

North London Waste Authority

North London Waste Authority Procurement Programme Risk Register

Risk Register 02-Feb-09 14:26
Procurement: Master Programme
Register Owner: Tim Judson

Risk Identification								Assessment			Risk Management					Residual Risk Assessment			Contingency Strategy
Register Derived From:	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	Internal Resources	15.1.09	Inadequate level of resource due to an ability to recruit during the procurement	Tim Judson	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		Structure under consultation; approach to Camden personnel for support in process			1	3	3	Revise activities undertaken by team
Programme Register	Interfaces	15.1.09	Lack of overview at programme level causing disconnect between the individual procurements.	Tim Judson	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.					1	5	5	Review contract terms during CD process
Programme Register	Affordability Gap	15.1.09	Funding margins from commercial lenders are higher than modelled in the OBC	Nitin Doshi	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					3	5	15	Review funding sources
Programme Register	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	Nitin Doshi	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					3	5	15	Consider delay to contract financial close
Main Waste Services Register	Sites Availability	15.1.09	NLWA and/or potential bidders are unable to access adequate sites on which bids can be based.	Phil Davies	Reduced numbers of bidders in the competitive dialogue making it more difficult for the Authority to satisfy itself it has achieved vim.	Financial / Commercial	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					3	5	15	Review project timetable; consider impact on marketing with a view to revising / reconsidering market approach
Programme Register	Member Decision Making	15.1.09	Decisions not made in a timely manner due to a lack of understanding.	Tim Judson	Delays to the programme.		Active	1	5	5						0	0	0	
Programme Register	Member Understanding	15.1.09	Lack of member understanding around the technologies being procured	Tim Judson	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			3	3	9	Improve communications
Main Waste Services Register	Incumbent Waste Services Provider	15.1.09	Potential bidders perceive incumbent contractor to have an advantage in the bidding process.	Tim Judson	The number of bidders is reduced to a point where the Authority is unable to satisfy itself that the outcome of the tendering process is vim.	Financial / Commercial	Active	5	5	25	Communicate with: Market, current contractors, develop viable alternatives that look real, fuel off take, Hendon, other local schemes, approach to LWL and site acquisition programme					3	5	15	
Main Waste Services Register	Programme Scope	15.1.09	Timetable and interface risk associated with procurement of more than one contract	Jimmy Hanley	Lack of timetable synchronisation of procurement leading to delays, and possible mismatch between contractual obligations meaning Authority is left with the interface risk	Contractual	Active	5	5	25	Resource accordingly; assess market appetite; use agreed screening criteria to cull non qualified parties					3	5	15	
Main Waste Services Register	Bidder Interest	15.1.09	Lack of interest in the procurement from the bidder community	Tim Judson	Insufficient number of participants for a competitive process	Contractual	Active	5	5	25	Ensure sufficient resources					3	5	15	
Main Waste Services Register	Scope of PFI Credits	15.1.09	The front end infrastructure (MRFs, AD and Rail Transfer Station) do not qualify for PFI credits	Nitin Doshi	Deliverability of the project left in question as means of funding integral parts uncertain.	Financial / Commercial	Active	5	5	25	Create a strong value for money argument within the business case, supported by affordability commitments from the Boroughs. Also consider securing prudential borrowing for the infrastructure that does not qualify for this					3	5	15	
Fuel Use Register	Market Interest	14.1.09	Energy users and waste industry have limited knowledge of this project and SRF	Julie Braidwood	Lack of bids / interest	Partnership & Communication	Active	3	5	15	Significant communications activity early on to generate market and industry interest. Obtain vocal support from Government	April	Market sounding undertaken	19.1.09		1	5	5	Consider variant bids
Fuel Use Register	Resident Opposition	14.1.09	Residents opposition to technology and sites	Julie Braidwood	Programme delay	Political / stakeholder	Active	5	5	25	Residents engagement early on and ongoing consultation with them	Ongoing	Communications strategy written	19.1.09		3	5	15	Instigate substantial PR campaign supported by external PR agency
Fuel Use Register	Bidder Interest	14.1.09	Absence of competition in the dialogue up to ISDS	Phil Davies	Process cannot demonstrate VFM	Financial / Commercial	Active	3	5	15	Adequate preparation and proactive, sustained communications with bidders.	Prior to OJEU		19.1.09		1	5	5	Re-start procurement
Fuel Use Register	Competitive Dialogue	14.1.09	The CD process takes longer than expected	Phil Davies	Programme delay	Operational	Active	5	5	25	Establish regular reviews of the procurement process to ensure the project plan is on track. Build in some contingency time. Review interface with waste services procurement	On going				3	5	15	Employ additional resource to manage and accelerate the process
Fuel Use Register	Funding	14.1.09	Bank finance unavailable due to economic climate	Tim Judson	Funding costs rise and have impact on levy	Financial / Commercial	Active	5	5	25	Exploration of other funding strategies and associated sensitivity analysis. Procurement plan to review energy solution v business plan.	Prior to OJEU	Modelled alternative solutions such as prudential borrowing in OBC financial model	19.1.09		3	5	15	Abandon PFI approach and commence prudential borrowing.

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Other Register	HWRCs	15.1.09	NLWA is unable to obtain member approval for full Prudential Borrowing to finance any borough contribution to all proposed sites, HWRC works and improvements.	Nitin Doshi	If NLWA has no contingency plan for funding the project potential delays incurred effecting operational date of the facilities. Consequences for individual Borough recycling rates and main waste contract as additional residual waste in the waste stream and therefore increased levy.	Financial / Commercial	Active	5	3	15	Ongoing modelling work to refine the financial and performance case for new and enhanced sites.	19.1.09	Investigate other possible procurement routes such as exchequer funding, PPP or enhanced LWaRB funding	1.04.09		3	3	9	
Other Register	Interim Procurement	15.1.09	The private sector is not willing or able to guarantee the level of performance or contract term extension profile required by the Authority	Tim Judson	Authority incurs LATs penalties. Potential need to re-procure	Operational	Active	3	5	15			Significant communications and market sounding undertaken to provide an early assessment of the viability of the scope of the contract and availability of capacity within the market .	1.05.09		1	5	5	
Other Register	Interim Procurement	15.1.09	The Boroughs are unable to guarantee the level of performance required	John Pryor	Authority subject to financial penalties during the operational phase of the contract as unable to guarantee volumes. Possibility that capacity is wrongly scoped	Operational	Active	5	3	15	Programme of IAA Meetings established to ensure continuous communication and agreements.	19.1.09	Ensure engagement in and process leading to IAA is robust	1.05.09		3	3	9	
Other Register	Improvement Programme	15.1.09	Unsuccessful in bid to London Waste and Recycling Board for capital grant related to HWRCs or low level of grant received	Ursula Taylor	Greater, and possibly politically unacceptable, reliance upon prudential borrowing and other forms of income	Financial / Commercial	Active	3	5	15	Mayoral funds being monitored. Within improvement plan being discussed with Borough Technical officers.	19.1.09	Investigate other possible procurement routes such as exchequer funded or PPP	1.04.09		1	5	5	
Other Register	Improvement Programme	15.1.09	Efficiency improvements in relation to existing waste disposal not able to be secured	Ursula Taylor	Continued reliance upon rail transfer to landfill at current level with associated LATs, Landfill tax and gate fee implications	Financial / Commercial	Active	3	5	15	Ongoing negotiations with LWL and WRG.	19.1.09				1	5	5	