

A556 Gadbrook Business Park Junction Upgrade – Risk Management Strategy

This Risk Management Strategy briefly discusses the following topics:

- Overall approach to risk management
- Identification of risks
- Risk allocation and transfer
- Contract management

Overall approach to risk management

The production of a risk register is an integral component of the standard project management procedures that are used by Cheshire West and Chester Council. The Project Manager will have day-to-day responsibility for managing risks and escalating any issues to the Senior Responsible Officer. The risk register will be reviewed regularly throughout the detailed design, procurement, construction and post-construction phases. During the procurement phase the holder (client or contractor) for any identified construction related risks will be clearly defined in the contract documentation.

This established process has led to the successful delivery by Cheshire West and Chester Council of a number of significant capital projects, including the recently completed £13.5m new Chester Bus Interchange.

As evidenced in Section D2 of the application form, the Section 151 officer of Cheshire West and Chester Council has supported this proposal. The Council's scheme of delegation, together with its finance and contract procedure rules, provide relevant officers with the authority to action and allocate resources to mitigate any risks arising.

Identification of risks

To support the application, a risk register for the Junction Upgrade has been developed by Cheshire West and Chester Council's consultants Mott MacDonald. The risk register is appended to the application, together with the Quantified Risk Assessment.

Risk allocation and transfer

The Council will appoint one or more suppliers from the commercial market to deliver the detailed design and construction of the junction upgrade. The basis for tender award will follow the MEAT (Most Economically Advantageous Tender) criteria which will evaluate both technical (qualitative) and price aspects of the tender.

It is currently envisaged that the contract for the construction of the junction upgrade will take the form of a fixed price lump sum contract. Because of the fixed price form of contract, most risks of cost overruns related to delivery can be transferred onto the contractor. It is envisaged that a list of applicable items for which the risk of cost overrun will be transferred will be negotiated with the potential contractor (e.g. structural issues at the site, utilities diversions). The risk of cost overruns resulting from changes in governance or policy will be retained by Cheshire West and Chester Council. The exact nature of the risk allocation and associated costs for both parties is subject to negotiation with the potential contractor.

Contract management

The above commercial contracts will be managed by Cheshire West and Chester Council's procurement team within the Environment and Regeneration Department. The Procurement Team will support the SRO and Project Manager particularly during roll-out and closure of the project. Regular contract management meetings will be scheduled post-award of the tender throughout the delivery programme to monitor progress, risk and finance.