

Appendix D - Energy Procurement Project

Project Risk Register

Date Reviewed: September 2011

Next Review Date: October 2011

RISKS

- 1 Energy prices are volatile and rising
- 2 The Energy Supply is seriously disrupted
- 3 The London Energy Project is disbanded during the contract
- 4 Increases in energy prices are difficult to offset without capital investment
- 5 Formal approval process extends beyond October 2011 resulting in higher prices
- 6 Schools withdraw from central procurement during the contract
- 7 Consultation with leaseholders is delayed
- 8 Lack of comparative data showing relative performance of different suppliers
- 9 The performance of the supplier is not transparent during the contract
- 10 Change in supplier causes significant administrative and operational change costs

LIKELIHOOD				
A Very High				
B High			1	
C Significant			3, 4	2
D Low		7	5, 6, 8, 9	
E Very Low		10		
F Almost Impossible				
		4 Negligible Impact / Benefit	3 Marginal Impact / Minor Benefit	2 Critical Impact / Major Benefit
				1 Catastroph ic Impact / Exceptional Benefit
		<i>IMPACT</i>		

Risk No.	Objective No.	Project Risk Description	Controls (In Place and Effective)	Risk Rating This Period (after controls)	Risk Rating Last Period	Controls (Underway or Planned) (Incl. Implementation Date)	Control Owner	Target Risk Rating	Target Date	Project Risk Owner	Commentary
1		<p>Energy prices are volatile and rising</p> <p>Risk (Event)</p> <p>Cause(s) Global market conditions</p> <p>Consequence(s) Difficult to predict future energy prices</p>	<p>Purchasing strategy recognises/assumes rising prices</p> <p>Additional measures have been taken, eg RE-fit project, to manage demand downwards</p>	B2	N/A	<p>Corporate carbon reduction plan to move consumption away from fossil to renewable</p> <p>Further Actions</p> <p>Contingencies Πνχρεασε budget</p>	AB/DF	C2	Oct 2012-Sept 2016 16	Andrew Baker and Dan Firth	
2	All	<p>The Energy Supply is seriously disrupted</p> <p>Risk (Event)</p> <p>Cause(s) Global events Political and environmental events National/local disruption Adverse weather conditions</p> <p>Consequence(s) Widespread service disruption</p>	<p>Corporate business continuity and emergency planning mechanisms</p>	C1	N/A	<p>Seek clarification on position & strength of business continuity and emergency planning mechanisms</p> <p>Further Actions</p> <p>Contingencies</p>	NB	C2	On-Going	Andrew Baker	
3		<p>The London Energy Project (LEP) is disbanded during the contract resulting in Harrow having less good information on the energy market</p> <p>Risk (Event)</p> <p>Cause(s) Funding withdrawn (Capital Ambition) Individual councils do not contribute to continued existence</p> <p>Consequence(s) Less good market information for decision-making</p>	<p>We have emphasised our participation and continued financial contribution and also highlighted the benefits of the LEP</p>	C2	N/A	<p>We will endeavour to raise the issue at London Councils. (It is important to understand this risk is not entirely within our control). We will seek clarification from the LEP on council number participating in the project</p> <p>Further Actions</p> <p>Contingencies</p>	AB	E2	Oct 2012-Sept 2016	Andrew Baker	

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4		<p>As we are already buying effectively and efficiently any increase in energy prices will be difficult to offset without significant capital investment</p> <p>Lack of capital investment</p> <p>Cannot switch fuels and save energy</p>	Climate Change strategy	C2	N/A	<p>Re:Fit project Development of CRP Prepare a business case for investment in energy efficiency</p>	AB	E2	Apr-12	Andrew Baker	
5		<p>The formal approval process extends beyond October 2011 resulting in harrow paying higher prices</p> <p>Delayed/protracted decision-making</p> <p>Paying higher prices than necessary</p>	<p>Energy purchasing strategy Energy procurement project plan and team in place Report to Cabinet (October 2011)</p>	D2	N/A	Not at this stage	AB	F2	Oct-11	Andrew Baker	
6		<p>Schools withdraw from central procurement during the contract</p> <p>Perception of getting a better deal elsewhere</p> <p>Lose a significant chunk of energy savings affecting prices</p>	<p>Have consulted with schools (including academies) and received strong indications they will be members to 2016 Energy procurement project plan and team in place</p>	D2	N/A	Formalise participation with schools, with a more legal basis applied to academies	AB	E2	31.10.11	Andrew Baker	
7		<p>Consultation with leaseholders is delayed or absent</p> <p>Legal requirement to consult with leaseholders on the long term agreement. If the bill is likely to be more than £100 per leaseholder we need to serve notice before OJEU is issued. Leaseholders then need 30 days for observations. A second notice will be required once we have prices for new contract</p> <p>If notices are not issued correctly we will be unable to recharge the costs of energy to leaseholders for the life of the contract.</p>	<p>Meeting with Housing (August 2011) , consideration to be given to the requirement for notices in the timetable for procuring the contract</p>	D2	N/A	Leaseholders to be issued notices at appropriate time in the procurement process.	MC	F3	31.03.12	Maggie Challoner	

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8		<p>There is lack of quality comparative data to show the relative performance of different suppliers</p> <p>Risk (Event)</p> <p>Cause(s) Data not available to individual councils</p> <p>Consequence(s) Don't know which purchaser to choose and the wrong one is chosen in performance terms and Harrow pays higher prices</p>	Met with LEP (August 2011) who indicated our preferred supplier has a good record LEP are proven/good source of this type of data and who have expertise	D2		<p>Further Actions</p> <p>Contingencies</p> <p>No further actions at this stage</p>		E2	Oct-11	Andrew baker & Dan Firth	
9		<p>Performance of supplier is not transparent during the contract</p> <p>Risk (Event)</p> <p>Cause(s) Inherent opaqueness of the market</p> <p>Consequence(s) Don't know whether we are getting a good deal or not</p>	Met with LEP (August 2011) who have access to the data and have indicated 2 preferred suppliers New contract has Pls which improve transparency	D2	N/A	<p>Further Actions</p> <p>Contingencies</p> <p>Have sight and monitor relevant Pls</p>	AB/DF	E2	Oct-12 Sept 16	Dan Firth	
10		<p>If we change supplier there will be significant administrative and operational cost of change</p> <p>Risk (Event)</p> <p>Cause(s) Administrative effort required</p> <p>Consequence(s) Increased expenditure</p>	Energy procurement project plan and team in place Recommendation to stay in existing arrangements	E3	N/A	<p>Further Actions</p> <p>Contingencies</p> <p>Not at this stage</p>	AB	E3	Oct-11	Andrew Baker	