

BARNSELEY, DONCASTER AND ROTHERHAM JOINT WASTE BOARD

**Venue: Town Hall, Moorgate
Street, Rotherham S60
2TH**

Date: Friday, 27th January, 2017

Time: 2.00 p.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
2. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
3. Apologies for absence
4. Declarations of Interest
5. Minutes of the previous meeting held on 30th September,2016 (Pages 1 - 5)
6. Matters Arising
To discuss matters arising from the previous minutes, which are not included elsewhere on the agenda.
7. BDR Joint Waste Project - Manager's Report (Pages 6 - 24)
 - Governance
 - Audit
 - Contract Performance
 - Communications
 - Legal
 - Financial
 - Resources
 - Other
8. BDR Joint Waste Project - Current Issues
9. Risk Register (Pages 25 - 33)

10. Exclusion of the Press and Public

The following item is likely to be considered in the absence of the press and public as being exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended, March 2006 – information relates to finance and business affairs)

11. Amec Service Review - Update

12. Date, time and venue for the next meeting

: if necessary, a meeting shall be held during March, 2017, on a date to be arranged.

: annual meeting on a date to be arranged during June or July, 2017.

BARNSELY, DONCASTER AND ROTHERHAM JOINT WASTE BOARD
Friday, 30th September, 2016

Present:- Councillor P. R. Miller (Barnsley MBC) (in the Chair); Councillors S. Allen and E. Hoddinott (Rotherham MBC), Councillor G. Jones (Doncaster MBC), together with Mrs. L. Baxter and Mrs. K. Hanson (Rotherham MBC), Mr. P. Castle (Barnsley MBC) and Mr. L. Garrett (Doncaster MBC).

Apologies for absence were received from Councillor C. McGuinness (Doncaster MBC), Councillor B. Lodge (Sheffield City Council), Mrs. G. Gillies (Doncaster MBC), Mrs. G. Charters (Sheffield City Council) and from Mr. J. Busby (DEFRA).

15. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at this meeting.

16. MINUTES OF THE PREVIOUS MEETING HELD ON 1ST JULY, 2016

Consideration was given to the minutes of the previous meeting of the Barnsley, Doncaster and Rotherham Joint Waste Board, held on 1st July, 2016.

Agreed:- That the minutes of the previous meeting of the BDR Joint Waste Board be approved as a correct record for signature by the Chairman.

17. MATTERS ARISING

The following matters arising from the minutes of the previous meeting of the BDR Joint Waste Board were discussed:-

(1) Minute No. 6(2) – the revised Inter-Authority Agreement (IAA.3) has been finalised and signed by each constituent Authority.

(2) Minute No. 8 – a separate meeting for Elected Members is to be arranged for consideration of the Waste Compositional Analysis.

18. BDR JOINT WASTE PROJECT - MANAGER'S REPORT

The Barnsley, Doncaster and Rotherham (BDR) Joint Waste Manager submitted a report which highlighted and updated the following issues relating to the Joint Waste Private Finance Initiative (PFI), for the period June to August 2016:-

: the Inter-Authority Agreement 3 has now been signed by all three constituent, BDR, local authorities;

: the BDR Joint Waste Manager has presented the Joint Waste Project Annual Report 2015/16 to the South Yorkshire Local Authorities' Leaders' meeting;

: Rotherham MBC Internal Audit Team is undertaking the second audit of the procedures and processes of the BDR contract compliance team;

: contract delivery and performance (Bolton Road facility);

: recycling and diversion (the contents of the BDR Manager report was noted);

: waste composition (including analysis for each of the three local authorities individually);

: complaints (about flies and noise); total complaints in 2014/15 and in 2015/16;

: health and safety - it was noted that there had been a fire at the facility in the quarantine bay that had resulted in attendance at site by the South Yorkshire Fire Service. Another smaller fire had occurred in a shredder pit, the foam was activated and no further action was necessary.

: compliance issues, April to August 2016;

: Ferrybridge facility;

: Grange Lane facility;

: communications – the BDR PFI project has been successful in the Best Energy from Waste Initiative category in the National Recycling Awards 2016;

: recycling week events, 12th to 18th September, 2016;

: legal issues;

: financial issues.

Members discussed the following the issues:-

- the impact of the commodities market, including fluctuations in the price of oil, on the value of recycled plastic;

- the waste composition analysis will begin on 10th October, 2016 and will repeat the kerbside analysis of domestic refuse which had been utilised in 2009 and in 2014, to facilitate meaningful comparison; the analysis of waste at the household waste collection sites and of trade waste will also be undertaken.

Agreed:- That the BDR Manager's report be received and its contents noted.

19. BDR JOINT WASTE PROJECT - CURRENT ISSUES

The Barnsley, Doncaster and Rotherham (BDR) Joint Waste Manager reported on the following current issues affecting the Bolton Road facility at Manvers:-

(a) Noise - the requirement was for the site noise level to remain below ten decibels; the results of the most recent noise-level test are not yet available; the complaints received will be analysed by frequency, post code and also date to ascertain whether there are repeat or new complainants and whether there is any specific seasonal trend;

(b) Flies – the chemical treatment has been altered to try and secure an improved means of prevention of flies on the site; there is already a known seasonal, weather-dependent trend affecting the problem of flies on the site, together with a history of complaints being received from residents of the local area over several years.

Agreed:- That the information be noted.

20. RISK REGISTER

The Barnsley, Doncaster and Rotherham Joint Waste Board considered the updated Waste PFI risk status report (risk register) which had been maintained during the various stages of the joint waste project. The report stated that thirteen risks are registered, with none being added nor deleted since the last Joint Waste Board meeting held on 1st July, 2016. There had been one downward movement in 'target' risk score, since the July meeting, in relation to the Environmental Impact risk, which was due to the mitigation measures used by the contractor relating to the issues of noise and flies affecting the Bolton Road site.

It was clarified that the existing risk register relates only to the BDR PFI contract, although the development has begun of a wider ranging risk register for the partnership working on waste disposal in South Yorkshire.

Agreed:- (1) That the updated information on the risk status report, as now submitted, be received.

(2) That, currently, there are no risks to be added to, nor deleted from the BDR PFI risk register.

21. EXCLUSION OF THE PRESS AND PUBLIC

Agreed:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended (information relating to the financial/business affairs of any person (including the Joint Waste

Board)).

22. BDR PFI BUDGET UPDATE 2016/17

Consideration was given to the Budget Summary, as at August 2016, for the Barnsley, Doncaster and Rotherham Joint Waste Private Finance Initiative (PFI). It was noted that current expenditure remained within the agreed budget. Discussion took place on the desirability of continuing to include a contingency sum within the budget, to fund any unexpected and/or unplanned items of expenditure.

Agreed:- (1) That the report be received and its contents noted.

(2) That, at future meetings of this Joint Waste Board, the budget summary report be included on the agenda as an open item.

23. SOUTH YORKSHIRE WASTE STRATEGY 2016 - 2021 (CONSULTATION DRAFT)

The Barnsley, Doncaster and Rotherham Joint Waste Manager submitted a report which provided both analysis and evaluation of the results of the South Yorkshire Waste Strategy (SYWS) consultation, which had been conducted over an eight weeks' period during the Summer, 2016 across the county, ending on 31st July, 2016. The report also detailed the methodology and approach of the consultation process, which included questionnaire data and thematic analysis of qualitative data.

The results of the consultation identified that stakeholders either strongly agreed or agreed with the proposed priorities. The analysis revealed that priorities were ranked in the following order : A (Educate and inspire), C (Reliable service), B (Working together), D (Exploring technology) and E (Influencing decision-making). Analysis of the qualitative data provided more insight into the meaning of these priorities in context for stakeholders.

The report concluded that the qualitative and quantitative data both support the four Councils' proposed priorities for the SYWS. This information is to be used to inform the SYWS collective approach for the next five years, as well as individual Council's action plans.

Members suggested that the specific themes for each of the four individual Local Authority areas ought to be listed within the report.

It was noted that a working group would shortly be established to consider the proposed all-service review, as well as the need to engage Elected Members in the review.

Agreed:- That the report be received and its contents noted.

24. DATE, TIME AND VENUE FOR THE NEXT MEETING

Agreed:- (1) That the next meeting of the Barnsley, Doncaster and Rotherham Joint Waste Board be held on Friday, 16th December, 2016 at the Town Hall, Rotherham, commencing at 2.00 p.m. and an invitation be extended to the representatives of Sheffield City Council to attend this meeting.

(2) That, if necessary, a meeting of the Barnsley, Doncaster and Rotherham Joint Waste Board be held on a date to be arranged during March, 2017.

(3) That the next annual meeting of the Barnsley, Doncaster and Rotherham Joint Waste Board be held on a date to be arranged during June or July, 2017 at the Town Hall, Rotherham, commencing at 2.00 p.m.

**BDR WASTE PFI
BDR MANAGER UPDATE REPORT**

SEPTEMBER 2016 – DECEMBER 2016

1.0 Governance

The Director of Regeneration and Environment at Rotherham Council took over as the chair of the BDR Liaison Committee and the annual review meeting was held on 12th October 2016.

At the Liaison Committee, it was raised that the Community Liaison Group were concerned at the lack of attendance of the nominated Councillors and a request for deputies to attend in their place was made.

Shanks Group Plc as operating contractor for the BDR Facility are in the process of recruiting a Contracts Director.

Shanks Group Plc as operating contractor for the BDR Facility are in the process of negotiating a merger with Van Gansewinkel Group. The merger is not expected to impact on the BDR Project although it is likely that Shanks Waste Management will be rebranded.

A new Managing Director for the Municipal division of Shanks Waste Management has been appointed.

2.0 Audit

RMBC have completed their second audit of the procedures and processes of the BDR contract compliance team. The focus of this year's audit was on the robustness of the payments process and the accuracy and validity of performance data, focusing particularly on those performance measures that have financial or service delivery implications. The overall audit opinion rated the project with Substantial Assurance; this is the highest level of assurance, the scale being; Substantial Assurance, Reasonable Assurance, Partial Assurance and No Assurance. See Appendix 1.

3.0 Contract Performance

3.1 Bolton Road

3.1.1 Recycling and Diversion

Table 1 contains the information about the number of tonnes processed and the contract performance. There have been some issues, which have affected the recycling performance of the facility:-

- There are ongoing issues with a poor market for recycling plastics from an MBT. The price of oil is low; this means the virgin plastic material is cheap and consequently lowers the value of the recyclable material.
- During October to December, work was undertaken at Bolton Road to replace shredder rails and improve the refinement section. As a result, a proportion of treated waste did not have recyclable material extracted and some waste was diverted to third parties.

The Contactor has mitigated the impact of these issues by:-

- Paying to get plastics reprocessed.
- Paying for waste to be taken to third parties who can also recover recyclable material from the residual waste.
- Making the improvements to the refinement section to increase the throughput of material and the recycling captured by the process.

Table 1 – Year to date tonnes Processed 1st April 2016 to 31st December 2016

	Type	Tonnes	Percentage	Target (contract estimate)	Variance
Waste delivered	Contract waste only	168,333.60			
	Household Waste	151,211.10			
Landfill	Total	5,577.65	3.31%	5%	1.69%
Recovery	Total	107,094.52	63.62%	n/a	
Recycling	Ferrous	1,499.06	0.99%		
	Non-ferrous	183.6686	0.12%		
	Fines	5,165.12	3.42%		
	Glass and Stone	2,196.11	1.45%		
	Plastic	5,092.75	3.37%		
Recycling other	Metals in bottom ash	1,774.25	1.17%		
	AWM recycling	995.57	0.66%		
	Total	16,906.53	11.18%	19.00%	7.82%

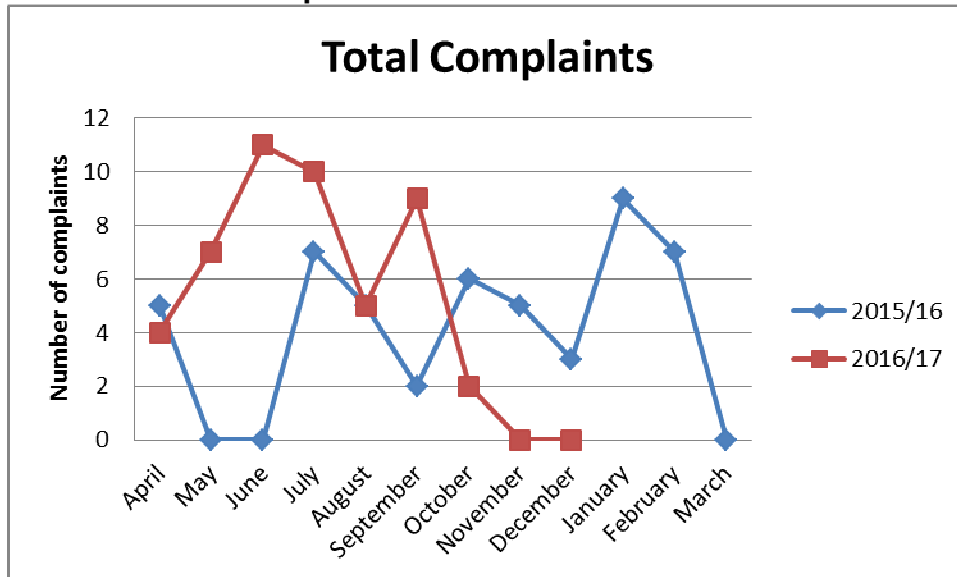
Moisture Loss		48,735.25	28.95%		
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N.B. above figures are unaudited and subject to change. Recycling percentage is calculated from Household Waste streams only not Commercial. Landfill diversion is calculated by total waste diverted from landfill divided by the total waste delivered. The landfill diversion target for the contract is 95% with only 5% to landfill. The contract is over performing by diverting 98.31% with only 1.69% to landfill.

AWM Associated Waste Management operates an MBT with a similar process to Bolton Road, which removes some recycling from the residual waste. Shanks have used this as a diversion point with the recycling counting to the total contract performance.

3.2.5 – Complaints

Table 2 - Total Complaints 2015/16 and 2016/17



The above graph compares the total number of complaints received per month in 2015/16 with those received in 2016/17.

3.2.5.1 Noise

A monitoring exercise by the Environment Agency (EA) took place on the 20th September 2016 the results indicated the noise was not at a level that should cause nuisance. The EA have communicated their results to people who had raised concerns.

3.2.6 Health and Safety

3.2.6.1 Fire Update

Following the fire in the reception area, the fire detection in that area has been improved.

The household waste recycling centre residual skip waste is now being processed on site at Bolton Road.

Table 3 - Compliance from October 2016 to 31st December 2016

	Close Call	Accident less than 3 days	Accident more than 3 days	Non RIDDOR dangerous occurrence	RIDDOR dangerous occurrence	RIDDOR more than 7 day injury	Major RIDDOR	Environmental
October	6	0	0	0	0	0	0	0
November	14	1	1	0	0	0	0	0
December	24	1	0	0	0	0	1	0
YTD Total	146	12	1	9	0	0	1	9

3.2.6.2 Riddor

A sub-contractor fell from height at Barnsley Transfer Station and fractured a collarbone. This incident is subject to ongoing investigation.

3.2.6.3 Events

A leachate outbreak occurred and leachate accumulated in the attenuation ponds. The emergency procedures were put in place and the outfall to Houndhill Dyke was blocked off. The Environment Agency was informed.

During routine monitoring low levels of legionella was detected in an arm of the bio-filtration system. Specialist contractors were appointed to cleanse the system.

3.3 Ferrybridge

Table 4 – Ferrybridge BDR Fuel Deliveries and Electricity Export

Month	April	May	June	July	August	Sept	Oct	Nov	Dec	Totals
TOTAL FUEL DELIVERED (tonnes)	39345	44252	50901	41068	49315	49591	47020	49601	48016	
TOTAL ELECTRICITY EXPORTED (MWhe)	23509						24850	47241	54104	

Ferrybridge are generating electricity as the turbine is successfully returning to full commercial operation.

Table 5 – Ferrybridge Compliance

	Lost Time	Medical	First Aid	Observation	RIDDOR
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		Incident			
YTD Total	0	0	0	265	0

3.3.2 Grange Lane

Barnsley are progressing the work required to bring the Grange Lane Facility up to good and tenable standard.

4.0 Communications

Information regarding recycling at Christmas was provided to the local press.

5.0 Legal

5.1 Insurance

The insurance market continues to be challenging for the waste sector.

6.0 Financial

6.1 Operational Management Budget

BDR PFI Budget Summary 2016-2017

Item	Budget	Forecast	Variance
Management	£118,905	£118,905	£0
Administration	£18,584	£24,894	£6,310
Sub total	£137,489	£143,799	£6,310
Call Off Finance	£1,120	£540	-£580
Call Off Technical	£0	£0	£0
Call off insurance	£400	£400	£0
Call off Legal	£67,151	£66,114	-£1,037
Sub total	£68,671	£67,054	-£1,617
External Finance	£26,329	£16,246	-£10,083
External Legal	£8,300	£5,157	-£3,143
External Technical	£45,500	£42,199	-£3,301
Project Work Advisor Costs	£74,695	£0	-£74,695
Other Advisor costs	£10,000	£7,800	-£2,200
Sub total	£164,824	£71,402	-£93,422
Total	£370,984	£282,255	-£88,729

The contract is performing within budget.

7.0 Resources

7.1 Training

The BDR Project Administrator has secured free apprenticeship funding for an NVQ Level 4 – Business Administration alongside English and ICT and has 18 months to complete the course.

The BDR Compliance Officer will undertake Prince 2 training in April 2017

8.0 Other

8.1 South Yorkshire Waste Strategy (SYWS)

The work on the technical document for the waste strategy continues and the working group will now need to look at the action plans. The outcome of the Amec Service Review will be incorporated into the action plans.

9.0 Glossary of Terms

Term	Definition
3SE	The name for the partnership between Shanks Group plc and Scottish & Southern Energy plc.
Anaerobic Digestion (AD)	A series of biological processes in which microorganisms break down biodegradable material in the absence of oxygen. One of the end products is biogas, which is combusted to generate electricity and heat.
Environment Agency (EA)	An executive non-departmental public Body responsible to the Secretary of State for Environment, Food and Rural Affairs for issues affecting the environment.
Incinerator Bottom Ash (IBA)	Is a form of ash produced in incineration facilities
Mechanical Biological Treatment (MBT)	A type of waste processing facility that combines a sorting facility with a form of biological treatment such as composting or anaerobic digestion.
Megawatt Hour (MWh)	Is a measure of energy that is often used to describe an amount of electricity.
Private Finance Initiative (PFI)	Mechanism for creating "public-private partnerships" (PPPs) by funding public infrastructure projects with private capital.
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR)	RIDDOR which puts duties on employers, the self-employed and people in control of work premises (the Responsible Person) to report certain serious workplace accidents, occupational diseases and specified dangerous occurrences (near misses).
Solid Recovered Fuel (SRF)	A fuel produced by shredding and dehydrating solid waste (MSW) with a waste converter technology.

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**Internal Audit Report
Waste Treatment Facility**

Executive Summary

1. Background

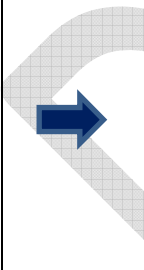
- 1.1 Household waste from Barnsley, Doncaster and Rotherham Councils (BDR) is processed at a newly constructed waste treatment facility located at the Council's Bolton Road Manvers site.
- 1.2 The facility is operated by 3SE, a partnership between Shanks Group plc (a specialist waste contractor) and Scottish & Southern Energy plc, and contracted to treat the residual waste of the three Councils for a period of 25 years.
- 1.3 The site became fully operational in July 2015.

2. Scope and Objectives

- 2.1 The audit will test compliance with contract conditions in accordance with the Project Agreement. The audit will focus on the robustness of the payments process and the accuracy and validity of performance data, focusing particularly on those performance measures that have financial or service delivery implications.

3. Overall Audit Opinion

The overall opinion is: **Substantial Assurance.**

Position	Rating	Definition
	Substantial Assurance	Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk. The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature (1 star) to further strengthen control arrangements.
	Reasonable Assurance	Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at risk. There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium (2 star) priority.
	Partial Assurance	Partial assurance as weaknesses in the design or application of controls put the achievement of the

**Internal Audit Report
Waste Treatment Facility**

Position	Rating	Definition
		<p>service's objectives at risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed.</p> <p>Recommendations may include high priority (3 star) and medium priority (2 star) matters.</p>
	No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse.</p> <p>Recommendations will include high priority (3 star) matters and may also include medium priority (2 star) matters.</p>

This opinion contributes to Internal Audit's annual assessment of the Council's overall control environment, which in turn contributes to the production of the Council's Annual Governance Statement.

4. Summary of Conclusions

Risk Assurance Objective	Assurance Level			
	Substantial	Reasonable	Partial	No
All agreed recommendations from the previous audit conducted in 2016 been implemented in full?	✓			
Payments made from BDR to 3SE are correct and in line with the contract payment mechanism.	✓			
Outputs from the Transfer station are accurate, adequately recorded and effectively monitored.	✓			
Adequate performance monitoring arrangements are place.	✓			
Barnsley, Doncaster and Rotherham are correctly recharged as per the agreed	✓			

**Internal Audit Report
Waste Treatment Facility**

contract terms/Inter Authority Agreement.				
The BDR Client Team has progressed the 'year-end' calculations in line with the agreed contract terms.	✓			

4.1 The audit has confirmed that the controls and processes in place for the effective management of the BDR waste treatment contract were operating in an effective manner at the time of the review.

5. Limitations relating to the Internal Auditor's Work

5.1 The matters raised in this report are limited to those that came to our attention, from the relevant samples selected, during the course of our audit and to the extent that every system is subject to inherent weaknesses such as human error or the deliberate circumvention of controls. Our assessment of the controls, which are developed and maintained by management, is also limited to the time of the audit and cannot take account of future changes in the control environment.

6. Acknowledgements

6.1 Internal Audit would like to thank all involved for their assistance during this review.

Assurance Objectives, Overall Conclusions, Key Findings and Recommendations

1. Assurance Objective

The agreed recommendations from the previous audit conducted in 2016 have been implemented in full.

1.1 Overall Conclusion

A total of 10 recommendations were made following an audit of the waste treatment facility during 2015/16. It is pleasing to note that all recommendations have been implemented in full by the BDR Manager.

1.2 Key Findings

Implementation of the recommendations has resulted in the following improvements:

- i. **Risk Register** - The old JCAD system (the risk management software used by the Council) recorded a total of 13 risks associated with the Waste Treatment Facility. Of the 13 risks, 5 related to the commissioning of the facility and the control measures identified to mitigate these risks have been fully implemented. The remaining 8 risks have been transferred from JCAD to the risk register sheet reported at the Joint Waste Team meetings. The current risk register contains an additional 6 risks. The rationale for the ranking of the risks appears to have been subject to a methodical process and the risks identified appear to cover the risks expected from the operation of a waste treatment facility.

In the absence of the JCAD system, there is no 'master' version of the risk register maintained by the BDR Client Team. In the absence of a master version of the register there is a risk that the progress taken to mitigate risks is not readily identifiable.

- ii. **Transfer Loading Station Facility Payment to 3SE** - The error highlighted in the 2015/16 audit report has been corrected in the December 2015 invoice.
- iii. **Base Tonnage Reconciliation** - Base tonnage reconciliations have been completed. The base tonnage payments were revised in October 2015 and again in February 2016.
- iv. **Year-End Reconciliation** - A financial advisor has been appointed to assist with the refinance and savings and the annual reconciliation for 2015/16 has been completed, however, the process should be documented in order to produce a formal work instruction to identify each step of the process along with the roles and responsibilities of staff.

- v. **Monthly Monitoring of Off-Takers** - The Client Team checks 100% of output from the facility.
- vi. **Availability of Off-Taker Information from Shanks** - All requested off-taker information has been made available by Shanks.
- vii. **Performance Monitoring** - The performance monitoring framework has been RAG rated and a monitoring inspection sheet has been created to inspect all aspects of the performance framework.
During last year's audit it was noted that contract manuals had not been finalised. This was discussed with the BDR Manager during the audit and it was evident that the BDR Team was working towards their completion. At the time of the audit it was acknowledged that the production of contract manuals was a complex process and as this was an ongoing process it was not felt appropriate to make a recommendation on this issue. However, the BDR Manager has indicated at the start of this year's audit that the contract manuals have not been completed.

Recommendation 1

Contract manuals for the operation of the Waste Treatment Facility should be finalised.

Recommendation 2

The BDR risk register should be maintained and updated in line with the Council's Risk Management Policy and Guide 2015.



Risk Management
Policy and Guide 2015

Recommendation 3

Work instructions on how to perform the 'year-end reconciliation' should be produced so that the BDR Client team are not solely reliant on the services of the financial consultant after his 3 year agreement has terminated.

2. **Assurance Objective**

The BDR Client Team is paying the correct amounts to 3SE.

2.1 **Overall Conclusion**

The BDR Client Team has adequate arrangements in place for the checking of payments to 3SE. Payments made to 3SE relating to the month of May 2016 had been calculated correctly and in line with the terms and conditions of the contract.

2.2 Key Findings

Payments to 3SE for waste management services provided for the month of May 2016 were examined.

The payment comprised the following elements:

- Base Tonnage
- Landfill Tax
- Landfill Gate Fee
- Other Adjustments – National non-Domestic Waste & Non-contract Waste
- Transfer Loading Station (TLS) payment

All elements of the monthly net fee payable were confirmed to have been calculated and apportioned as per the payment mechanism detailed in the contract.

The base tonnage monthly payment to the contractor is based on tonnage forecasts supplied by the contractor at the commencement of the contract. These are monitored on a monthly basis against the actual throughputs at the plant. The methodology used for the basis of the ticket checks is a sensible methodology and the checks undertaken by the Client Team are thorough.

3. Assurance Objective

Outputs from the transfer station are adequately recorded and monitored.

3.1 Overall Conclusion

The outputs from the transfer station are recorded in sufficient detail to enable the Council to meet its obligations to provide accurate data to central government and to monitor the performance of the contractor. Checks conducted on the output data for May 2016 has provided assurance that the output weighbridge data provided by the contractor can be relied upon.

3.2 Key Finding

The site operator has a detailed recording mechanism in place to provide the information required to fulfil the Council's reporting obligations to government.

A sample check of outputs relating to May 2016 was conducted for the following off-takers:

- Shaws
- Morris Co Ltd
- Woldwaste Ltd
- Lancashire Waste
- Stanton

The invoiced amounts were agreed to the net weights from the Boxi system. The total tonnages recorded on the Output spreadsheet for each off-taker for

the month of May were verified to the individual tonnage data recorded on the Boxi system for that month. It was confirmed that the total tonnage figures for each off-taker for May had been totalled correctly. During the audit it was noted that the output monitoring undertaken by the Client Team had not progressed beyond May 2016.

Recommendation 4

The Client Team need to ensure that output monitoring is up to date. This would assist in the rectification of any errors at an early stage and ensure that waste data flow reporting is accurate.

4. Assurance Objective

There are adequate performance monitoring arrangements in place.

4.1 Overall Conclusion

Sufficient performance monitoring arrangements are in place to enable the Council to fulfil its statutory reporting requirements to government through WasteDataFlow.

In addition the Client Team has introduced a series of performance monitoring arrangements in order to monitor the performance of the site operator against the performance standards stated in the contract.

4.2 Key Findings

The Client Team have introduced a performance monitoring programme of checks to ensure that Shanks performance monitoring arrangements are working as expected and reported accurately. The Client Team are operating a rolling programme of checks based on performance indicators that have been categorised as red, amber or green to indicate a high, moderate or little likelihood of impact on service or reputation, and allocated a monitoring frequency to each i.e. once a year, quarterly or monthly. A draft monitoring and inspection work instruction has been formulated however this needs to be finalised.

Recommendation 5

Staff instructions for routine inspection and performance monitoring need to be documented to ensure that the Client Team has a clear understanding of their roles and responsibilities.

The Client Team monitoring sheets were examined for the 2016 calendar year to determine whether the performance monitoring frequencies as stated in the BDR Monitoring spreadsheet were being adhered to. Client Team inspections were performed in January, February, April, May, June August and September 2016. The frequency of testing was noted.

The following performance standards have not been inspected as per their monitoring frequency:

<u>Rag</u>	<u>Frequency / year</u>	<u>Reference</u>	<u>When Tested This year</u>
G	Twice	3.3.5	Never
G	Twice	3.3.6	Never
R	once	3.4.4	Never
A	monthly	3.6.1	3 times
R	once	3.8.1	Never
A	monthly	3.8.8	Never
R	once	3.9.2	Never
R	monthly	3.10.2	4 times
R	once	3.11.4	Never
R	once	3.11.5	Never
A	Monthly	3.12.1	Never
R	once	3.14.1	Never
R	once	3.15.2	Never
R	monthly	3.15.8	Never
R	once	3.15.9	Never
R	once	3.15.10	Never
R	monthly	3.15.3 & 3.15.4	Never
R	quarterly	3.16.3	Never
A	monthly	3.17.1	2 times
R	once	3.18	Never
A	monthly	3.19.11	Never
A	once	3.20.1	Never
A	once	3.21.11	Never
R	once	3.22.3	Never
R	once	3.22.3	Never

summary - There are 14 performance standards that should be checked once per year. There is still time to ensure that these are checked during 2016. Twelve of these are red risk rated. There are 8 performance standards that should be checked monthly; however 5 standards have never been checked.

Recommendation 6

A performance monitoring inspection plan should be drawn up to assist with the implementation of the Client Team's monthly site inspections and ensure that all performance standards are checked each year at least in line with their inspection frequency as stated in the performance monitoring programme.

Results from inspections undertaken by the Client Team are fed into an Action Log produced by the contractor for discussion at the (next) monthly meeting between BDR and 3SE. The Action Log also forms an appendix within the BDR Monthly Service Report.

Actions relating to inspections carried out by the Client Team in May 2016 were followed through to their reporting at the BDR and 3SE monthly meeting

in June to confirm that the issues found had been reported and the action taken to address the issues formally recorded.

The BDR and 3SE minutes were found to be difficult to read and the issues raised by the Client Team inspections were not easily identifiable within the minutes.

Recommendation 7

The structure of the BDR and 3SE minutes should be reviewed with a view to making them easier to read and provide a clear understanding of the issues discussed, the decisions made and the officer(s) responsible for any actions needed to be taken going forward. The minutes would also benefit from a formal agenda and structured paragraph numbering throughout.

Recommendation 8

The action log and progress against the actions should be formally reported at 3SE / BDR meetings as a specific agenda item. The issues raised and action taken should be clearly recorded.

5. **Assurance Objective**


BDR is recharging Barnsley and Doncaster as per the agreed contract terms.

Overall Conclusion

With reference to payments made to 3SE that relate to waste treatment charges for the month of May 2016, Barnsley and Doncaster were recharged appropriately for the correct amounts and in a timely manner. There were no findings or recommendations arising from our audit of this area.

Waste Treatment Facility – Action Plan

Priority	***	Fundamental	(Action considered necessary to avoid exposure to high risk)
	**	Significant	(Action considered necessary to avoid exposure to a significant risk)
	*	Merits Attention	(Action desirable to enhance control or value for money)

Rec.	Agreed Action.	Priority.	Responsibility.	Agreed.	Comments.	Date.
1	Contract manuals for the operation of the Waste Treatment Facility should be finalised. The manuals should be reviewed when changes occur such as re-structures, new journal sheets, new IT systems and as a minimum annually.	*	BDR Manager	Yes	The BDR PFI Facility is in its first full year of operation. Processes and procedures are being agreed with the Contractor prior to being documented. Re-structures and business process re-engineering activities across the BDR Region will need to be recognised	31/03/2017
2	The BDR risk register should be maintained and updated in line with the Council's Risk Management Policy and Guide 2015.  Risk Management Policy and Guide 2015	*	BDR Manager	Yes	The BDR Risk Register is kept by the BDR Manager and reported to the various groups. Joint Waste Board receive a report on a quarterly basis that identifies what risks have moved since the previous report.	ongoing
3	Work instructions on how to perform the 'year-end reconciliation' should be produced so that the BDR Client team are not solely reliant on the services of the financial consultant after his 3 year agreement has terminated.	*	BDR Compliance Officer	Yes	Work instructions produced	Complete
4	The Client Team need to ensure that output monitoring is up to date. This would	*	BDR Compliance Officer	Yes	Updated on a monthly basis once month end information	ongoing

Waste Treatment Facility – Action Plan

Rec.	Agreed Action.	Priority.	Responsibility.	Agreed.	Comments.	Date.
	assist in the rectification of any errors at an early stage and ensure that waste data flow reporting is accurate.				received.	
5	Staff instructions for routine inspection and performance monitoring need to be documented to ensure that the Client Team has a clear understanding of their roles and responsibilities.	*	BDR Compliance Officer	Yes	Work instructions to be produced for the routine inspections.	31.3.17
6	A performance monitoring inspection plan should be drawn up to assist with the implementation of the Client Team's monthly site inspections and ensure that all performance standards are checked each year at least in line with their inspection frequency as stated in the performance monitoring programme.	*	BDR Compliance Officer	Yes	Monitoring inspection plan has been drawn up the frequency of monitoring has been reviewed for relevance. The plan is being used to ensure the required frequency of monitoring is being completed.	Complete
7	The structure of the BDR and 3SE minutes should be reviewed with a view to making them easier to read and provide a clear understanding of the issues discussed, the decisions made and the officer(s) responsible for any actions needed to be taken going forward. The minutes would also benefit from a formal agenda and structured paragraph numbering throughout.	*	BDR Admin Support Officer/BDR Contract Compliance Officer	Yes	Minute taking to be reviewed and best practice to be adopted.	Complete

Waste Treatment Facility – Action Plan

Rec.	Agreed Action.	Priority.	Responsibility.	Agreed.	Comments.	Date.
8	The action log and progress against the actions should be formally reported at 3SE / BDR meetings as a specific agenda item. The issues raised and action taken should be clearly recorded.	*	BDR Compliance Officer.		Action log was already being reviewed by the BDR Compliance Officer. However Action Log has now become a standing item on the formal 3SE BDR meeting agenda to be discussed, agreed and outcomes minuted	Complete



Summary Sheet

Council Report:

Barnsley, Doncaster and Rotherham Joint Waste Board

Title:

BDR Risk Register

Is this a Key Decision and has it been included on the Forward Plan?:

No

Strategic Director Approving Submission of the Report:

BDR Steering Committee

Report Author(s):

Lisbeth Baxter

Ward(s) Affected:

None

Executive Summary:

This document presents the risks associated with the delivery of the BDR PFI Waste Facility contractual obligations now the facility is operational. The risks identified in the risk register are considered by the BDR Steering Committee every six weeks.

Recommendation:

BDR Joint Waste Board is asked to consider and note the attached updated Risk Register, and

After consideration, advise of any further risks to be added to or deleted from the risk register.

List of Appendices Included:

BDR Risk Register (appendix 1)

Background Papers:

BDR Risk Register Scoring Guide

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

The register has previously been considered by the BDR Steering Committee and the BDR Joint Waste Team.

Council Approval Required:

No

Exempt from the Press and Public:

No.

Title:
BDR Risk Register

1. Recommendations

- **BDR Joint Waste Board is asked to consider and note the attached updated Risk Register, and**
- **After consideration, advise of any further risks to be added to or deleted from the risk register**

2. Background

- 2.1 The BDR Joint Waste Board last considered the risk register at its meeting on 30th September 2017.
- 2.2 There are 3 categories of risk Red, Amber, Green (RAG) representing varying degrees of exposure. Each category contains a range of risk scores and the table below shows how the RAG rating and score are derived.

LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable / Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely / Rare 1	1	2	3	4	5
		Insignificant / Negligible 1	Minor 2	Moderate 3	Major 4	Critical/ Catastrophic
	IMPACT (B)					

3. Key Issues and Risks

- 3.1 There are no new risks proposed for inclusion on the register. There are thirteen risks on the risk register
- 3.2 There are currently no risks proposed for deletion in the register.
- 3.4 The risk areas under each of these headings are as in appendix 1 with their respective current and target RAG rating:
- 3.5 Previous reports have highlighted to BDR Joint Waste Board that there has been very little movement in current risk scores for risks in the period since the facility became operational.

Current RAG Rating	11-3-2016	1-7-2016	22-9-2016	19/1/2017
Red	2	3	3	3
Amber	6	5	5	5
Green	5	5	5	5
Total	13	13	13	13

- 3.6 There has been one downward movement in “current” risk scores in this update. This is in relation to risk 10 Environmental impact and the likely hood has been reduced from a 5 (event will occur) to a 4 (event is more than likely to occur). This is due to the mitigation measures that the Contractor has put in place relating to noise and flies. The Environment Agency monitoring indicated that the measures taken to reduce the noise coming from the site had been successful and the noise levels were now such that they were unlikely to cause nuisance.

- 3.7 There has been one upward movement in the “current” risk scores in this update and this is in relation to risk 7 Insurance risks increase. This is due to the hardening of the market and the requirement by the 3SE insurers for more mitigation equipment.

Target RAG Rating	11-3-2016	1-7-2016	22-9-2016	19/1/2017
Red	1	1	0	0
Amber	4	5	6	4
Green	8	7	7	8
Total	13	13	13	13

Monitoring

- 3.9 The BDR Risk Register is reviewed six-weekly by the BDR Steering Committee. Additionally, the BDR Manager reports to the Joint Waste Team and draws attention to issues to allow internal challenge.

4. Options considered and recommended proposal

- 4.1 Not applicable.

5. Consultation

- 5.1 The BDR Joint Waste Team has reviewed and agreed the attached draft register.

6. Timetable and Accountability for Implementing this Decision

- 6.1 Not applicable.

7. Financial and Procurement Implications

- 7.1 The risks contained in the register require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks are reported to the BDR Steering Committee for consideration.

8. Legal Implications

- 8.1 There are no direct legal implications arising from the risk register. Any actions taken by the BDR Manager in response to risks identified will take into account any specific legal implications.

9. Human Resources Implications

- 9.1 There are no Human Resources implications associated with the proposals.

10. Implications for Children and Young People and Vulnerable Adults

10.1 Not applicable

11. Equalities and Human Rights Implications

11.1 Proposals for addressing individual risks within the register incorporate equalities and human rights considerations where appropriate.

12. Implications for Partners and Other Directorates

12.1 The actions relating to any issues affecting partners are reflected in the risk register and accompanying risk mitigation action plans.

13. Risks and Mitigation

13.1 The BDR Manager will review and update the risk register on a six-weekly basis, to ensure risks are able to be effectively monitored and managed.

14. Accountable Officer(s):

Lisbeth Baxter BDR Manager






Approvals Obtained from:-

Strategic Director of Finance and Corporate Services: Not applicable

Director of Legal Services: Not applicable

Head of Procurement (if appropriate): Not Applicable

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Risk Number	Risk	Consequence /effect: - <i>What would actually happen as a result? How much of a problem would it be? To whom and why?</i>	Existing actions/controls - What are you doing to manage this now?		Risk Score with existing measures (See scoring table)		Current Score	Further management actions/controls required - What would you like to do in addition to your controls?	Target Score with further management actions/controls required (See Scoring Table)		Target Score	Risk Owner (Officer responsible for managing risk and controls)	Risk Review Date	Movement
			I	L	I	L								
7	Obtaining required terms for Insurance is difficult or impossible due to market conditions - Insurance costs increase	There is a lack of Markets for Insuring waste plants	Robust fire strategy, latest technology for fire suppression . Fire plan signed off by insurers BDR Technical advisors and Independent Certifier. Regular fire drills. Contractor liaison and education of insurance markets. Contractual position on insurance	3	5	15	Consider reviewing the insurance requirements. Enforcement of Contractual positions	2	5	10	BDR MANAGER	19/01/17		
11	Failure of plant equipment results in withdrawal of credits (Review of WICS)	Reputational damage and adverse publicity emanating from poor performance of state of the art facility. Potential for Local/National interest. Budget impact	Regular contract meetings/Monitoring and review procedures/Contingency facilities in place/Performance deduction , Step in provisions exist. It is likely that the Funders would step in an appoint another Contractor if performance is poor. Alternately the Councils could step in until the Contract could be retenderd	5	3	15	Ensure monitoring staff are sufficiently skilled to manage this situation. Liaison with other PFI Contract Managers, knowledge transfer close liaison with DEFRA	5	2	10	BDR MANAGER	19/01/17		
12	Lack of resources due to restructures, and staff resignations failure to have a knowledge management plan (Business Continuity - BDR)	Failure to monitor the contract effectively/make payments resulting in Breach	Contract manual to document the processes and procedures. To be maintained and updated when changes occur. Contract information held on CIPFA site and on a Sharepoint portal. Staff training and development. Knowledge management plan.	3	5	15	Staff retention could be improved if a clear career path existed. CIPFA Asset Management system to hold all relevant documentation.	2	2	4	BDR MANAGER	19/01/17		
10	Environmental Impact to Local Area from Noise/Odour/Flies/Vermin etc (Compliance)	Reputational damage and adverse publicity from pollution emanating from State of the Art Facility. Potential for Local/National interest	Contractual controls and performance measures. Monitoring the contract. Pro-ative engagement with the local community . Sharing data Regular monitoring outside the perimeter of the plant	3	4	12	Further plant investment in Acoustic measures. Increased fly spraying during the fly season. Communicate to householders to wrap waste.	3	3	9	BDR MANAGER	19/01/17		
9	Changes in Government Law/Regulations including the UK exiting the European Union (Legislative Change)	Potential financial implications to cover the cost of required service change	Procedure incorporated in the Contract Conditions. Impact and actions to be jointly agreed with the Contractor to mitigate costs as far as possible. Application of the Change in Law Clauses within the contract	3	4	12	Consider the need for the Change in Law retention fund.	3	4	12	BDR MANAGER	19/01/17		

8	Changes to Collection services to support budget savings that impact on the PFI Contract - waste volumes change	Potential to impact on the performance of the plant. Potential to impact on the Third Party Revenue Share due to the Councils. Implications on PFI Credits. Implications on Inter Authority Agreement.	Inter Authority Agreement measures. Significant collection change clause in the PFI Contract. Current WIDP/DEFRA position in terms of Credit Allocation position requires BDR to abide by the terms and conditions in the Promissary letter and the Final Business Case.	3	4	12	Dialogue with WIDP/DEFRA and between BDR Councils. Test potential impacts to the contract/Councils against the IAA2. Lobby Government on recycling definitions.	3	3	9	BDR MANAGER	19/01/17	
13	Closure of facility or inability to provide the service due to a force majeure event (major incident at ITSAD Facility)	Service disruption. Temporary full or partial closure of facilities.	Contractual conditions provide a shared responsibility to agree measures to mitigate the effects and facilitate the continuation of the service. There are contingencies within the contract to divert waste to other waste facilities	4	3	12	Undertake a Communications campaign. Use contingency sites/ other Contracts where possible e.g. Veolia Landfill. Use emergency procurement if absolutely necessary.	3	3	9	BDR MANAGER	19/01/17	
6	Serious injury/death of a member of staff or public through service operation (MAJOR INCIDENT AT ITS/AD)	Personal tragedy. Health and Safety Executive intervention. Possible service disruption. Possible corporate liability offence	Contractor has completed and regularly reviews full Risk Assessments. Staff training, H&S Inspections, Contract Monitoring and performance deductions for non compliance. External Audit has been undertaken by Consultants and RMBC Health and Safety Team Regular monitoring of the Contractual requirements in relation to Health and Safety Consistent application of the Payment Mechanism	3	3	9	Regular visits by Health and Safety officers. Quarterly Health and Safety meetings.	3	2	6	BDR MANAGER	19/01/17	
2	Contractor default needing emergency action and/or leading to contract termination.	Service disruption. Temporary full or partial closure of facilities.	A series of performance bond and Parent Company Guarentees exist to provide and/or pay for interm/alternative arrangements to be made. Funders would work with BDR to bring in a new contractor to deliver the service. Contingency arrangements may be implemented in the short term. Robust contract monitoring procedures	4	2	8	Ensure monitoring staff are sufficiently skilled to manage this situation. Liaison with other PFI Contract Managers, knowledge transfer	3	2	6	BDR MANAGER	19/01/17	
1	There is a risk that the contractor will not comply with the terms and conditions and the performance will be less than the Councils are paying for.	Service disruption. Temporary full or partial closure of facilities.	Regular contract meetings/Monitoring and review procedures/Emergency plan/Contingency facilities in place/Performance deduction, Step in provisions exist. It is likely that the Funders would step in an appoint another Contractor if performance is poor. Alternately the Councils could step in until the Contract could be retendered	2	4	8	Ensure succession planning is adequate. Invest in training for the current team Project Management and COTC.	2	3	6	BDR MANAGER	19/01/17	
4	Fraud	Contractor could attempt to charge for more than they are entitled to/Client team could collude with Contractor	Process for checking Tickets from each Council is in place. Financial and Legal Officers form part of team. Information shared across all 3 Councils Direct debit mandate is in place for Barnsley and Doncaster to pay Rotherham. All deductions are accounted for in line with the IAA3. Guarenteed minimum tonnage requirement for the Councils. Regular reports to Steering Group/Joint Waste Board. Systems in place to pay the Contractor Internal and External Audits undertaken	3	2	6	Make an agenda item at meetings	2	2	4	BDR MANAGER	19/01/17	
5	Ensure the balance of risk between Contractor and BDR is maintained.	Councils could take more risk than anticipated	Change protocol in place, consideration needs to be given to level of risk as changes are negotiated.	3	2	6	Councils may consider taking on more risk as long (as this is properly assessed) to deliver savings. Currently being investigated as part of the Operational Savings review	2	2	4	BDR MANAGER	19/01/17	
3	Failure to pay the Contractor or deliver waste could result in the Councils being in breach. Failure to correctly apportion the costs could result in one Council paying more than is necessary.	Contractor could terminate contract and seek damages	Process for checking Tickets from each Council is in place. Direct debit mandate is in place for Barnsley and Doncaster to pay Rotherham. All deductions are accounted for in line with the IAA3. Guarenteed minimum tonnage requirement for the Councils. Regular reports to Steering Group/Joint Waste Board. Systems in place to pay the Contractor Internal and External Audits undertaken	1	1	1	Ensure regular reports to Joint Waste Board/Steering Committee/Joint Waste Team	1	1	1	BDR MANAGER	19/01/17	

Consequence /effect: - <i>What would actually happen as a result?</i> <i>How much of a problem would it be? To whom and why?</i>	Existing actions/controls - <i>What are you doing to manage this now?</i>	Risk Score with existing measures (See scoring table)		Current Score	Further management actions/controls required - <i>What would you like to do in addition to your controls?</i>	Target Score with further management actions/controls required (See Scoring Table)		Target Score	Risk Owner (Officer responsible for managing risk and controls)	Risk Review Date	Movement
		I	L			I	L				