Feedstock Supply Chain Insurance
Innovation and adaptation are key requirements for successful businesses, as developers, investors and landowners seek alternative ways of sustaining income, reducing overheads or generating additional revenues. Renewable energy, particularly biomass provides a number of tangible benefits.

More than ever before the rural supply chain is subject to the volatility of a global market place and an unpredictable environment. The principal reason why biomass projects, whether thermal combustion, biofuels or anaerobic digestion have presented funding challenges is the robustness of the supply chain that supports them. Often involving a number of different contracts with varying counterparty risk profiles and of differing tenor, biomass supply chains require a management process and underlying strategy that stand up to scrutiny.

With a proven track record spanning all aspects of the farming, food and energy sectors, R K Harrison and Savills now provide an exclusive service to biomass developers and/or operators, combining advice at every level with insurance against lost income arising from historically uninsurable failures of the feedstock supply chain. This service is also able to extend to the waste sector and projects involving international supply chains.
R K Harrison and Savills have created a unique service which incorporates a comprehensive supply chain audit, reinforced by extensive insurance coverage; designed to give clients a strategic advantage.

**Benefits can include:**

- Comprehensive supply chain audit, highlighting key risks and how to manage these
- Protection against lost income following previously uninsurable failures within the supply chain
- Helps mitigate against barriers to finance
- Audit costs can be offset against insurance costs
- More resilient supply chain and reduced operating costs

Different to traditional business interruption cover, the insurance provided by this service goes beyond the areas historically covered by insurers such as physical loss or damage at suppliers premises. It includes risks such as crop failure, extreme weather events and supplier insolvency.
Supply chain model

**Step 1** - Supplier A fails to supply raw materials and you are forced to move to supplier B to keep the plant operating.

**Step 2** - Raw materials at supplier B are more expensive, increasing your costs and reducing your profitability.

**Step 3** - Supply chain insurance compensates for the reduction in revenue as a result.
1. Supply chain risk assessment
Savills can advise at every level of the supply chain, from commodity production to on-farm processing and retail and aims to provide a clear strategy for the long term, helping achieve consistent or enhanced performance. The risk assessment service will evaluate the insurability of the feedstock supply chain itself and the management strategy underpinning it. Savills will identify any additional measures or processes deemed necessary, and as a bolt-on service, can propose and/or implement the strategy and processes to help bring biomass plants forward.

2. Risk mitigation programme
Following the risk assessment a tailored programme of mitigation activities will be implemented. This is intended to help protect profits, balance sheet, brand and company reputation against the significant implications of supply chain disruption.

3. Insurance
The risk mitigation programme is backed by an exclusive and unique insurance offering, provided by R K Harrison that includes business interruption cover which extends to incorporate lost income from a broad range of areas including supplier risks such as insolvency, political risks and crop failure; in addition to the usual areas such as physical loss or damage.

Speak to Ashley Lilley or Miles Thomas today to find out how this unique supply chain service could benefit you:

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R K Harrison Group is an employee-owned, independent insurance and reinsurance broker, specialising in providing bespoke solutions to businesses, insurance brokers, affinity partners and private individuals.

R K Harrison combines the traditional aspects of a local brokerage, personal service and a timely response, with the resources of a national operation.

We have access to most major insurance markets. Our broking skills achieve results and partly due to our commitment to personal service, clients choose to stay with us year after year. We are committed to the UK energy market and have the expertise and scale to work with investors of all sizes, both in the commercial and rural sectors.

The rural sector is becoming increasingly aware of the opportunities that renewable energy can offer. With over 40 years’ involvement in the sector and strategic relationships including leading UK Land Agents, Countryside Alliance and the Country Land & Business Association we are well placed to help rural investors properly manage their risks.
Savills Energy

Savills provides a range of specialised management skills and business advisory services to meet the requirements of today’s constantly changing, integrated rural business.

Having operated in the energy sector for over 20 years, Savills Energy was set up as a dedicated real estate and environmental finance service to specifically assist in the inception, funding, development and trading of energy assets and infrastructure.

The team has worked on projects with capital requirements exceeding £5 billion, on over 2 GW of installed capacity across multi technologies, jurisdictions and investors types. The team raises capital for projects or portfolios, whether in early stage development, pre-construction or their operational phase.

Land and the rural economy are vital to the energy sector; whether it’s a wind farm or a solar park, shale gas exploration or energy crop cultivation and management for a biomass plant. Savills’ Energy and Agribusiness teams work together on everything from managing solar installations on clients’ farms and commercial portfolios, to securing supply contracts and share and contract farming agreements for the supply of feedstock. We have a proven track record at every level of the supply chain, from commodity production to on farm processing and energy production.
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