

NATIONAL NETWORK OF STRATEGIC REGIONAL COASTAL MONITORING PROGRAMMES (2012-2017) UPDATE REPORT AUGUST 2011

1. INTRODUCTION

- 1.1. This report is to update Members on the progress of this project since the Cabinet approval of April 2010.

2. BACKGROUND

- 2.1. Background information regarding the coastal monitoring programme is available through the report submitted to Cabinet on 7 April 2010.
- 2.2. Further detailed information is available through the project STAR report submitted to the Environment Agency and on the project website at www.channelcoast.org .

3. APPLICATION FOR FUNDING

- 3.1. The coordinated application for approval (for a network of 6 regional programmes) was submitted to the Environment Agency National Review Group in March 2010.
- 3.2. Formal Environment Agency approval for the Southeast Programme was received on 27 January 2011. The other regions received approval in the preceding weeks to this.
- 3.3. The approved sum for the Southeast Programme is £12.3m (as applied for) and is for the 5 year phase of this programme from April 2012 to March 2017.

4. NEW FOREST DISTRICT COUNCIL ROLE

- 4.1. NFDC will lead on programme development and implementation of the national network with input from the partner authorities.
- 4.2. NFDC have taken a lead role in the development of a coordinated procurement strategy, as set out within the scheme application, and with the agreement of the other regional lead authorities. This is detailed in section 6.
- 4.3. NFDC will not have any involvement with the tender process to be followed by the other lead authorities.
- 4.4. The regional centre of excellence (Channel Coastal Observatory) hosted by NFDC will continue to operate in its present form but will “expand” to store and disseminate monitoring data from the regional programmes within the national network.

- 4.5. NFDC will continue to act as the lead authority for the southeast region, with continued input from the partner authorities of Worthing, Canterbury, Shepway, Havant and the Environment Agency. This phase of the regional monitoring programme provides a revision to budget management: NFDC will receive funding for the whole of the southeast programme. (funding was previously made directly available to the other partner authorities). In essence NFDC will act as a “clearing house” to distribute funding to the other partner authorities.
- 4.6. Service level Agreements will be established with the partner authorities of:-
- Worthing Borough Council
 - Canterbury City Council
 - Shepway District Council
 - Havant Borough Council

These will be for the provision of in-house services for undertaking topographic surveys, data analysis and provision of annual reports. The current estimated cost of the provision of these services by the local authorities is £3.7m.

- 4.7. Large local authorities, such as NFDC, are expected to make a wider contribution to the local authority community and to take a lead role in national initiatives where appropriate skills are available. Such contributions to the community are reflected in periodic national assessments of local authorities and these have previously highlighted NFDCs strength in this area.

5. PROJECT MANAGEMENT

- 5.1. The project is overseen by a national steering group, which includes representation from each partner lead authority. Andrew Bradbury, Coastal Projects Manager is the National Project Executive and provides coordination and technical guidance to all partners.
- 5.2. A regional project team comprises representatives of a number of local authorities and the Environment Agency; this meets approximately every two months to monitor delivery of the southeast regional component, which NFDC are leading on.
- 5.3. The project will continue the successful approach adopted for earlier phases of the southeast regional programme; this programme is used as an administrative and technical model for the national network.
- 5.4. Each phase of the regional programmes is subject to a financial audit. The Phase one programme was subject to an audit-commission audit. The project team was complimented on its process rigor. The second phase, which is due to be completed in March 2012 is also anticipated to be completed within and very close to the target grant award sum.
- 5.5. Risk analysis has been conducted to examine risks at both national and local scales and a risk log is maintained for the programme.

6. PROCUREMENT

- 6.1. The purpose of a coordinated national procurement strategy is to make national efficiency savings in administration of procurement processes, whilst maintaining financial responsibility within each of the 6 regional lead organisations. This provides the following efficiency savings
- Common specifications for each programme element
 - Single advertising and prequalification process
 - Time savings for both contractors and local authorities
- 6.2. The National Project Board agreed that the procurement process for this project would be better suited to framework agreements rather than awarding contracts directly for all elements of work to be undertaken. Successful suppliers will be appointed to the framework with contracts being awarded as and when required. This may be through a direct call-off from the tendered framework or if work is being undertaken later in the programme through a mini-competition tender.
- 6.3. It was agreed through the Project Board that NFDC should undertake a coordinating role for the procurement process. This was undertaken with a Project Team of experienced officers from each authority, lead by NFDC and followed the procurement strategy set out within the STAR application.
- 6.4. NFDC undertook to deliver the following:-
- Produce suitable Official Journal of the European Union (OJEU) contract notices for each region
 - East Riding of Yorkshire Council
 - Environment Agency (Anglian Region)
 - New Forest District Council
 - Teignbridge District Council
 - Sefton Borough Council
 - Publish the contract notices and coordinate the expressions of interest
 - Produce a common pre-qualification questionnaire and evaluation procedure
 - Evaluate submitted pre-qualification questionnaires (PQQs) including financial assessments
 - Provide a PQQ Evaluation Report, including framework tender lists for each region and lot of work to be undertaken
 - Provide template framework tender documents for each lot of work
- This element of the coordinated procurement role was completed July 2011.
- 6.5. A (PQQ), completed and returned by the interested suppliers, was used to evaluate the responses. Technical evaluations were undertaken by NFDC coastal team and a financial audit undertaken by the NFDC Audit Team. The local implications for each region have been reviewed locally by each lead organisation, and local comments reflected in the prequalification regional frameworks.
- 6.6. A PQQ evaluation report, prepared by NFDC has been distributed to all regions, setting out the tender lists for each region along with contract financial limits.
- 6.7. NFDC have prepared standard framework tender documents, which have been made available to all regions to use as template documents. These are refined locally to suit each organisation's standing orders.

- 6.8. Each region will tender contracts to meet their own requirements and to suit their own tendering procedures and standing orders. Any NFDC involvement at this stage will be limited to providing technical advice as required. NFDC will not let contracts on behalf of other regions.
- 6.9. Framework tenders for the Southeast Region were dispatched on 17 July, with a return date set at 22 September.
- 6.10. The anticipated contracts to be let by NFDC over the next 5 year phase are:-
- Hydrodynamics - £1,110,000, including allowance of £230,000 for unscheduled maintenance costs.
 - Bathymetric Surveys - £920,000 spread over 4 separate contracts
 - LiDAR Surveys - £490,000 over 2 contracts
 - Aerial Photography - £396,000 over 2 contracts
 - Ecology Mapping - £317,000 combined contracts and in-house services
 - Data management and delivery £700,000

Contingencies of 18% have been allowed in addition to these sums, and have been allowed for within the grant. The package of contracts to be let from the framework competition totals a value of £4.65m. This tender procedure has been assessed through the gateway review process.

The remainder of the approved £12.3m grant will be used to fund staff costs within NFDC (Channel Coastal Observatory team) and in partner local authorities via service level agreements.

7. RESOURCE IMPLICATIONS

- 7.1. The Channel Coastal Observatory will continue in its current form as established for the southeast regional monitoring programme. Operational costs will continue to be 100% funded through the national programme, in accordance with grant memoranda.
- 7.2. NFDC employs 14 FTE officers for operation of the regional monitoring programme. Additional resource requirements for the transition to the national programme will be refined during the programme development. However, it is currently estimated that no additional staff will be required.
- 7.3. All officers specifically employed for the monitoring programme are 100% funded through the grant aid system; these staff are employed on fixed term contracts in-line with the funding stream, to reduce any financial risk of redundancy payments (should subsequent applications for funding not be successful from 2017). Risks of redundancy payments arising from failure to attract future funding (from 2017) will be a maximum of £91k. Realistically this sum is likely to be much smaller, based upon typical staff turnover measured over 10 years; the estimated maximum sum is more likely to be approximately £40,000. This is offset against the programme benefits, which will have delivered revenue savings to NFDC of approx. £1.35 million from 2002 – 2017; these savings are delivered by year in year reductions to the coastal revenue budget that reflect the grant aid.

- 7.4. In the unlikely event that further phases of the regional monitoring programme do not continue beyond 2017, there would be some residual value of capital equipment, purchased to service the programme; this would remain in the ownership of NFDC at the end of the programme and could have an estimated residual value of at least £50,000. Some of this equipment would be required to service ongoing revenue requirements.
- 7.5. The office and computational facilities currently provided by the National Oceanography Centre are delivered on the basis of agreements which conclude at the end of each 5 year monitoring phase. There are no additional cost risks associated with these hosting arrangements, when considering possible termination of the programme in 2017.

8. FINANCIAL IMPLICATIONS

- 8.1. The programme will be 100% funded through the Coast Protection Act grant rate system based on grant memorandum criteria. i.e. there will be no additional cost to the authority.
- 8.2. The current estimated cost of the national monitoring programme is between £30m and £33m (allowing for contingency) over the initial 5 years of the programme; this is spread nationally.
- 8.3. The financial responsibility for NFDC will be for £12.3m expenditure over 5 years (including contingencies), this will allow for the delivery of the southeast programme along with management and co-ordination of the national programme.
- 8.4. The grant aid process makes provision for anticipated costs to be claimed from the Environment Agency up to 3 months in advance. This reduces the risks of funds not being available to make payments and also provides a benefit to NFDC in that funds will be banked in advance of making payments.
- 8.5. Individual contracts to be let by NFDC within the southeast programme will not exceed a value of £1.5m.
- 8.6. A package of works contracts with a combined value of £4.65 million including contingency will be let to service the programme in accordance with existing agreements and expectations from the project funders.
- 8.7. A package of service level agreements will be arranged to provide shared delivery of survey and analytical programmes with Local Authority partners. These will have a combined value of £4.4 million, including contingency, and will be arranged to service the programme in accordance with existing agreements from the project funders and programme partners.
- 8.8. Contracts for the remaining approx. £20m will be let by other partner local authorities and the Environment Agency
- 8.9. The current practice of payment and recharging partners based on service level agreements will be used for the national programme. The existing recharging structure will be revised as required and agreed with corporate accountancy, to ensure that there is no financial risk to NFDC throughout programme delivery.

- 8.10. The economic analysis conducted as part of the scheme application demonstrates that the national programme has the potential for large-scale, region wide, actual and efficiency savings to the taxpayer, these are likely to exceed £200m during the first five years.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1. Whilst there are none arising directly from this report, clearly the work that will be undertaken will have a major impact on the protection of the coastal areas affected.

10. EQUALITY & DIVERSITY AND CRIME & DISORDER IMPLICATIONS

- 10.1. There are none arising directly from this report.

11. PORTFOLIO HOLDER COMMENTS

- 11.1. The Portfolio Holder welcomes the report which highlights the excellent work that Professor Bradbury and his team are undertaking and the financial savings that will be achieved for partner authorities.

12. RECOMMENDATION

- 12.1. The Cabinet is asked

- (a) To note that the funding application for the South East Regional Coastal Monitoring Programme was successful and that £12.3m was now available for the 5 year phase from April 2012 – March 2017; and
- (b) To support the arrangements relating to the Council's role in Project Management and Procurement for the Monitoring Programme.

Further Information

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Background Documents:

Pre Qualification Questionnaire
PQQ Evaluation Report
Gateway Review Form