

Ref	Title	Description	Risk Rating	Controls	
001	Council resources	Limited council resources impact on delivery timescales	Critical Risk	<p>Recruit a Contract Manager/Project Director, with appropriate knowledge, skill and experience. Ensure appropriate buy in and good planning with legal and procurement teams, to ensure optimised use of resource from other areas of the council.</p> <p>Ensure the council have appropriate contingency plans in place to obtain external support, in the event of failed recruitment of a Project Director, or lack of capacity within the Procurement and Legal teams.</p> <p>17.1.24 - Recruitment has not been successful following 3 unsuccessful rounds of recruitment. The council will now look to obtain support on a consultancy basis, rather than direct recruitment</p> <p>25.04.24 - We have adjusted the resource requirements as a result of securing long term support from local partnerships. We are now looking to secure a directly employed contract manager and project support officer. The risk level remains the same though as the Council's procurement resource is still a risk area.</p>	Critical Risk
011	Asset lifespan	Risk of asset life expectancy ending prior to PFI liability period (25years +2) or ESCO not accepting +2 year liability beyond initial 25 yar term	High Risk	<p>Early discussion to be had with ESCO on the proposed approach to managing liability for reactive response during the 2 year post expiry liability period. Council also need to seek confirmation that the additional estate that has been added to the heat network during the PFI term has not hindered the ESCO obligations to maintain the 27 year functionality.</p> <p>17.01.24 - The completed asset condition survey has revealed significant investment is required to extend the life of critical plant beyond 2027. The Council have submitted a grant funding application for project support funds, and will work with EDF to submit a capital grant funding application, which will support the funding of replacement assets. This capital grant can only be applied for by EDF, so will be dependant on the decision to delay procurement and extend as an interim measure.</p> <p>25.04.24 - agreement of an extension with the ESCO would ensure the fully comprehensive arrangements remain in place until 2027</p>	Critical Risk
002	Customer pricing / removal of council support funds	If subsidies are removed, prices will increase for customers. In conjunction with increases in the wholesale price of gas this may become untenable for clients who will seek connections elsewhere when their contract comes to an end	High Risk	<p>Assess council appetite for subsidy removal and engage with existing customers to assess impact of increased pricing. Strengthen the link to the heat network customers and ensure thorough engagement plan, to include LBTH directors as well as legal and technical partners for One Housing.</p> <p>17.01.24 - Exploring an extension rather than a procured/awarded solution, where the commercial risk will remain with EDF will ease the financial and legal risk burden on the council.</p>	Critical Risk
015	Delay in approvals or contract award to the replacement contractor/extension	A delay in the replacement O&M, Fuel purchase and billing contractor could result in a breakdown of services to the end user and the council being unable to meet their statutory maintenance requirements .	High Risk	<p>Project plan and milestones should factor in appropriate time for key decisions and awards. Effort should be made to ensure the project maintains a high profile and is on the council's forward plan as early as possible.</p> <p>25.04.24 - We have minimal contingency time to agree a proposal, but are confident that the case stated for an extension will be agreeable.</p>	High Risk
006	One Housing's position	Risk that current demand will not be sustained, impacting on the viability of any future business case	Moderate Risk	<p>Engage One Housing to understand their existing and future demand profile, future connection requirements and timescales for any future regeneration plans</p> <p>Assess potential future connections to mitigate risk of reliance on One Housing and diversify potential future client base.</p> <p>17.01.24 - We are in new dialogue with One Housing and exploring opportunities to continue, potentially on a bulk supply arrangement, so standardise the approach to supply</p> <p>25.04.24 - Early discussion on moving to a bulk supply arrangements have been positive, and if an extension is agreed, then we can progress this. The ESCO have confirmed that the infrastructure to enable this is already in place.</p>	Moderate Risk
009	PFI expiry not negotiated in time	Customers will not have security of supply	Moderate Risk	<p>Steering Group and management of Project Plan to ensure contract expiry process is developed and followed and timely re-procurement achieved</p> <p>17.01.24 - We need to promptly ensure that an extension is a preferred option, so negotiation can commence immediately, rather than awaiting a new partner to negotiate with.</p> <p>25.04.24 - The extension option has been agreed as the preferred route, and an affordability analysis has identified that no additional budget will be required. The council have also negotiated a reduced price with the ESCO for the extension period.</p>	Moderate Risk

007	Commercial customer position	Risk that current demand will not be sustained, impacting on the viability of any future business case	Moderate Risk	Engage existing commercial clients to understand their existing and future demand profile and future connection requirements. 17.01.24 - We are arranging new discussions with each customer to confirm their requirements beyond 2017 25.04.25 - Discussions with commercial customers have been positive, in that they mainly want the heat network to continue. There is some legacy debt with 1 customer which needs a collaborative approach to resolution.	Low Risk
013	Lack of market interest	In the event of a non-viable bidder, or no bidders for the post expiry services, the result could mean that the CHP would cease to operate, resulting in significant long term heat loss to all residential and domestic users	Moderate Risk	Ensure that prompt and robust soft market test is undertaken which results in an outcome representing quality and value for money for the council and an attractive and sustainable solution for the supply chain. The tender must ensure that the specification requirements maintain the post expiry 2 year warranty with ESCO. We are exploring options to direct award, extend and the potential to award to another public sector body. 17.01.24 - Are we now know that extension is a viable option, the lack of market interest is less critical than previously anticipated.	Critical Risk
012	Contractor performance diminishing	The new approach to imposing deductions on the contractor may mean that the deductions cap permitted in the contract is reached very quickly. The contractors risk of consequence for poor performance will disappear, which may impact performance.	Moderate Risk	Council to assess the most viable option to balance the use of financial penalties with required performance/commitment level from the ESCO. Any deviation from the PFI project agreement will require internal sign off. Appropriate contract monitoring to be put in place, which links to the separate resource risk.. The contractor are developing and producing reports which are compliant with the requirements of the contract. We have a good level of comfort with their current performance. 17.01.24 - Contractor performance and level of resourcing has improved significantly. This will continue to be monitored through the expiry process.	High Risk
010	Growth & policy opportunities	Policies and funding opportunities are not utilised	Moderate Risk	Reviewing future funding opportunities and assessing council and client decarbonisation requirements to assess alignment with emerging Govt policy in this area. We are now linked in to the councils heat network steering groups.	Moderate Risk
014	Lack of, or poor handover from ESCO	The absence of any meaningful handback criteria leaves the council in a vulnerable position. A position could exist where the council become responsible for the asset with no handover of statutory maintenance documentation or transfer of key personnel	Low Risk	Ensure the council undertake an independent asset capture and condition survey. Ensure ESCO are taking part in active discussions around handback requirements, particularly in respect of statutory maintenance requirements. 17.01.24 - We have commenced and will continue to have expiry discussion with the ESCO. This may be more like a transition to an extension, than transition to another contractor 25.04.24 - An extension would remove the risk of poor handover for the MVP.	High Risk
008	Defining the Minimum Viable Product	Risk that without defining the MVP there will not be sufficient demand for connections.	Low Risk	Engage with existing and potential future service providers as soon as possible to determine their future connection requirements. We should consider a specification/s that will reflect options to direct award, extend, go to tender or make a new public to public link. 17.01.24 - Whilst a new O&M type service remains viable, the opportunity to extend the PFI provides some consistency on the product required. 25.04.24 - The SOC has identified that continuation of an aggregated MVP option is preferable, and the ESCO have a willingness to continue to deliver this model.	Low Risk
003	Asset condition survey	Incorrect list of assets and insufficient detail on the condition and level of investment required to inform the PFI contract negotiations and longer term investment. Risk the Council undervalues the level of upgrade or replacement works	COMPLETE	Procure independent consultant to complete an asset condition survey (with agreement of EDF) Access to current information on the asset from EDF	COMPLETE
004	Procurement of technical consultant for feasibility	Delay and/or risk to project planned timeframes if procurement of consultant is delayed	COMPLETE	Procurement in accordance with expiry programme milestone to ensure compliance with expiry process. Engagement with legal and procurement at the Council. Engagement either GLA to ensure correct use of LEA framework. Soft market testing	COMPLETE
005	Procurement of legal advisors	Delay and/or risk to project planned timeframes if procurement of legal resource is delayed	COMPLETE	Procurement in accordance with expiry programme milestone to ensure compliance with expiry process Engagement with legal and procurement at the Council	COMPLETE