

Barmouth North Promenade - OBC
Adjusted Optimised Bias

Risk components contributing to above factors		% for Barmouth North Promenade	Average % for FCD projects	Notes
(% , summing to 100 – see next page for definitions)				
Procurement	Late contractor involvement in design	0%	1%	ECI on board
	Dispute and claims occurred	5%	11%	NEC contract
	Other	1%	1%	
Project-specific	Design complexity	2%	4%	
	Degree of innovation	2%	4%	Assumes that appropriate physical model is undertaken as part of detailed design
	Environmental impact	13%	13%	
	Other	9%	9%	
Client specific	Inadequacy of the business case	23%	23%	
	Funding availability	2%	2%	
	Project management team	1%	1%	
	Poor project intelligence	8%	8%	Ground Investigation not completed
Environment	Public relations	5%	5%	
	Site characteristics	2%	4%	
External influences	Economic	5%	5%	
	Legislation/regulations	4%	4%	
	Technology	2%	4%	
	Other	1%	1%	
TOTAL		85%	100%	
Default Optimism Bias (pre-detailed design)		30%	30%	
Adjusted Optimism Bias for Barmouth		26%	30%	

- The risk components (except for those described "Other") may be reduced for individual strategies or schemes if demonstrable action to minimise risks has been taken, or other evidence is provided that risks are not applicable to the degree indicated. In which case, the revised sum of risk components should be divided by 100 and multiplied by either 60 or 30 to obtain the new Optimism Bias factor.

Definitions of risk components

Procurement	Late contractor involvement in design	Late involvement of the contractor in the design leads to redesign or problems during construction
	Dispute and claims occurred	Disputes and claims occur where no mechanisms exist to manage effectively adversarial relationships between project stakeholders
	Other	Other factors that relate to procurement which affect the final project cost
Project-specific	Design complexity	The complexity of design (including requirements, specifications and detailed design) requires significant management impacting on final project costs
	Degree of innovation	The degree of innovation required due to the nature of the project requires untried methods to be used
	Environmental impact	The project has a major impact on its adjacent area leading to objection from neighbours and the general public
	Other	Other project-specific factors which affect the final project cost
Client specific	Inadequacy of Business Case	The project scope changes as a result of the poor quality of requirement specifications and inadequate project scope definition
	Funding availability	Project delays or changes in scope occur as a result of the unavailability of funding (e.g. departmental budget cuts or insufficient contingency funds)
	Project management team	The project management team's capabilities and/or experience impact on final project costs
	Poor project intelligence	The quality of initial project intelligence (e.g. preliminary site investigation, user requirements surveys etc.) impacts on the occurrence of unforeseen problems and costs
Environment	Public relations	A high level of effort is required to address public concern about the project, which impacts on the final project cost
	Site characteristics	The characteristics of the proposed environment for the project are highly sensitive to the project's environmental impacts (e.g. Greenfield site with badger setts, or contaminated brownfield site)
External influences	Economic	The project costs are sensitive to economic influences such as higher-than-expected construction cost inflation, oil price shocks etc.
	Legislation/regulations	The project costs are sensitive to legislation and regulation changes, e.g. health and safety and building regulations
	Technology	The project costs are sensitive to technological advancements e.g. the effects of obsolescence.
	Other	Other external influencing factors which affect the final project cost

Risk guidance for capital flood risk management projects (EA, 2019)

