

Ref	Risk Heading	Definition	Contract Element
<b>1. PLANNING RISKS</b>			
1.1	Cost estimates for obtaining planning approvals	(a) Estimated cost of receiving detailed planning permission is incorrect;	Planning
1.2	Cost estimates for obtaining planning approvals	(b) Higher cost in satisfying unforeseen planning requirements (architectural enhancements)	Planning
1.3	Costs of appeal	Costs of appeal	Planning
1.4	Conduct and lodging of Planning not in accordance within the Project Plan	Lodgement not in accordance with the defined planning and construction timetable (planning submitted late) causing delay to project	Planning
1.5	Delayed planning permission	A delay in receiving planning permission may have broader cost implications for the project.	Planning
1.6	Rejection of planning application	Rejection of planning application will have knock on effect - delays, cost impact, and possible termination of contract specification deliverables	Planning
1.7	Planning permission conditions	Planning permission is granted with onerous conditions attached, which will have a knock on effect - delays, cost impact	Planning
1.8	Failure by contractor to comply with conditions of planning consents	Additional costs arising out of facility suspension or failure to comply with the conditions of any planning consents	Planning

<b>2. DESIGN RISKS</b>			
2.1	Failure to design to brief	Failure to translate the needs of the authorities, set out in the agreed Contract Specifications, into the design. Failure of design technology to provide a solution with effective integrated technology, may lead to additional design, construction or operational costs	Design
2.2	Design Development Timetable	The detail of the design should be developed within an agreed framework and timetable. A failure to do so may lead to addition design and construction costs.	Design
2.3	Failure to build to design (including life expectancy)	Misinterpretation of design or failure to build to agreed specification during construction may lead to additional design, construction or operational costs	Design
2.4	Change in project content by NYCC/CYC	The Council may require changes to the overall service specification - additional design and construction costs may be incurred.	Design
2.5	Change in design required by contractor	This is the risk that the operator will require changes to the design, leading to additional design costs.	Design
2.6	Failure of Design to meet environmental standards at contract award	Design may not comply with existing environmental standards	Design
2.7	Failure to design to incorporate flexibility	Design fails to accommodate change in terms of composition, calorific value, service input of waste	Design

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2.8	Change in design required due to external influences	(a) There is a risk that the designs will need to change due to legislative or regulatory changes. (i) General	Operation
		(ii) Specific	

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**3. CONSTRUCTION AND PROPERTY RISKS**

3.1	Incorrect time estimate	The time taken to complete the construction phase may be different from the estimated time.	Construction
3.2	Unforeseen ground/site conditions on new sites	Unforeseen ground/site conditions (SSIs, ecological, archaeological, etc.) may lead to variations in the estimated costs or project delays or an inability to deliver	Construction
3.3	Delay in gaining access to sites not in Authorities ownership	A delay in gaining access to the sites may put back the entire project	Property
3.4	Availability of utilities/ Infrastructure etc to provide service	The non-availability of necessary utilities	Construction
3.5	Theft of/damage to equipment/materials	Use of sub-standard materials and/or theft and/or damage to equipment and materials may lead to unforeseen costs in terms of replacing damaged items, and delay.	Construction
3.6	Responsibility for maintaining site safety	The Construction, Design and Management (CDM) regulations must be complied with.	Construction
3.7	Third party claims	The risk refers to the costs associated with third party claims due to loss of amenity and ground subsidence on adjacent properties.	Construction
3.8	"Compensation Events" (contractor gets time & money)	An event of this kind may delay or impede the performance of the contract construction phase and cause additional expense e.g. there is an Authority breach of obligation and therefore a change in contract influenced by the Authority or discriminatory or specific changes in law	Construction
3.9	"Relief Events" (contractor gets time but not money)	An event of this kind (outside of the Contractor's direct control) may delay or impede the performance of the contract construction phase and cause additional expense and lead to time extension. Examples include strike action, fire, explosion or shortage of power etc.	Construction
3.10	Force Majeure	In the event of Force Majeure additional costs will be incurred. Facilities may also be unavailable	Construction
3.11	Termination due to Force Majeure	There is a risk that an event of Force Majeure will mean the parties are no longer able to perform the contract	Construction
3.12	Main contractor default and sub-contractor cost for over runs	In the case of main contractor default, additional costs may be incurred in appointing a replacement, and may cause a delay	Construction
3.13	Poor project management	There is a risk that poor project management will lead to additional costs.	Construction

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3.14	Contractor/sub-contractor industrial action	Industrial action may cause the construction to be delayed, as well as incurring additional management costs	Construction
3.15	Protester action against development	Protester action against the development may incur additional costs, such as security costs	Construction
3.16	Underestimate of time and cost for commissioning new plant	Delays leading to further costs	Construction
3.17	Archaeological issues	The construction/development could be delayed by archaeological/antiquities issues	Construction
3.18	Ecological Issues	Construction/development could be delayed	Construction
3.19	Non-availability of sub-contractors	Sub-contracted work may be delayed due to availability of sub-contractors resources	Construction
3.20	Standard of sub-contracted work	Sub-contracted work may be below the required standard and need rectification	Construction
3.21	Sub-standard materials	The materials used in the construction may not be of sufficient/adequate quality and need rectification	Construction
3.22	Delays in delivery of plan, equipment or materials	Time delays	Construction
3.23	Adverse weather	May cause delay/cost	Construction
3.24	Construction Price from Final Tender to Financial Close	The price of the construction costs and how it will impact the price payable by the Councils	Financial

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4. OPERATIONAL RISKS			
4.1	Latent defects in new build	Latent defects appear in the structure of the new build asset(s), which require repair	Operation
4.2	Change in specification imposed by NYCC/CYC	There is a risk that, during the operating phase of the project, the Authorities will require changes to the Contract's output specification	Operation
4.3	Performance of sub-contractors	Poor management of sub-contractors can lead to poor co-ordination, and under-performance by the contractors.	Operation
4.4	Performance of Waste Collection Authority (including CYC)	Actions of the WCA's impact on the Contract	Operation
4.5	Interface with Waste Collection Authority and waste transfer contractor	Risk that vehicles do not deliver in accordance with Contractor's waste reception protocol	Operation
4.6	Interface with Waste Collection Authority and waste transfer contractor	Contractor doesn't act in accordance with their Waste Reception Plan	Operation
4.7	Interface with Landfill contract	Availability of landfill throughout the operational period	Operation
4.8	Interface with Landfill contract	Pricing of associated landfill	Operation
4.9	Default by contractor or sub-contractor	In the case of default by a contractor or sub-contractor, there may be a need to make alternative provision. There may also be additional costs involved in finding a replacement	Operation
4.10	"Relief Events"	An event of this kind may delay or impede the performance of the contract and cause additional expense eg strike action	Operation

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4.11	Force Majeure	In the event of Force Majeure additional costs will be incurred. Facilities may also be available?	Operation
4.12	Termination due to Force Majeure	There is a risk that an event of Force Majeure will mean the parties are no longer able to perform the contract	Operation
4.13	Obtaining and maintaining environmental permits etc.	There may be failure to obtain consents, many of which will require renewal on an annual basis	Operation
4.14	Sub standard plant operation	The assets may not operate as intended due to: - Sub standard maintenance - Sub standard materials - Sub standard quality of construction	Operation
4.15	Responsibility for maintaining health and safety, quality and environmental standards	Compliance with relevant health and safety, quality and environmental standards may be more than envisaged.	Operation
4.16	TUPE	(i) The cost of the transfer of the employment of staff under TUPE. This includes the cost of any legal appeals. (ii) Inaccurate information provided by the Council	Operation
4.17	TUPE - Estimated cost of restructuring the workforce providing services under the contract is incorrect	The cost of restructuring the workforce at any time during the operating phase, such as recruitment costs and redundancy payments.	Operation
4.18	Public Liability	Cost of third party claim for death, injury or other loss.	Operation
4.19	Termination due to default by the Council	The risk that the Council defaults leading to contract termination and compensation for the private sector	Operation
4.20	Default by the operator leading to step-in by financiers	The risk that the operator or individual service providers default and financiers step-in leading to higher costs than agreed in the contract	Operation
4.21	Termination due to default by the operator	The risk that the operator defaults and step-in rights are exercised by financiers but that they are unsuccessful leading to contract termination	Operation
4.22	Operational, maintenance and life cycle costs	Actual operational, maintenance and life cycle costs are different to that in the base case financial model	Operation

5. DEMAND RISKS			
5.1	Changes in the volume of demand for services	There is a risk that the volume of demand for waste services will change. This may occur due to demographic factors or changes in the size of the catchment area. i) below GMT	Demand
5.2		ii) between GMT and Forecast Level of Contract Waste	Demand
5.3		iii) Above the Forecast Level of Contract Waste	Demand
5.4	Changes in general waste composition	There is a risk that the composition of waste inputs will change	Demand
5.5	Acceptance of Contract Waste	Acceptance of Contract Waste in accordance with the Contract	Demand

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<b>6. PERFORMANCE RISKS</b>			
6.1	Failure to meet performance standards	As set out in Schedule 1 Authority Requirements	Performance
6.2	Availability of service	Service is not available to accept Contract Waste	Performance
6.3	Contract Targets	a) Recycling Target as set out in Schedule 1 Authority Requirements	Performance
		b) Municipal Solid Waste Diversion as set out in Schedule 1 Authority Requirements	Performance
		c) Biodegradable Municipal Waste Diversion as set out in Schedule 1 Authority Requirements	Performance

<b>7. TAXATION RISKS</b>			
7.1	Changes in Corporate taxation	Changes in Corporate taxation may affect the cost of the project	Taxation
7.2	Changes in the rate of VAT	Changes in the rate of VAT may increase the costs of the project.	Taxation
7.3	Other changes in VAT	Changes in VAT legislation other than changes in the rate of VAT payable	Taxation
7.4	Landfill Tax	Changes in the prevailing <b>rate</b> of Landfill Tax in relation to the Authority's payment of the Service Provider's landfill costs up to the guaranteed level of diversion	Taxation
7.5	Landfill Tax	Changes in the prevailing <b>rate</b> of Landfill Tax where the Service Provider does not meet the guaranteed level of Municipal Solid Waste diversion as set out in Schedule 1 Authority Requirements	Taxation
7.6	Tradeable Permits ("The WET Act")	Changes in the basis of Tradable Permits	Taxation

<b>8. FINANCIAL RISKS</b>			
8.1	Income from processing Non Contract Waste	i) Income from the processing Non Contract Waste could be less than that in the Service Provider's Base Case Financial Model	Financial
8.2	Income from sale of Recyclates	i) Income from sale of recyclates could be less than that in the Service Provider's Base Case but Contract Waste delivered to the facility is greater than any minimum tonnage provisions	Financial
8.3		ii) Income from sale of recyclates could be less than that in the Service Provider's Base Case and Contract Waste delivered to the facility is less than any minimum tonnage provision	Financial
8.4		iii) Income from sales of recyclates could be more than that in the Service Providers Base Case.	

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8.5	Income from electricity sales	i) Income from electricity sales could be less than that in the Service Provider's Base Case Financial Model but Contract Waste delivered to the facility is greater than any minimum tonnage provisions	Financial
8.6		ii) Income from electricity sales could be less than that in the Service Provider's Base Case Financial Model but Contract Waste delivered to the facility is less than the minimum tonnage provisions	Financial
8.7	General Inflation	i) impact on Unitary Charge	Financial
8.8		ii) impact on actual costs	
8.9	Business Rates	NNDR for the site	
8.10	Land Lease		
8.11	Excess Revenue Share	The Contractor may generate excess revenues for reasons other than third party income or refinancing gains	
8.12	Change in SPV structure	The contractor will continue to guarantee any performances as a result of any change in structure of the SPV	Financial
8.13	Insurance (I)	The contractor provides all necessary for the operation	Financial
8.14	Insurance (ii)	Cost of insurance through contract term	Financial
8.15	Insurance (iii)	Insurance of last resort	Financial
8.16	Foreign Exchange Risk up to financial close	Impacts the pricing of facilities and the unitary charge as part of the plant is sourced from the Eurozone	Financial
8.17	Foreign Exchange Risk after financial close	Impacts the pricing of facilities and the unitary charge as part of the plant is sourced from the Eurozone	Financial
8.18	Interest rate risk up to financial close	The risk that cost of financing increases above that used to initially price the contract	Financial
8.19	Interest rate risk after financial close	The risk that cost of financing increases above that used to initially price the contract	Financial
8.20	All in cost of finance (margins)	The risk of the all in cost of finance changing and the impact on the Unitary Charge (i) prior to financial close	Financial
8.21	All in cost of finance (margins)	(ii) After financial close	Financial
8.22	Refinancing	(i) Risk of ability to refinance as required by funders	Financial
8.23	Refinancing	(ii) Benefits arising from refinancing	Financial

9. TECHNOLOGY AND OBSOLESCENCE RISKS			
9.1	Unexpected changes in technology	Unexpected changes in technology may lead to a need to re-scale or re-configure the provision of services.	Technology & Obsolescence
9.2	Asset obsolescence	Buildings, plant and equipment may become obsolete during the contract.	Technology & Obsolescence

10. REGULATORY RISKS			

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10.1	Legislative / regulatory change: discriminatory	A change in local authority specific legislation, taking effect during the construction phase, leading to a change in the requirements and variations in costs	Regulatory - Construction
10.2	Legislative / regulatory change: waste industry specific	A change in waste industry specific legislation, taking effect during the construction phase, leading to a change in the requirements and variations in costs	Regulatory - Construction
10.3	Legislative / regulatory change: general	A change in non-local authority general legislation / regulations taking effect during the construction phase, leading to a change in the requirements and variation in costs	Regulatory - Construction
10.4	Legislative / regulatory change: discriminatory	A change in local authority specific legislation/regulations, leading to a change in the requirements and variations in costs	Regulatory - Operation
10.5	Legislative / regulatory change: waste industry specific	A change in waste industry specific legislation/regulations, leading to a change in the requirements and variations in costs	Regulatory - Operation
10.6	Legislative / regulatory change: general	A change in non-local authority general legislation/regulations, leading to a change in the requirements and variation in costs	Regulatory - Operation
10.7	Compliance with existing environmental regulations/legislation	The facilities may fail to meet existing environmental regulations/legislation due to : - Inadequate plant design - Inadequate maintenance - Use of Sub-standard materials	Operation
10.8	Compliance with (a) new non-foreseeable or (b) an agreed list of environmental regulations/legislation	The facilities may fail to meet new environmental regulations/legislation	Operation
10.9	Legislative / regulatory change having capital cost consequences: Sector specific	Local authority specific changes to legislation / regulations may lead to additional construction costs, and higher building, maintenance, equipment or labour costs (eg landfill directive)	Regulatory - Operation
10.10	Legislative / regulatory change : compliance with Best Value obligations	Changes to legislation / regulations in respect of Best Value may lead to additional construction costs, and higher building, maintenance, equipment or labour costs	Regulatory - Operation

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11. RESIDUAL VALUE RISKS			
11.1	Rectification costs	the facility may require some form of rectification cost at handback	Residual
11.2	Decontamination of sites which are transferred at the end of the PFI contract to either the Authorities or another incoming contractor	(i) Decontamination costs could be significant from any/all sites. (ii) Allowance should also be made for any known or predictable contamination at the start of the PFI contract where operational 'asset' sites are transferred from the Authority to the incoming PFI contractor	Residual
11.3	"Fitness for purpose" of any premises transferred back to the Authorities at end of contract	The premises are required to be handed back in good condition	Residual
11.4	Cost of decommissioning	Cost of decommissioning	Residual

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