

North London Waste Authority							North London Waste Authority PR				
Risk Register 22-Jun-10 17:09											
Procurement: Programme Register											
Register Owner: Tim Judson											

Risk Identification								Assessment				
Risk Number	Title	Date Added	Risk Description	Risk Owner	Effect	Category	Status	Probability	Impact	Rating (RYG)	Management Actions Planned Manager	Lead
<b>Failure or Delay in OBC approval and PFI credit support</b>												
MxP001		04/02/2010	Delay/ failure to secure PFI credit support and/ or delay/ failure to secure announcement because of General Election purdah periods with risk of change of policy after the Election.	Tim Judson	Loss of £490m support with additional local costs and/ or desire for re-exam of cheaper options leading to sub-optimal solution. Significant delay/ failure to achieve waste strategy ambitions and carbon performance improvements.	Deliverability	Closed	3	5	15	Risk now focused on PRG. Mitigation is effective briefing & preparations for PRG. Key issue likely to be readiness to go to market – clear & early approval process for key documents vital. Encourage early announcement of PRG decision. Director of Procurement	
<b>Changes to scope and size of project</b>												
MxP002		04/02/2010	Changes to project arising from major change to waste composition and/ or Borough commitment of materials to contract	Tim Judson	Bidders develop inappropriate solutions including incorrectly sized facilities with additional costs	Partnership & Communication	Active	5	5	25	Composition study underway. Results to be available prior to ISOS. Illustrative menu pricing framework to be made available in March to support Borough commitments. Procurement Manager	
MxP003		04/02/2010	Changes to project arising from major change to waste volumes	Tim Judson	Bidders develop inappropriate solutions including incorrectly sized facilities with additional costs	Deliverability	Active	5	5	25	Substantive waste data modelling work to be completed prior to ISOS. More work required on understanding reasons for recent changes in waste volume & potential impact of waste minimisation activity. Work also required on understanding trade waste disposal methods. Procurement Manager Waste Services	
MxP004		04/02/2010	Changes to project arising from major changes to Borough collection systems, including delay in Borough decisions arising from local elections	Tim Judson	Loss of bidder confidence in 8 authority partnership and incorrect sizing of facilities with additional costs.	Political / stakeholder	Active	5	5	25	Waste data work to provide Boroughs with means for assessing performance of collection systems. NLWA participation in 50% club and discussions about pooling targets, including potential contribution of disposal solution. Indicative menu pricing framework for IAA to be developed in March. Ongoing dialogue with Boroughs on decisions prior to ISOS/ ISDS. Procurement Manager Waste Services, with Director of Procurement and Managing Director	
MxP005		04/02/2010	Changes arising from failure to deliver anticipated service improvements in period up to financial close, especially recycling and HWRC improvements	Tim Judson	Loss of bidder confidence in 8 authority partnership, un-ambitious risk transfer proposals, failure to achieve waste strategy ambitions & incorrect sizing of facilities with additional costs.	Deliverability	Active	5	3	15	Ongoing dialogue with 50% club and support for Borough decisions relating to new services. Proposals to NLWA on stimulating HWRC works; Procurement Manager Waste Services, Director of Procurement, Managing Director	
<b>Other Authority failures to deliver means for contractor delivery</b>												
MxP006		04/02/2010	Change of key political lead giving rise to review/ change of approach part way through process	Tim Judson	Loss of bidder confidence and challenges on recovery of bid costs. Failure to achieve waste strategy ambitions and carbon performance improvements arising from delay.	Political / stakeholder	Active	3	3	9	Ongoing dialogue with Members & Boroughs to ensure strategy understood. Delivery of successful progress in terms of market response. Ensuring good fit between development plans & local place-shaping. Good communication with local communities. Director of Procurement with Planning Officer, Communications Manager, Procurement Managers Waste Services and Fuel Use	
MxP007		04/02/2010	Control over waste service sites in doubt and/ or risks associated with title giving rise to change in bidder proposals/ need to secure additional sites that have unknown risks	Tim Judson	Delay in procurement and possible failure to deliver key facilities with knock-on effect on delivery of waste strategy ambitions and PFI credit award	Deliverability	Active	3	3	9	Work identified & being progressed on extracting Edmonton site from LWL. Ongoing dialogue with CRL & Barnet on new Hendon site. Title investigation & due diligence work anticipated in respect to HWRC sites. Proposals being drawn up for leases on HWRCs in Borough ownership. Procurement Manager Waste Services with Director of Procurement and Planning Officer	
MxP008		04/02/2010	Failure on Authority's part to mitigate planning risk leading to loss of bidder confidence in delivery and/ or actual delivery.	Tim Judson	Delay in procurement and possible failure to deliver key facilities with knock-on effect on delivery of waste strategy ambitions and PFI credit award	Strategic	Active	5	5	25	Communication plan addressing proposals generally and particular local communities. Otherwise site specific action. NLWA progressing planning application in respect to PW site. Outline planning approval secured in respect to new Hendon site – ongoing engagement with CRL & Barnet on s106 obligations. Review of past LWL planning work re Edmonton in hand. HWRC sites being considered with particular boroughs. Procurement Manager Waste Services with Planning Officer	
MxP009		04/02/2010	Discovery of ground conditions issues that have a significant effect on delivery of engineering solution/ costs of delivery	Tim Judson	Delay in procurement and possible failure to deliver key facilities with knock-on effect on delivery of waste strategy ambitions and PFI credit award	Deliverability	Active	3	3	9	Risk assessment on Edmonton & Pinkham Way undertaken as part of acquisitions. Further ground work at Edmonton planned. Flexibility in overall sites solution for bidders to work around localised problems. Work to be done with Boroughs on HWRC sites. Procurement Manager Waste Services	
MxP010		04/02/2010	Company (LWL) assets not maintained in a way that assists bidder solutions and/ or maximises value of these assets	Tim Judson	Less market appetite than possible, lower diversion than possible in early years and higher contract costs than necessary	Financial / Commercial	Active	3	3	9	Project Team engagement in Company Business Plan approval process & key investment decisions including use of insurance receipts in respect to EfW plant Director of Procurement	
<b>Initial Market/ Bidder response</b>												

Risk Number	Title	Date Added	Risk Description	Risk Owner	Effect	Category	Status	Probability	Impact	Rating (RYG)	Management Actions Planned Manager	Lead
MxP011		04/02/2010	Too few bidders initially or insufficient bid team capacity to bid seriously	Tim Judson	Delay in progressing early stages of process and associated risk to PFI credit support. Later risk of inadequate competitive pressure leading to poorer outcomes than possible.	Financial / Commercial	Active	5	5	25	Ongoing market dialogue & marketing of procurement in terms of commercial opportunity, capacity of NLWA to deliver, and smartness of procurement processes. Key assurance required in respect of numbers of bidders in initial stages and bid costs. Adopt Pre-Dialogue Questionnaire approach on fuel use bidder selection & propose standard financing terms at ISOS Deputy Director Procurement, Procurement Managers Waste Services and Fuel Use	
MxP012		04/02/2010	Bidders dropping out during the procurement process. Particular risks with fuel use bidders who may be unfamiliar with PPP/ PFI processes and consequences.	Tim Judson	Inadequate competitive pressure leading to poorer outcomes than possible	Financial / Commercial	Active	5	5	25	Assess bidder commitment as part of ISOS selection. Continue to progress actions that de-risk project. Consider underwriting planning costs in later stages/ undertaking work. Provide information relating to LWL that is material to value & consider proposals for further Authority DD work in respect to LWL. Early work on potential warranties Procurement Managers Waste Services and Fuel Use; Director of Procurement	
MxP012		04/02/2010	General bidder concerns about risks associated with guarantees in respect to third party income – especially energy production & use	Tim Judson	Poorer financial and environmental solution than possible. Possible pressures on affordability envelope.	Financial / Commercial	Active	5	5	25	See 4c plus NLWA work focused on future energy values and bankability of future values. Bid invitations designed to explore optimum guarantee/ profit sharing on energy production & use. Key issue will be security of energy offtaker & bank views on value attributable to heat. Credit in evaluation for guaranteed income whilst not ignoring value of non-guaranteed where likely to arise Procurement Managers Waste Services and Fuel Use	
MxP014		04/02/2010	Green tax subsidies potentially available are not secured/ guaranteed by bidders	Tim Judson	Poorer financial and environmental solution than possible. Possible pressures on affordability envelope	Financial / Commercial	Active	5	3	15	Investigation & provision of information to bidders. NLWA influencing green tax frameworks. Credit in evaluation for guaranteed income whilst not ignoring value of non-guaranteed income where likely. Procurement Managers Waste Services and Fuel Use	
MxP015		04/02/2010	HWRC solution inadequate/ not sufficiently addressed	Tim Judson	Poorer financial and environmental solution than possible. Possible pressures on affordability envelope. Additionally, higher collection costs than necessary arising from higher than necessary volume at kerbside and demands for more extensive recycling services at the kerbside	Deliverability	Active	3	3	9	Authority action to stimulate necessary works at sites prior to contract and focus bidder proposals on operations. Reserve right not to include HWRC operations in contract. Procurement Manager Waste Services with Director of Procurement	
MxP016		04/02/2010	Inadequate transport solution arising from uncertainty about requirement and/ or bidder desire for simplification/ flexibility in meeting requirements	Tim Judson	Poorer financial and environmental solution than possible. Possible pressures on affordability envelope, especially in terms of less use of sustainable transport than possible, with knock-on effect on potential market for fuel use and/ or deliverability of fuel use facilities in planning terms	Financial / Commercial	Active	3	3	9	Provision of information relating to transport options & proactive support from relevant transport bodies including TfL, BWB & rail authorities. Maximum use made of information relating to existing operations Waste Services Managers Waste Services and Fuel Use	
MxP017		04/02/2010	External financial challenges to security of bidders during procurement process	Tim Judson	Bidder drop out and/ or uncertainty about robustness of contractual solution	Financial / Commercial	Active	3	3	9	Ongoing market intelligence and examination of bidder proposals, especially in relation to consortia approaches. Authority reserves right to re-PQQ bidders Director of Procurement	
MxP018		04/02/2010	Insufficient value proposed for share sale related to LWL & associated assets	Tim Judson	Pressure on affordability envelope and higher than necessary costs.	Financial / Commercial	Active	5	5	25	Provision of good information relating to LWL and assets. Engagement with LWL business plan process including use of insurance proceeds. Bids structured to provide transparent assessment of value & evaluation framework recognises importance of proposed value. Authority reserves right not to complete share sale & parallel work to work out contingency approach consistent with risk transfer required.	
<b>Delays in progressing procurement and/ or progress in good order</b>												
MxP019		04/02/2010	Delays arising from unclear outcome of one procurement affecting progress on the other	Tim Judson	Delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions	Financial / Commercial	Active	3	3	9	Management of interface risks in dialogue & evaluation processes, supplemented by separate programme review. Evaluation processes to tease out insufficient flexibility in solutions and to reduce potential solutions to a sensible number at an early stage. Director of Procurement with Procurement Managers Waste Services and Fuel Use	
MxP020		04/02/2010	Loss of key personnel at critical stages/ loss of continuity for bidders	Tim Judson	Delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions. Additionally, losses may impact on bidder confidence and withdrawal from procurement	Deliverability	Active	5	5	25	Action being taken to secure key individuals for duration of project. Contingency plan in place in respect of management positions. Systems design work to reduce over-reliance on key individuals whilst maintaining market & stakeholder confidence. Secondment approach provides some resilience. Director of Procurement	
MxP021		04/02/2010	Insufficient expertise available at key stages in procurement arising from inflexibility of project team resourcing & changes over time in expertise required	Tim Judson	Delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions. Additionally, losses may impact on bidder confidence and withdrawal from procurement	Deliverability	Active	3	3	9	Secondment approach providing ability to change team capacity over time with minimal disruption. Selection of external advisers made with eye to accessing specialist skills Director of Procurement	

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MxP022		04/02/2010	Progress delayed by excess cost/ budget availability	Tim Judson	Delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions. Additionally, potential for bidder withdrawal/ potential unnecessary additional costs arising from duplicative bidder work e.g. on planning	Financial / Commercial	Active	5	5	25	Integration of resource & project plans with monitoring. Budget contingency & flexibility (e.g. capitalisation of costs). Budget management processes that provide for prioritisation in event of budget pressures. Deputy Director of Procurement with Project Manager	
MxP023		04/02/2010	Legal challenge to de-selection/ outcome of procurement process.	Tim Judson	Delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions. Additionally, challenge likely to give rise to Authority costs in defending challenge and successful challenge could lead to compensation payments	Financial / Commercial	Active	5	5	25	Robust evaluation process agreed at start of procurement process. Clear guidance. Internal QA & external advisors QA. Selection of small numbers of bidders for later stages. Time & information systems for feedback & subsequently delivered. Deputy Director of Procurement	
MxP024		04/02/2010	Insider trading on commercially sensitive information/ confidential information given to bidder	Tim Judson	Legal investigation/ action against guilty parties. Competitive procurement process undermined giving rise to poorer value solution and legal challenge to Authority decision	Financial / Commercial	Active	3	3	9	Robust security arrangements surrounding information. Use of electronic sweeping measures. Guidance/ control on interaction with bidders & protection of data, including transport. Limit electronic transfer of data. Audit trail on access & use of information Deputy Director of Procurement with Project Manager	
MxP025		04/02/2010	Human error in evaluation	Tim Judson	Uncertain – depending on the nature of error – but potentially serious as undermining procurement results, undermining credibility of procurement & leaving Authority vulnerable to challenge	Financial / Commercial	Active	3	3	9	Construction of evaluation teams so that more than one person is involved in all aspects of evaluation. Training & guidance to those undertaking evaluation. Robust moderation and QA processes. Director of Procurement, Procurement Managers Waste Services and Fuel Use	
MxP026		04/02/2010	Mayor/ GLA favouring London fuel use solution and seeking to influence decisions	Tim Judson	Sub-optimal outcome with cost and risk consequences. Potential for Authority decisions to be challenged.	Political / stakeholder	Active	3	3	9	Dialogue with GLA officers and, if necessary, challenge to behaviour and actions. Director of Procurement, Procurement Manager Fuel Use	
MxP027		04/02/2010	Delays arising from emerging workforce solution and/ or consultative processes relating to share sale & potential TUPE/ transfers of HWRC staff to new contractor.	Tim Judson	Delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions. Additionally, losses may impact on bidder confidence and withdrawal from procurement	Deliverability	Active	3	3	9	Early commitment to share sale with communication. Appropriate priority to workforce issues within evaluation & HR expertise applied in process. Consider employment of HWRC staff by LWL & communication to staff on transfer issues. Effective liaison with bidders on HR matters.	
<b>Outcomes of procurement not consistent with plans</b>												
MxP028		04/02/2010	Waste service provider unable/ unwilling to guarantee fuel production to the extent required by fuel user	Tim Judson	Restricted fuel use competition & potential additional costs.	Operational	Active	3	5	15	Use of fuel specification with flexibilities within bid invitations. Evaluation processes focused on compliance & flexibility, with potential for zero scores that lead to rejection of proposals as non-compliant bid. Regular cross-checks at a programme level. Director of Procurement with Procurement Managers Waste Services and Fuel Use	
MxP029		04/02/2010	Actual or perceived need for fuel testing that is greater than anticipated/ required.	Tim Judson	Additional costs.	Deliverability	Active	3	3	9	Identified need for testing to be part of evaluation relating to fuel use even if the process falls to waste services provider. Standard to be established around Ofgem requirements for testing and early exploration of testing requirement prior to fuel use to be replaced by monitoring energy output with appropriate financial adjustments. Procurement Manager Fuel Use	
MxP030		04/02/2010	Disconnect between timetable for production and use of fuel	Tim Judson	Delay to both procurements and sign off of final business case, with knock on impacts, delay in progress with knock-on effect on progress with delivering better services and increasing risks associated with reliance upon ageing infrastructure/ need to procure interim solutions.	Financial / Commercial	Active	5	5	25	Programme monitoring of progress & examination of key issues as they arise. Director/Deputy Director of Procurement	
MxP031		04/02/2010	Unsupportive/ fragmented bank view on issues arising from numbers of banks involved in providing finance	Tim Judson	Delays in later stages of procurement with knock on effects for delivery of facilities & associated costs.	Financial / Commercial	Active	5	5	25	Early dialogue with potential funding institutions. Full exploration of potential funders including EIB. Authority reserving right to run funding competition and/ or to make capital contributions. Full exploration of processes in parallel to procurement. Procurement Managers Waste Services and Fuel Use	
MxP032		04/02/2010	Standard Contract/ Guidance cuts across best value solution	Tim Judson	Selection of sub-optimal solution, including risk of challenge, protracted negotiations with HMG on derogations, and/ or loss of PFI credits	Financial / Commercial	Active	3	3	9	Ongoing review of VFM of PFI, especially on fuel use. Early production of skeletal standard contract & payment mechanism for bidder mark-up. Appropriate evaluation that allows for merchant solutions where this approach may provide better VFM. Early dialogue with HMG on any derogations Procurement Managers Waste Services and Fuel Use: Deputy Director of Procurement	
MxP033		04/02/2010	Mechanisms not provided for capturing residual value in any facilities not reverting at end of contract. Especially relevant to fuel use facility and any merchant plant on waste services.	Tim Judson	Potential lost value equal to approx 15 years life in key facilities.	Financial / Commercial	Active	3	3	9	Work up solutions that are acceptable in the context of standard contract and that allow Authority to access capacity without procurement. Ability to extend contract may play partial role. Procurement Managers Waste Services and Fuel Use	
MxP034		04/02/2010	Future value relating to carbon not banked/ underestimated.	Tim Judson	Greater long term cost than necessary and potential for embarrassment	Financial / Commercial	Active	5	3	15	Full exploration of issues in dialogue and possible development of specific contract/ excess profit mechanism. Procurement Managers Waste Services and Fuel Use	

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<b>MxP035</b>		04/02/2010	Bidders and Authority do not provide for appropriate Carbon Reduction Commitment framework	<b>Tim Judson</b>	Loss of bidders during procurement and potential contract termination if risk realised after financial closure.	Financial / Commercial	Active	5	3	15	Full exploration of issues in dialogue and parallel investigation of issues by Authority Procurement Managers Waste Services and Fuel Use	
<b>MxP036</b>		04/02/2010	Cost creep on construction costs after selection	<b>Tim Judson</b>	Greater long term costs than necessary, potential risk of wrong contract award or delay in delivery arising from need to re-run elements of procurement.	Financial / Commercial	Active	5	3	15	Evaluation of key sub-contracts during competitive stage of procurement. Preferred bidder selected with construction prices fixed Procurement Managers Waste Services and Fuel Use	
<b>MxP037</b>		04/02/2010	Step change from current to new contract management arrangements are beyond NLWA's corporate capacity	<b>Tim Judson</b>	Poor delivery in key initial stages of contract and poorer than necessary partnership relationship from start of contract.	Operational	Active	5	5	25	Project team/ procurement board engagement with MD-led review and change management process which is started early Managing Director	

## Programme Risk Register

Risk Management				Residual Risk Assessment			Contingency Strategy
Date	Management Actions Taken	Date Updated	Comments	Probability	Impact	Rating (RYG)	Action undertaken if risk occurs
	PRG attended Director of Procurement and Project Sponsor; PRG conditions responded to; Credit award made. Communication with DEFRA concerning Government Spending Review	17-Jun-10		1	1	1	
30-Jun-10	Composition Survey completed;	17-Jun-10		5	1	5	
30-Jun-10	Waste Data Modelling work underway	17-Jun-10		5	3	15	
30-Jun-10 30-Sep-10	Waste Data Modelling work underway; participation in 50% club ongoing; Indicative menu pricing supplied; ongoing dialogue with Boroughs taking place.	17-Jun-10		5	3	15	
30-Sep-10	HWRC report being prepared for Authority meeting 30 June 2010	17-Jun-10		5	1	5	
Ongoing	Briefing of new Members on procurement Strategy - June 2010; Regular procurement updates to Authority meetings; proposed bi-lateral meetings with Boroughs.	17-Jun-10		3	1	3	
30-Sep-10	Dialogue with CRL continuing;	17-Jun-10		3	1	3	
31-May-10	Communication with LB Haringey concerning planned approach to Pinkham Way;	17-Jun-10		3	3	9	
				3	1	3	
Ongoing				3	1	3	

Date	Management Actions Taken	Date Updated	Comments	Probability	Impact	Rating (RYG)	Action undertaken if risk occurs
30-Jun-10	Pre-Dialogue Questionnaire used in Fuel Use procurement;	17-Jun-10		3	3	9	
30-Sep-10 15-Dec-10	ISOS questionnaire addresses questions of deliverability; Work underway in connection with provision of LWL information.	17-Jun-10		3	1	3	
30-Jun-10	ISOS questionnaire addresses questions of third party income	17-Jun-10		3	1	3	
30-Jun-10	Further consideration to tax regimes; awaiting outcomes of RHI consultaiton	17-Jun-10		3	1	3	
30-Sep-10	Report to Authority;	17-Jun-10		1	1	1	
30-Sep-10	Transport assumptions given in ISOS questionnaire to provide appropriate starting point for solutions at detailed stage.	17-Jun-10		3	1	3	
Ongoing		17-Jun-10		3	1	3	
30-Jun-10 15-Dec-10	information provision under review	17-Jun-10		3	3	9	
Ongoing		17-Jun-10		1	1	1	
Ongoing		17-Jun-10		3	3	9	
Ongoing		17-Jun-10		3	1	3	

Date	Management Actions Taken	Date Updated	Comments	Probability	Impact	Rating (RYG)	Action undertaken if risk occurs
30-Apr-10	Project management systems being implemented; system in use and reports being generated	29/04/2010 17 June 2010		1	3	3	
30-Jun-10	Evaluation Process for evaluation team in course of preparation	17-Jun-10		3	5	15	
30-Jun-10		17-Jun-10		1	3	3	
31-Jul-10		17-Jun-10		1	1	1	
Ongoing				3	1	3	
30-Nov-10				3	1	3	
Ongoing				3	3	9	
31-Jul-11				3	1	3	
Monthly				5	3	15	
2011				5	3	15	
Ongoing			Check points at each evaluation stage	3	1	3	
30-Sep-10				3	1	3	
30-Apr-11				3	1	3	

Date	Management Actions Taken	Date Updated	Comments	Probability	Impact	Rating (RYG)	Action undertaken if risk occurs
				3	1	3	
				3	1	3	
31-Dec-11				3	3	9	