

5 APPROACH TO RISK ASSESSMENT

5.1 Introduction

5.1.1 In line with HM Treasury requirements, and the need to secure maximum value for money, the Trusts aim to achieve and demonstrate optimal transfer of risk within the Project.

5.1.2 The Trusts initial approach to risk transfer is underpinned by the following principles:

- In general, each risk should be carried by the party best able to manage it. This will depend on each party's ability to accurately predict and control the issues representing the risk;
- The Trusts will carry the risks associated with the performance of their respective core clinical and clinical support services;
- The Bidder will carry the risks associated with the availability of facilities and for the performance of the non-core services that are provided to each of the Trusts;
- The Trusts will have full responsibility for their respective patients' admission and discharge and hence risks associated with occupancy and usage of the respective facilities will be largely carried by the relevant Trust;
- The Trusts expect to achieve a similar risk allocation between areas of a similar condition, whether they are new build, refurbished or part of the retained Trusts respective estates;
- The Trusts will embrace the Standard Form NHS PFI contract in allocating risk between each of them and the Preferred Bidder subject only to project specific amendments.

5.2 Contract Partnerships

5.2.1 The Trusts, as statutory bodies, do not have the necessary powers to enter into obligations on behalf of one another for requirements above and beyond their own. This means that the Trusts cannot assume joint, or joint and several liability for their obligations or be liable for contingent liability of the other Trusts in discharging their respective functions. The Trusts, therefore, propose that there be one contract, granting a single concession, awarded with each Trust having several and not joint liability, separate service payments but a single payment mechanism.

5.2.2 A formal joint venture agreement ("the Interface Agreement") will be agreed between the Trusts, governing the relationship between them during the duration of the concession. The Interface Agreement will reflect the Project Agreement and the obligations that the Trusts have under it to Project Co. The arrangements under the Interface Agreement will not be a matter for Project Co. It is intended that the interface between the Trusts and Project Co will be maintained to a single point of contact wherever possible.