

**CONFORMED COPY
OF THE PRINCIPAL CONTRACT DATED 31ST MARCH 2003
AND THE AMENDMENTS TO THE PRINCIPAL CONTRACT
PURSUANT TO THE DEED OF AMENDMENT DATED 28TH MAY 2003**

SCHEDULE 32

BEST VALUE METHOD STATEMENT

The Contractor acknowledges that it will be required to assist the Councils in discharging the Best Value Duty.

Working with the Councils

During the Term, the Contractor will identify a full-time member of staff (Best Value Client Liaison Officer) to be responsible for the co-ordination and carrying out of Best Value related duties. These duties will include:

1. Preparation, compilation and regular and timely distribution of the Annual Service Report
2. Analysis and interpretation of such of the Government's best value performance indicators specified pursuant to section 4 of the Local Government Act 1999 ("**BVPIs**") as are relevant to the provision of the Services
3. Organisation of and participation in Best Value Reviews with the Councils
4. Arranging, carrying out and publishing results of the Customer Satisfaction Surveys

Ensuring Value for Money

The Contractor recognises the Best Value requirement to deliver a value for money waste management service. A fundamental element of delivering a value for money service is to subject the Benchmarked Services to Benchmarking or Market Testing.

Customer Satisfaction Survey

The Contractor will undertake the Customer Satisfaction Surveys in accordance with Clause 31.2 to gauge the public perception of the waste management service provided under this Contract.

If the Customer Satisfaction Surveys are not carried out by the Contractor, they will most probably be carried out on a sub-contract basis by a company specialised in the field of such work. Results for each of B&HCC's Area and ESCC's Area will be capable of distinct analysis.

Annual Service Report

The Contractor will prepare and submit to the Councils the Annual Service Report. The Annual Service Report will address Recycling Targets and Recovery Targets and levels of achievement of such targets and where appropriate will indicate causes of any failure to meet such targets.

Additionally during the period in which the Works are being carried out the Annual Service Report will include full details on the status of all proposed infrastructure development.

Levels of customer complaints and steps being taken to minimise such complaints will be included within the Annual Service Report as will the summary results of the most recent Customer Satisfaction Survey.

Performance Indicators

The Councils will notify to the Contractor those BVPIs and local performance indicators ("**LPIs**") that are relevant to this Contract. References to BVPIs and Best Value in this Best Value Method Statement shall be read in the context of the BVPIs and LPIs that have been notified to the Contractor.

The Contractor will compile and prepare statistical information and present this in a regular and timely manner to the Councils in order for them to report on the Best Value performance of this Contract.

Continuous Improvement

The Best Value regime requires the Councils to make arrangements to secure continuous improvement. This can be assessed as being measured by both objective and subjective tests.

Objectively this Contract will be measured against the Recycling Targets and Recovery Targets and the BVPIs will track the performance levels of this Contract against the Recycling Targets and Recovery Targets, both in terms of percentage and absolute levels.

Due to the likely increases in waste arisings, there is a likelihood that gross tonnage of waste that is Recycled will show a trend to increase during the Term and yet be accompanied by a reduction in percentage performance. The Contractor is contracting to achieve the year by year Recycling Targets and Recovery Targets.

Achievement of the Recycling Targets and Recovery Targets will constitute a step-change in the provision of the Services and these targets have been prepared in a manner to procure long-term, overarching improvements in measurable outputs. By signing this Contract the Contractor agrees to be bound by the Recycling Targets and Recovery Targets.

If any Performance Criteria or the Recycling Targets and/or Recovery Targets are altered this will be regarded as a Council Change and treated according to the provisions of Clause 24.1 of this Contract.

The Contractor will strive to also improve other measurable aspects of the Services such as year on year reduction in complaints levels. However, the Councils already have remedy elsewhere in this Contract to redress unsatisfactory performance and hence in this respect the continuous improvement undertaking is not in itself a contractual obligation.

Flexibility in Service Arrangements

Flexibility is an in-built and inherent feature of the Services.

Whilst the Contractor had to be relatively prescriptive in developing the Service Delivery Plans, it has left the option open for the introduction of new and innovative technology by means of the New Technology provisions (primarily Clause 19 of this Contract). These provisions allow and require the Councils and the Contractor to review continuously and appraise Alternative Technology and to compare it with the Original Technology.

Co-operation with Best Value Reviews

The Contractor acknowledges the Councils' responsibility to expose the Services and selected component parts to periodic review by the Best Value Inspector and undertakes to co-operate fully in such reviews. Such co-operation will take the form of making its staff, contract information and facilities available to the Best Value Inspector in an open manner in a way which will not prejudice the confidentiality of certain sensitive elements of the Project.

Interface with other Best Value Functions of Local Authorities

The Contractor acknowledges that the Councils are subject to Best Value legislation across the range of services which they provide. The Contractor undertakes to liaise as requested by the Councils with other departments of the Councils in the implementation of their Best

Value responsibilities. The Contractor also agrees to share information and co-operate with the Best Value officers and processes of other stakeholders to the Services such as those from participating District, Borough and City Councils, other Council departments and adjacent Local Authorities.