Procurement Support Guide: Waste Management Services

How to get the best waste management solution for your organisation
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This guide provides decision makers with advice and support that will help them to identify the very best waste management solution for their organisation. Best practice waste and recycling contracts can potentially achieve a range of benefits including:

- reduced waste costs;
- increased recycling rates;
- improved environmental performance; and
- compliance with legislation.

Legislative drivers

The Environmental Protection (Duty of Care) Regulations 1991 (and subsequent amendment in 2003), stipulate that any waste produced by an organisation as part of its operations must be stored safely and securely, treated appropriately and collected for disposal or recycling by a licensed waste carrier.

In addition, the Waste (Scotland) Regulations 2012 require all organisations to present paper, card, plastic, metals and glass for separate collection. Furthermore, organisations involved in food manufacture, preparation or retail must separate food waste for separate collection. However, hospitals and those organisations producing less than 50kg of food waste per week do not have to comply with this requirement until 1 January 2016. Rural food businesses are exempt from the requirement to present food waste separately. You can find out more about your obligations under the Waste (Scotland) Regulations 2012 on the Resource Efficient Scotland website.
Understanding your waste streams

Taking time to understand your waste streams will ensure that when you go to the market for your waste and recycling services, you get a service that is right for you.

This does not have to be difficult. A simple waste audit will give you a breakdown of the amounts and types of materials being disposed of by your organisation and will help you identify which wastes need to be presented for collection. Alternatively, your existing waste management contractor may be able to help you understand your waste streams.

You can find out more about undertaking a waste audit on the Resource Efficient Scotland website.

Step 1

Know your service options

Once you understand your waste streams, you can find the right waste and recycling service. You should research waste and recycling options to find the best service for your organisation. It is worth spending some time investigating what is on offer because charges will vary depending on the type of waste and recycling services provided.

Things to consider when reviewing your service options:

- **Collection frequency.** There are two main types of collection frequency offered – scheduled and ad-hoc. Scheduled services are regular (often weekly or fortnightly) and are generally more cost-effective in terms of price per collection, but you may pay for unnecessary collections if bins are not full. Ad-hoc services are arranged once the bin or skip is close to full, and are ideal if your waste and recycling volumes fluctuate with seasons or events. However, the price per collection is generally higher. You will also need to carefully monitor the bins to determine when they reach capacity.

- **Receptacle or equipment type.** Waste management suppliers offer a range of receptacles and equipment for different applications and with different cost considerations.

- **Separating materials.** There can be financial advantages from separating your waste into material streams. Metal, plastics (including polythene) and cardboard can reduce collection costs if clean and uncontaminated. It may even provide a revenue where such materials are presented in bulk. Their value is dependent on the market price of specific materials and transport costs to reprocessors. See www.letsrecycle.com for monthly and historical recycling values of different materials.

- **Volume.** You will need a reasonable volume of any material stream to make it viable for a waste management contractor to collect. If your organisation does not produce enough waste, consider combining your general waste and materials for recycling with neighbouring organisations. Working collaboratively with other organisations can lead to reduced waste management costs.
<table>
<thead>
<tr>
<th>Receptacle or equipment type</th>
<th>Applications</th>
<th>Cost considerations</th>
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</table>
| **Bags**                    | Suitable for small volumes of waste  
                              | Good for dealing with fluctuations in the volume of waste | Charged per bag |
| **Wheeled bin – for example 140, 240, 660 and 1,100 litre** | Suitable for consistent, medium volumes of waste | Charges based on uplift frequency and bin size |
| **Open or enclosed skips – for example, 8, 10 and 12 cubic yards** | Suitable for consistent, medium to large volumes of waste | Charged per bin lift or by weight |
| **Baler**                   | Balers vary in size and are suitable for managing large volumes of recyclable waste  
                              | Can replace the need for several bins | Enables less frequent service as baled recyclables can be stored  
                              | Requires manual loading of waste into the baler  
                              | Possible revenue generated depending on quantity of waste baled  
                              | Can be purchased or leased |
| **Compactor**               | Compactors vary in size and are suitable for managing large volumes of waste  
                              | Can replace the need for several bins | Enables less frequent service as waste is compacted  
                              | Charged by weight  
                              | Can be purchased or leased |
Identify potential waste management contractors

Once you know what materials you want to recycle, how often you need a collection service and what receptacles and equipment you require, you are ready to identify potential waste management contractors.

A good place to start is to look for those that are signed up to Scotland’s Resource Sector Commitment. Alternatively, the Resource Efficient Scotland Business Resource Centre is a search tool that provides information on re-use and recycling services in your area. The tool enables you to seek out waste management contractors that offer your desired waste and recycling services.
Invite suppliers to tender for your contract

Once you have identified possible waste management contractors, there are a number of ways to engage with them, depending on the size of your organisation.

It may be better for small organisations to request quotes from a number of potential waste management contractors to get the best deal, then compare quotes and negotiate contracts.

For large organisations, it may be appropriate to develop a tender invitation document (TID) that could be sent to potential waste management contractors. They will respond to the TID by providing suitable solutions. The table below shows things to consider when developing a TID.

It is important that you provide potential waste management contractors with as much information about your waste and recycling needs as possible.

Allow sufficient time for potential waste management contractors to prepare a response to your TID or quote request.

<table>
<thead>
<tr>
<th>Element</th>
<th>Why this is important</th>
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<tbody>
<tr>
<td>Scope of service</td>
<td>The scope of the service should be as clearly defined as possible. Include bins sizes for general waste and specific recycling materials, number of bins, other infrastructure requirements (such as locks for bins) and frequency of collection. You should also include a short description of your organisation, any data you have on the amount of waste and recycling to be managed, and any site constraints or issues that the tenderer will have to keep in mind. Ensure that the scope of services is flexible enough to allow for innovation from the tenderer, as they may suggest a new solution for your waste and recycling needs. Consider organising a site visit for prospective waste management contractors so they can understand any site-specific challenges.</td>
</tr>
<tr>
<td>Pricing schedule</td>
<td>The pricing schedule contains cost information to be supplied by the tenderer. A well-defined pricing schedule will ensure that you are able to easily compare costs provided by tenderers. Ask whether there are any additional costs not listed. These can include charges for bin rental and duty of care documentation (such as, waste transfer notes). You may wish to provide a spreadsheet or template to ensure the information is submitted in a consistent format. You should also ensure that contractors state the annual cost and not just the individual bin uplift cost.</td>
</tr>
<tr>
<td>Bins and equipment</td>
<td>State whether you will supply your own bins and equipment or whether you require the tenderer to supply these, and who will be responsible for repairs and replacement. Depending on your requirements and the length of the contract, the tenderer may provide bins and equipment for a one-off fee, charge a lease cost or build the cost into the service charge. You should include a separate item on the pricing schedule to account for this cost.</td>
</tr>
<tr>
<td>Cleaning and maintenance</td>
<td>From time to time, your bins and equipment may require cleaning and maintenance. If you want this to be done by your contractor, then ensure it is clearly specified in your scope of service.</td>
</tr>
<tr>
<td>Recycling assurance</td>
<td>You may like some assurance that materials separated out for recycling are sent to appropriate facilities. You should ask tenderers for details of the final destination of your general waste and recycling.</td>
</tr>
<tr>
<td>Environmental credentials</td>
<td>You should request tenderers' environmental credentials, such as evidence of a formal environmental management system.</td>
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<tr>
<td>Duty of care</td>
<td>When you engage a waste management contractor to transport, recycle and dispose of your waste, you have a legal obligation to ensure that the waste is disposed of in an authorised and responsible manner. You should request the tenderer's duty-of-care documentation and statement of its waste management procedures.</td>
</tr>
<tr>
<td>Health and safety</td>
<td>Organisations have responsibilities regarding health and safety in the workplace, and this extends to your contractors. You should request the tenderer’s public liability insurance certificates. Where appropriate, tenderers may also provide their safe working procedures and risk assessments.</td>
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Evaluate your tenders

Quotes and tenders should be evaluated against your chosen criteria. For transparency, ensure that your evaluation criteria and their weightings are specified in your TID. Even if you just request quotes from a number of potential waste management contractors, you should still outline what your priorities are.

Try not to focus exclusively on the lowest-priced tender. Instead, identify the most qualified waste management contractor who provides the best value service that suits your needs.

Examples of the key criteria you can include are:

• compliance with relevant legislation;
• performance and flexibility;
• technical skills;
• innovation – such as staff awareness training or bin identification systems;
• price;
• quality; and
• environmental management.

Select your supplier

Once you have selected your preferred waste management contractor, you will be ready to enter final negotiations and eventually sign a contract.

Things to consider when negotiating a contract

• Contract duration. Longer contracts provide contractors with more certainty, and will generally lead to lower prices and costs. Waste contracts commonly have a term of three years, but they can be as long as five years. However, while a longer contract may secure a lower price initially, it may restrict your organisation from being able to test the market and renegotiate at any time during that period. Carefully consider the term of your contract, and ensure that the contract duration is appropriate and suited to your business needs.

• Key performance indicators. Including key performance indicators (KPIs) in the contract will allow you to measure your waste management contractor’s performance and ensure continuous improvement.

• Reporting. Specify clear reporting and data requirements in your contract. Information you may wish to request can include a summary of the quantity of waste collected by location on your site, listed by specific European Waste Code (EWC) code.

• Termination. Some contracts may include clauses that allow for cancellation or early termination, particularly if either party is perceived to have breached the terms and conditions of the contract.

• Renewal. Many contracts include an ‘automatic renewal’ clause that stipulates a period towards the end of the contract when, unless you notify the desire to renegotiate or change the service provided, you will be locked into another contract term. Be sure to read your contract carefully and be aware of any ‘automatic renewal’ clauses.

• Assurance. If you want assurance that your recyclable materials are sent to the appropriate facilities, you might like to include a clause in your contract that requires your waste management contractor to provide evidence that separated recyclables are sent to an appropriate facility for recycling.

• Flexibility. During your contract period, you may identify opportunities to reduce costs – for example, by changing the frequency of collection or bin size, or by reducing the number of bins needed. Specify a performance review every six months to ensure you can adjust your service.

• Contamination. If your recycling bins are contaminated with non-recyclables, you may be charged a penalty and the load may be sent to landfill, which will result in higher disposal costs. Ensure that any additional fees for contamination are outlined clearly in the contract. Your contract should include an acceptable contamination rate (usually less than 10%) and any penalties that will apply if the contamination rate is exceeded.

• Missed collections. Missed collections can create problems, so ensure your contract guarantees that missed collections will be picked up within a certain time period.
Manage your waste and recycling contract

Even the most successful waste contract cannot manage itself. You should ensure that you work closely with your waste management contractor, and regularly monitor and maintain your contract.

**Staff engagement and training**
You should consult with all staff about any changes to the waste and recycling service, provide regular information and give them the opportunity to provide feedback. Staff feedback, before and after introducing a new system, can be invaluable in uncovering problems.

Regularly communicating progress and performance of your waste and recycling service will help to keep your staff engaged. To help you, Resource Efficient Scotland has developed a free **Staff Engagement Toolkit** which provides a range of downloadable materials that will help you:

- set up a successful Green Team;
- train staff on the need to be resource efficient; and
- run recycling campaigns.

**Signage for bins**
Clear signage should be added at the waste and recycling points. The signage should specify which materials are accepted in the recycling containers and those that should be excluded. Resource Efficient Scotland has developed a **Poster Creator Tool** so you can develop clear signage for your recycling bins. The signage uses the already well-established and recognisable Recycle for Scotland brand identity, Scotland’s national recycling brand.

**Monitor performance and progress against KPIs**
To ensure your waste and recycling service is successful and provides the results you set out to achieve, you will need to monitor and evaluate performance over the length of the contract. To do this, it is recommended that you:

- check invoices closely;
- regularly monitor performance against KPIs; and
- communicate regularly with your contractor.