

Appendix C - North Somerset Council - Highway Model Selection: Risk Register

Option 1 - Single Provider Model

No	Risk	Impact	Current risk		Mitigation	Residual risk	
			Probability	Severity		Probability	Severity
1	Requirement to commit to minimum turnover in the contract	Contractor claim for loss of profit and additional overheads if minimum values not met	Low	Medium	Robust change mechanisms / processes in contract	Low	Medium
2	Price	Potential jump in rates compared to our current provider	High	High	Difficult to mitigate, manage the contract within budgets. -For Opt A, Inflation is tracked and adjusted using the 'price adjustment factor' using the latest Index and the base date index - use the BCIS Price Adjustment Formulae (PAFI) cost index series (Highway Maintenance). May need to increase revenue budgets to ensure statutory duties are fulfilled. For option C and E works prices are at defined cost	High	High
3	Innovation	Contractor may be less willing to share innovations for the benefit of NSC	Medium	Medium	Implement robust Contract Governance and performance regime	Medium	Medium
4	Market attractiveness	A number of larger opportunities in market at this time may result in poor interest in NSC.	High	High	Early market engagement to develop interest in opportunity. Amend model if required	Medium	High
5	Costs of change	Costs to respond to changing service need and priorities	Medium	Low	Robust change mechanisms and processes in contract	Medium	Low
6	Contractor solvency	Risks of contractor solvency and service continuity	Low	High	Stress tests at procurement stage and throughout contract.	Low	Medium
7	Capacity to procure new contract	Delays in procurement and continuity of service	Low	High	Establish detailed procurement plan, with external support continue with the dedicated project team to ensure delivery against agreed timescales.	Low	Medium
8	Senior managers, operations managers, and commercial team do not TUPE transfer from Milestone	Lack of operational and commercial expertise leads to sub optimal service performance	High	Low	Bidder's proposals and capacity to be evaluated as part of the tender process	High	Low
9	Contractor does not have equipment and materials to deliver the service	Long lead in times for vehicles may result in inability to deliver the service / require temporary hire	Medium	Medium	Allow adequate mobilisation period to enable successful contractor to procure. Test their contingency arrangements during bid phase. Conversations with the incumbent to mitigate Winter Service risk for April 2024	Medium	Medium

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Option 2 – NSEC for cyclical and reactive, DPS/Framework for remainder of the service

No	Risk	Impact	Current risk		Mitigation	Residual risk	
			Probability	Severity		Probability	Severity
1	Internal Culture and Competencies of running Framework and DPS	Poor contract performance, lack of scheme delivery, high compensation events, reputational damage	Medium	Medium	Client function to manage delivery and performance of the service. Recruitment, development of the right people. Investment in development and Contract Training.	Low	Medium
2	TUPE transfer of individuals from Milestone to the Council	Financial implications, Morale of Council Staff	Low	High	HR support to manage this risk and TUPE Process	Low	Low
3	Additional pressure on internal resources	Impact on existing resources (HR, Procurement, Finance etc.) and distraction from current services and priorities	Medium	Low	Ongoing dialogue with support services to understand support required, allowance in internal team structure for Procurement and Finance support - Temporary increase in resources to manage peaks in support needed e.g. forming the DPS	Low	Low
4	Attractiveness to the market	Model may not be attractive to market resulting in poor competition for the schemes element	Low	Low	Carry out early market engagement to test appetite and adjust model accordingly - early market testing indicates healthy appetite to support this model with further market testing planned to discuss proposed structure.	Low	Low
5	Securing Competitive rates from the Market	Increase in project costs due to direct engagement with Tier 2 SME Market compared with Tier 1 Suppliers	Low	Low	Market Testing to confirm Low risks as the intelligence suggests this will not be the case and will be confirmed via market testing. Market testing has confirmed the council can secure rates that are comparative with the single provider.	Low	Low
6	Installing Internal function to manage DPS and frameworks	Ability to recruit into the necessary roles	High	High	Ensure Structure reflects market forces, Recruitment, Internal Development of the right people. Investment Contract Training - Use external resource to deliver	Medium	High
7	Installing Internal function to manage DPS and frameworks	Additional support to our corporate functions	Medium	Medium	Analysis completed of requirements of support functions and allowance of funding to reflect this. Ongoing engagement with all support functions to ensure needs are met. Mobilisation budget need identified.	Medium	Medium
8	Installing Internal function to manage DPS and frameworks	Ability to comply with health and safety regulations (CDM)	Low	Medium	Clearly define roles and responsibilities both internally and externally. Investment in staff training, gap analysis. Work with contractors to ensure all responsibilities are undertaken	Low	Low
9	Service Delivery and Performance (NSEC)	Council takes risk on poor performance	Low	Medium	Implement sound procedures and accreditations e.g. ISO. Strong governance and performance mechanisms to be developed.	Low	Low
10	Service Delivery and Performance (Frameworks and DPS)	Council takes risk on poor performance	Low	Medium	Implement sound procedures and accreditations e.g. ISO. Strong governance and performance mechanisms to be developed.	Low	Low
11	Financial performance	Council takes risk of service costs.	Low	Medium	Implement sound commercial practices and commercial teams. Strong governance and performance mechanisms to be developed.	Low	Low
12	Member interface	Risk that Members view the company as in-house service rather than a commercial enterprise	Medium	Low	Member engagement workshops. Develop governance and protocols.	Medium	Low
13	Ability to obtain equipment and materials to deliver the service	Long lead in times for vehicles may result in inability to deliver the service / require temporary hire	Medium	High	Allow adequate mobilisation period to enable NSEC procure and identify contingency if/ where necessary. Conversations with the incumbent to mitigate Winter Service risk for April 2024	Medium	Medium
14	Financial stability of NSEC	Only source of income is likely to be NSC - ability to generate external income is likely to be limited at first. Council as only stakeholder therefore takes financial risk	Low	Low	Implement sound commercial practices and commercial teams. Strong governance and performance mechanisms to be developed.	Low	Low