

## Appendix 2 - Brexit risk assessment

5 January 2021

### Introduction

In preparation for a likely no-deal Brexit, the WLW Contracts and Operations team created a risk register ahead of the Christmas break to ensure that sufficient mitigations were in place.

Since then, a Brexit deal has been struck between the UK and EU, and the risk assessment has been updated based on what we know at this time.

The detailed risk assessment is shown overleaf. Since a deal was reached, a number of the risk scores have been downgraded, however all risks remain relevant and require monitoring going forwards.

### Key risks

There are two risks that remain amber after mitigations have been applied:

- **Risk 3:** Markets for outputs from the Borough MRF contracts harden or fall away as export becomes more difficult.
- **Risk 9:** There is a shortage of drivers

**Risk 3** is unlikely to be long-term because the Brexit deal does not impose tariffs or quotas on goods. However, there will be additional checks at borders, which could slow-down exports, particularly in the initial weeks while the new systems are bedding in. Covid-19 also increases this risk because drivers on RORO routes are now subject to Coronavirus tests, which will further slow-down movements. It is not within our power to reduce the probability of this risk, but the described mitigations can mitigate the impacts to some extent.

**Risk 9** is a longer-term risk. Brexit means that free movement of people will cease and therefore the staffing pool for drivers will shrink significantly in an area where driver shortage has been a problem for several years. This risk will most likely grow over time as existing drivers leave and need to be replaced. Again, Covid-19 amplifies this risk because it will lead to higher levels of driver absence. Mitigations include creating a shared pool of drivers between Boroughs, private sector contractors and other authorities. The use of frameworks to obtain back-up drivers (as used in the initial Covid lockdown) could also help mitigate this risk. There is also the option to lobby Government via NAWDO about the need to attract drivers to the country going forwards.

Other risks that are amber before mitigation are related to off-takers for materials that WLW manages, namely HRRC materials, mattresses and outputs from WLW's MRF contract (on behalf of Ealing). These off-take arrangements are managed directly by WLW, so we are better able to apply mitigations, including increased dialogue with off-takers, using our dynamic procurement system to quickly find alternative off-takers and using our contracts to protect us from financial risk being passed down.

### Going forwards

This risk assessment will be kept under regular review and revised as the implications of Brexit become clearer.

## Brexit Risk Register – Contracts and Operations

Risk Area "There is a risk that..."	Analysis of Risk "Which will result in..."	Type	Assessment of Risk original score in brackets			Management Actions	Assessment of Risk after mitigations			Responsible Officer
			Impact	Probability	Rating		Impact	Probability	Rating	
<b>KEY FACILITIES</b>										
1. Off-takers for WLWA's HRRC recyclables are unable to export materials from the UK.	<ul style="list-style-type: none"> <li>Off-take contractors ending arrangements or refusing to collect materials</li> <li>Build-up of materials at Abbey Road leading to potential health and safety issues and traffic movement problems on-site</li> <li>Loss of income from selling recyclables</li> <li>Some recyclables e.g. paper and card being spoiled by rain and needing to be treated as residual waste at extra financial and environmental cost.</li> <li>Penalties or fines from the Environment Agency for breaching permit requirements on waste storage</li> </ul>	Environmental	3	3	9	<ul style="list-style-type: none"> <li>Identify highest risk materials and a list of potential off-takers</li> <li>Create a procurement plan for quickly securing new off-takers</li> <li>Identify temporary storage space on site for high-risk materials</li> <li>Arrange temporary permit changes with the Environment Agency</li> <li>Develop strong relationships with off-takers for HRRC materials to enable the quick identification and mitigation of issues</li> </ul>	2	3	6	Operations Manager
2. Markets for outputs from the WLWA MRF contract (for Ealing's DMR) harden or fall away as export becomes more difficult.	<ul style="list-style-type: none"> <li>Increase in contract costs, as a result of reduced income or disposal of some outputs, or rejection of more inputs. Costs are pass-through back to Ealing</li> <li>Throughput of MRF is reduced, meaning some material is turned away</li> </ul>	Economic	4	3	12	<ul style="list-style-type: none"> <li>Use contract mechanisms to prevent pass-through of financial risk to WLWA and Ealing</li> <li>Communicate frequently with Ealing officers about the need to keep the material out of the WLWA residual waste system</li> <li>Support Ealing with communications work to encourage residents to minimise DMR contamination</li> <li>Use DPS to source contingency capacity if necessary</li> </ul>	2	4	8	Contracts Manager
3. Markets for outputs from the Borough MRF contracts harden or fall away as export becomes more difficult.	<ul style="list-style-type: none"> <li>Increase in contract costs to Boroughs, as a result of reduced income or disposal of some outputs, or rejection of more inputs.</li> <li>Boroughs sending DMR into the WLW residual waste system, exceeding the system's capacity, and significantly increasing carbon and cost.</li> </ul>	Economic	5	3	15	<ul style="list-style-type: none"> <li>Communicate frequently with Borough Members and officers about the need to keep the material out of the WLWA residual waste system</li> <li>Support Boroughs with communications work to encourage residents to minimise DMR contamination</li> <li>Use DPS to source contingency DMR or residual waste capacity if necessary</li> </ul>	3	3	9	Head of Service Delivery
4. Residual waste off-takers are unable to export refuse derived fuel (RDF) to overseas facilities	<ul style="list-style-type: none"> <li>A need to acquire UK based capacity for residual waste tonnage, leading to hardening of the market, increased cost and possibly a need to landfill.</li> </ul>	Economic	3	2	6	<ul style="list-style-type: none"> <li>Understand the quantities of residual waste affected – currently none – Suez Hayes is the only facility exporting residual waste and this is going to only UK facilities from 19 December 2020.</li> <li>Use contract mechanisms to prevent pass-through of financial risk to WLWA</li> </ul>	2	2	4	Head of Service Delivery
5. Wood waste off-takers are unable to export wood to overseas biomass facilities	<ul style="list-style-type: none"> <li>A need to acquire UK based capacity for wood waste tonnage, leading to hardening of the market, increased cost and possibly a need to send to energy from waste or landfill.</li> </ul>	Economic	3	2	6	<ul style="list-style-type: none"> <li>Understand the quantities of wood waste affected – currently none – Suez sub-contracts to Stobart who uses UK based biomass facilities.</li> <li>Use contract mechanisms to prevent pass-through of financial risk to WLWA</li> </ul>	2	2	4	Head of Service Delivery
6. Mattress off-taker is unable to process as many mattresses due to staff shortages and/or lack of overseas markets for outputs.	<ul style="list-style-type: none"> <li>Accumulation of mattresses at Abbey Road</li> <li>Accumulation of mattresses at major WTSS</li> <li>Accumulation of mattresses at Borough sites</li> <li>Increased financial and environmental costs from sending mattresses to landfill</li> </ul>	Economic	3	3	9	<ul style="list-style-type: none"> <li>Regular dialogue with MattUK to enable the quick identification and mitigation of issues</li> <li>Suez residual waste contract is the contingency. Keep Suez, transport hauliers and Borough sites informed of potential issues</li> <li>Create a contingency plan with Suez, transport hauliers and Boroughs for getting mattresses to the major WTSS</li> <li>Use contract mechanisms to prevent pass-through of financial risk to WLWA</li> </ul>	2	3	6	Head of Service Delivery
7. There is a shortage of diesel	<ul style="list-style-type: none"> <li>Collection crews are unable to run some collection services</li> <li>HRRCs and transfer stations are unable to run mobile plant, requiring significant changes to how the sites are operated.</li> <li>Contractors are unable to collect some wastes from Borough sites resulting in accumulation of waste at the sites</li> <li>A reduction in trains to SERC, leading to accumulation of waste at transfer stations</li> </ul>	Environmental	5	1	5	<ul style="list-style-type: none"> <li>Ensure diesel storage is maximised at Abbey Road</li> <li>Have a plan ready for running Abbey Road with minimal plant and no plant (may involve closing the transfer station)</li> <li>Check contractors have plans in place for accessing diesel in a low supply, high demand situation</li> <li>Lobby Government through all available networks and organisations to prioritise the supply of diesel for waste management services</li> </ul>	4	1	4	Head of Service Delivery
8. Significant diesel costs increase	<ul style="list-style-type: none"> <li>Increased running costs at Abbey Road</li> <li>Increased costs of contracts involving a transport element</li> </ul>	Economic	4	2	8	<ul style="list-style-type: none"> <li>Budget for a high DERV index</li> <li>Bring forward work on optimising whole system bulking and haulage arrangements</li> <li>Bring forward work on decarbonising Abbey Road operations (increase efficiency of operations and shift to low carbon fuels)</li> </ul>	3	2	6	Head of Service Delivery
9. There is a shortage of drivers	<ul style="list-style-type: none"> <li>Reduction in collections of materials from Borough sites leading to accumulations</li> <li>Reduced capacity of Borough collections leading to accumulations of wastes at kerbside</li> </ul>	Environmental	5	3	15	<ul style="list-style-type: none"> <li>Regular dialogue with Boroughs and transport contractors to enable the quick identification and mitigation of issues</li> <li>If probability is high, work with Borough Env Directors, other Boroughs and contractors to create a shared pool of drivers and make use of existing frameworks.</li> <li>Raise the issue to Government via NAWDO.</li> </ul>	3	3	9	Head of Service Delivery
10. Reduced availability of key components for repairing and maintaining treatment facilities	<ul style="list-style-type: none"> <li>Increased periods of outage for key facilities leading to increased reliance on contingency facilities. Could potentially result in more transport, less recycling and more landfill</li> </ul>	Environmental	4	2	8	<ul style="list-style-type: none"> <li>Use contract mechanisms to prevent pass-through of financial risk to WLWA</li> <li>Ensure contractors' contingency plans are up to date</li> <li>Lobby Government through all available networks and organisations to prioritise the supply of parts for waste management services</li> <li>Keep waste flow profiles under review and be ready to adapt</li> </ul>	3	2	6	Operations Manager

## Brexit Risk Register – Contracts and Operations

### Risk/ Impact Rating

Rating	Status	Service disruption	Financial Loss	Reputation	Failure to provide statutory service / meet legal obligations	People
5	Extreme	Total failure or service	Over £5m	National publicity > than 3 days Resignation of leading member or chief officer	Multiple civil or criminal suits. Litigation, claim or fine of above £5m	Fatality or one or more clients/staff
4	Very high	Serious disruption to service	£500k-£5m	National public or press interest	Litigation claim or fine £500k-£5m	Serious injury. Permanent disablement of one or more clients / staff
3	Medium	Disruption to service	£50k-£500k	Local public /press interest	Litigation claim or fine £50k-£500k	Major injuries to individual
2	Low	Some minor impact on service	£5k-£50k	Contained within department	Litigation claim or fine £5k-£50k	Minor injuries to several people
1	Negligible	Annoyance but does not disrupt service	< £5k	Contained within unit/section	Litigation claim or fine less than £5k	Minor injuries to an individual

### Likelihood Classification

1. Rare - May occur only in exceptional circumstances (0-5%)
2. Unlikely- Could occur at some time (6%-20%)
3. Possible - likely to occur (21%-50%)
4. Likely-Will probably occur in most circumstances (51%-80%)
5. Almost Certain - Expected to occur in most circumstances >80%)

### Risk Rating/Scoring = Impact x likelihood. Prioritisation of Risks

20-25 (Red)	Those risks requiring immediate management and monitoring
9-19 (Amber)	Those risks requiring management and monitoring but less time critical
1-8 (Green)	Those risks which require ongoing monitoring