

North London Waste Authority

Risk Register 02-Dec-09 20:01  
Procurement: Waste Services  
Register Owner: XXXXXXXXXX

North London Waste Authority Waste Services Contract Risk Register

Risk Identification								Risk Allocation			Assessment			Risk Management					Residual Risk Assessment			Contingency Strategy		
	Title	Date Added	Risk Description	Risk Owner	Effect	Risk Category	Status	LA	Contractor	Share	Probability	Impact	Rating (RYG)	Management Actions Planned	Dated By	Management Actions Taken	Date Updated	Comments	Probability	Impact	Rating (RYG)	Action undertaken if risk occurs		
MWCR001	Cost estimates for obtaining planning approvals	Jul-08	(a) Estimated cost of receiving detailed planning permission is incorrect; (b) Higher cost in satisfying unforeseen planning requirements		(a) Contractor fails to identify all cost elements (b) Contractor fails to address all planning requirements	Planning	Active		X				0								0			
MWCR002	Delayed planning permission and site statutory approvals (where Contractor has used all reasonable endeavours)	Jul-08	A delay in receiving planning permission may have broader cost implications for the project		Despite Contractor using all reasonable endeavours to the satisfaction of the Authority, delays occur (e.g. due to public opposition and long planning enquiry)	Planning	Active			X				0								0		
MWCR003	Rejection of planning application (where Contractor has used all reasonable endeavours)	Jul-08	Rejection of initial planning application will have knock on effect - delays, cost impact, and possible termination of Contract specification deliverables		Assume Contractor has used all reasonable endeavours and has undertaken proper application in accord with Contract specifications and approved proposed location	Planning	Active			X				0								0		
MWCR004	Planning permission conditions (where Contractor has used all reasonable endeavours)	Jul-08	Planning permission is granted with onerous planning conditions attached (unsatisfactory planning permission) , which will have knock on effect - delays, cost impact or satisfactory planning permission is granted but there are still delays and cost impacts		(a) If unforeseen (e.g. to require expensive additional design/ construction materials beyond agreed in output specification)	Planning	Active			X				0								0		
					(b) conditions could be foreseen at outset, or where conditions risk is placed with Contractor		Active		X				0						0					
					(c) compliance with satisfactory planning approval		Active		X				0						0					
MWCR005	Legal Agreements	Jul-08	Examples: section 106 Agreements can delay the issue of planning consent (final risk position depends on circumstances - see 004 above)			Planning	Active		X	X				0								0		
MWCR006	Legal Agreements	Jul-08	Land Access/Ownership Agreements delayed (the final risk position here will depend upon who owns the site)			Planning	Active	X		X				0								0		
MWCR007	Judicial Review	Jul-08	Judicial review may lead to overturning of planning consent or if not the process itself leading to delay to the timetable (the final risk position here will depend upon the funding position)			Planning	Active		X	X				0								0		
MWCR008	Defaults on Contract Specifications	Jul-08	Failure to translate the needs of the Authority, set out in the agreed Contract Specifications, into the design		(a) Facilities do not have sufficient capacity to process the waste, thus alternative disposal must be used, and/or penalties will apply for not meeting targets	Design	Active			X				0								0		
					(b) Contract Specification inaccuracies (e.g. on materials)		Active	X					0											
					(c) Contractor misinterpretation of Contract Specifications		Active		X				0											
MWCR009	Continuing development of design	Jul-08	The detail of the design should be developed within an agreed framework and timetable. A failure to do so may lead to addition design and construction costs		Time slippage of design delays whole project	Design	Active		X					0								0		
MWCR010	Change in project content by the Authority	Jul-08	The Authority may require changes to the overall service specification - additional design and construction costs may be incurred		New facilities required well after Contract commencement, but Authority changes scope of works	Design	Active	X						0								0		
MWCR011	Change in design required by Contractor	Jul-08	This is the risk that the Contractor will require changes to the design, leading to additional design costs		Change to building specification at Contractor's request and not due to planning conditions	Design	Active		X					0								0		
MWCR012	Change in design required due to external influences	Jul-08	Design has to be amended due to external influence, e.g. condition of planning permission.			Design	Active			X				0								0		
MWCR013	Incorrect time estimate	Jul-08	The time taken to complete the construction phase may be different from the estimated time		Failure to meet agreed time schedules	Construction	Active		X					0								0		
MWCR014	Unforeseen ground/site conditions on new sites	Jul-08	Unforeseen ground/site conditions (SSIs, ecological, archaeological, etc.) may lead to variations in the estimated costs or project delays or an inability to deliver	Contractor fails to fully evaluate site suitability when obtaining planning consent	Construction	Active		X					0								0			
MWCR015	Delay in gaining access to sites already in Authority ownership	Jul-08	A delay in gaining access to the sites may put back the entire project	Legal constraint on handover	Construction	Active	X						0								0			
MWCR016	Legal constraint on handover	Jul-08	A delay in gaining access to the sites may put back the entire project	Legal constraint on handover	Construction	Active	X						0								0			
MWCR017	Availability of services/ Infrastructure etc to provide service	Jul-08	The non-availability of necessary services/utilities	The Contractor proceeds to develop a site but finds it impossible to obtain all services/infrastructure needed	Construction	Active		X					0								0			

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MWCR018	Theft of/damage to equipment/materials	Jul-08	Use of sub-standard materials and/or theft and/or damage to equipment and materials may lead to unforeseen costs in terms of replacing damaged items, and delay		Lack of security provided during construction	Construction	Active		X				0								0	
MWCR019	Responsibility for maintaining site safety	Jul-08	The Construction, Design and Management (CDM) regulations must be complied with		Risk that safety regulations not complied with	Construction	Active		X				0								0	
MWCR020	Third party claims	Jul-08	The risk refers to the costs associated with third party claims due to loss of amenity and ground subsidence on adjacent properties			Construction	Active		X				0								0	
MWCR021	"Compensation Events"	Jul-08	An event of this kind may delay or impede the performance of the Contract construction phase and cause additional expense		Assume cost impact	Construction	Active	X					0								0	
MWCR022	"Relief Events"	Jul-08	An event of this kind (outside of the Contractor's direct control) may delay or impede the performance of the Contract construction phase and cause additional expense and lead to time extension		Assume cost impact	Construction	Active		X				0								0	
MWCR023	Force Majeure	Jul-08	In the event of Force Majeure additional costs will be incurred. Facilities may also be unavailable			Construction	Active			X			0								0	
MWCR024	Termination due to Force Majeure	Jul-08	There is a risk that an event of Force Majeure will mean the parties are no longer able to perform the Contract			Construction	Active		X				0								0	
MWCR025	Contractor Default	Jul-08	In the case of main Contractor default, additional costs may be incurred in appointing a replacement, and may cause a delay			Construction	Active		X				0								0	
MWCR026	Poor project management	Jul-08	There is a risk that poor project management will lead to additional costs		For example, if Sub-Contractors are not well co-ordinated, one Sub-Contractor could be delayed because the work of another is incomplete	Construction	Active		X				0								0	
MWCR027	Contractor/Sub-Contractor industrial action	Jul-08	Industrial action may cause the construction to be delayed, as well as incurring additional management costs			Construction	Active		X				0								0	
MWCR028	Protester action against development (where Contractor has used all reasonable endeavours)	Jul-08	Protester action against the development may incur additional costs, such as security costs			Construction	Active	X					0								0	
MWCR029	"Fitness for purpose" of any operational plant and equipment transferred from the Authority to Contractor at the start of the Contract	Jul-08	Existing operational plant and equipment transferred by Authority at the start of the Contract might prove to inoperable and expensive to replace. Any incoming Contractor would be allowed to do their own survey of this equipment before electing		Surplus operational plant and equipment (part of assets acquired) may be expensive to de-commission and dispose of. Assume that all unserviceable plant will be replaced	Operational	Active		X				0								0	
MWCR030	Latent defects in new build	Jul-08	Latent defects appear in the structure of the new build asset(s), which require repair			Operational	Active		X				0								0	
MWCR031	Latent defects in existing build	Jul-08	Latent defects appear in the structure of existing asset(s) which are transferred to the incoming Contractor			Operational	Active		X				0								0	
MWCR032	Change in specification imposed by Authority	Jul-08	There is a risk that, during the operating phase of the project, the Authority will require changes to the Contract's output specification			Operational	Active	X					0								0	
MWCR033	Performance of Sub-Contractors	Jul-08	Poor management of Sub-Contractors can lead to poor co-ordination, and under-performance by the Contractors. This may create additional costs in the provision of services			Operational	Active		X				0								0	
MWCR034	Performance of Waste Collection Authority	Jul-08	Waste recycling targets, in particular, depend on the separate collection and delivery of source-segregated materials		There is poor liaison and no agreement (at least a Memorandum of Understanding) between the WCA and WDA on collection of recyclables. Failure of both parties to co-operate and with the Contractor compromises the Contractor's ability to deliver the Contract	Operational	Active			X			0								0	
MWCR035	Default by Contractor or Sub-Contractor	Jul-08	In the case of default by a Contractor or Sub-Contractor, there may be a need to make emergency provision. There may also be additional costs involved in finding a replacement			Operational	Active		X				0								0	
MWCR036	"Relief Events"	Jul-08	An event of this kind may delay or impede the performance of the Contract and cause additional expense			Operational	Active		X				0								0	
MWCR037	Force Majeure	Jul-08	In the event of Force Majeure additional costs will be incurred. Facilities may also be available?		Assumed cost impact	Operational	Active			X			0								0	
MWCR038	Termination due to Force Majeure	Jul-08	There is a risk that an event of Force Majeure will mean the parties are no longer able to perform the Contract		Assumed cost impact	Operational	Active			X			0								0	
MWCR039	Obtaining and maintaining licences and consents, including those issued by the Environment Agency	Jul-08	There may be failure to obtain licences and consents, many of which will require renewal on an annual basis			Operational	Active		X				0								0	
MWCR040	Sub standard plant operation	Jul-08	The assets may not operate as intended due to: - Sub standard maintenance - Sub standard materials - Sub standard quality of construction			Operational	Active		X				0								0	
MWCR041	Failure of Collection Contract (mixed waste)	Jul-08	Failure of waste collection Contract leading to loss of service		Assumes Contractor not responsible for providing any part of collection service	Operational	Active	X					0								0	

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MWCR042	Failure of kerbside Contract (source separated waste)	Jul-08	Failure of kerbside Contract leading to loss of service		Assumes Contractor not responsible for providing any part of collection service	Operational	Active	X					0								0	
MWCR043	Failure to maintain health and safety, quality and environmental standards	Jul-08	Cost of compliance with relevant health and safety, quality and environmental standards may be more than envisaged.			Operational	Active		X				0								0	
MWCR044	Increase/ gain of third party income	Jul-08	Third party income may be greater than expected due to (i) the total volumes of waste presented for recycling being greater than projected (ii) market price for processed recyclables being below that projected (all sites)		Shared' in next column relates to sharing of additional income over stated values agreed and set out in the Contract	Operational	Active			X			0								0	
MWCR045	Reduction/loss of third party income	Jul-08	Third party income may be less than budget due to: (i) the total volumes of wastes presented for re-cycling being less than that projected (from CA or non-CA sites)		Under each of the cases cited it is for the Contractor to determine the quantity and range of recyclables throughout the Contract period	Operational	Active			X			0								0	
MWCR046	Reduction/loss of third party income		(ii) market price for processed recyclables being below that projected (all sites)			Operational	Active		X				0								0	
			(iii) no market secured for processed waste			Operational	Active		X				0								0	
			(iv) prices for outputs are lower than originally anticipated			Operational	Active		X				0								0	
			(v) lower market price due to quality of processed recyclables			Operational	Active		X				0								0	
			(vii) the composition of wastes contains a lower proportion of the recyclables than projected (from CA or non-CA sites)		This will only be accepted as a potential amendment to Contract Specifications (at defined 'break points' in the Contract) if and where the Contractor undertakes analyses to show that proportion of potential recyclables in total waste has	Operational	Active			X			0								0	
MWCR047	Trade waste income less than projected	Jul-08	Trade waste income may be less than expected due to: - trade waste volumes being less than projected (assumed to be an Authority risk on the basis that it is receiving a reduced gate fee, but this will be subject to final commercial position)			Operational	Active			X			0								0	
MWCR048	Incorrect estimated transport cost of providing specific services under the Contract	Jul-08	The cost of providing these services may be different to the expected, because of unexpected changes in the cost of equipment, labour, utilities, and other supplies			Operational	Active			X			0								0	
MWCR049	Incorrect estimated cost of providing specific services under the Contract	Jul-08	The cost of providing these services may be different to the expected, because of unexpected changes in the cost of equipment, labour, utilities and other supplies			Operational	Active			X			0								0	
MWCR050	Incorrect estimated cost of maintenance	Jul-08	The cost of building and engineering maintenance may be different to the expected costs			Operational	Active			X			0								0	
MWCR051	Estimated cost of transferring the employment of staff to new employer is incorrect	Jul-08	(i) The estimated cost of the transfer of the employment of staff under TUPE may be incorrect. This includes the cost of any legal appeals. (ii) Inaccurate information provided by the Authority			Operational	Active			X			0								0	
MWCR052	Estimated cost of restructuring the workforce providing services under the Contract is incorrect	Jul-08	The estimated cost of restructuring the workforce at any time during the operating phase, such as recruitment costs and redundancy payments, mabe incorrect			Operational	Active			X			0								0	
MWCR053	Public Liability	Jul-08	Cost of third party claim for death, injury or other loss.			Operational	Active			X			0								0	
MWCR054	Non-performance of services	Jul-08	Payment will only be made by the local authority for services received		Services must meet or exceed Specifications for full Base payments	Operational	Active			X			0								0	
MWCR055	Termination due to Authority Default	Jul-08	The risk that the Authority defaults leading to Contract termination and compensation being paid to the Contractor			Operational	Active	X					0								0	
MWCR056	Default by the Contractor leading to step-in by financiers	Jul-08	The risk that the Contractor or individual service providers default and financiers step-in leading to higher costs than agreed in the Contract			Operational	Active			X			0								0	
MWCR057	Termination due to default by the Contractor	Jul-08	The risk that the Contractor defaults and step-in rights are exercised by financiers but that they are unsuccessful leading to Contract termination			Operational	Active			X			0								0	
MWCR058	Authority no longer requires sites at end of Contract	Jul-08	The risk that the Authority will not require the asset at the end of the Contract period, and that the Contractor may be faced with decommissioning costs		If to be applied this must be clearly stated in the Contract	Residual	Active	X					0								0	
MWCR059	Decontamination of sites which are transferred at the end of the Contract to either the Authority or another incoming Contractor	Jul-08	(i) Decontamination costs could be significant from any/all sites (ii) Allowance should also be made for any known or predictable contamination at the start of the Contract where operational 'assef' sites are transferred from the Authority to the incoming Contractor (baseline surveys will be conducted for due diligence purposes)		Conditions written into Contract	Residual	Active			X			0								0	



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MWCR060	Disposal of surplus operational plant and equipment at the end of Contract if not required by the Authority	Jul-08	Surplus operational plant and equipment may be expensive to de-commission and dispose of			Residual	Active		X				0								0	
MWCR061	Inflation	Jul-08	Inflation above that predicted at Contract signature			Financial / Commercial	Active			X			0								0	
MWCR062	Change in corporate structure	Jul-08	The Contractor will continue to guarantee any performances as a result of any change in corporate structure			Financial / Commercial	Active		X				0								0	
MWCR063	Insurance (i)	Jul-08	The Contractor provides all necessary for the operation		Risk is insufficient insurance cover	Financial / Commercial	Active		X				0								0	
MWCR064	Insurance (ii)	Jul-08	Cost of insurance through Contract term (note the Authority decide this is to be a shared risk)		Risk is cost of insurance changing	Financial / Commercial	Active		X				0								0	
MWCR065	Interest rate risk up to financial close	Jul-08	The risk that cost of financing increases above that used to initially price the Contract		Leading to cost increase	Financial / Commercial	Active	X					0								0	
MWCR066	Interest rate risk after financial close	Jul-08	The risk that cost of financing increases above that used to initially price the Contract		Leading to cost increase	Financial / Commercial	Active		X				0								0	
MWCR067	Failure to meet performance standards	Jul-08	There is a risk that operational and maintenance services (O&M) will not provide the required quality of services. This may be costly to correct			Performance	Active		X				0								0	
MWCR068	Availability of facilities	Jul-08	There is a risk that some or all of the facilities will not be available for the use to which it is intended. There may be costs involved in making the facility			Performance	Active		X				0								0	
MWCR069	Recycling targets CA	Jul-08	Recycling targets set by the Authority and Government legislation may not be met due to: (i) Waste composition (see also Risk 4.17 (vi) above) (ii) Contractors performance (iii) Public participation (iv) Inadequate management		Additional staff to improve sorting to meet target	Performance	Active			X			0								0	
MWCR070	Recycling and diversion Targets	Jul-08	(i) Failure to sort collected materials (ii) Failure to deliver according to delivery regime (iii) Failure of technology (iv) Inadequate management			Performance	Active		X				0								0	
MWCR071	Changes in the volume of demand for services	Jul-08			There is a risk that the volume of demand for waste services will change. This may occur due to demographic factors or changes in the size of the catchment area, for example	Demand	Active			X			0								0	
MWCR072	Unexpected changes in technology	Jul-08	Unexpected changes in technology may lead to a need to re-scale or re-configure the provision of services			Technology & Obsolescence	Active		X				0								0	
MWCR073	Asset obsolescence	Jul-08	Buildings, plant and equipment may become obsolete during the Contract		Unexpected obsolescence above planned replacements	Technology & Obsolescence	Active		X				0								0	
MWCR074	Foreseeable Legislative / regulatory change: discriminatory	Jul-08	A change in local authority specific legislation, taking effect during the construction phase, leading to a change in the requirements and variations in costs			Regulatory - Construction	Active		X				0								0	
MWCR075	Foreseeable Legislative / regulatory change: waste industry specific	Jul-08	A change in waste industry specific legislation, taking effect during the construction phase, leading to a change in the requirements and variations in costs		Change in targets, monitoring control equipment etc. (possibility of moving from Contract to shared to Authority over entire Contract period)	Regulatory - Construction	Active		X				0								0	
MWCR076	Non-foreseeable Legislative / regulatory change: general	Jul-08	A change in non-local authority specific legislation / regulations taking effect during the construction phase, leading to a change in the requirements and variation in costs		Change in building regulations	Regulatory - Construction	Active			X			0								0	
MWCR077	Compliance with existing environmental regulations/legislation	Jul-08	The facilities may fail to meet existing environmental regulations/legislation due to: - Inadequate plant design - Inadequate maintenance - Use of Sub-standard materials			Regulatory - Operation	Active		X				0								0	
MWCR078	Compliance with non-foreseeable new environmental regulations/legislation	Jul-08	The facilities may fail to meet new environmental regulations/legislation			Regulatory - Operation	Active			X			0								0	
MWCR079	Non-foreseeable specific or discriminatory legislative / regulatory change having capital cost consequences: Sector specific	Jul-08	Local authority specific changes to legislation / regulations may lead to additional construction costs, and higher building, maintenance, equipment or labour costs (e.g. landfill directive)			Regulatory - Operation	Active			X			0								0	
MWCR080	Changes in Corporate taxation	Jul-08	Changes in Corporate taxation may affect the cost of the project			Regulatory - Construction	Active		X				0								0	
MWCR081	Changes in the rate of VAT	Jul-08	Changes in the rate of VAT may increase the costs of the project		VAT rate increases	Regulatory - Construction	Active		X				0								0	
MWCR082	Other changes in VAT	Jul-08	Changes in VAT legislation other than changes in the rate of VAT payable		Assume VAT on all construction now applies	Regulatory - Construction	Active		X				0								0	
MWCR083	Other changes in VAT	Jul-08	Changes in VAT legislation other than changes in the rate of VAT payable		Assume VAT on all construction now applies	Regulatory - Construction	Active		X				0								0	
MWCR084	Changes in Landfill tax	Nov-09	Changes in the rates of Landfill tax may result in an increase of costs of the project			Regulatory - Construction	Active		X				0								0	
MWCR085	Contract term for the fuel use Contract not co-terminus with the waste management Contract	Jul-08	Different Contract term lengths may lead to a gap in the chain of supply and a need to find an alternative user for the fuel			Operation	Active	X					0								0	
MWCR086	Planning delay	Jul-08	Planning delay means that the Contract start dates are not aligned. Depending upon the cause of the delay this could be an Authority or a Contractor risk			Operation	Active	X	X				0								0	

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MWCR087	Construction delay	Jul-08	Construction delay means that the Contract start dates are not aligned. Depending upon the cause of the delay this could be an Authority or a Contractor risk			Operation	Active	X	X				0								0	
MWCR088	Failure to complete construction of the plant.	Jul-08	Failure to complete construction of the plant means that the Contract start dates are not aligned. Depending upon the cause of the delay this could be an Authority or a Contractor risk			Operation	Active	X	X				0								0	
MWCR089	Failure provide SRF to Fuel Use Contractor	Jul-08	Failure to provide SRF for reasons not linked to an Authority default, or a Force Majeure Event			Operation	Active		X				0								0	
MWCR090	SRF specification is not correct	Jul-08	The quality of SRF provided by the Contractor is not adequate for the Fuel Use Contractor despite being in accordance with the Contract (e.g.. Incorrect calorific value). Note the risk position assumes that the main Contract dictates the			Operation	Active	X					0								0	
MWCR091	SRF volume fails to be as required	Jul-08	The volume of SRF provided by the Contractor is not adequate or is too much for the Fuel Use Contractor despite being in accordance with the Contract. Note the risk position assumes that the main Contract dictates the required volume			Operation	Active	X					0								0	
MWCR092	Site issues	Jul-08	If the plants were to be co-located and the Fuel Use Contractor was unable to access its plant			Operation	Active	X					0								0	