

TRADEBE/SITA MERGER INQUIRY

Summary of a hearing with NHS England—Bristol, North Somerset, Somerset and South Gloucestershire Area Team, held on 15 November 2013

Background

1. The Bristol, North Somerset, Somerset and South Gloucestershire Area Team of NHS England (BNSSSG) managed contracts for primary care organizations in the South-West of England.
2. BNSSSG managed the healthcare risk waste (HRW) contract currently held by Tradebe. The contract was awarded following a joint procurement exercise between the now defunct Bristol, South Gloucestershire and North Somerset Primary Care Trusts (PCTs). It covered 331 sites including GP surgeries, nurse treatment centres, pharmacies, dental and optometry services. It also included two local prisons. The contract covered both the collection and treatment of HRW. This included medicine waste, soft clinical waste and sharps waste.
3. BNSSSG also covered the Somerset PCT area which had a contract to manage healthcare waste with SRCL and an informal agreement with the PHS Group.
4. Sita provided some home-based HRW collection through a local authority waste management contract. It did not collect clinical HRW.

The healthcare risk waste disposal market

5. There had been an increase over the last two years in the requirements for the disposal of HRW. This was due to an increase in the number of pharmacies and GP premises using waste disposal services.
6. BNSSSG considered that price was the most important factor when choosing an HRW provider. Other factors included (i) the ability to change the frequency of collection, the type of collection bin or the type of waste collected within the contract; (ii) the ability to receive accurate and detailed invoicing information from the provider to ensure effective performance management; (iii) innovation, where it led to greater efficiency within NHS organizations such as the ability to store waste at a lower volume; and (iv) the environmental impact of a particular provider which could be influenced by large transportation costs.
7. BNSSSG felt that collection only companies were a competitive alternative to integrated treatment and collection companies even if they had to subcontract treatment to another company.
8. Cannon Hygiene and SRCL would be expected to bid for future contracts for private service providers such as community pharmacies.

Switching suppliers

9. Any costs associated with the switching of suppliers would be attributable to them and not individual GP practices or pharmacies. A company taking over a contract would not incur any significant costs associated with the end of the previous contract such as the replacement of old equipment.

10. As long as a new entrant was competitive on price, there would be limited barriers to become a new provider as the impact of change on BNSSSG would be small. The impact would be on the individual site as they had the day-to-day relationship with the provider and would have to accommodate any changes in how waste was collected.
11. Should HRW service providers increase their prices by 5 to 10 per cent, BNSSSG would expect to be offered an additional service to justify the extra cost. If not BNSSSG would see what prices other competitors were offering in the market.
12. For a tendering process to be competitive, BNSSSG would prefer at least four bidders.
13. Any future contract awarded by BNSSSG would need to include a focus on the quality of the waste segregation to ensure it was only paying for the disposal of HRW.

The joint venture

14. The joint venture would not affect its next round of tendering for waste management contracts.
15. The joint venture, through increased national coverage, could allow Tradebe to make transport cost savings that might be passed on to BNSSSG.