

Report subject	Proposed shared Flood and Coastal Erosion Risk Management (FCERM) Service with East Devon District Council
Meeting date	10 January 2024
Status	Public Report
Executive summary	<p>BCP FCERM are already working collaboratively with multiple authorities across the South-West region. Through those improving relationships and following our recommendation, East Devon District Council (EDDC) have proposed entering into a Shared Service Agreement (SSA) for FCERM activities in recognition of BCP capabilities and the mutual benefits that will bring. They are also taking a paper to their Cabinet in January 2024.</p> <p>A SSA has distinct and strong advantages to all parties: a 'one team' culture; ability to use permissive powers on behalf of EDDC to seek grant funding; builds capital programme generating income, reduces net service cost, allows growth of the service & skills; communities made more resilient to climate change; greater resilience for service provision; more attractive in recruitment market; smooths capital programme allowing consistent resourcing; less reliance on consultancy support.</p> <p>The proposal aligns with our service vision / is fully supported by the Environment Agency (strategic overview of national FCERM).</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Cabinet agree to enter a Shared Service Agreement for Flood and Coastal Erosion Risk Management with East Devon District Council, delegating authority to Service Director (Infrastructure) to sign, in consultation with S.151, Monitoring officers and Portfolio Holder.</p>
Reason for recommendations	<p>Follows the Corporate Strategy:</p> <p><i>Work with others to make the most of all our strengths; Use our limited resources sustainably by transforming the way we plan, develop and deliver services; Help people, nature and places to adapt to the changing climate.</i></p>

Portfolio Holder(s):	Councillor Andy Hadley – Portfolio Holder for Climate Response Environment and Energy
Corporate Director	Julian McLaughlin – Service Director, Infrastructure
Report Authors	Matt Hosey – Head of Flood and Coastal Erosion Risk Management (FCERM)
Wards	Not applicable
Classification	For Decision

Background

1. The recent formation (last 5 years) of a dedicated BCP Flood and Coastal Erosion Risk Management (FCERM) service, along with a remit to expand partnership working on a regional scale was in response to dialogue with the Environment Agency (EA) who were concerned with the lack of project delivery in the South-West area.
2. The EA have the Strategic Overview of the national delivery of FCERM, including allocation of the current (2021-2027) £5.2Bn FCERM Grant in Aid programme.
3. The growth has been rapid, with the formation of an expert team facilitated by the vision to deliver across the South-West. The ability to attract grant funding to deliver projects means growth has been at no additional cost to the Council.
4. At present, the relationships between partner authorities are through a variety of supply agreements or straight purchase orders. Whilst positive, they are constraining as ~~don't~~ they do not carry a long-term commitment. The uncertainty associated with ad-hoc call-offs means that recruitment needs to be proportionate to the risk so the resource to support partner authorities is not always available.
5. With relationships building and improving with the FCERM officers across the South-West, East Devon District Council (EDDC) have agreed they would like to propose (to their Cabinet) coming into a Shared Service Agreement with BCP Council. This is in line with the BCP FCERM Service vision, with staff having delivered the same model in other councils.
6. It is anticipated that a Shared Service relationship and the results it will bring for all involved will see other partner authorities look to join the service, achieving the goal set out on service formation. The proposal has been very positively supported by our EA colleagues who have the strategic overview for national FCERM delivery.
7. The EA have long been supporting BCP to promote this model of delivery in our region, having seen its success in delivering FCERM in other parts of the country. Our reputation and trust with them has led to high confidence in project delivery, and is reflected in our success with project funding bids. They have helped facilitate

discussions with neighbouring authorities to investigate sharing services and are enthusiastic to see it delivered.

Financial Strategy

8. Delivering for EDDC too will allow growth of their capital programme through bids for national grant funding to deliver their projects.
9. The ability to recharge staff time against the externally funded projects in each authority area will reduce the net cost of the Shared Service.
10. The cost of running the FCERM service in its entirety will be calculated to form the net cost.
11. The SSA will include an appropriate exit strategy/clause, as is usual for this type of agreement.
12. Each authority maintains control of their other FCERM budgets with revenue maintenance and capital project budgets hosted independently.
13. The initial EDDC investment into BCP FCERM has been suggested at £40k per annum of the net service cost (circa £1.7m). Whilst a small share, it would allow more freedom for the expertise to lead on delivery for EDDC to build their grant-funded capital programme. This in turn creates a separate income stream for the FCERM service staff whilst delivering more projects on the ground for EDDC.
14. There would be no financial risk to BCP Council and the FCERM service level for BCP would be maintained ~~not drop~~.
15. The budget for a shared service (hosted at BCP) would reflect the people costs and any associated revenue costs such as equipment / IT / training / HR, etc.

Options Appraisal

Option 1 – Accept EDDC entering into a Shared Service Agreement with BCP FCERM.

16. Sharing of net cost of service at agreed proportion.
17. Culture of service means that BCP expertise takes a lead role on funding bids for EDDC area utilising their permissive powers to develop their capital project programme, ensuring income is proportionate to the ratio of the whole service.
18. All successful bids for grant funded projects are rechargeable at full on-costed rates.
19. Enables growth in a number of ways - size of the service, reputation and knowledge there-in.
20. A higher overall proportion of capital projects will lower the cost for both BCP Council and EDDC.

Option 2 – Not accepting EDDC entering into a Shared Service Agreement with BCP FCERM.

21. All work undertaken for EDDC continues on an ad-hoc basis.
22. Limited projects as relies on EDDC identifying suitable grant funding bids and initiating

projects.

- To date, call-offs have been very stop-go due to the time pressure with EDDC staff, with proposals receiving a delayed reply or having calls to start immediately.
23. Ad-hoc call-offs rely on being able to reprioritise staff resources for given programmes. It does not provide long-term commitment to justify recruitment to further grow the service.
24. No long-term aspiration or vision.

Option Summary

25. The outcomes of shared services in the FCERM sector are a win-win for all parties:
- Authorities get better quality staff, lower cost service, greater service resilience, more projects funded and delivered.
 - Communities get more projects delivered, so greater climate resilience.
 - Staff have a healthier and more interesting work environment where they can grow.
 - The EA have more projects delivered on the national programme helping achieve the national 'properties protected' targets and funding allocation set by Defra.
26. The Head of FCERM (who was employed to deliver a broader regional FCERM service) successfully created and delivered this model of shared service provision from 2012 in the Eastern Solent area, so confidence should be taken from the knowledge and experience already in-house (<https://coastalpartners.org.uk/>).
27. Both options allow each authority to maintain full control of their FCERM objectives. In a Shared Service, a Client Manager Board will be set up to ensure each authority has director participation to agree business plan and priority objectives proportionate to their share in the service.

Summary of Financial Implications

28. No additional financial risk for BCP council
29. The Shared Service Agreement will have clauses to ensure any resourcing risk comes with a shared financial responsibility in proportion to the EDDC fee (e.g. redundancy costs in the event of the national capital programme being stopped by central government, which is highly unlikely)
30. The Shared Service Agreement would contain an appropriate exit clause in the event of either party not wanting to continue.
31. Each authority maintains control of their FCERM budgets with revenue maintenance and capital project budgets hosted independently.
32. The EDDC share is minimal at approximately 5% of the net service cost.
33. The SSA will provide more opportunities for growth of the capital programme (currently in excess of £50m at BCP), with large schemes that need delivering such as the Sidmouth Coast Protection Scheme (estimated £20m).

Summary of legal implications

34. The Shared Service Agreement (SSA) will set out in detail the services to be

shared and contain mechanisms by which these can be added to. Fees payable by individual parties under the SSA will be linked to the services they're using.

35. The SSA should contain a Service Level Agreement (SLA), providing specific and measurable aspects for the services being offered. It will also need robust dispute resolution provisions, outlining how any disputes that might arise are to be resolved.
36. The SSA will include provision by which further parties can be added and appropriate exit provisions.
37. Appropriate insurance cover to be put in place, covering staff working on other parties' assets or at their sites.

Summary of human resources implications

38. Any future growth of the service would require additional HR support with BCP acting as the host employer – HR costs form part of the shared service net budget.
39. There are no TUPE implications as no staff are transferring
40. The Shared Service Agreement should detail any future staffing liability to ensure EDDC cover a proportionate cost, e.g. redundancy / TUPE

Summary of sustainability impact

41. There is no sustainability impact.

Summary of public health implications

42. There are no public health implications.

Summary of equality implications

43. There are no equality implications.

Summary of risk assessment

44. Attracting resource should the service grow, as recruitment is difficult in the FCERM sector
 - Experience has shown that interest from recruits is increased in the Shared Service model.
45. Change of heart at either authority
 - Shared Service is just about staff resource, not assets.
 - Maintenance and Capital project budgets are hosted at each authority independently.
 - The SSA will contain an appropriate termination clause with reasonable notice period.
46. Budget control
 - The larger spatial coverage of a Shared Service allows bids for FCERM Grant in Aid to be organised to provide a smoother and more predictable capital programme.

- The FCERM service operate a well organised time recording system and monitor budgets closely throughout the year to ensure expenditure is within or below budget.

Background papers

None

Appendices

There are no appendices to this report.