

PROJECT RISKS - last reviewed

12/03/2008

| Ref | Risk | Consequence of Risk Crystallising | Risk Phasing | Pre-mitigation | | Post-mitigation | | Responsibility for Mitigation | Mitigation Strategy (Control Measures) |
|--------------------------------|--|---|--------------|----------------|-----------------------|-----------------|------------------------|--|---|
| | | | | Probability | Impact pre-mitigation | Probability | Impact post-mitigation | | |
| 1. FINANCIAL/COMMERCIAL | | | | | | | | | |
| PR- 1 | Absence of assurance in the OBC there will be a genuinely competitive tender process | OBC is rejected by members of the Authority, Defra or PRG | | Medium | High | | | Tim Judson leading (supported by Ernest & Young) | Design a procurement strategy that promotes competition |
| PR- 2 | Absence of competition in the Dialogue up to the ISDS stage | Authority unable to satisfy itself that VfM has been demonstrated before ISDS stage | | Medium | High | | | Tim Judson leading (supported by Ernest & Young) | Implementation of a procurement strategy that promotes competition |
| PR- 3 | Absence of competition in the process beyond ISDS | Authority unable to satisfy itself that VfM has been demonstrated after the ISDS stage | | Medium | Medium | | | Tim Judson leading (supported by Ernest & Young) | Implementation of a procurement strategy that promotes competition |
| PR- 4 | Preferred solution is more costly than anticipated in the OBC | Price inflation in waste/construction markets increases costs beyond agreed budget during procurement | | High | High | | | Project Team Finance Officer leading (supported by External Technical and Financial) | Cost Reference Project prudently based on best available comparators.and avoid changes to specification or delays to the process |
| PR- 5 | Preferred solution is more costly than anticipated in the OBC | Breach of Borough limits for increase in level of levy | | High | High | | | Bob Bench (supported by External Technical and Financial) | Need to ensure that a bankable solution is developed |
| PR- 6 | External funding support not available as OBC does not qualify for PFI credits | More of the cost of the Project falls on the levy. | | High | High | | | Tim Judson | Make compliance with PFI Credit Criteria a key objective in developing the OBC |
| PR- 7 | OBC not ready in time to submit by Rd 4 deadline | More of the cost of the Project falls on the levy. | | High | Medium | | | Yanti Tijono / Frank Mensah | Ensure enough resource including senior management is devoted to project management activities. |
| PR- 8 | Project agreement does not meet IFRIC12 requirements for off balance sheet treatment. | The debt incurred by the SPV providing the PFI services will be included on NLWA's balance sheet. | | Medium | Medium | | | Project Team Finance Officer | Have agreed / correct review process |
| PR- 9 | Unable to agree treatment of and rights of use relating to residual assets | [Unable to sign the contract] - is this what we meant? Seems odd. Is this an issue rather than a risk? | | Low | Low | | | Ursula Taylor (supported by External Technical and Financial) | Have agreed / correct review process |
| PR- 10 | Temporary hiatus in financial markets results in bank finance being unavailable/changes in the market conditions lead to funding costs | Alternative source of finance needed for project/project more costly than anticipated | | High | Medium | | | Project Team Finance Officer (supported by Ernest & Young) | Develop contingency plan based on PB?/ Include buffer in cost of finance at OBC stage |
| PR- 11 | NLWA is unable to access Prudential Borrowing due to quotas for borrowing | NLWA has no contingency plan for funding the project if private finance is not available. | | Low | Low | | | Bob Bench (supported by External Technical and Financial) | Stay alert to changing conditions in the financial markets and develop the project in a manner that makes it attractive to funders. |
| PR- 12 | 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. | | High | High | | | Tim Judson leading (supported by Dinesh Kotecha , Neil Carrett, Project Team Finance Officer Dalton Warner Davies, Ernest & Young,) | Planning consent viability risk review per site, secure options on key sites, clear process/message for procurement, wide ranging parrallel approaches to securing sites including holding in borough ownership |
| PR- 13 | Potential bidders percieve incumbent contractor to have an advantage in the bidding process. | 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 vfm. | | High | High | | | Tim Judson / Yanti Tijono | Communicate with: Market, current contractors, develop viable alternatives that look real, fuel offtake, Hendon, other local schemes |

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| 2. POLITICAL/STAKEHOLDER | | | | | | | | | |
| PR-14 | Acceptability of technical solution at OBC | Solution chosen as part of the OBC options appraisal process not politically or socially acceptable or deliverable | | Medium | High | | | Neil Carrett/ Rosie Elliot | Clear and transparent options appraisal process incorporating large number of potential scenarios to account for different stakeholder perspectives. Undertake iterative process of consultation and analysis to ensure that DEFRA, PUK, PRG, Mayor & LBs all " |
| PR-15 | Acceptability of technical solution being procured | Solutions being proposed or short listed for preferred bidder is not politically or socially acceptable or deliverable | | Medium | High | | | Tim Judson | Select solution based on agreed weighted criteria. Intensive communication to relevant stakeholders. |
| PR-16 | Acceptability of technical solution | Technical Solution is selected/rejected on the basis of bias for/against a particular technology | | Medium | High | | | Neil Carrett | Specification to be consistent with market capability / capacity |
| PR-17 | Borough Non-cooperation | Withdrawal of one or more Boroughs from the project - Not signing up to IAA which supersedes the current levy mechanism | Ongoing | Low/Medium | High | | | Ursula Taylor / Neil Carrett/ Project Team Finance Officer (with Bob Bench interest) | Ensure robust process for IAA negotiation, including interim statements of principle |
| PR-18 | Acceptance by WIDP | Outline Business Case is not accepted by PRG | | Low | High | | | Tim Judson | Ensure that all tests of targets, VfM and competition are met and that full sign up by stakeholders is obtained |
| PR-19 | | Final Business Case is rejected by DEFRA/PRG | | Medium | High | | | Tim Judson | Ensure that during negotiation that the areas for derogation from SoPC4 are kept to a minimum and that performance of selected contractors meets with the targets required. |
| PR-20 | Delay in acceptance by DEFRA/PRG | There is a delay in acceptance of the Outline Business Case | | High | High | | | Yanti Tijono / Frank Mensah | 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. |
| PR-21 | Commitment of stakeholders not maintained | Officers and senior officers within the Boroughs and elsewhere are not committed to the project | | Low | High | | | Tim Judson leading (supported by Mike O'Donnell, Nial Bolger, Bob Bench) | Continue appropriate communication with stakeholders through the process right up to financial close |
| PR-22 | Officers are unable to make key decisions in a timely and relevant manner and there is no delegated authority | Key staff within the Authority are unable to make key decisions for the project in a timely manner leading to delays for the project | | Medium | High | | | Tim Judson leading (supported by Ursula Taylor) | Agreed & documented strategy & objectives, adequate resources. Legal advice on decision making process to be available at all stages |
| PR-23 | Political Leadership | Disruption to project due to change in political leadership in one or more of the Boroughs | | High | High | | | Mike O'Donnell leading (supported by Tim Judson, / Moira Gibb) | Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process |
| PR-24 | | Disruption to project due to change in political leadership in the Authority | | High | High | | | Tim Judson leading (supported by Mike O'Donnell / Moira Gibb) | Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process |
| PR-25 | | Disruption to project due to change in political leadership within the GLA | | High | High | | | Tim Judson | Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process |
| PR-26 | | Disruption to project due to change in political leadership within Central Government | | High | High | | | Tim Judson | Understand political likes and dislikes re potential solutions for both sides schedule decision making slack time for elections, clarity on decisions making process |
| PR-27 | Change in law | Change in regulations and/or central Government Targets | | Medium | Medium | | | Yanti Tijono / Frank Mensah (with Ursula Taylor / Neil Carrett interest) | The Procurement strategy must be monitored, reviewed and developed to reflect any changes in law and government targets. By ensuring that we gather and provide upto date data from constituent boroughs. |
| PR-28 | Mayor of London | Potential disruption due to objection from the Mayor of London - GLA | | High | High | | | Tim Judson | Understand Mayor's powers of veto, obtain buy in, understand likes dislikes policies etc. |

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| 3. DELIVERABILITY | | | | | | | | | |
| PR-29 | Site issues | NLWA cannot access identified sites (key) | | High | High | | | Neil Carrett leading (supported by Dalton Warner Davies, Ursula Taylor) | Develop computer mapping based site assessment and identification system in conjunction with borough planners. Use number of parallel approaches to identifying and securing sites. Build upon the work already conducted by Knight Frank. Identify requirements |
| PR-30 | | NLWA cannot access identified sites - (non-key) | | High | Medium | | | Neil Carrett leading (supported by Dalton Warner Davies, Ursula Taylor) | Identify requirements for sites, discuss with LB planners, use of CPO powers |
| PR-31 | | Unable to find a suitable site in terms of size, layout, access, planning, condition | | High | High | | | Neil Carrett leading (supported by Dalton Warner Davies, Ursula Taylor) | Identify requirements for sites, discuss with LB planners, use of CPO powers |
| PR-32 | Services requirements are potentially Undeliverable | Within the Performance Specification, the Authority sets its expectations at a level which is undeliverable or unaffordable | | Low | Medium | | | Tim Judson leading (supported by Project Team Finance Officer / Technical) | Maintain market contact in early stages model economics for scenarios adequately prior to OBC submission use market based data |
| PR-33 | | The private sector is not willing or able to guarantee the level of performance required by the Authority | | Medium | High | | | Tim Judson leading (supported by Project Team Finance Officer / Technical) | Maintain market contact in early stages model economics for scenarios adequately prior to OBC submission use market based data |
| PR-34 | | The Boroughs are unable to guarantee the level of performance required to meet the levels required for the Final Business Case | | High | Medium | | | Ursula Taylor (with Project Team Finance Officer interest) | Ensure engagement in and process leading to IAA is robust |
| PR-35 | Loss of Key Personnel from NLWA | Loss of Key Personnel from NLWA | | Medium | Low | | | Tim Judson leading (with Mike O'Donnell interest) | Retention objectives defined |
| PR-36 | Inadequate level of resource | Unable to recruit sufficient resource during procurement | | Medium | Medium | | | Tim Judson leading | Start early, sufficient time to retain, retention objectives defined |
| PR-37 | Inadequate level of resource | Unable to recruit sufficient resource during operation of the facilities | | | | | | Andrew Lappage | Start early, sufficient time to retain, retention objectives defined |
| PR-38 | Authority not possessing the adequate skills to complete the project successfully | The Authority being unable to complete the project due to its not possessing the adequate skills amongst its team. | | Medium | Medium | | | Tim Judson leading (supported by Yanti Tijono / Frank Mensah) | Identify requirements for staff & resources early, adequate training |
| PR-39 | Loss of Key advisory personnel from NLWA Project Team | Loss of Key advisory personnel from NLWA Project Team | | Low | Low | | | Yanti Tijono / Frank Mensah (with Tim Judson significant interest) | Establish a retention policy and refer to list of advisers on the framework for suitable replacement. |
| PR-40 | NLWA is unable to deliver required commitment to achieve business change when moving from its current contract to the new contract | Ability to manage the current contract until its end date and managing the interface with the new contract, in relation to staff, skills and change management | | Medium | High | | | Andrew Lappage / Tim Judson | develop relationships with existing staff, present procurement as development opportunity, assess TUPE risks etc |
| 4. LEGAL/CONTRACTUAL | | | | | | | | | |
| PR-41 | Delays to achieving agreement of IAA | Delays to achieving agreement of MOU at OBC stage | | Medium | Medium | | | Ursula Taylor (with Programme Board, Technical and Financial interest) | Meet timescales for approval of draft; ensure borough legal officers are in a position to obtain necessary decisions for approval |
| PR-42 | | Delay to achieving completion and agreement of IAA at Financial Close | | Medium | High | | | Ursula Taylor (with Project Team Finance Officer interest) | Ensure robust process for negotiation of IAA which involves key decision makers from early on in the negotiations |
| PR-43 | Failure to agree financial allocation mechanism | Boroughs are unable to agree to the financial allocation mechanism proposed in the IAA | | High | Medium | | | Ursula Taylor (with Bob Bench interest) | Agree interim positions through statements of principle which are to be appended to the MOU. |
| PR-44 | Timetable and interface risk associated with procurement of more than one contract | Lack of timetable synchronisation of procurement leading to delays, and possible mismatch between contractual obligations meaning Authority is left with the interface risk | | High | High | | | Yanti Tijono / Frank Mensah | Resource accordingly assess market appetite use agreed screening criteria to cull non qualified parties |
| PR-45 | Scale of procurement process due to procurement of more than one contract | Multiplicity of contracts means there are too many bidders for the authority to negotiate with, leading to increased resource costs and delay to timetable | | Medium | High | | | Yanti Tijono | Market soundings, clear position on Edmonton sufficient alternative sites make attractive to bid |

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| PR-46 | Insufficient number of bidders for the contract | Insufficient number of participants for a competitive process | | High | High | | | Tim Judson | Ensure sufficient resources |
| PR-47 | Unexpected number of bidders for the contract | Unexpected number of participants, causing delays to the procurement process | | Low | Medium | | | Yanti Tijono / Frank Mensah | Assign additional or more experienced staff to manage the unexpected high number of bidders, hence eliminate/reducing the impact of causing project delay. |
| PR-48 | Bidders are not prepared to engage fully in Dialogue | Bidders are not prepared to engaged fully in Dialogue, leading to delays and difficulty in obtaining optimal solution. | | Medium | High | | | Yanti Tijono / Frank Mensah | Establish transparency, consistency and fair dealing during the procurement process and delivery. |
| PR-49 | Poor quality bids are received, requiring further work or re-bids | Poor quality bids are received, requiring further work or re-bids, which delays the procurement process | | Medium | High | | | Yanti Tijono / Frank Mensah | Establish regular reviews of the Procurement process by ensuring that very robust and comprehensive tender documents are sent to bidders. |
| PR-50 | Challenge from bidders under EU procurement rules | Challenge from bidders under EU procurement rules, resulting in increased strain on Authority resources and delaying the progress of the project | | High | Medium | | | Ursula Taylor | Ensure robust procurement process which adheres to the key principals of transparency, equality and non-discrimination. Ensure process is documented so that there is a clear audit trail. Ensure there is adequate time in the timetable to review bids and |
| PR-51 | Reduction of competition through bidder withdrawal | Bidder withdrawal leads to loss of competitive tension, with consequent increased risk of lack of engagement in Dialogue and delays | | High | High | | | Tim Judson leading (supported by Yanti Tijono / Frank Mensah) | Adequate preparation clear spec allow some time slack in schedule |
| PR-52 | Competitive Dialogue | The Competitive Dialogue process takes longer than anticipated due to increased workload earlier in the process for Participants and the negotiation process | | Medium | Medium | | | Yanti Tijono / Frank Mensah Ursula Taylor | Establish regular reviews of the Procurement process to ensure that the Project Plan is on track and build in some contingency for any delays. |
| PR-53 | Certification under LG Contracts Act | The Authority's designated finance officer is unable to sign off contract | | Medium | High | | | Project Team Finance Officer leading (supported by Bob Bench) | Clear requirementst at start, keep briefed at right level allow for sufficient resources |
| PR-54 | Disconnect between emerging contractual solution and standard contract, including payment mechanism | The contract documentation for the project differs significantly from the accepted form of contract documentation by DEFRA | | High | Medium | | | Ursula Taylor / Project Team Finance Officer | Legal: provide support in drafting contract documentation to ensure it complies with DEFRA guidance. |
| PR-55 | Legal challenge to the process | Delay to the process as a result of legal challenge at any stage of the procurement process other than under the EU procurement rules. | | | | | | Ursula Taylor | Ensure robust processes are followed and recorded. Ensure communication is maintained with key stakeholders throughout the project. |
| PR-56 | Potential misuse of information | confidential information becomes available to those without a legal need to know | | | | | | Yanti Tijono / Frank Mensah (with Ursula Taylor interest) | Establish and monitor operational and high security arrangements for all information and documents (by the use of the data room). |
| 5. COMMUNICATIONS | | | | | | | | | |
| PR-57 | Negative media response | Negative media response to the project due to a media campaign at a local level, which could lead to delays in the project | | High | Medium | | | Tim Judson (supported by Rosie Elliot) | To take a proactive approach to media relations building relationships with key journalists early in the process. To provide information to the media in a relevant and timely fashion so they feel they have been kept informed and are not on the back foot. |
| PR-58 | Negative media response | Negative media response to the project due to a media campaign at a national level, which could lead to delays in the project | | Medium | High | | | Tim Judson (supported by Rosie Elliot) | As above. Utilise relationships with other London authorities and Government bodies to provide joint responses for maximum impact where appropriate to press. To plan for negative coverage and prepare a crisis plan for major issues. To have media trained s |

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| COMMUNICATIONS - ISSUES | | | | | | | | | |
| PI-1 | Resident opposition to technologies | Local objection to the technologies being procured | | | | | | Rosie Elliot (supported by Neil Carrett) | A sustained level of engagement with residents on technologies. Host a programme of educational workshops/training events with residents on different technologies to help dispel misconceptions associated with waste facilities. Make information on chosen s |
| PI-2 | Resident opposition to sites | Local objection to the sites being proposed for development | | | | | | Rosie Elliot (supported by Neil Carrett) | Resident engagement, Frequent communication, Accessible information. To work closely with the planners throughout NLWP consultation process |
| PI-3 | Lack of resident understanding for the need for waste disposal facilities | There is insufficient understanding within Boroughs as to the need for such a procurement and facilities | | | | | | Rosie Elliot (supported by Neil Carrett) | Actively engage with residents throughout the procurement process through meetings and events. Make information on chosen solution, the reasons and benefits, etc accessible to all where appropriate. Effectively utilise existing methods of communication inclu |
| PI-4 | Lack of member understanding around the technologies being procured | Member opposition to the technologies being procured | | | | | | Tim Judson (supported by Rosie Elliot) | Improve members knowledge of the different technologies through member training workshops, information packs, presentations, 1-2-1 meetings and facility tours. Engage with residents throughout the procurement process. |