



North London Waste Authority

Risk Register 02-Dec-09 17:41  
Procurement: Programme  
Register Owner: ██████████

North London Waste Authority Procurement Programme Risk Register

Risk Identification									Assessment			Risk Management					Residual Risk Assessment			Contingency Strategy
Register Derived From:	R N U I M S B K E R	Title	Date Added	Risk Description	Risk Owner	Effect	Category	Status	Probability	Impact	Rating (RYG)	Management Actions Planned	Date By	Management Action Taken	Last Updated	Comments	Probability	Impact	Rating (RYG)	Action undertaken if risk occurs
Programme Register	M P 0 1	Internal Resources	15.1.09	Inadequate level of resource due to an inability to recruit during the procurement	██████████	Internal resources insufficient to support the procurement and the Authority is potentially compromised and unable to successfully manage negotiations	Operational	Active	3	3	9	Start early, sufficient time to retain, retention objectives defined	On going	Structure under consultation; approach to Camden personnel for support in process, job description evaluation process underway	21.04.09		1	3	3	Increased use of consultants
Programme Register	M P 0 2	Interfaces	15.1.09	Lack of overview at programme level causing disconnect between the individual procurements.		Possible delay to individual procurements and reputational damage to the Authority, cost of additional risks	Operational	Active	3	5	15	Ensure robust programme management adopted which takes an overview of the individual procurements and allows interfaces at key stages and provides a consistent approach.	On going	Risk Management process adopted	18.2.09		1	5	5	Review contract terms during CD process
Programme Register	M P 0 3	Affordability Gap	15.1.09	Funding margins from commercial lenders are higher than modelled in the OBC		If within affordability envelope, consequences are minimal. If consequence is to breach the affordability envelope Substantive stakeholder engagement and analysis required to reaffirm the merits in pursuing the project. Ultimately, in the absence of support the risk is of project failure	Political / stakeholder	Active	5	5	25	Monitor evolving developments in the debt market and to plan an appropriate strategy for securing finance based on prevailing market conditions. Develop an outline strategy aimed at maximising the likelihood of securing private sector finance on value for money terms	On going	Alternative Funding Group report prepared.	08.06.09		5	5	25	Review funding sources
Programme Register	M P 0 4	Member Decision Making	15.1.09	Decisions not made in a timely manner due to a lack of understanding.		Delays to the programme.		Active	1	5	5	Ensure good communications with all decision makers	On going	Regular reports on progress to Authority meetings	18.2.09		1	3	3	
Programme Register	M P 0 5	Member Understanding	15.1.09	Lack of member understanding around the technologies being procured		Hiatus due to member opposition to the technologies being procured	Financial / Commercial	Active	5	3	15	Improve members knowledge of the different technologies through member training workshops, information packs, presentations, 1-2-1 meetings and facility tours.		Strategy and development advice in Authority meetings February - September 2008. Member tour planned.	3.04.09		3	3	9	Improve communications
Programme Register	M P 0 6	Financial Markets	15.1.09	Temporary hiatus in financial markets results in bank finance being unavailable/changes in the market conditions lead to funding costs rising relative to OBC assumptions		Potential delay in achieving financial close, possible increases in project costs which in turn may necessitate consideration of alternative sources of finance	Financial / Commercial	Active	5	5	25	Develop financing strategy pre-ISOS and associated contingency plan. Monitor banking market and evolve strategy accordingly	On going	Established alternative funding working group to explore possible financing options.	26.03.09		3	5	15	
Programme Register	M P 0 7	OBC Scrutiny Process	15.1.09	Delay in approval of the Outline Business Case by WIDP / DEFRA		Delay to the programme whilst OBC is re-drafted in accordance with DEFRA requirements	Political / stakeholder	Active	5	5	25	Extensive review of OBC documentation for inadequacies. Establish follow-up procedures with DEFRA after submission of OBC. Provide contingency within the Project Plan to allow for this delay.	29.05.09	Refreshed OBC March 2009, on-going scrutiny.	28.09.09		3	5	15	Address issues outstanding to secure PFI on a more delayed timescale; consider alternative funding options
Programme Register	M P 0 8	OBC Scrutiny Process	15.1.09	Outline Business Case is rejected by PRG		Delay to the programme whilst OBC is re-drafted in accordance with DEFRA requirements. In extreme circumstances, the Authority would be required to explore alternate funding streams such as prudential borrowing	Political / stakeholder	Active	3	5	15	Ensure that all tests of targets, VfM and completion are met and that full sign up by stakeholders is obtained	On going				1	5	5	Address issues outstanding to secure PFI on a more delayed timescale; consider alternative funding options
Programme Register	M P 0 9	Borough Liaison	15.1.09	Change of political leadership in one or more of the constituent boroughs		Change in political leadership and as a result possible opposition to the project.	Political / stakeholder	Active	3	5	15	Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process	On going				1	5	5	Revert to default levy funding
Programme Register	M P 1 0	Decision Making	15.1.09	Change of political composition of Authority		Change in political leadership and as a result possible opposition to the project or delay in decision having a consequential effect to the programme.	Political / stakeholder	Active	3	5	15	Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process	On going				1	5	5	Further communications with Members to limit risk of increased costs to Authority
Programme Register	M P 1 1	GLA Politics	15.1.09	Change of political Leadership within the GLA		Change in political leadership and as a result possible opposition to the project.	Political / stakeholder	Active	3	5	15	Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process	On going	Initial meeting held with the Mayor's Director of Environment	20.04.09		1	5	5	Appeal as appropriate

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Programme Register	M P 1 2	National Politics	15.1.09	Change of political Leadership within central government		Change in political leadership and as a result possible opposition to the project.	Political / stakeholder	Active	3	5	15	Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process. Progress PFI application rapidly.	On going		08.06.09		1	5	5	Appeal if decision taken; improve communications; consider Authority strategy against revised policy background
Programme Register	M P 1 3	OBC	15.1.09	OBC does not address all key financial and commercial requirements of WIDP, Authority and Constituent Boroughs		OBC is rejected by members of the Authority, Defra or PRG	Financial / Commercial	Active	3	5	15			Procurement Strategy agreed August 2008. Ongoing meetings with the WIDP scrutiny team to clarify any queries related to the OBC	21.04.09		3	3	9	
Programme Register	M P 1 4	Borough Liaison	15.1.09	Boroughs are unable to agree to the financial allocation mechanism proposed in the IAA		Delay in submission of FBC to DEFRA for final approval resulting in delay to FC date	Deliverability	Active	5	3	15	Meeting of IAA group scheduled for 5th June to agree draft IAA.	5.6.09	1st interim statement of principles agreed. IAA working group convened and meeting ongoing	24.02.09		3	3	9	
Programme Register	M P 1 5	Funding Streams	15.1.09	NLWA is unable to access Prudential Borrowing due to quotas for borrowing in the event of failure of private finance route		NLWA has no contingency plan for funding the project (beyond land acquisition costs) if private finance is not available.	Financial / Commercial	Active	5	3	15	Stay alert to changing conditions in the financial markets and develop the project in a manner that makes it attractive to funders.	On going	Established alternative funding working group to explore possible financing options.	26.03.09		3	3	9	
Main Waste Services Register	M W P 0 0 7	Financial Markets	15.1.09	Temporary hiatus in financial markets results in bank finance being unavailable/changes in the market conditions lead to funding costs rising relative to OBC assumptions		Potential delay in achieving financial close, possible increases in project costs which in turn may necessitate consideration of alternative sources of finance	Financial / Commercial	Active	5	5	25	Develop financing strategy pre-ISOS and associated contingency plan. Monitor banking market and evolve strategy accordingly	Pre ISOS	Established alternative funding working group to explore possible financing options. Report produced in May2009, which developed strategy for funding. Review Treasury Guidance on market dislocation and procurement documentation.	28.09.09		3	5	15	
Main Waste Services Register	M W P 0 0 9	Site Acquisition	15.1.09	Delay in acquiring access to sites		Delay in obtaining PFI credit approval and delay in publication of OJEU and consequently the overall project	Operational	Active	5	5	25	Seek to progress site acquisition ASAP by reconsidering other possibilities in the region.	On going	Report to be provided to the June Authority meeting on site options. Identified 3 further sites to support on-going discussions. Site acquisition agreed June 2009 on western side.	23.09.09		3	5	15	
Main Waste Services Register	M W P 0 1 0	Sites Availability	15.1.09	NLWA and/or potential bidders are unable to access adequate sites on which bids can be based.		Reduced numbers of bidders in the competitive dialogue making it more difficult for the Authority to satisfy itself it has achieved VFM.	Deliverability	Active	5	5	25	Planning consent viability risk review per site, secure options on key sites, clear process/message for procurement, wide ranging parallel approaches to securing sites including holding in borough ownership	on going	Discussions with Borough property departments and sites search. Valuation of short listed sites. Provision of site requirements to the NLWP team to assist them in identifying and allocating sites.	20.07.09		3	5	15	
Main Waste Services Register	M W P 0 1 1	Planning Application Process	25.3.09	Refusal of the planning application or approval subject to restrictive conditions. Call in by the Mayor or Secretary of State for determination prior to decision by the local Authority		Delay whilst the Authority appeals the decision	Political / stakeholder	Active	3	5	15	Submission of appropriate representation during NLWP consultation process. Consider significant issues and prepare response prior to submission of the planning application. A sustained level of engagement with stakeholders on technologies. Host a programme of educational workshops / training events on different technologies to help dispel misconceptions associated with waste facilities. Make information on chosen solution, the reason for choosing so benefits of that solution etc accessible where appropriate.	27.11.09	Initial discussions with relevant planning authorities. Planning appeal process / risk analysis prepared for key sites. Preparing planning application, to mitigate planning risks.	23.09.09		1	5	5	
Main Waste Services Register	M W P 0 2 0	Affordability Gap Bidder Proposals	15.1.09	Funding margins from commercial lenders are higher than modelled in the OBC		If within affordability envelope, consequences are minimal. If consequence is to breach the affordability envelope. Substantive stakeholder engagement and analysis required to reaffirm the merits in pursuing the project. Ultimately, in the absence of support the risk is of project failure	Financial / Commercial	Active	5	5	25	Monitor evolving developments in the debt market and to plan an appropriate strategy for securing finance based on prevailing market conditions. Develop an outline strategy aimed at maximising the likelihood of securing private sector finance on value for money terms	On going				5	5	25	
Fuel Use Register	M F P 0 1 1		15.1.09	Poor quality bids are received.		Further work or re-bids required, which delays the procurement process and results in additional costs	Operational	Active	5	5	25	Establish regular reviews of the Procurement, ensure that robust and comprehensive tender documents are sent to bidders. Sustained communications with bidders.	Pre OJEU	Market sounding undertaken. Questionnaire issued to over 80 companies with over 30 positive responses received. Developed list of issues bidders should consider when bidding.	23.09.09		3	5	15	Investigate possibility of interim SRF off take contract. Issue extensive / detailed clarification documents
Fuel Use Register	M F P 0 1 2	Bidder Interest	15.1.09	Bidders are not prepared to engage fully in Dialogue		Difficulty in obtaining optimal solution and closing the deal.	Deliverability	Active	5	5	25	Establish transparency, consistency and fair dealing during the procurement process and delivery.	Pre OJEU	Market sounding undertaken. Questionnaire issued to over 80 companies with over 30 positive responses received. Developed list of issues bidders should consider when bidding.	23.09.09		3	5	15	Investigate possibility of interim SRF off take contract.

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Fuel Use Register	M F P 0 1 9	Interfaces	15.1.09	The fuel use procurement timetables fail to run concurrently with the main waste services due to timetabling delays.		Possible delays to both procurements and overall programme.	Operational	Active	3	5	15	Key targets defined for each procurement that align and form component parts of an overarching programme. Continual liaison between the procurement teams to ensure consistency of approach. Overview maintained by Director of Procurement.	Pre OJEU	Regular liaison meetings in place	08.06.09		1	3	3	Review emerging contract terms to ensure minimisation of risk to Authority. Investigate possibility of interim SRF off take contract.
Fuel Use Register	M F P 0 2 5	Affordability Gap	15.1.09	Gate fee costs are above those predicted in the OBC		If within affordability envelope, consequences are minimal. If consequence is to breach the affordability envelope: Substantive stakeholder engagement and analysis required to reaffirm the merits in pursuing the project. Ultimately, in the absence of support the risk is of project failure	Financial / Commercial	Active	3	5	15	Create a robust competitive process to drive out as much value from the bids as possible whilst keeping costs down. Engage and maintain communication with boroughs	On going				1	5	5	
Fuel Use Register	F P 0 2 9	Project Scope	15.1.09	The private sector is not willing or able to guarantee the level of performance required by the Authority		Delay to the project whilst the procurement strategy is reviewed	Strategic	Active	3	5	15	Ensure that processes and output specifications are informed by information obtained through market sounding	Pre OJEU	Established early market contact to promote effective communications.	15.1.09		1	5	5	revise market strategy
General Register	G 0 0 2	HWRCs; Sites Availability	15.1.09	Unable to access adequate and appropriately located sites.		Programme delayed whilst new sites are identified. HWRC capacity consolidated into less sites with less geographical spread.	Deliverability	Closed	5	5	25	Planning consent viability risk review per site, secure options on key sites, wide ranging parallel approaches to securing sites including holding in borough ownership	On-going	Discussions with Borough property departments and sites search. Valuation of short listed sites.	23.09.09		3	5	15	HWRC Procurement transferred to the Strategy & Contracts team.
General Register	G 0 0 6	Interim Procurement: VFM	15.1.09	Value for money not achieved because of short term of contract		Cost to Authority exceeds that anticipated and budgeted for	Financial / Commercial	Active	5	5	25	Adequate preparation and proactive, sustained communications with bidders to encourage competition; efficient CD process	Prior to ISOS	Guaranteed minimum contract period to be offered to bidders - term to be decided from market capacity review feedback. Draft market capacity review with results of face to face meetings with identified potential bidders being reviewed by TW. Market testing is considered to have helped promote the procurement and so expected to increase interest and ultimately competition.	20.07.09		3	5	15	
General Register	G 0 1 5	Interim Procurement; Bidder Interest	15.1.09	Lack of interest in the procurement from the bidder community		Insufficient number of participants for a competitive process	Deliverability	Closed	5	5	25	Ensure sufficient resources, continue market communications	Pre OJEU	Market Capacity Review, including round of face to face meetings with potential bidders, completed which understood to have promoted the procurement and increased bidder interest.	20.07.09		3	5	15	Interim Project now closed reviewing for continued relevance.
General Register	G 0 2 9	Improvement Programme; Recycling Market	15.1.09	Collapse of the recycling market		No market for recyclates. As a consequence long term storage required and recycling rates reduced.	Financial / Commercial	Active	1	5	5	Proposal received from WRAP in relation to recycle market development. Authority to accept the proposal, sought for the Authority finance adviser	On going	Long term view being taken. Continuous monitoring of markets and dialogue with WRAP in light of current market volatility.	23.09.09		1	5	5	