

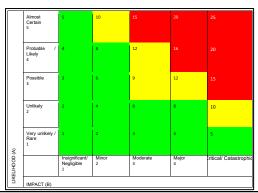
# **BRIEFING**

TO:	Barnsley, Doncaster and Rotherham		
	Joint Waste Board		
DATE:	23 <sup>rd</sup> September 2024		
LEAD OFFICER:	Paul Hutchinson – Waste Manager		
TITLE:	BDR PFI Project Risk Register		

## 1. Background

- 1.1 Barnsley MBC, City of Doncaster 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.
- 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 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.
- 1.3 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.
- 1.4 The BDR Joint Waste Board last considered the risk register at its previous meeting on 14<sup>th</sup> March 2024. Since that date, the Risk register has been updated bi-monthly. In July 2024 a deep dive of the project risks were undertaken by the BDR Manager (after undertaking Risk Profiling training) and submitted to Steering Committee for reviewed by BDR Assistant Directors. The register was last reviewed at their August 2024 Meeting.

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.



### 2. Key Issues

## 2.1 Changes

There have been no new risks added to the Register.

There have been a number of risks moved on the register. Mainly due to better understanding of correct risk profiling by the BDR PFI Manager after undergoing refresher training supplied by BMBC. Reviewed risks have also taken into consideration the current perceived risk profile of recent legislation changes, planned legislation changes and as the Contractor Renewi Services UK, and their parent company Renewi PLC, undertaking a strategic review of their position in the waste industry and ongoing by-out of shares by Biffa PLC.

2.2 Summary of Risks

Sullillary of Risks				
Current RAG Rating	Jul 2024 (Mar24 position)	Target RAG Rating	<b>Jul 2024</b> (Mar24 position)	
Red	<b>0</b> (6)	Red	<b>0</b> (0)	
Amber	<b>10</b> (4)	Amber	<b>0</b> (5)	
Green	<b>10</b> (10)	Green	<b>20</b> (15)	
Total	<b>20</b> (20)	Total	<b>20</b> (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.