

**Hills Waste Solutions
Business Performance Report 2011 / 12**



Meeting the waste challenge

Contents

2-3

Introduction Our company



4-5

Meeting the challenge

- > New facilities
- > Plans for 2012/2013



6-11

Management systems

- > Review of environmental performance against targets
- > Health and safety
- > Quality



12-13

General performance indicators Key contract performance



12-13

Corporate social responsibility



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Hills Group

Produced by Hills Waste Solutions Limited

Front cover: Adjusting gas extraction well at Lower Compton landfill.

Introduction

This is our first business performance report and covers the period from May 2011 to April 2012

This is an exciting time for Hills Waste Solutions because we are transforming our business. We are modernising our processes and this report shows that last year we opened new operations in Calne and Purton. These new facilities will increase Wiltshire's ability to recycle its waste. We are also going to bring new facilities on line next year. We are also striving to improve our excellent customer service record. This report gives many examples of how we are trying to tailor our services to meet their requirements and how we try to work with all the communities we operate in. As a local company, it is important to us that we make a positive contribution. We're making our business more efficient and reducing our environmental impacts wherever we can.

Mike Webster
Group director - Waste Solutions



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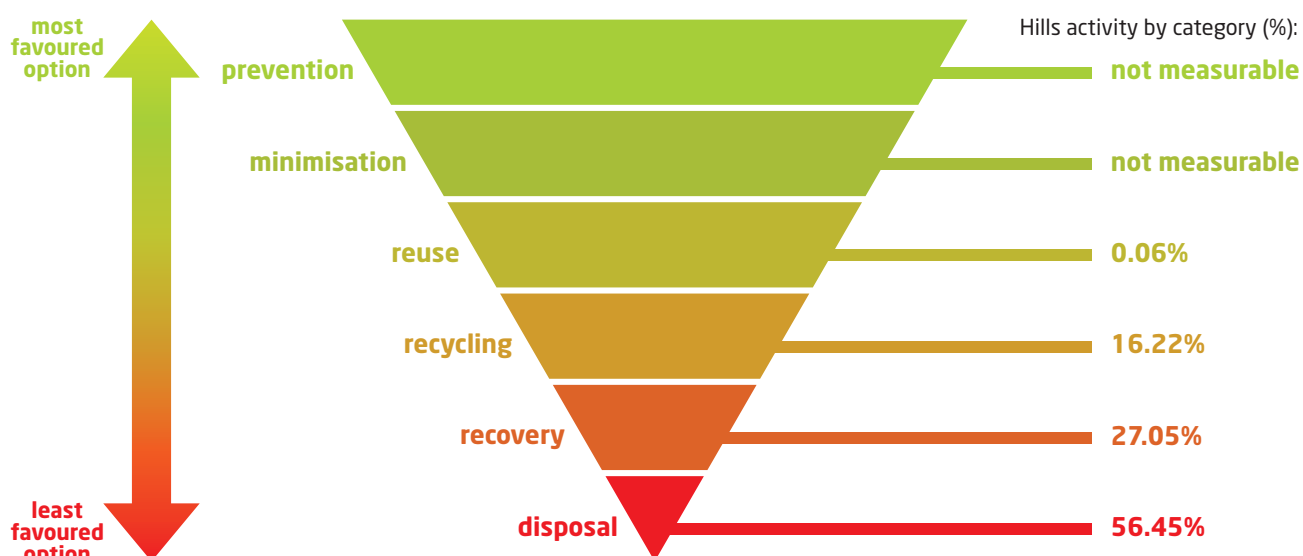
Our company

Hills is a regional provider of waste management services centred in Wiltshire, Swindon and the surrounding area. We provide a range of management processes for hazardous and non-hazardous waste. We currently employ 306 staff.



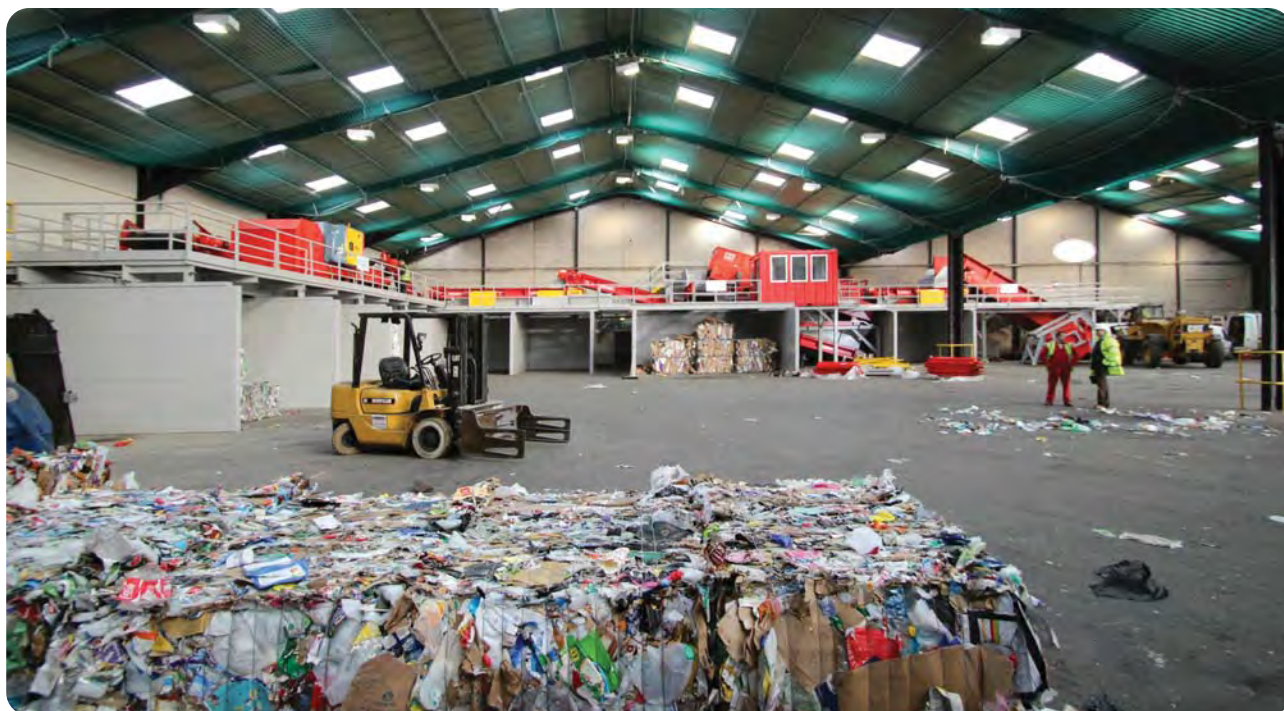
The waste hierarchy

We try to move waste up the hierarchy where possible. However, it should be remembered that disposal may be the only option for some wastes. Landfill also provides material to restore quarries. We are in the midst of a major development programme that will secure our place in the South West as a major supplier of waste treatment and recovery services.



Meeting the challenge

We opened new facilities in 2011/12:



Porte Marsh Materials Recycling Facility (MRF)

We have converted a redundant commercial unit into a new MRF at Porte Marsh in Calne. It is designed to process 12,500 tonnes of waste each year and was opened in October 2011 (pictured above). It uses state-of-the-art optical and ballistic separators to maximise the recycling of plastic bottles into their different polymer types. It also handles cardboard. **The process achieves a 95% recycling rate so that significantly less waste goes to landfill.** The technology is supported by our quality management system ISO 9001, which ensures that the process is carefully monitored and controlled.

Parkgate Farm Composting Facility

We relocated the main part of our composting activities from Lower Compton to the new facility at Parkgate Farm, Purton, in April 2012 (see below). Wiltshire's garden waste is delivered, shredded and processed in windrows. **It takes about 12 weeks to change garden waste to top quality organic compost, suitable for gardens and farms.** We moved the operation because more space was needed to help our customer Wiltshire Council to extend its service. Environmental control has been improved by locating the process in a rural location.



Our plans for 2012 and 2013 are even more challenging...



Northacre Resource Recovery Centre (RRC)

Each year 60,000 tonnes of Wiltshire's household waste will be processed in our new mechanical biological treatment (MBT) facility under construction at the Northacre RRC (see above). This process reduces the waste into a form of fuel. The MBT is a significant investment and a key element in Hills' strategy to help Wiltshire Council meet its landfill diversion targets. **It aims to divert 45,000 tonnes per annum from landfill, which would increase Wiltshire's municipal waste diversion to more than 80%.** The facility is expected to be completed and fully functional by Autumn 2013.

Amesbury Transfer Station

Every year 32,000 tonnes of municipal waste is taken from the south of Wiltshire for incineration to generate power at Lakeside Energy from Waste plant, near Slough. Our new facility in Amesbury to support this service will open in early 2013. Waste will be brought to this enclosed building in small vehicles and transferred to larger ones. **This results in 820,000 fewer lorry miles each year.** Amesbury will replace two smaller transfer stations.

Lower Compton Waste Recovery Facility (WRF)

Hills has a large operational centre at Lower Compton, near Calne. We hope to redevelop the waste recovery part of the site to increase the range of materials we can treat and improve environmental control. We plan to extend the municipal MRF building to include a covered municipal waste transfer station with a combined capacity of about 120,000 tonnes per annum (see artists impression below). A new industrial and commercial MRF and transfer station operation will take place in a separate new building designed to handle 135,000 tonnes per annum.

Outputs from the facility will be dry recyclables, such as metal cans for further reprocessing, refuse derived fuel for power generation and woodchip.



Management systems

Hills has joined a select group of waste management companies. We have been independently certified to meet all three international standards: ISO9001 for Quality, ISO14001 for Environment and OHSAS18001 for Health and Safety.

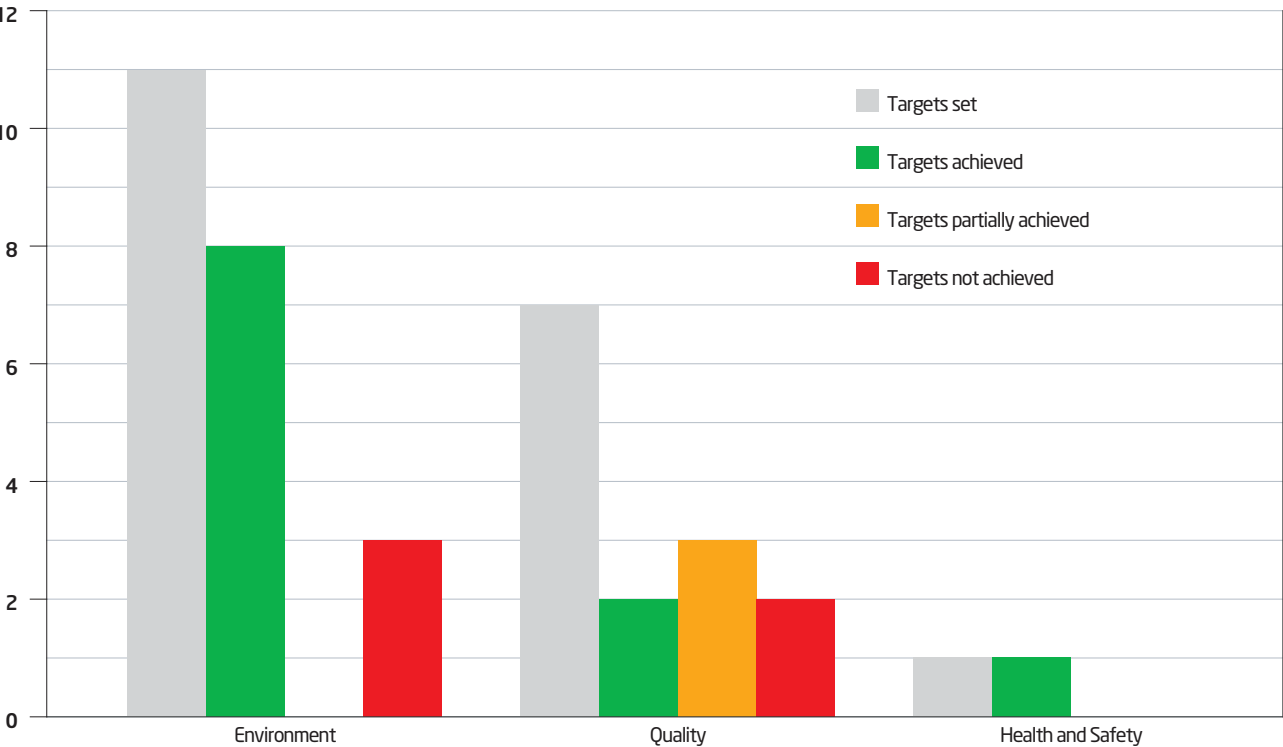
We have developed our management systems and continue to identify key issues and ensure that procedures are in place to:

- comply with the law
- deliver effective management
- continually improve
- reduce risks
- prevent pollution and accidents
- safeguard the health and safety of our employees
- meet customer requirements
- provide satisfactory service and product quality control.

We measure our performance against top level and departmental targets and set new ones. **In 2011, our employees carried out more than 240 recorded environmental improvements.**



Target setting and achievement



Review of environmental performance against targets

Legal compliance

Hills waste sites conform to all legal requirements and they are also regulated by the Environment Agency (EA) and the Health and Safety Executive (HSE). We keep track of legislation and make sure that the information is relayed to staff at meetings and by circulating publications. Additional training is given as needs are identified. We carry out an internal audit programme which checks for compliance against legal and permit requirements.

Target 1

No prosecutions, fines or notices served on the company in 2010/11 (target: 0)

Performance

0

Achieved?

Yes

The EA carries out audits and inspections of our operations, reports and data returns. Each inspection may generate a Compliance Classification Scheme (CCS) score. The higher the score, the poorer the performance and an increased likelihood of prosecution.

Target 2

Reduce the CCS score by 5% from 2010 performance (target: 35)

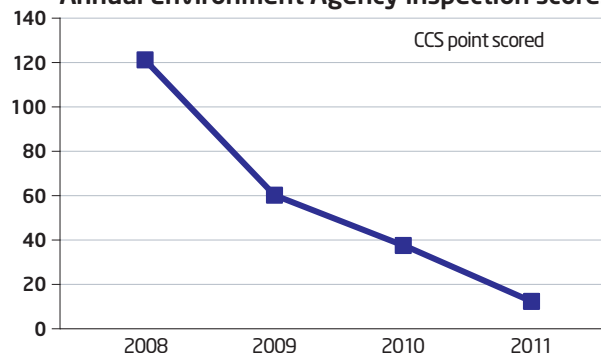
Performance

12.2

Achieved?

Yes

Annual Environment Agency inspection scores



The EA has reduced the number of its inspections. A new target was set to take this into account.

Target 3

Reduce the CCS score per inspection by 5% from 2010 performance (target: 0.289)

Performance

0.16

Achieved?

Yes

Effective leachate management is a priority for any company with landfill operations, so Hills has devised a points scoring scheme to encourage managers to reduce leachate levels.

Target 4

Reduce the number of leachate points by 20% from 2010/11 performance (target 354 points)

Performance

164 points

Achieved?

Yes

Effective management

We ensure that necessary improvements and non-conformances are dealt with as quickly as possible.

Target 5

Reduce the cumulative number of priority 1 items on the environment register by 5% from 2010/11 performance (target 216)

Performance

175 points

Achieved?

Yes

Risk reduction, prevention of pollution and accidents

We seek to reduce risks wherever possible as measured through risk assessments. Work has been prioritised to reduce the highest risks first.

Target 6

Reduce the risk assessment score by 20% from 2010/11 performance

Performance

Waste operations has carried out improvements but achieved less than 20% reduction in their score. Transport and recycling have no operations in the top risk category

Achieved?

No

Commercial waste recovery

Target 7

Increase the percentage of commercial waste recovery at Hills facilities by 2% from 2010/11 performance (**target 82%**)

Performance

Commercial waste recovery performance remained at 80%

Achieved?

No

Compost complaints

We recognise that the open windrow compost process in particular has the potential to create odours. Hills takes the issue of odour seriously and investigates every complaint. We take appropriate corrective and preventive action by following our odour management plan, agreed with the EA.

Target 8

Reduce the number of compost complaints by 10% from 2010/11 performance (**target 20**)

Performance

13 complaints were attributed directly to the compost operation

Achieved?

Yes

Fuel efficiency

We use fuel to run our equipment and vehicles. Using fuel creates carbon dioxide which is a greenhouse gas.

Target 9

Reduce litres of fuel used per tonne of waste processed at sites by 5% from 2010/11 performance (**target 1.067 litres/tonne**)

Performance

0.974 litres/tonne

Achieved?

Yes

We repair and maintain our HGV fleet to minimise emissions and our drivers are trained to the Safe and Fuel Efficient Driving (SAFED) standard.

We operate 88 vehicles with an average age of four years which we regularly replace and update to reduce emissions.

*There are European Union standards to control vehicle emissions. The higher the euro standard, the less the emissions.



Target 10

Decrease average fuel consumption in kilometres/litre of the transport fleet by 2% from 2010/11 performance (**target 2.434 kilometres/litre**)

Performance

2.3731 kilometres / litre

Achieved?

No

Mains water use

Water is a valuable resource which needs to be conserved. We aim to further reduce our consumption of mains water.

Target 11

Reduce amount of mains water used per tonne of waste processed at sites by 5% from 2010/11 performance (**target 0.022 litres/tonne**)

Performance

0.0181 litres/tonne

Achieved?

Yes

Health and safety management

Legal compliance

We had no prosecutions, fines or notices served us in 2011/12.

Accidents and incidents

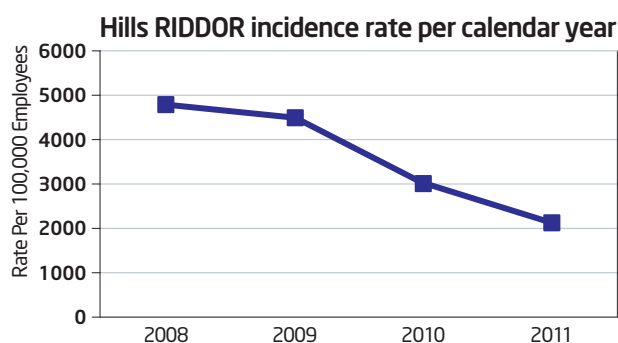
Employers are required by law under the Reporting of Injuries, Diseases and Dangerous Occurrences regulations (RIDDOR*) to report specified workplace incidents, such as major injuries, over seven-day injuries, work related diseases, and dangerous occurrences. In 2011/12:

- Our reporting rate fell for the fourth consecutive year.
- We had no reportable major injuries.

The Environmental Services Association (ESA) Accident Reduction Charter

In 2004, the ESA, which represents the waste and recycling industry, and the Health and Safety Executive, launched an Accident Reduction Charter which aimed to reduce the incidence rate of accidents reportable under RIDDOR by 10% every year.

Since 2008 we have exceeded this target and our overall reduction is more than 50% over the past four years.



Accident prevention

The key to preventing accidents is awareness of risks. We therefore seek to increase the number of "near misses" reported to help us learn from accidents that were avoided. We provide all employees with awareness training and a near miss reporting system.



Management of contractors and suppliers

Contractors and suppliers on our sites can pose risks to themselves, the business, and others. It is therefore important that we are confident that they can work safely on our sites and provide a reliable service. We have therefore put in new procedures for the control and approval of contractors that make this easier for all parties.

Maintaining employee health

A healthy workforce is as important as a safe workforce. We provide external occupational health surveillance to all relevant staff to monitor their wellbeing. This reassures us that our staff are healthy and that we meet our legal obligations.



*Before April 2012, these were injuries causing more than three days inability to carry out normal duties.

Quality management

Hills works to meet customer requirements by providing satisfactory service and good product quality control. We have set a mixture of top level and departmental targets to drive up performance.

Review of performance against targets

We have been improving our emergency procedures and took the opportunity to refine and extend our business continuity plan.

Business continuity

Target 1

Develop the business continuity plan

Performance

Business impact assessments have been completed and draft business continuity plan produced

Achieved?

Partial

Competencies

We recognise that we need to recruit staff with the right competencies for the job and to challenge them with personal development once employed.

Target 2

Develop competences

Performance

A new Performance Development Programme is being rolled out

Achieved?

Partial

Training

We believe that our staff deserve to be trained to a high standard and we have commissioned our training partner to rewrite all our training materials, and to provide training for our managers so that they can deliver the modules effectively. We are working to get all our eligible staff to at least National Qualifications Framework (NQF) Level 2.

We have also reviewed all jobs in the company and have identified minimum competencies required for each. We use annual appraisals to identify all development requirements to bring our employees up to the standard.

Target 3

Improve training effectiveness and relevance

Performance

New training modules have been produced and training has been provided to managers to ensure that key skills are transferred to staff

Achieved?

Partial





Customer survey

We care what our customers think and have set up regular meetings with our key customers. However, we recognise that we also need to survey smaller businesses. The completion date for this target has been relaxed due to the installation of a new IT system.

Target 4

Customer surveys

Performance

Limited work has been done

Achieved?

No

Service complaints

We provide services to the residents of Wiltshire as part of our contract with Wiltshire Council. We have strict targets for the performance of our kerbside collection service and the operation of the Household Recycling Centres (HRCs). The national benchmark for an acceptable kerbside collection service is 80 complaints per 100,000 households. **We have less than 10 complaints per 100,000 households which illustrates how good a job our staff do.**

Target 5

17.16 complaints per 100,000 households in kerbside collections, the same as 2010/11 performance (target 17.16)

Performance

9.7

Achieved?

Yes

Target 6

Reduce the number of complaints at HRCs by 5% from 2010/11 performance (target 15.2)

Performance

21

Achieved?

No

To put this in context, the HRCs receive approximately 474,000 vehicle visits per year. **Only 4 complaints were made per 100,000 visits.**

Customer feedback

Our drivers come directly into contact with people when they do their rounds. We provide our drivers with contact cards to help our customers speak to the right people in the company.

Target 7

Improve customers' ability to comment on service quality

Performance

Contact cards deployed

Achieved?

Yes



General performance indicators

This data is being collected to show how the profile of the company changes over the years.

- 1** We processed 36,750 tonnes of green waste to produce 16,927 tonnes of quality assured compost.

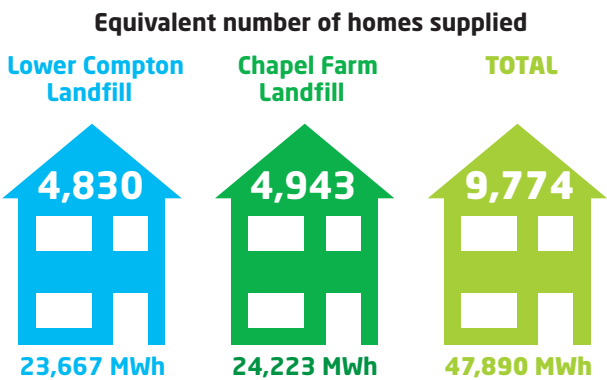


36,750 tonnes

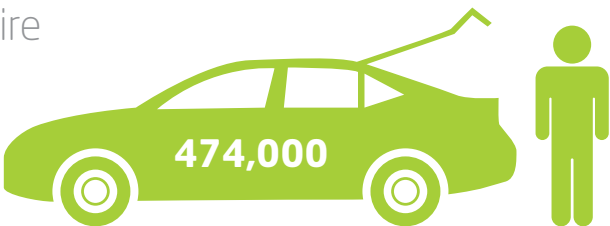


16,927 tonnes

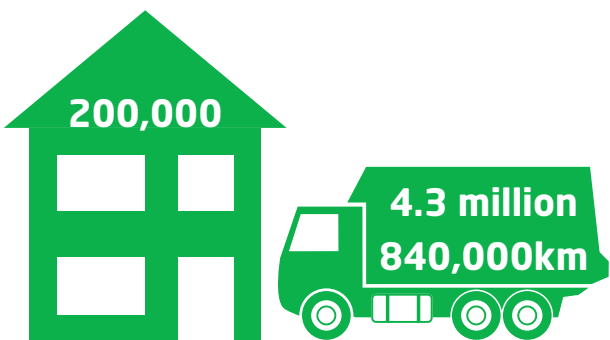
- 2** We generate electricity from landfill gas. We exported 47,890 megawatt hours from Chapel Farm and Lower Compton landfills in 2011/12. This is enough to supply electricity to 9,774 homes.*



- 3** We received 474,000 visits to Wiltshire HRCs by the public in 2011/12.



- 4** We collected waste from over 200,000 households in Wiltshire. We made 4.3 million collections from households and travelled 840,000 kilometres.



*The conversion factor is sourced from the Renewable Energy Association. On average, one house in the UK consumes 4.9MWh of electricity per year.

Key contract performance



We all have a responsibility to manage our waste properly so that as much of it as possible is recovered or recycled and that as little as possible is disposed of in landfills. Our customers use Hills Waste Solutions as the means to that end: we manage their waste in a responsible and sustainable manner.

Wiltshire Council

We are proud of the service we provide to our main customer, Wiltshire Council. Two milestones were achieved in 2011/12. One million tonnes of Wiltshire's waste were diverted from landfill and 150,000 tonnes of paper were recycled. Full details may be found in Wiltshire Municipal Waste Contract Annual Service Review 2011/12 at www.hills-group.co.uk

Honda of the UK Manufacturing Ltd

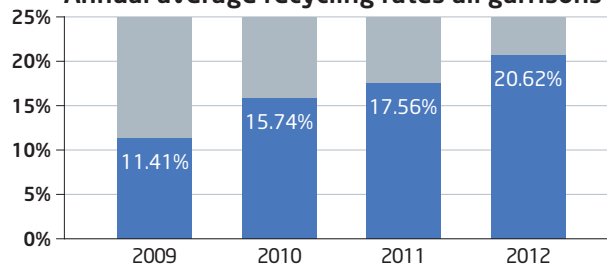
Hills has a small team of staff on the factory floor at Honda of the UK Manufacturing Ltd (HUM) in Swindon. We have introduced a system of advice, monitoring and reporting, which helped HUM to achieve zero waste to landfill target on schedule in 2010. A new target has been set to achieve zero waste to incineration without energy recovery by March 2015. We have also identified a number of new treatment options for the remaining waste.



Aspire Defence Services Ltd

Hills helps Aspire Defence to meet its waste targets as part of Aspire's facilities management contract with the Ministry of Defence. We collect waste from four garrisons at Aldershot, Larkhill, Tidworth/Bulford and Warminster. New software and data reporting has helped them increase recycling at garrisons and reduce on-going costs. Hills has monitored waste production and supplied containers capable of capturing the optimum amount of recyclables. **The recycling rate has risen from 11.41% in 2009 to nearly 21% in 2012.**

Annual average recycling rates all garrisons



Corporate social responsibility

Community liaison and consultation

Hills puts a great deal of effort into speaking with local communities so that we understand the possible impacts we may have and are able to address concerns swiftly. Our established community liaison groups in Blunsdon, Kintbury, Lower Compton, Purton and Westbury facilitate discussion and sharing with communities and their representatives. **Last year we held 14 public liaison committee meetings.**

Hills further ensures that concerns are taken into account when we seek planning permission for new facilities by consulting with local communities and providing answers to their questions. This is done both via public exhibitions and making detailed information available online at www.hills-group.co.uk/consult

We offer guided tours around our facilities. Lower Compton MRF welcomed 60 groups consisting of 815 visitors, most of whom were pupils at local schools.

Transport

We introduced the Well Driven? scheme in January 2012 to learn more about our drivers' performance. The scheme encourages people to comment on the quality of our driving and gives us the opportunity to address any shortfalls. All our drivers are trained and have signed our good driving charter, which commits them to drive responsibly. In addition, we enter into local routing agreements to control the movements of our vehicles.



Complaints and compliments

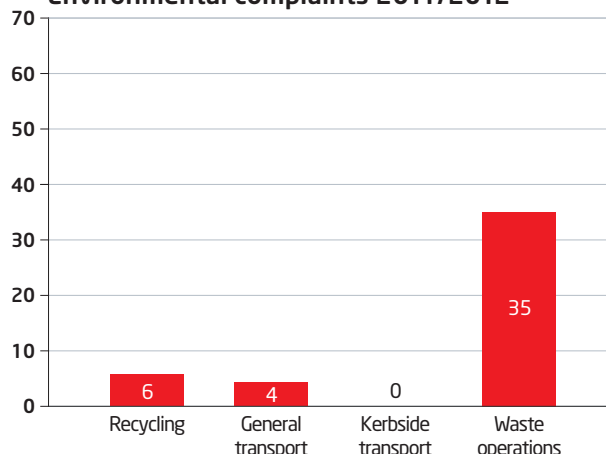
Hills takes complaints seriously. We aim to investigate every complaint and take the appropriate corrective and preventive action. We try to minimise any nuisance that our operations may have on the community.

We received a total of 45 environmental complaints in 2011/12.

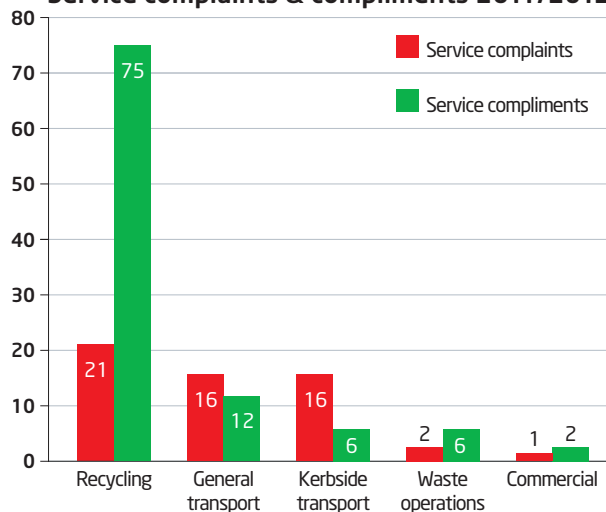
The 13 environmental complaints about the Lower Compton green waste composting facility mostly concerned odour. We expect that there will be a reduced number of complaints concerning odour at our new Parkgate Farm facility.

We want to have satisfied customers. **We received a total of 56 service complaints and 101 service compliments.**

Environmental complaints 2011/2012



Service complaints & compliments 2011/2012



Environment Agency (EA)

We held 10 liaison meeting this year with the EA to make sure that our and their concerns were addressed in all our activities.

Giving back to the community

We donated £1,185,000 for projects through the Landfill Communities Fund. The fund supports community, built heritage and environmental projects. This funding, together with direct sponsorship and gifts in kind, has been used in a wide range of projects. These include enhancing the natural environment for the benefit of wildlife and biodiversity; supporting sports clubs; building or refurbishing community facilities such as village halls, parks, sports and play areas, scout huts, education centres; and supporting music and the arts.

Details of our community giving can be found at:
www.hills-group.co.uk/consult/community.html

Partnerships

Hills has established partnerships with a number of local charitable organisations whose work supports the principles of the waste hierarchy and provides benefits to those in need.

The jole rider Bikes4Africa scheme collects bicycles from Wiltshire's HRCs. The bikes are repaired at a local prison by inmates and then shipped to The Gambia for distribution to school children to be used as transport to school. **Around 2,500 bicycles have been shipped to Africa this year.**

Climate change

Greenhouse gases, such as carbon dioxide, methane and refrigerants are a contributory factor to climate change. Hills monitors its emissions and has carried out a basic carbon footprint study. This exercise confirmed that we have a footprint typical of a company with landfill operations. The vast majority of our impact arises from landfill gas emissions, followed by transport and energy use. We try to capture as much landfill gas as we can from Chapel Farm and Lower Compton landfills and flare it or use it to generate electricity. (See page 12, item 2).

Staff engagement

The Move to Improve scheme was introduced in March 2011. It offers incentives to staff to suggest ideas and practices that help the company to:

- Save money
- Reduce accidents and incidents
- Improve productivity and quality of products
- Reduce energy consumption / conserve resources
- Improve customer service
- Reduce waste

This scheme has generated 154 ideas, 65 of which were considered to be of merit and 24 which were relevant to our main customer, Wiltshire Council.

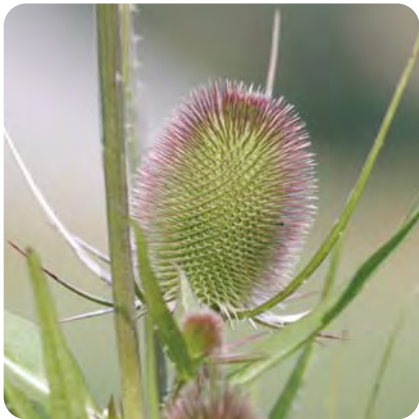
Energy and natural resources

We seek to use as few resources as possible in our operations. We regularly review our energy consumptions and look for ways to use less. We re-use aggregates wherever possible to reduce the use of virgin materials when we engineer our sites. We have started building our landfill cells using baled recovered tyres to construct the basal drainage layer. **We saved £120,000 in cell construction costs by using recycled materials.**

Awards

Helping companies deliver their environmental strategies is an important part of what we do. Hills won the Wiltshire Life Awards Initiative 2012 Environmental Excellence in Business Award for our work with Swindon Town Football Club to improve its waste recycling performance.





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