"To risque the certainty of little for the chance of much."

Dr Johnson's definition of risk

RISK SOLUTIONS NEWS

Spring 2003

Staff News

We are pleased to announce the appointment of three new consultants.

Michelle Boath started her career in the nuclear sector and, having completed an MBA, joined an investment bank in the City. Michelle brings a strong scientific background and skills in financial risk management to the team.

Nigel Fenning started his career at Marsh McLennan before joining the risk management consulting arm of Andersons in 2000. Nigel has extensive knowledge and experience of risk management techniques.

Simon Skinner provided consultancy services within the MoD, where he applied his occupational psychology qualifications and project management skills to good effect on a wide range of projects.

Unfortunately, we also had to say farewell to **Kirsten Mitchell** – who has been tempted away by the chance to follow her interests (and qualifications) in atmospheric physics.

And finally, we congratulate **Brian Campbell** on achieving chartered status as a Member of the Institute of Marine Engineers.

Further details of our team can be found on our web site.

All Change

Since moving into our current London office in 1999 we have grown from 15 to 25 employees – with most of the new recruits being based in and around London. To cope with the increased demand we have doubled the size of the office and taken the opportunity to upgrade our IT facilities.

Another recent change was making the successful transition from ISO9001:1994 to ISO9001:2000 in November – at our first attempt.

Security of UK Energy Supplies

Consumers have benefited from falling gas and electricity prices in recent years, but at the same time concerns have increased over longer term energy security as we become increasingly dependent on gas imported from Europe and beyond. The DTI and Ofgem established a Joint Energy Security of Supply (JESS) working group to assess and monitor potential security of supply indicators. Early on JESS decided that a risk analysis approach should be investigated and Risk Solutions was asked to explore how the Influence Modelling technique could be used to assess the effect of diverse influences on the security of energy supplies.

We developed a family of inter-related models to evaluate the risk of a critical supply/demand imbalance of gas or electricity over different time horizons. The models consider a wide range of factors and are designed to help JESS identify which of these (in isolation or in combination) are the most important. Ofgem and the DTI are now exploring the capabilities of the models and are considering alternative ways in which they could be developed.

Controlling Foot & Mouth

Following the 2001 outbreak of FMD, Defra imposed a 20-day standstill period prohibiting any livestock movements off-farm following the arrival of an animal. The 20-day rule caused significant difficulties for farmers. The Lessons Learned Inquiry, which reported in July 2002, recommended that the 20-day standstill remain in place pending a detailed cost-benefit analysis of the standstill regime. This was commissioned in September 2002.

Existing models were not appropriate for the particular types of modelling required, so, due to the short timescales and limited data available, a simplified approach was developed by Risk Solutions to assess the impact of different movement controls. This was an extremely challenging task due to the short timescales and limited data available to inform the model. Our approach was to involve as wide a range of experts as possible ensuring that the different assumptions and simplifications could be fully understood.

The resultant "silent spread" model indicated that factors other than length of standstill, such as time to detection of disease, are much more important in determining the size of an outbreak. The work was highly influential in the Government's decision to relax the 20-day movement control to 6 days, subject to certain commitments from the livestock industry. The report can be accessed via the Defra web site.

Track Asset Investment Planning for LUL

London Underground's track assets are valued at over £2.5bn and have suffered from decades of under-investment. The Public Private Partnership was conceived to address this backlog through the injection of private sector funding, and it is a requirement of the PPP Contract that the infrastructure maintenance contractors improve overall asset condition whilst complying with mandatory performance standards.

The Whole Life Asset Plan – Track Planning System (WLAP-TPS) has been developed by Risk Solutions, in partnership with InfraCo JNP (now Tube Lines) and Serco, to model track degradation with time, and the remedial effects of alternative renewals or replacement strategies. WLAP-TPS is being used by Tube Lines to explore the impact of alternative investment strategies on future track condition and performance. The model allows trade-offs between risk, performance and asset health to be evaluated so that optimal financial decisions can be made. The results of this analysis have been incorporated into Tube Lines' 7.5 year investment plan.

To find out more about these articles, or Risk Solutions in general, contact enquiries@risksol.co.uk
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