are well understood.

Examples of specifications that were considered not to work well:

- Prescriptive specification were noted as difficult to add value to, with limited room for innovation, improvement or cost savings
- Hybrid input/output specification was noted, but without a rationale for the opinion.



Are there industry standard specifications that you are aware of?

The majority of respondents were not aware of an industry standard specification. The specifications that were specifically referred to included:

- Standardisation of PFI Contract (SoPC) Version 4 (March 2007).
- A WRAP contract specification was identified, although on investigation this appears to be limited to addressing the requirements for the recycling of specific materials
- The CIWM collection contract template
- Specifications produced by the following consultancies were also noted:
  - Whyte Young Green (WYG)
  - AEA Ricardo
  - SLR Consulting

#### 10. Commercial Waste

When working with clients, how do you prefer to deal with commercial waste: embedded in a wider collection contract or as a separate contract?

Preferences were mixed:

- No preference – 7
- Embedded within collection contract – 2
- Separate contract – 2
- Two suppliers referred to income share arrangements with the council either based on net profit or service growth/increased income.

Why do you prefer one method over the other?

- Embedded within collection contract: This preference was based on the ability to benefit from operational efficiencies across the service ie. service delivery, supervision and management, and was considered to incentivise the council and contractor.
- Separate contract: Maintaining a clear distinction between MSW and commercial collections was referenced.

What are the pros and cons of each way of working?

#### Embedded operation

##### Pros:

- Maximum service delivery efficiency ie. vehicles provide commercial service when they are in the same area undertaking household collections
- Benefits to both parties; the council fulfils its statutory obligations, retains influence, receives income and the contractor has access to wider customer base.
- Trade customers receive the full range of recyclable services available to a householder
- Small vehicles can access even restricted access trade premises

##### Cons:

- Potential inflexibility of service as commercial customers are only serviced at the same frequency as domestic customers
- Potential inflexibility of service design as customers receive the same range of recyclable services available to a householder – rather than a bespoke designed service
- Service range is generally fixed for the term of the municipal contract term

- Separate accurate recording of tonnage data per material stream requires additional equipment (not always provided as standard with municipal services).

### Separate operation

#### Pros:

- Potentially more flexible service to meet commercial customer needs – both in terms of service design and service frequency
- New services can be developed to meet customer's changing needs or general market developments
- Material tonnage can be recorded separately easily – without the need for additional equipment
- One supplier referred to discounting the core contract tender price if existing customers are transferred to the contractor, but acknowledges that this model removes the contract between the customer and council.

#### Cons:

- Inefficiency of operations ie. 2 vehicles servicing the same streets, doubling up of resources and vehicle expenditure
- Reduced economies of scale for inclusion of trade and domestic tonnages

Do you price differently for each way of working? How does the basis of charging differ?

Several factors were considered to influence pricing strategies: transport, handling costs (manpower), container, disposal, type and volume of waste, location and size of customer.

Do you provide commercial recycling services? How do they operate (range of materials, collection frequencies etc)? Is the basis of charging different from the answer [to the previous bullet point – i.e. reference that question number here]?

- Nine suppliers confirmed that they provided commercial recycling services as part of a LA contract and/or on a separate commercial basis.
- Collections of co-mingled mixed dry recyclables were the most frequently described, collecting a combination of the following materials: paper, cardboard, cans, plastic bottles, glass, wood.
- Two suppliers also provide commercial food waste collections.
- Frequency of collections tends to be determined by the customer.
- In addition to the pricing factors mentioned in the previous responses, several suppliers noted that charges for recycling were reduced for certain materials, reflecting the value and income potential for the materials.

Do you quote service users separate prices for recycling and residual waste or do you give them an overall rate for all of their collections?

The majority of suppliers price the services separately, to reflect income potential for recyclables, although it was noted that combined prices could be provided if that was the customer's preference.

When engaged in a local authority contract, do you actively seek out new commercial customers to grow your business or is your preference to simply respond reactively to requests?

The majority of suppliers reported that they actively sought to grow the commercial waste element. The key factors for this approach included:

- Optimising assets, reducing unit costs and therefore price to the council

- To ensure the service is financially self-supporting
- Potential for sharing of profit

The need to identify dedicated resources to undertake the sales and marketing of the commercial service was noted if the aspiration was to grow this service.

### 11. Costing basis for collection

Do you have a preferred costing basis for collection services (e.g. itemising a cost per property vs. extra payments when additional vehicle purchase is justified due to property growth)?

- For reasons of simplicity 3 suppliers noted a preference for itemised pricing.
- The remainder were neutral on this subject, but noted that an approach where costs only increase to reflect the need for additional resources (using open-book accounting) was likely to provide better value and visibility of costs for the council.

How do you charge for exceptions (e.g. assisted collections)? What do you consider to be 'exceptions'?

Responses included:

- using a Bill of Quantities, where each exception was charged for,
- using open-book accounting identify actual costs incurred
- not charging for certain types of exceptions eg. assisted collections, additional containers, on the basis that these were considered within the scope of the contract

The types of services described as 'exceptions' included:

- Assisted collections
- Additional containers
- Commercial waste
- Bulky waste
- Clinical waste
- Container deliveries, repairs and cleaning

### 12. Communications

Do you feel that communications to residents should be the function of the council? Do you think it can be successfully delivered jointly? Can you give examples of the pros and cons of each?

Although it was generally acknowledged that the council is best placed to lead on communications, on the basis of the direct relationship with householders, it was considered that communications developed jointly between client and contractor would be most effective.

Other reasons for the council taking the lead role included:

- The council's enforcement powers
- The risk of the council's core strategies/themes being diluted or mis-represented

Where communications are delivered through contract arrangements, how do you price for this function? As a separate rate or is it included in the core contract?

- Five suppliers expressed no particular preference.
- Two suppliers referred to communications forming part of a schedule of rates or priced as a provisional item.



- Two suppliers preferred that this forms part of the core contract, particularly highlighting collection calendars and regular householder communications as items that would be included. Additional, ad-hoc communications would be considered separately.

What experience do you have of successfully delivering a communications strategy/campaign? How was this achieved?

- A wide range of experience was reported from standard communications for service changes, planning consultations and introducing new materials for recycling, through to innovative developments such as mobile classrooms (Eco-bus), events to mark service delivery milestones, partnership activities with VCS and case studies for WRAP.
- A few suppliers referred to having in-house communication teams, dedicated to delivering these activities, whereas others noted that external resources would be required for major campaigns.

### 13. Health and safety

How do you embed H&S best practice into the operational management of services?

The following activities were quoted as best practice:

OHSAS18001 accreditation, regular training, inductions, team meetings, appraisals, H&S qualifications, H&S monitoring/audits.

Ensuring that H&S management systems are integrated into all aspects of the business, as opposed to being viewed as an add-on was considered an important feature.

Do you feel that the industry as a whole is working in similar ways to translate regulations into practice? Is there a common understanding of best practice?

Where suppliers felt able to comment the responses were positive.

The HSE WISH (Waste Industry Safety & Health) Forum was referred to in a couple of cases as a useful source of guidance, particularly for translating regulations.

Can you give examples of where joint working with the client has fostered best practice in this area?

Joint, regular and specific H&S meetings with client/contractor were cited, as were shared learning and experience eg. developing site rules in partnership with clients.

Again, membership of HSE WISH Forum was referred to, as was working directly with ROSPA and HSE to develop industry-specific guidance.

### 14. TUPE management

What are the issues and risks that arise when dealing with TUPE?

How do these issues and risks affect the costs that you submit?

What is your approach to communicating with staff and unions? Do you have a documented approach that you apply to all such situations?

Can you cite examples of successfully integrating TUPE'd staff without serious dispute?

Do you have a particular preference when considering the options for future pension liabilities?

#### Communicating with staff (& trade unions)

- The larger national & international suppliers all have well documented processes with extensive experience – sometimes to third generation transfer. Given the typical business models, a large proportion (sometimes the majority) of staff, have joined by this route. Each of the large suppliers was able to cite relevant experience – where transfers took place without serious dispute - suggesting risks could be ably mitigated.
- Approaches cited commonly include team meetings, 1:1s, toolbox talks, newsletters, staff suggestion schemes, and information packs for all new employees.
- Cultural assessments and access to specialist resources, including occupational psychologists are mentioned.
- Commitment to engaging proactively with staff & unions as early as possible following contract award is a common feature of the large suppliers.
- Communications and TUPE issues in general attracted several 'not applicable' responses from the smaller respondents. Some clearly do not have previous experience of this process, with one respondent stating TUPE would only apply if they were to acquire another business. Some have provided 'N/A' against each question in the section perhaps suggesting a complete lack of understanding. This does suggest that there would be significant risks associated with direct contracting with some of these companies.

#### Issues & Risks respondents identify when dealing with TUPE

- Pensions liabilities is the most frequently cited risk.
- Ample time during mobilisation to rollout their communication strategies for staff & unions (to avoid inheriting an unsettled workforce). Strong plea for early access to staff & unions.
- Early access to accurate & comprehensive TUPE data on all staff within scope – both from the client & other contractors. Availability at tendering stage. This should include ongoing/legacy claims/disputes, business critical skills such as COTC holders.
- One medium sized company cited inheriting large pay increases in the final 6 months of an outgoing contract.
- Two large providers mentioned redundancy costs – arising from post-transfer reorganisations where capacity was found to exceed demand

#### Impact of risks on contract pricing

- Incomplete/insufficient staff information being provided
- There was a suggestion that some providers are less than transparent and include bonuses (such as Xmas) in standard pay figures (presumably to force competitors to price upward)
- Pension risk was strongly cited with one large supplier stating this was the only risk that would affect their tender pricing
- Suggested that, without adequate time and data, a consequence could be a qualified bid

#### Future pensions liabilities:

- There was evidence of some confusion regarding TUPE provisions for pension arrangements, with one (incumbent) expressing a preference for a defined contribution scheme to facilitate more accurate costing.
- General preference for Admitted Body Status (ABS) of the Local Government Pension Scheme (LGPS).
- Several large providers expressed a preference that we provide upper & lower limits (cap & collar) for LGPS employer contributions to allow them to price accurately, with any funding assumptions outside of this range to be passed back to the council as either a credit or a cost.
- Preference expressed also for a closed ABS arrangement as the default mechanism (no new joiners to LGPS)
- One large provider specifically stated a preference for using the risk attribution table in the 2009 CLG guide to ABS of LGPS
- One large provider stated they would require the Council to indemnify them against any and all liability for additional payments into the LGPS after the date that any staff cease to be members.

### 15. Waste Management

What is your strategy for residual waste disposal? How do you see this area of the business developing and over what period of time?

Landfill diversion, increased recycling and green energy were common themes in the responses, with a number of suppliers involved in contracts for waste treatment facilities eg EfW, EfW/CHP, MBT, SRF/RDF production.

Where waste disposal is not the core business, the solution was to secure merchant treatment capacity.

### 16. Identifying & procuring new sites

What is your strategy for identifying and procuring new sites and securing the necessary permissions?

Strategies included:

- Reviewing suppliers' existing site portfolios for suitability
- Using the council's waste sites allocation documents
- Use of in-house estates management and permitting teams to undertake searches and secure all necessary consents. Reference was made to use of RTP1 and CIWM accredited professionals to undertake this work.
- Pre-application meetings with EA and/or LA strategic planning teams. One supplier noted being a member of several industry and EA working parties concerned with planning and permitting issues.
- One supplier noted a preference for the commissioning authority to provide sites using prudential borrowing as the source of capital funding.

What is the typical length of end-to-end process in your experience? How do you approach consultation?

- Shortest time quoted was 16 weeks. Longest was 'several years'.
- 9 months was quoted for securing a depot and 12 months for securing and developing a WTS.
- Where indicative timetables were provided approx. 21-24 months was the estimated timescale for a waste management facility.



Consultation approaches included:

- A specific planning and consultation web page on the suppliers website
- Public exhibitions and promotional campaigns
- Community liaison groups
- Regular briefings for council members and officers
- Meetings with external stakeholders
- Clear, concise information leaflets delivered directly to local households

Can you give examples of successful and unsuccessful applications? What went well and what prevented success?

- Examples of successful applications ranged from individual sites to one example of securing 26 consents for a large integrated PFI contract.
- Compliance with planning and waste policy, early engagement with local planning officers, elected members and stakeholders were considered key features of a successful application.
- Very little information about unsuccessful applications was provided.

### 17. Staff resources

How do you approach transition management? What short-term additional resources do you supply when working for a new client and how long is 'short-term'?

Continuity was a key theme in suppliers' responses, with the larger organisations referring to using their in-house mobilisation teams and utilising bid/tender managers/teams to maintain continued understanding of the contract principles and operations during the transition phase.

In addition to project management resources being made available during transition, one supplier specifically noted providing additional vehicles, driver and operatives.

Areas to consider included:

- Continuity of operation and maintenance service levels
- Knowledge retention of key staff for operations manuals, procedures or computer based systems Provide clarity regarding the respective roles and responsibility for all parties
- Keep staff well informed of progress and status of the transfer at all times.
- Ensure TUPE legislation is fully satisfied
- To address any Intellectual Property Rights issues relating to service design and delivery
- Ensure any third party contracts and obligations are fully understood

Few suppliers defined 'short term', noting the number of variables that would need to be considered. Where timescales were proposed they were 3-6 months for collection services and up to 'several years' for a treatment contract.

How is transition management accounted for? Is it a separate item or a corporate overhead that is paid for via the core contract costs?

In the majority of cases mobilisation costs would be accounted for as part of the corporate overhead.

## 18. ICT strategy

What is your experience of working with different asset management systems within waste contracts?

IT systems being used by suppliers included:

- Vehicle tracking and driver management eg driving style analysis, fuel monitoring
- Asset management
- In-cab technology for recording collection data eg. contaminated bins, over flowing bins, side waste, bins not out for collection
- Weighbridge systems
- Route planning / optimisation
- On-board weighing
- Incident management using handheld devices for real-time recording and resolution linked to KPIs
- Work scheduling for mobile workers
- Integrated systems combining many of the systems listed above with the additional ability to generate letters, texts and promotional materials eg. bin hangers, labels

Where larger suppliers had invested in their own systems there was a preference to use these and integrate/interface them with any systems the council already used, if the intention was to retain the council's systems.

What experience do you have working with in-cab technology? What are the key learning points?

See above for experience of in-cab technology.

Key learning points:

- Fully understanding the customers' requirements
- Provided the opportunity to review and redesign operational systems and processes.
- Ease of use for crews eg simple technology, keyboard size and layout, robustness of hardware devices
- Allowing sufficient time for user acceptance and training
- Improved customer service as a result of real-time data
- Improved (faster) access to a wider range of performance and contract monitoring data

## 19. Provision of performance data

Do you favour standard KPI sets or do you see this as something the client should define?

- There was no strong preference either way.
- Where the preference was for the client to define the KPIs, this was on the basis of the specific priorities and aspirations of the council.
- It was also noted that using standard KPIs enables easier benchmarking across other contracts and authorities.

What, in your view, are the key measures that most effectively capture effective performance?

Some of the proposed indicators are listed below:

- Recycling and composting rate
- Customer satisfaction
- Cost savings

#### **Output indicators**

- Number requests for assisted collections
- Number of Household Bulky Waste service requests
- Number of new clinical waste requests
- Number of cancelled clinical waste requests
- Number of rectification notices Issued
- Number of service complaints
- Number of missed collections reported/rectified
- **Number of defaults**
- Value of defaults
- Number of service compliments/complements
- Copies of returns in respect of RIDDOR
- Details of hazards and near misses reported
- Number of Health and Safety Checks/audit/inspections completed
- Number of accidents
- Number of lost time accidents
- Number of Compliance Checks completed
- Total number of collection journeys to each disposal/processing location
- Total tonnage delivered to each disposal/processing location
- Number and details of alternative sized containers
- A summary of repairs undertaken over the past month due to damage

Other indicators/standards suggested included monitoring of:

- Best value
- Environmental standards
- Legal compliance
- Customer satisfaction

Do you have views on the pros & cons of using a system provided by a client Vs your bespoke system for the generation of key PI data?

- Only one supplier expressed a strong preference for using their own system as opposed to the client's and even this was on the basis of the client being able to have web-based access.
- Most responses were neutral on this issue, suggesting a partnership approach and/or shared access to systems.

## **20. Information required from Client**

What information from potential clients do you regard as crucial in preparing an accurate bid?

From the responses received the council needs to be prepared to provide the following information:

- Historic tonnage data
- Waste composition data
- Existing routes and rounds
- Properties on narrow access



- UPRN for all properties
- Participation rates
- Details of containers at each property including communal and what material stream they are used for
- Information concerning depot facilities
- Information concerning disposal sites including opening and closing times
- Historic and current clinical waste data
- Historic and current bulky waste data
- Council policies and procedures
- Details of the council and customer relationship management (CRM) systems

### 21. Open Day/site visits

What value do you derive from open days and site visits over and above clear information within PQQ and ITT documentation and a point of contact for email correspondence?

- The majority of suppliers considered open days/site visits a positive addition to a procurement exercise, giving suppliers a better understanding of the scope for alternative solutions and integrating services.
- Only one supplier noted a preference for one to one meetings instead of open events.
- It was noted that Q&A sessions at these events can be considered as 'disappointing' by the council as commercial organisation are unlikely to provide the details wanted by the council with other companies present.

### 22. Procurement process

What can the Council do to ensure that the tendering process is as efficient and effective as possible?

Proposals from suppliers included:

- Establishing and keeping to realistic timescales, with provision of key dates - a tender period of > 2 months was proposed.
- Acknowledging receipt of all tenders
- Preparing fully - including data gathering completed in advance.
- Understanding the cost and level of resources required by both parties.
- Holding and conveying clarity on budget, affordability, objectives, aspirations, mandatory operational methodologies/requirements and any constraints.
- Providing clarity in tender information and clarification responses.
- Determining the appropriate number of applicants invited to bid at each stage.
- Providing feedback on scoring against successful tender if unsuccessful

### 23. General questions

Do you offer other added value services, such as closed landfill site monitoring? What pricing model do you normally employ?

Where offered, closed landfill site monitoring, would generally be undertaken by subcontractors.

One supplier was also able to offer construction services via a separate arm of the company.

Are there any other issues you expected to be asked about/ones you would wish to raise?

An incumbent contractor had expected to be asked about facility/infrastructure provision.

In addition the following are points where more information would have been expected:

- Procurement route and process eg timescales, CD/RT
- Apportionment of liabilities, whether insurance bonds or parent company guarantees would be required

## 5. Conclusions:

- 5.1 The smt exercise produced a range of responses from a wide range of waste companies and organisations operating at local, regional, national and international levels. It delivered a significant amount of information, which the service can use to shape the procurement exercise/s that may be required to maintain service delivery beyond existing contracts.
- 5.2 The quantity and value of the information provide has given the service a comprehensive understanding of how the waste markets operate in undertaking contract procurements. As a result it was agreed that further face to face meetings with suppliers was unlikely to deliver further valuable information.
- 5.3 Generally the responses from the market reinforced the service's expectations in terms of the preferred approach to contract procurement ie. a preference for a restricted tender process. Usefully the smt also alerted the service to the data requirements that suppliers would expect as part of a contract tender.

## 6. Recommendations:

- 6.1 That the waste service uses the information from the smt to inform the procurement process and documents.

Jo Riley  
June 2013

## Introduction

Wiltshire Council is undertaking a soft market test exercise to gauge market interest in delivering waste collection and waste management services that will allow us to continue to meet the objectives of the Wiltshire Council Waste Management Strategy 2012 (WCWMS) and other targets that we are working towards. This exercise will inform the scope and processes for securing service delivery after the expiry of waste collection and disposal contracts that are currently in operation.

Key objectives of the WCWMS are to:

- divert municipal waste from landfill,
- reduce local and global environmental impact and,
- in the medium to long term, secure significant cost savings for residents through the reduction in payment of Landfill Tax.

The council is also mindful that the government may ban the landfilling of certain materials, as discussed in the Review of Waste Policy in England 2011.

The WCWMS was approved by Cabinet in Nov 2012 as part of the project to consider options for the future delivery of waste services in Wiltshire. A full copy of the report that Cabinet considered and approved can be found here: [Cabinet reports, 6 Nov 2012](#)

## Background

Wiltshire is a predominantly rural county covering over 1,250 square miles in the south-west of England. It has a population of 458,890<sup>1</sup> and 202,100 domestic households, nearly half of whom live in towns or villages with fewer than 5,000 people. A quarter of the county's inhabitants live in settlements of fewer than 1,000 people. Bigger concentrations of population can be found in the cathedral city of Salisbury, the county town of Trowbridge, and Wiltshire's many market towns, including Chippenham, Devizes, Marlborough, and Royal Wootton Bassett.

Wiltshire has a rich and unique heritage with the world heritage sites of Stonehenge and Avebury, and about 20,000 sites of archaeological or wildlife interest. About three quarters of the land in the county is protected as an area of outstanding natural beauty, special landscape or other designation. Salisbury Plain is the largest remaining expanse of chalk grassland in England and divides the county from north to south.

Prior to the formation of the unitary authority in April 2009 waste collection and waste management functions were formerly carried out by four district councils and a county council respectively. Part of the bid to become one council included a commitment to harmonise the different waste collection systems inherited from the former district councils and this exercise was successfully completed in 2012.

Following collection service harmonisation, the current waste collection service received by residents is the same regardless of their location, although the service provider differs depending on the area.

There is a mix of in-house and contracted-out service provision in place, the details of which are summarised in the 'Current services' section below. Waste management services are predominantly outsourced as part of a contract let by the former Wiltshire County Council.



<sup>1</sup> Mid-year estimate 2010

Future waste services must enable us to meet both national and local targets, so any model of service delivery will be assessed against how it will help us to deliver against the following:

<b>Target</b>	<b>Source</b>
Reducing waste to landfill to 25% of the total collected by 2014	Wiltshire Council corporate plan
Increase recycling to 50% by 2014	Wiltshire Council business plan (modifying the target in the Waste Framework Directive and JMWMS)
Reduce biodegradable municipal waste to landfill to 35% of 1995 levels by 2020	EU Landfill Directive
Maintain separate collections of at least the following materials from the household waste stream: paper, metal, plastic and glass	Revised Waste Framework Directive and DEFRA draft regulations February 2012 (currently achieved, pending the result of the Judicial Review into Defra's proposal to transpose the EU Waste Framework Directive into UK law)

## Current Services

### Collection services

#### Household waste

Households in Wiltshire receive kerbside collections of residual waste, plastic bottles, cardboard, paper, glass, cans, foil and textiles. There is also a non chargeable garden waste collection service for residents who opt into the scheme. To date over 125,000 households have taken up this option<sup>2</sup>.

The harmonised waste collection service is in operation across the county. The standard collection service that we offer to households operates in accordance with the table below:

<b>Materials collected</b>	<b>Container type</b>	<b>Size</b>	<b>Frequency of collection</b>
Residual waste	Wheeled bin	180 litre <sup>3</sup>	Fortnightly
Plastic bottles and cardboard (co- mingled)	Wheeled bin	240 litre	Fortnightly
Paper, glass, cans, foil and textiles (kerbside sort)	Kerbside box	55 litre (2 boxes available per household)	Fortnightly
Garden waste (opt- in, non-chargeable service)	Wheeled bin	180 litre <sup>4</sup> (second bin charged for)	Fortnightly

There is a mix of in-house and contracted out service delivery for collection services depending on the area. The table below summarises who provides the services in each of our former district council areas:

<sup>2</sup> Around 55,000 households were provided with a bin by the former West Wiltshire District Council, so not all households have actively opted into the scheme.

<sup>3</sup> In west Wiltshire any bins supplied before 2011 were 240 litre, but replacements will be 180 litre

<sup>4</sup> As footnote

Service	Area			
	East	North	South	West
Residual waste	In-house	In-house	In-house	FCC Environment
Plastic bottles and cardboard	In-house	In-house	In-house	FCC Environment
Recycling box	Hills Waste Solutions	Hills Waste Solutions	Hills Waste Solutions	Hills Waste Solutions
Garden waste	In-house	In-house	In-house	FCC Environment

The collection contract in the west of the county with FCC Environment runs until 2014, with the option of extending by up to 7 years. The recycling contract with Hills Waste Solutions ends in 2016 (as part of the waste management contract described in the section below); there is no facility to extend the term.

### Commercial waste

Residual waste from commercial waste producers is collected by in-house service providers across the county, working from three of our four operating depots<sup>5</sup>. Almost 4,000 customers use the service at the current time.

There are limited trials of commercial recycling in parts of the county but this element of the service will not be rolled out for the whole of Wiltshire in the near term.

The scope of these services, including the impact of the Controlled Waste Regulations 2012 on chargeable household waste, is subject to a review which will continue throughout the current financial year.

### Other services

The council also provides the following collection services:

- a free-of-charge collection of clinical waste from approximately 2,500 domestic households including sharps boxes and sacks of clinical waste
- a charged bulky waste collection of items from domestic households.

Details of all the waste services provided by the council can be found here:

[www.wiltshire.gov.uk/rubbishrecycling](http://www.wiltshire.gov.uk/rubbishrecycling)

### Waste management services

Wiltshire Council's waste management services are operated under a contract with Hills Waste Solutions, which ends in 2016. The contract covers landfill, waste transfer stations and MRF operations, kerbside collections of dry recycling, composting facilities and

household recycling centres and bring sites. The ownership of waste tonnages and marketing of recyclates and compost currently sits within this contract.

The landfill sites at Lower Compton near Calne and Chapel Farm near Blunsdon are used for residual waste disposal for waste collected in the east, north and west of the county. Residual waste from the south of the county is delivered to a waste transfer station, as detailed in the section on landfill diversion below. Dry recycling collected from domestic households is processed at MRFs in Lower Compton and in Calne. Garden waste is composted at sites in Purton and at an on-farm composting facility at Rockbourne in Hampshire. Waste transfer stations are operated by Hills at Lower Compton (for northern Wiltshire) and Amesbury (for southern Wiltshire).

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<sup>5</sup> Our operating depots are located in Chippenham, Devizes, Salisbury and Trowbridge.

There is a network of eleven household recycling centres across the county, which receive a wide range of materials for reuse, recycling, composting or disposal<sup>6</sup>. These are also supported by local recycling sites. Given the significant changes to kerbside collections in 2011/12, a review of local recycling site provision in 2012/13 resulted in the removal of all the plastic bottle and cardboard recycling sites. A smaller network of sites for recycling glass, cans, paper and textiles remains.

To deliver our landfill diversion objective a procurement process was carried out and the following two contracts have been awarded to manage 110,000 tonnes per year of residual waste:

- Hills Waste Solutions are contracted to deliver 50,000 tonnes per year to the Lakeside Energy from Waste facility at Colnbrook, Slough. The council delivers residual waste for this contract to waste transfer stations at Amesbury, and Lower Compton. Waste is then bulked and hauled to Lakeside by Hills Waste Solutions. The contract runs for 25 years from 1 February 2009.
- A second 25 year diversion contract with Hills Waste Solutions was signed in April 2011 to allow the treatment of 60,000 tonnes of household waste per year in the county's first mechanical biological treatment (MBT) plant. Construction of the facility at Northacre Park, Westbury was completed in December 2012. A programme of commissioning is underway, with full operations due to begin in September 2013. It is expected that the majority of tonnage delivered to this site will be directly by refuse collection vehicles operating in the west Wiltshire area, with any balance coming from waste transfer stations.

The table in Appendix 1 summarises the location and the ownership of sites used to deliver waste management services.

The council also manages 18 closed landfill sites. Three of these sites have treatment systems in place and five sites are currently monitored for gas and air quality. Management of these sites does not form part of the existing contractual arrangements.

Wiltshire Council has also entered into a joint venture with Wiltshire Wildlife Trust, which aims to:

- coordinate waste minimisation and recycling advice and education
- campaign for behavioural change
- promote the council's waste management services.



There is an emphasis on targeting hard-to-reach groups within the agreement such as 13-24 year olds, residents with English as a second language and residents living in deprived areas. The joint venture agreement runs until the end of March 2013, but there is the scope to extend the term by a further two years if both parties agree to do so. The council provides funding to the joint venture and there is an agreed business plan and work programme. Governance arrangements include an annual review of these documents.

## Current performance

In 2011/12 Wiltshire Council's recycling rate was 42.83%. Measures to improve this figure are being implemented in 2012/13 including the continuation of the rollout of communal recycling facilities to flats and further phases in our rollout of non-chargeable garden waste bins. It is expected that the full effects of harmonising collection services, will increase the recycling rate during 2012/13 and 2013/14. The year to date recycling rate for 2012/13 (at December 2012) was 48.9%, demonstrating a significant improvement.

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<sup>6</sup> The WCWMS promotes further development of HRCs, and identifies preferred locations for two or three additional facilities.

The percentage of municipal solid waste (MSW) sent to landfill in 2011/12 was 36.65%. When the MBT plant in Westbury is operational, and the full effects upon recycling performance of recent changes to collection services are experienced, our performance in this area will improve further with waste to landfill forecast to reduce to about 20% per year. At the very least, by 2014 we expect our MSW to landfill to reduce to 25% with the council being committed to this target in its corporate plan.

## Current budgets

During 2012/13 we expect to spend the following overall revenue amounts on waste services:

Service area:	Net revenue spend*
Waste and recycling collections (inc all kerbside and mini recycling site collections)	£ 12,491,000
Waste management and disposal (inc civic amenity / household recycling centres)	£ 17,317,000

\* Figures exclude some senior management and business transformation costs, amounting to about £200,000.

Appendix 2 breaks down the spend into specific waste service areas.

## Next steps

The soft market test will take the form of an online questionnaire and is your opportunity to advise us about how the supply market operates so that any subsequent procurement exercise is designed in a way that encourages a broad range of potential suppliers.

We intend to use responses to this questionnaire as the sole source of market information, so please be as comprehensive as possible in your responses. If we identify further information requirements, we may invite one or more respondents to meet to discuss certain aspects of their responses in more detail. Should a meeting be required, these will be held on either Thursday 4 April or Friday 5 April 2013.

## Appendix 1: Wiltshire Council - waste management sites

<b>Household Recycling Centres:</b>			
<b>Site</b>	<b>Site Type</b>	<b>Postcode</b>	<b>Site Owned by</b>
Trowbridge	Household recycling centre	BA14 8RL	Wiltshire Council
Melksham	Household recycling centre	SN12 6QT	Wiltshire Council
Honeyball	Household recycling centre	SN11 8RB	Hills Waste Solutions Ltd
Warminster	Household recycling centre	BA12 8PE	Wiltshire Council
Everleigh	Household recycling centre	SN9 6LZ	Wiltshire Council
Stanton St Quintin	Household recycling centre	SN14 6BD	Wiltshire Council
Devizes	Household recycling centre	SN10 2EU	Wiltshire Council
Amesbury	Household recycling centre	SP4 7RX	Wiltshire Council
Purton	Household recycling centre	SN5 9GH	Hills Waste Solutions Ltd
Salisbury	Household recycling centre	SP2 7NP	Wiltshire Council
Marlborough	Household recycling centre	SN8 4AN	Wiltshire Council
<b>Tipping points:</b>			
Lower Compton	Waste transfer station	SN11 8RB	Hills Waste Solutions Ltd
Amesbury	Waste transfer station	SP4 7RX	Hills Waste Solutions Ltd
Thorny Down	Waste transfer station	SP5 1BN	MOD, leased to Wiltshire Council to 2045*
Lower Compton	Landfill	SN11 8RB	Hills Waste Solutions Ltd
Chapel Farm	Landfill	SN26 4DD	Hills Waste Solutions Ltd
Purton	Landfill	SN5 4HG	Hills Waste Solutions Ltd
Lower Compton	MRF	SN11 8RB	Hills Waste Solutions Ltd
Porte Marsh, Calne	MRF	SN11 9BW	Leased by Hills Waste Solutions Ltd**
Northacre, Westbury	MBT	BA13 4WD	Hills Waste Solutions Ltd***
Parkgate Farm	Composting facility	SN5 4HG	Hills Waste Solutions Ltd
Newbourne Farm	On-farm composting facility	SP6 3NT	Privately owned

### Notes:

\* Leased to Hills Waste Solutions Ltd to 2034. Tipping point transferred to Amesbury from Feb 2013

\*\* Temporary planning permission, 2011-2014

\*\*\* Construction complete. Commissioning underway. Due to open Autumn 2013



**Appendix 2: Wiltshire Council waste services net revenue costs, 2012/13**

<b>Service area:</b>	<b>Net revenue spend*</b>
Household recycling collections	£6,959,000
Household garden waste collections	£2,572,000
Residual household collections (including flytipping clearance and collection of dead animals)	£3,586,000
Clinical waste collection and disposal	£51,000
Bulky Waste Collection	£180,000
Trade and "schedule 2" collections	-£2,043,000 (budget forecast of net income)
Operation of mini recycling sites	£162,000 (about 130 sites)
Operation of household recycling centres / civic amenity sites	£3,127,000 (11 HRCs)
Transfer stations	£430,000 (2 sites)
Material recycling facilities	£987,000
Sale of recyclates	-£692,000
Composting	£847,000
Sale of compost	£57,000 (share of contract cost)
Other waste treatment contracts**	£7,369,000
Landfill – non hazardous and inert, plus inerts to exempt sites	£1,065,000
Landfill- hazardous	£10,000
Landfill tax	£4,555,000
Reduce, re-use recycle - information, persuasion, education, promotion	£158,000
Responsibilities for closed waste sites	£161,000
Contract management	£179,000
Consultancy	£0
Other – please describe	£88,000 (largely services discontinued mid year)
<b>Total</b>	<b>£29,808,000</b>

**Notes:**

Net revenue spend\*: Figures exclude some senior management and business transformation costs, amounting to about £200,000.

Other waste treatment contracts\*\*: These contracts do not form part of the scope of the soft market test or any linked procurement.

## **Appendix B: Selected ProContract suppliers**

4Recycling Ltd

Acumen Distribution Ltd

Agrivert Ltd

Argus Environmental Ltd

Argus Environmental Ltd

Bale Group Ltd

Barrett Transport Ltd

Biffa Waste Services Limited

BioWatt Group

Bright Management Associates

Castle DM

Cleansing Service Group Limited

Commercial Recycling Limited

Cory Environmental

Crapper & Sons Landfill Ltd

Decarbonated

Devon Waste Management Ltd

Eunomia Research and Consulting Ltd

Go Plant Ltd

Grundon Waste Management

Kier Street Services

Land Network International Limited

May Gurney Ltd

MITIE Waste and Environmental

New Earth Solutions Group Limited

Optimisa Research

Palm Recycling Limited

Quattro Design Architects Ltd

Redemtech UK Ltd

RPS Group

Shred-it Ltd

SITA UK

SLR Consulting

SRCL

Sustainable Direction Limited

UPM Kymmene (UK) Limited

Urbaser Ltd

Veolia Environmental Services

Viridor Waste Management

Viridor Waste Management

Waste Recycling Group Limited

Wiltshire Waste Recycling Ltd

WYG Environment Planning Transport Ltd

## Appendix C: Service delivery review (SDR) suppliers

### Waste Management Review: Supplier meetings – selection criteria

**Criteria:**

1. Existing Wiltshire Council waste contractors
2. Suppliers who have proven experience of delivering LA waste management services
3. Suppliers who have experience of delivering LA waste management services for a unitary authority (ie the complete collection/disposal service)
4. Suppliers who provide LA waste management services within the region (broadly SW)

<b>Supplier:</b>	<b>Criteria 1</b>	<b>Criteria 2</b>	<b>Criteria 3</b>	<b>Criteria 4</b>	<b>Comments</b>
Hills Waste Solutions Ltd	Y	Y	Y	Y	Existing contractor
FCC Environment	Y	Y	Y	Y	Existing contractor
Viridor	N	Y	Y	Y	Somerset WP, Dorset WP, Devon, Chester East (UA), Cheshire West & Chester (UA)
May Gurney	N	Y	Y	Y	Bristol CC, Somerset WP, B&NES (UA)
Veolia Environmental Services UK	N	Y	Y	Y	Dorset WP, Hampshire, W Berkshire (UA), Shropshire (UA)
Sita UK	N	Y	Y	Y	S Glos. (UA), Dorset WP
Cory Environmental*	N	Y	Y	Y	Cornwall (UA), North Somerset (UA)

\*Cory Environmental were unable to attend.



## **Appendix D: Waste services smt - VCS organisations contacted**

1. Oxfam
2. Dorothy House Hospice
3. British Heart Foundation
4. Bryson Recycling
5. Wiltshire Wildlife Trust
6. Trussell Trust
7. Refurbiz
8. Furniture Re-use Network
9. Burnbake Trust
10. Wiltshire Wood Recycling
11. Kennet Furniture Project
12. Wiltshire Scrapstore
13. Charity Retail Association

**SMT respondents:**

1. AmeyCespa
2. Barrett Transport
3. British Heart Foundation
4. Bryson Recycling
5. EiE/Oxford Brookes University
6. FCC Environment
7. Hills Waste Solutions Ltd
8. Kier Services
9. Serco UK
10. Sita UK
11. Viridor Waste Management
12. Wiltshire Wood Recycling

