

<h1>BRIEFING</h1>	TO:	Barnsley, Doncaster and Rotherham Joint Waste Board
	DATE:	18 th July 2022
	LEAD OFFICER:	Paul Hutchinson
	TITLE:	BDR PFI Project Risk Register

1. Background

1.1	<p>Barnsley MBC, Doncaster Borough Council and Rotherham Borough Council (the Councils) entered into a principal agreement called the Project Agreement (the PA) in March 2012 with 3SE (Barnsley, Doncaster and Rotherham) Limited (the Contractor). The agreement is to manage Barnsley Transfer Station and design, build and operate a facility to manage the residual waste for the Councils from July 2015 to end of June 2040. The PA also requires the Contractor to achieve agreed levels of recycling and landfill diversion.</p>
1.2	<p>The Contractor is a special purpose vehicle company set up purely for this PFI project, meaning it has no significant balance sheet strength or assets. It sub-contracts its service obligations, and most of its PA obligations, to Renewi UK Services Limited (formerly Shanks Waste Management Limited), a waste management service company as its operator (the Operator). The Operator produces solid recovered fuel (SRF) from contract waste which is shipped to Enfinium Multi-Fuel, Ferrybridge for thermal treatment. The Councils pay a unitary charge each month to the Contractor who then pays the Operator through an operating contract. The total Councils' payments between 2015 and 2040 are approximately £721M (as forecast at PA signature) so this scheme is, for each Council, one of the highest value contractual commitments.</p>
1.3	<p>Initially the Contractor was ultimately owned by two of shareholders in the proportion 75:25 through a Renewi investment vehicle and an SSE investment vehicle. In October 2020 SSE announced the sale of their "Multifuel Energy" business (Ferrybridge FM1 and FM2 energy from waste facilities plus other assets) and the Contractor ownership changed. Following SSE's exit from Ferrybridge, Renewi now fully owns the Contractor through an investment vehicle and renamed as Renewi BDR Limited. Although the ownership of the Contractor has changed there is no change in the offtake supply contract terms between Renewi and the offtaker at Ferrybridge so the SRF will continue to be supplied to that offtaker throughout the term of the PFI contract which ends in 2040.</p>
1.4	<p>The BDR Joint Waste Board last considered the risk register at its previous meeting on 7th March 2021. Since that date the Risk register has been updated bi-monthly and submitted to Steering Committee every 6 weeks and reviewed by BDR Assistant Directors.</p> <p>The risk categories are split between red, amber and 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.</p>

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)						

2. Key Issues

2.1 Changes

There have been no new risks added to the Register.

Two Risks have been reduced slightly,
Changes in Local Authority policy – this risk has lowered due to renewed commitment to work together where possible on policies and contracts, and continued co-operation and co-ordination in responding to Government consultations.

Environmental Impact to Local Area from Noise/Odour/Flies/Vermin etc (Compliance) has been further reduced due to continued improvement in site management. The number of flies within the plant has dramatically reduced. Positive inspection reports from the Environment Agency, and their process for substantiating complaints has allowed this risk to be reduced.

The BDR Team are keeping a watchful eye on all risk pertaining to Supply Chain, Cost of Manufacture, Energy Supply, Human Resources and Euro/Brexit. Due to the current “cost of Living crisis” all these associated risks may see alteration over the next 12 months. The BDR Team regularly undertake deep-dive reviews of all risks with input from legal and financial advisors, and input from Renewi to ensure we evaluate and set the correct level of risks and potential mitigations

All other risks remain at the same level as previously reported. This is due to the stable contractual relationship and plant performance of the PFI project’s key facility at Manvers.

Summary of Risks

2.2

Current RAG Rating	01/10/18	22/11/2018	3/12/2018	1/3/2019	30/9/2019	21/11/2019	5/3/2020	30/6/2020	28/9/2020	14/12/2020	15/3/2021	14/6/2021	9/9/2021	13/12/21	7/3/2022	18/7/2022
Red	2	2	2	3	3	3	3	3	3	1	1	2	2	3	3	3
Amber	9	5	5	5	4	4	4	5	5	7	7	7	8	6	6	5
Green	4	8	8	8	9	9	10	9	9	9	9	9	9	11	11	12
Total	15	15	15	16	16	16	17	17	17	17	17	18	19	20	20	20

Target RAG Rating	01/10/18	22/11/2018	3/12/2018	1/3/2019	30/9/2019	21/11/2019	5/3/2020	30/6/2020	28/9/2020	14/12/2020	15/3/2021	14/6/2021	9/9/2021	13/12/21	7/3/2022	18/7/2022
Red	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amber	7	5	4	5	5	5	4	4	4	3	3	4	4	3	3	3
Green	8	10	11	11	11	11	13	13	13	14	14	14	15	17	17	17
Total	15	15	15	16	16	16	17	17	17	17	17	18	19	20	20	20

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.

3. Key Actions and Timelines

3.1 Monitoring

The PFI project risk register is reviewed by the BDR Steering Committee at their regular meeting every six (6) weeks and reported corporately via the individual Councils' risk registers. Additionally, the BDR Manager reports to the Joint Waste Team and draws attention to issues to allow internal challenge.

The BDR Manager and the Councils' core contract management team will review and update the risk register on a six (6) week cycle to ensure risks are able to be effectively monitored and managed.

4. Recommendations

- 4.1 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.