

TRADEBE-SITA MERGER INQUIRY

Summary of hearing with Wye Valley NHS Trust on 21 November 2013

Background

1. Wye Valley NHS Trust (the Trust) provided acute and community services to Herefordshire across eight sites.
2. The Trust's acute services were provided by a private finance initiative (PFI) contractor, Mercia Healthcare. The PFI scheme had been in place for around ten or eleven years and the Trust had no control over the contractual arrangements relating to it.
3. The subcontractor dealing with the waste from these services was Sodexo, which used Sita for disposal of healthcare risk waste (HRW). Sodexo was charged for the cost of disposal of HRW and it then recharged the Trust.
4. The Trust used Sita for the disposal of HRW at its other non-PFI sites (which comprised four community hospitals, various health service clinics or particular specialties, and dental surgeries).
5. The Trust produced 50 tonnes of clinical waste per year. The inpatient units also produced offensive and infectious waste which was disposed of as HRW.

Current contracts

6. The Trust's contract with Sita had been in place since 2003 and would be due for renewal in early 2014. All the waste was sent to Sita's incineration plant in Redditch for treatment and disposal at a cost of £[redacted] per tonne. It believed this price was index-linked as it increased annually.
7. Some of the dental waste was disposed of by PHS Group plc.

The healthcare risk waste disposal market

8. The Trust did not believe that there were many HRW service providers in the local area that could provide the service it required. For its next HRW services contract, it was considering joining with Gloucester NHS Trust, Gloucester Council, Gloucester Mental Health Service Trust and Herefordshire Council. By doing this, it expected to have stronger negotiating power and a broader range of providers to bid for the work.
9. The most important factors that the Trust would look for in a supplier included compliance with statutory standards, good service and competitive pricing.
10. The Trust would consider a collection-only company (a company that collects the waste and transports it to a third party plant for treatment) such as Rentokil Initial plc, Canon Hygiene and PHS Group plc. It did not have facilities to dispose of its own HRW and would not consider purchasing its own incineration facilities as it did not produce enough HRW to justify doing so.

The joint venture

11. The Trust did not have a view about how the joint venture might affect it. However, it observed that its current HRW service provider, Sita, might be able to take advantage of Tradebe's alternative technologies for waste disposal as Tradebe had six such plants in the local area.