



## AGENDA ITEM NO: 8

**REPORT TO: NWRWTP JOINT COMMITTEE**

**DATE: 20 FEBRUARY 2013**

**REPORT BY: PROJECT DIRECTOR**

**SUBJECT: RISK REGISTER REPORT**

### **1. PURPOSE OF REPORT**

- 1.1. The members of the NWRWTP Joint Committee have requested that they are provided with an update of the risk register at each meeting of the Joint Committee.
- 1.2. This report will highlight some of the amendments to the risk register that have been made to reflect the current understanding of risks and mitigation measures that are in place.

### **2. BACKGROUND**

- 2.1. The Risk Register will require continual update throughout the project.

### **3. CONSIDERATIONS**

- 3.1. There are no new risks identified this reporting period.
- 3.2. There have been the following changes to existing risks in this reporting period: -
  - PD8 (One of the two final bidders drops out) amended to reflect withdrawal of second bidder from procurement process pre CFT. Mitigation - Following SITA UK's decision to withdraw from the procurement process pre CFT the project team will be applying the guidance as set out by the UK treasury to ensure Value for money is obtained for the partnership. Likely hood has increased from 2 to 5.
  - PD19 (There is no market interest due to limited capacity within the industry). As for PD8 amended to reflect withdrawal of second bidder from procurement process pre CFT. Risk has increased from 1 to 3 to reflect loss of one bidder.
  - F7 (Finance and affordability), PD1, PD6 & PD7 (Project Delivery) have amended commentaries to reflect second bidder withdrawal pre CFT, but no change to risk levels.
- 3.3. The Top 12 risks (after controls have been put in place) are shown in appendix 1.
- 3.4. The changes this period are shown in appendix 2



- 3.5. The risk register will continue to be reviewed by the Project Director and reported to the Project Board at future meetings.
- 3.6. At the Project Board meeting of 12 February 2013, additional risks were identified that were not included on the risk register relating to community benefit. These will be included in the next revision of the Risk Register to be reported to the Project Board at its next meeting.

## 4. RECOMMENDATIONS

- 4.1. That the Project Board note the updated risk register for the project.

## 5. FINANCIAL IMPLICATIONS

- 5.1. Not applicable

## 6. ANTI-POVERTY IMPACT

- 6.1. None

## 7. ENVIRONMENTAL IMPACT

- 7.1. Not applicable

## 8. EQUALITIES IMPACT

- 8.1. Not applicable

## 9. PERSONNEL IMPLICATIONS

- 9.1. Not applicable

## 10. CONSULTATION REQUIRED

- 10.1. Not applicable

## 11. CONSULTATION UNDERTAKEN

- 11.1. Not applicable

## LOCAL GOVERNMENT ACCESS TO INFORMATION ACT 1985

### Background Documents:

None

Contact Officer: Stephen Penny NWRWTP



## Appendix 1 Top (Red) risks and issues

| IDENTIFYING THE RISK or ISSUE   |  |  |                    |        |         | MANAGING THE RISK or ISSUE   |                 |  |                 |                                |        |         |            | Additional explanatory notes |            |   |
|---|--|--|--------------------|--------|---------|--|-----------------|--|-----------------|--------------------------------|--------|---------|------------|------------------------------|------------|---|
| ID  | Risk / Issue (i.e.: Threat to the Project)   | Consequence  | Current Assessment |        |         | How the risk will be managed and controlled  |                 |  |                 | Residual risk after management |        |         | Impln Date |                              | ReviewDate | Closure Date  |
|   |  |  | Impact             | L'hood | Overall | Already in Place   | Who is Managing | Not in Place (Proposed)                      | Who will Manage | Impact                         | L'hood | Overall |            |                              |            |   |
| <b>Policy &amp; regulatory Risk – Change in WG objectives / regulations</b> |  |  |                    |        |         |  |                 |  |                 |                                |        |         |            |                              |            |   |
| PO1   | WG changes financial support available for residual waste treatment projects due to WG affordability / budgetary constraints in the current economic climate | Residual waste treatment projects become less affordable for partnership and each partner authority          | 5                  | 4      | 20      | Project Team to monitor WG positions in terms of budget availability and lobby at ministerial level if there are indications that proposed funding is to be reduced  | PD              |  |                 | 5                              | 3      | 15      | Ongoing    | May-12                       |            |   |
| PO2   | WG Environmental policy and objectives change  | Project is now inappropriate   | 4                  | 5      | 20      | Keep in close contact with WG to ensure potential policy changes that may impact on the project are identified early. The Project team have developed and submitted a partnership consultation response (approved by the PB and Joint Committee) highlighting the potential impact of such a target on the project and to ensure WG addresses how any such target is related to potential household numbers of population growth rates that authorities may be subject to in future. | PD              |  |                 | 4                              | 3      | 12      | Ongoing    | Sep-12                       |            | WG's Municipal Sector Plan (MSP) adopted a waste minimisation target for MSW with a negative growth rate (reduction) of -1.2% pa. The WG MSP does not take any account of individual or partner authority HH or population growth rates. The Partnership has however received guidance from WG that the Partnership is free to make its own assessments about future waste arisings as the waste reduction target is aspirational. WG has now published guidance on the Waste Hierarchy. This is viewed by the project team as helpful and will enable the Partnership to demonstrate how any solution that comes forward ranks in the waste hierarchy. |
| PO4   | Change in legislation or guidance either at European, National or Regional/Local level   | Could require revisit of preferred solution, possible termination of project, excessive LAS compliance costs | 4                  | 5      | 20      | Keep in close contact with WG to ensure potential policy changes that may impact on the project are identified early.  | PD              | Lobby WG and liaise with WLGA on this issue. | PD              | 4                              | 3      | 12      | Ongoing    | Sep-12                       |            | WG have now clarified the position on use of IBA (Bottom ash) so the likelihood of policy change in relation to this has reduced. The initial draft of the CIM (collections, markets and infrastructure plan contained a passing reference to changing the tax regime for recovery operations such as waste to energy as part of many options open to WG. The final publication of the Collections and Infrastructure Plan has removed any reference to this and therefore any uncertainties in this area have reduced.   |



## Appendix 1 Top (Red) risks and issues (continued)

| IDENTIFYING THE RISK or ISSUE   |   |   |                    |        |         | MANAGING THE RISK or ISSUE   |                          |  |                 |                                |        |         |            |             |              | Additional explanatory notes   |
|---|---|---|--------------------|--------|---------|--|--------------------------|--|-----------------|--------------------------------|--------|---------|------------|-------------|--------------|--|
| ID  | Risk / Issue (i.e.: Threat to the Project)  | Consequence   | Current Assessment |        |         | How the risk will be managed and controlled  |                          |  |                 | Residual risk after management |        |         | Impln Date | Review Date | Closure Date |  |
|   |   |   | Impact             | L'hood | Overall | Already in Place   | Who is Managing          | Not in Place (Proposed)  | Who will Manage | Impact                         | L'hood | Overall |            |             |              |  |
| <b>Strategy risk – change in any participating council's waste strategy or technology / solution preference</b> |   |   |                    |        |         |  |                          |  |                 |                                |        |         |            |             |              |  |
| SR 1  | A change in any participating council's waste strategy or technology / solution preference by any of the partner authorities  |   | 4                  | 4      | 16      | Existing MWMS in place. Impartial options appraisal process carried out to identify reference solution (based on WG national evaluation framework). Multi partner authority officer input to this process. Ongoing communications and information to partner authorities on need for the project, technologies, benefits of adopted approach and a technology neutral procurement process. | PM & partner authorities |  |                 | 4                              | 3      | 12      | Ongoing    | Jan-13      |              | Elections in 2012 have brought about changes in administrations and make up of the NWRWTP Joint Committee. Suitable information to be provided to authorities and their members (for instance an information pack) and briefings by external agencies such as EAW and HPA together with visits to existing operational facilities to be organised during 2012 and 2013 as required to ensure full understanding of technologies being proposed (EMW) |
| <b>Finance &amp; Affordability</b>  |   |   |                    |        |         |  |                          |  |                 |                                |        |         |            |             |              |  |
| F15   | Partner authorities fail to make financial plans to support additional recycling and composting services to meet "front end" increased recycling levels that are required | Failure to meet WG "front end" recycling and composting targets with increased residual waste arisings as a result. | 4                  | 4      | 16      | Partner authorities to develop long term funding plans to support enhanced front end recycling and composting services.  | Partner Authorities      |  |                 | 4                              | 3      | 12      | Ongoing    | Sep-12      |              | WG are encouraging authorities in Wales to enter into a "change programme" where WG will offer assistance to Las to work together and improve "front end" recycling and collections services.  |
| <b>Project Delivery</b>   |   |   |                    |        |         |  |                          |  |                 |                                |        |         |            |             |              |  |
| PD8   | One of the two final bidders drops out  | Threat to VFM, price escalation, possible exceedance of affordability envelope, delay to                            | 4                  | 5      | 20      | Procurement process designed to ensure ability and for appetite for contract closure is understood pre final tender appointment. Will seek agreement with all bidders at this stage in relation to price issues.   |                          | Procurement process to ensure compliance with Treasury issued guidance that relates to | PD              | 4                              | 5      | 20      | Ongoing    | Jan-13      |              | Following SITA UK's decision to withdraw from the procurement process pre CFT the project team will be applying the guidance as set out by the UK treasury to ensure Value for money is obtained for the partnership.  |
| PD19  | There is no market interest due to limited capacity within the industry   | Delay to project programme, excessive LAS compliance costs, excessive costs   | 5                  | 2      | 10      | Good level of market interest demonstrated.  | PD                       |  |                 | 5                              | 3      | 15      | Ongoing    | Jan-13      |              | Low-Medium risk - however risk cannot be closed until PB appointed. See PD8  |



## Appendix 1 Top (Red) risks and issues (continued)



# NWRWTP

North Wales Residual Waste Treatment Project

| IDENTIFYING THE RISK or ISSUE  |  |   |                    |        |         | MANAGING THE RISK or ISSUE   |                 |  |                 |                                |        |         |            |             |              | Additional explanatory notes  |
|--|--|---|--------------------|--------|---------|--|-----------------|--|-----------------|--------------------------------|--------|---------|------------|-------------|--------------|---|
| ID   | Risk / Issue (i.e.: Threat to the Project)   | Consequence   | Current Assessment |        |         | How the risk will be managed and controlled  |                 |  |                 | Residual risk after management |        |         | Impln Date | Review Date | Closure Date |   |
|  |  |   | Impact             | L'hood | Overall | Already in Place   | Who is Managing | Not in Place (Proposed)  | Who will Manage | Impact                         | L'hood | Overall |            |             |              |   |
| <b>Communication &amp; stakeholders – failure to proactively engage with key stake holders leading to delays and lack of public support for the proposed solution.</b> |  |   |                    |        |         |  |                 |  |                 |                                |        |         |            |             |              |   |
| CO4  | Pressure from lobby groups/public against the preferred solution and location.   | Alternative solution/site has to be sought, increased project development costs, delays to project delivery programme, excessive LAS costs, impact on Partner Councils reputation | 4                  | 5      | 20      | Communication and Engagement Strategy drafted and agreed in draft form by Communication Officer group. To be "live" document and therefore updated when necessary.   | PM              | Ensure fact based information produced to counter mis-information or alarmist claims often put forward by lobbyists and campaign groups. | PD              | 4                              | 4      | 16      | Ongoing    | Jan-13      |              | National campaigners' engaging with local community councils and local communities in attempt to build opposition to potential solutions.   |
| <b>Planning and permitting –ability to secure successful planning and permitting outcome for solution</b>  |  |   |                    |        |         |  |                 |  |                 |                                |        |         |            |             |              |   |
| PS5  | Suitable sites are not in council ownership to support development of the solution   | Project delayed whilst suitable sites are secured   | 5                  | 3      | 15      | Project team identified sites that could be suitable for location of both the waste transfer stations and residual waste treatment facility(s). Extensive negotiations with land owners of (further) additional sites carried with the aim of securing option(s) for site(s).  | PD              |  | PD              | 5                              | 3      | 15      | Ongoing    | Jan-13      |              | Anglesey Aluminium site identified as a potential site for the location of a facility, but despite extensive negotiations and engagement with AAM, AAM decided not to make the site available to the Partnership as they had other uses for the site. |
| PS14   | The recent issue of the draft Collections, Infrastructure and Markets Sector Plan (CIM) by WG has led to uncertainty as to the status of the existing Regional Waste Plan (RWP). Thus the RWP may be given reduced weight in determination of a planning application for waste facilities. A policy vacuum may therefore exist if this is not addressed by WG. | Unsuccessful planning application   | 4                  | 4      | 16      | Project team and north wales regional waste planning team engaging with WG on this issue to ensure that the final issued version of Collections, Infrastructure and Markets Sector Plan (CIM) does not leave a planning "policy vacuum". Regional Planning team and WG planning teams engaged with WG Waste Policy section to seek required amendments to draft CIM  |                 |  | PD              | 4                              | 3      | 12      | Ongoing    | Jan-13      |              | WG's published draft Collections, Infrastructure and Markets Sector Plan (CIM) now issued. See risk PS1   |
| <b>Wastes</b>  |  |   |                    |        |         |  |                 |  |                 |                                |        |         |            |             |              |   |
| W3   | Composition of waste is different from that anticipated (poor data, policy changes, changes in collection practices)   | Performance is below required level, excessive LAS compliance costs   | 3                  | 5      | 15      | Waste composition to be monitored during procurement and data shared at Competitive Dialogue to inform solution. All Wales Waste composition analysis has been carried out by WG through WVRAP study has provided a good data set. Performance of technology solution will be tested and understood as part of the procurement process to identify the ability of each solution to process wastes with changed |                 |  | PD              | 3                              | 4      | 12      | Ongoing    | Jan-13      |              | Waste composition risk not being accepted by partnership - risk lies with contractor  |
| <b>Performance</b>   |  |   |                    |        |         |  |                 |  |                 |                                |        |         |            |             |              |   |
| PE1  | Market/outlet is not available for outputs from the facility(s)  | Increased project operational costs, increase in demand for landfill void   | 4                  | 4      | 16      | Ensure market deliverability demonstrated as part of procurement evaluation process.   |                 |  | PD              | 4                              | 3      | 12      | Ongoing    | Jan-13      |              |   |



## Appendix 2 Headline Changes this Period

| ID   | Risk / Issue (i.e.: Threat to the Project)                              | Consequence  | Current Assessment |        |         | How the risk will be managed and controlled  |                 |   |                 |   | Residual risk after management |    | Impln Date | Review Date | Additional explanatory notes  |
|------|---|--|--------------------|--------|---------|--|-----------------|---|-----------------|---|--------------------------------|----|------------|-------------|---|
|      |   |  | Impact             | L'hood | Overall | Already in Place   | Who is Managing | Not in Place (Proposed)   | Who will Manage |   | Overall                        |    |            |             |   |
| PD8  | One of the two final bidders drops out                                  | Threat to VFM, price escalation, possible exceedance of affordability envelope, delay to procurement programme   | 4                  | 5      | 20      | Procurement process designed to ensure ability and /or appetite for contract closure is understood pre final tender appointment. Will seek agreement with all bidders at this stage in relation to major issues. |                 | Procurement process to ensure compliance with Treasury issued guidance that relates to premature withdrawal of bidders. | PD              | 4 | 5                              | 20 | Ongoing    | Jan-13      | Following SITA UK's decision to withdraw from the procurement process pre CFT the project team will be applying the guidance as set out by the UK treasury to ensure Value for money is obtained for the partnership. |
| PD19 | There is no market interest due to limited capacity within the industry | Delay to project programme, excessive LAS compliance costs, excessive costs associated with inflation and need to revisit market to secure an acceptable solution. Partnership reputation damaged. | 5                  | 2      | 10      | Good level of market interest demonstrated.  | PD              |   |                 | 5 | 3                              | 15 | Ongoing    | Jan-13      | Low-Medium risk - however risk cannot be closed until PB appointed. See PD8   |



# NWRWTP

North Wales Residual Waste Treatment Project

|    |   |                          |   |   |    |  |  |    |   |   |   |         |        |   |
|----|---|--------------------------|---|---|----|--|--|----|---|---|---|---------|--------|---|
| F7 | Inappropriate funding structure adopted | Failure, delay, and cost | 4 | 3 | 12 |  | Procurement process to be designed to ensure that only those solutions capable of delivery (e.g. including finance structure ) are capable of being awarded the contract | PD | 4 | 2 | 8 | Ongoing | Jan-13 | Appropriate funding structures proposed by all 3 bidders at ISDS. Funding structure proposed by WTI appropriate |
|----|---|--------------------------|---|---|----|--|--|----|---|---|---|---------|--------|---|