

ITEM 11

Somerset Rivers Authority Board Paper

Title: Risk sharing across the partnership

RECOMMENDATION

The SRA Board is asked to note the current situation with regard to risk management in preparation to receive a future report to agree a way to manage financial risk between partners primarily in relation to Local Enterprise Partnership funding.

Purpose of the item:

This item is presented to the Board in order to inform members of the current situation with regard to risk, and the work going on to prepare a report which will set out an over-arching agreement on risk sharing/ management for the Board to approve.

This is a potentially complex area and this paper is put in front of the Board to provide an overview of the issue in preparation for the more detailed report.

Background and context

The County Council is the accountable body for the Somerset Rivers Authority and provides the mechanism to handle and distribute funding including Local Enterprise Partnership (LEP) funding to delivery partners. The County Council makes sure that regulatory standards and practices, as well as the LEP's own requirements, are adhered to.

For LEP funded SRA projects, currently the majority of the risk lies with either the accountable body (the County Council) or the partner who is delivering the scheme. It is good practice to be crystal clear on where risk lies and to have an agreement among partners where they are clearly understood, apportioned and managed effectively. The risk associated with a project can potentially mean that partners are less willing to take on delivery.

The County Council has been creating bespoke agreements with each delivery partner; this is time consuming and inefficient. An over-arching agreement that all partners are signed up to will provide a mechanism for sharing risk more equably between SRA partners and for the whole process to be more efficient and involve less duplication.

All risks need to be understood and owned; indeed it is a significant risk itself if the issue of risk sharing is not dealt with correctly. It is not in the interest of any partner if for example the LEP decided to claw back funding, or not pay a claim; these are serious matters on which, in the interest of good partnership working, all partners should agree

a common approach. An over-arching agreement should set out where the risks lie – be it with the accountable body, the SRA partners collectively or the delivery partner – and be clear on how that affects each partner.

There are a number of issues for partners to consider and the subsequent report to the Board will address these in detail.

Latest status

This issue was discussed at the SRA Management Board on 25th January 2017 and it was agreed that Monitoring Officers and partner's legal advisors need to work together on this important matter before the Board receives a report and recommendation. In addition, officers are investigating whether insurance can be obtained for any of the risks.

Recommendation:

The SRA Board is asked to note the current situation with regard to risk management in preparation to receive a future report to agree a way to manage financial risk between partners primarily in relation to Local Enterprise Partnership funding.

Date: 31 January 2017

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