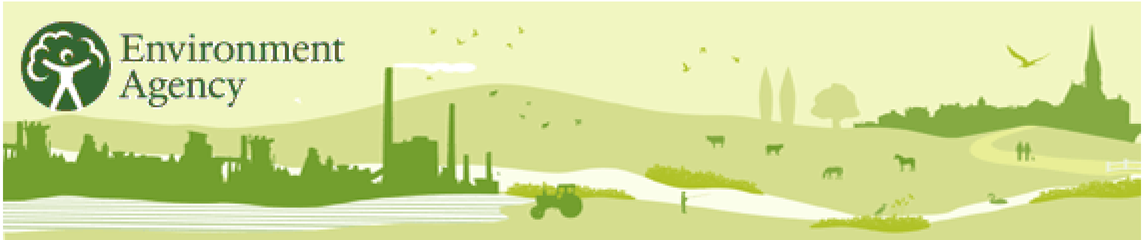

Regional Flood & Coastal Committee (RFCC)

Glossary of terms used in FCRM programming and financial management

This glossary is intended as reference tool for Members to be used in conjunction with the papers on the RFCC programme.

It is a living document and will be updated periodically. If you have any feedback on it or would like additional clarification to support your role or learning & development then please contact

richard.macilwaine@environment-agency.gov.uk

A

Accrual
Work done or a service received that has not been invoiced or paid for by the end of the accounting period. Accruals are added to the expenditure paid to date each month to give a complete picture of financial commitment.

Allocation
The funding assigned to projects and programmes prior to Budgets being set; see Indicative Allocation and Final Allocation. It should be noted that receiving a funding allocation does not obviate the need to gain project approval.

Appraisal
The process of; defining the problem; setting objectives; examining options, assessing outcome benefit (inc benefit:cost ratio); weighing up costs, impacts (positive and negative) risks and uncertainties in order to make a decision. This is the period between Gateways 0 and 1. The appraisal follows a short Initial Assessment and culminates in a Business Case. The appraisal phase provides greatest scope for RFCC Members to get involved and support project development, eg as part of the associated community engagement.

Approval
This refers to a project's Financial Scheme of Delegation (FSoD) approval following Technical Review or the Environment Agency Board approval to the programme.

Area Flood & Coastal Risk Manager (AFCRM)
Our Area Flood & (or) Coastal Risk Managers (AFCRMs) lead the delivery of the National FCERM strategy and our strategic overview role locally. A key part of our strategic overview role is the bringing together of evidence and working with communities, potential funders and partners, especially other Risk Management Authorities, to develop complementary approaches to managing flood and coastal erosion risk.

AFCRMs promote candidates and once they are in the programme they sponsor Environment Agency led capital projects through the scheme appraisal stage to the approval of the Business Case. This includes associated engagement, partnership funding activity and the programming relationship with other Risk Management Authorities. It is at this stage of project development that the committee have the greatest opportunity to help shape the delivery of measures within their area.

They also have a role to work with regards to in-year monitoring of projects being delivered by other Risk Management Authorities; this includes signing-off project Business Justification and Business Case documentation prior to submission for Technical Review.

The majority of their programme accountabilities are delivered through their Partnerships & Strategic Overview (PSO) teams.

Asset
Within flood risk these are usually categorised as either structures (eg sluices, pumping stations etc) or defences (eg channels, walls, embankments etc), but equally the term applies to data, models and other tangible products.

Asset Performance (AP) team
See Operations Manager

Asset Systems
An asset system is a collection of individual assets that work together to provide flood risk protection to properties in a geographical area. They are defined for Environment Agency systems (main river and sea defence) and have a System Consequence rating associated with them. They do not relate to Coastal Erosion assets as these are not the responsibilities of the Environment Agency.

B

Baselining
In January the RFCC issue their consent to the programme. The financial allocation to deliver that programme is based on forecast project costs at a snap shot in time. As forecasts vary month on month, baselining is the process for making final budget adjustments before the start of the financial year.

Benefits
The positive quantifiable and unquantifiable changes that a project is expected to deliver, ie reduced flood risk to the benefit area.

Budget
This is the amount of money given to a project or available to a programme within the accounting system. Project and programme budgets are set based on needs identified at a snap-shot in time and are reviewed and re-set at appropriate milestones in the financial year (see Baselining).

Business Case
Following approval for a project's Business Justification, a project's business case summarises and presents the project appraisal for Technical Review and FSoD approval. For most projects the business case is presented within a Project Appraisal Report (PAR), completed proportionately to a national template for consistency; for low risk/cost projects the business case can be presented within a Form A.

Business Justification
A project's business justification is reviewed following Initial Assessment to determine whether there is a case to progress to full project appraisal; this includes the development and presentation of the project's Business Case. The justification is presented for Technical Review and FSoD approval through a Form A template for Environment Agency projects or FCERM7 for other Risk Management Authorities.

C

Candidate
A candidate is a problem or need that has been identified and a Risk Management Authority believes there is a requirement for financial investment. It is in effect a potential project that is most often identified and submitted as part of the annual Investment Needs round. A candidate is identified in a Project Mandate form. A Pre-Gateway 0 analysis is undertaken to determine if the need is valid and suitable for submission for funding. Once funding has been allocated the Project Mandate is authorised and the candidate becomes a project.

Capital funding
Capital funding is the money spent on the construction, creation, purchase and improvement or replacement of assets.

Capital Programme
The list of projects from all Risk Management Authorities, which are funded by FCRM GiA and or Local Levy along with third party contributions where applicable. The programme is prioritised by Partnership Funding Score, and delivery of statutory requirements, and is allocated through the Investment Needs process. This is usually spent on building new assets, or extending the life of existing assets (Capital Reconditioning).

Catchment Engineer
See Operations Manager. The Catchment Engineer also has a role to sign-off project Business Cases on behalf of the Senior User prior to their submission for Technical Review.

Comprehensive Spending Review (CSR)
The Spending Review is a Treasury-led process to allocate resources across all government departments, according to the Government's priorities. These allocations span across a number of years with the current spending review period running from April 2011 to March 2015 (called CSR10).

Consent
The Flood and Water Management Act 2010 (section 23) requires the Environment Agency to:

- obtain the RFCC's consent before the EA can implement its regional programme for the Committee's region (s23(2)).
- obtain the consent of the RFCC before the Agency can issue a levy under Section 17 of the Act (s23(3)).
- obtain the consent of the Committee to the spending of revenue under Section 118 of the Water Resources Act in the region where the revenue is raised (s23(4)).

Consent is sought in January as part of presentation of the Final Allocation. Approval by the Environment Agency Board follows RFCC consent in February. The RFCC are asked to consent to the projects, activities and outcomes of the proposed programmes.

Contributions
This is funding from sources other than FCRM GiA as part of Partnership Funding projects.

Cost Benefit Analysis (CBA)
This measures the costs and benefits of a project in a common currency (preferably £s) over its lifespan, and assesses the balance between the two. Costs and benefits that cannot be monetised should still be considered. Whilst any project with a >1:1 ratio is viable, we should be looking for a greater return (1:5 as a minimum and 1:8 is quoted as the average return for FCRM investments).

D

Delivery
Once a project has an approved business case (Gateway 1) it enters the delivery phase that includes detailed design and construction.

Do minimum option
This option is where the minimum amount of action necessary is taken to manage an asset eg maintenance.

Do nothing option
This option is used in appraisal to act as a baseline against which all other options are tested. It assumes no action whatsoever is taken. In the case of existing works, it assumes for the purpose of appraisal that operating authorities cease all maintenance, repairs and other **activities immediately.** In the case of new works, it assumes that there is no intervention, and natural and other external processes are allowed to take their course.

Do something option
Any option other than do-nothing.

E

Efficiency targets
The Cabinet Office, via the Government's construction strategy, require government departments to achieve capital efficiency savings. As part of Defra's business plan, the Environment Agency nationally has a corporate target to achieve savings of 15% of the FCRM GiA allocation to the Environment Agency delivered elements of the capital programme by the end of this CSR period (2014/15). The aim is to deliver better outcomes and increase the number of properties protected through the reinvestment of efficiency savings.

To achieve this, the annual targets increase year on year and the national target has been split and allocated to each Environment Agency region. Targets have not been allocated or split down to RFCC or Environment Agency Area level.

2011/12 provides the baseline by which efficiencies are measured. Effectively there are two categories of efficiency.

- At Programme level; we build efficiencies into our GiA submission (ie ask for less budget upfront), this means there is more GiA available to allocate elsewhere at the start of the year.

- In-year project level: cash released by efficiencies made on projects after we have received a budget that can be reinvested

F

Final Allocation

The proposed final amount of capital and revenue funding allocated for the forthcoming financial year from the Investment Needs submission and following review of the Indicative Allocation. The final allocation is usually made in late November/December for RFCC review and consent in January. In February the Environment Agency Board approve the allocation prior to Ministerial announcement.

Financial Mandate (FM)

The Financial Mandate (FM) set by Defra contains the rules on Financial, Resource and Corporate Strategy and Performance matters through which Defra as lead sponsor administers control over the Environment Agency. These rules include limits on authority for expenditure and details where prior approval from Defra is required.

Financial Scheme of Delegation (FSoD)

The FSoD, as approved by the Environment Agency Board, prescribes the limits to the powers and duties that have been delegated to the Management and Officers of the Environment Agency within the terms of the Financial Mandate. Authority is delegated downwards from HM Treasury to our Government sponsors (Defra/WG) and then throughout the Environment Agency to the Board; Chief Executive (CE) and Directors; Regional Directors (RD) and other grades and specific posts.
Capital project expenditure requires FSoD approval at Business Justification and Business Case stage (along with any Supplementary Expenditure) following Technical Review.

It should be noted that even if a project has received a funding allocation there are separate rules within the FSoD that govern and approve how that funding is spent; ie Allocation does not automatically mean Approval to spend.

Flood and Coastal Erosion Risk Management Appraisal Guidance (FCERM-AG)

The FCERM-AG has been produced by the Environment Agency. It provides best practice implementation guidance on appraisal and supports the Defra Policy Statement on Appraisal (June 2009). The previous Defra Flood and Coastal Defence Project Appraisal Guidance (FCDPAG) was published between 1999 and 2001. Since that time, the approach has changed from one focused on flood defences and coast protection to the management of risk.

The guidance was launched in June 2010 and its use is a requirement for all publicly funded Flood and Coastal Erosion Risk Management strategies and projects developed by Risk Management Authorities. The guidance aims to help users undertake efficient appraisals and encourages experience and knowledge to be applied at all stages. It has been designed based on key principles to reduce flood risk, enhance the environment, promote partnership working and to be proportional to the project being appraised.

Flood & Coastal Risk Management Grant-in-Aid (FCRM GiA)

The Government, through Defra, provides the majority of funding for flood and coastal erosion risk management activities for England in the form of Grant in Aid (GiA) administered by the Environment Agency. It is often still known and referred to as Flood Defence Grant-in-Aid (FDGiA). FCRM GiA is either Capital or Revenue. Capital is used for new assets, or extending the life, and is available to all Risk Management Authorities. Revenue is used for ‘day to day’ Environment Agency activities and maintenance activities.

Flood Risk Categories

There are four flood risk categories associated with Outcome Measures, they are:

- Low - 0.5% (200 to 1) chance of flooding each year or less.
- Moderate - Between 0.5% (200 to 1) and 1.3% (75 to 1) chance of flooding each year.
- Significant - 1.3% (75 to 1) chance of flooding each year or greater
- Very Significant – 5% (1 in 20) chance of flooding each year or greater

Forecast

This is an assessment by the project team of the most likely outcome of the project, including financial forecast, risk forecasts and outcome (benefit) forecasts. They are reviewed and updated on a monthly basis for the year end position, and also look at the total project forecast (ie when it is complete potentially on a future financial year). Project forecasts then inform a Programme level forecast position.

Form A/FRM7
A template used for presentation of a project's Business Justification. A Form A is used for Environment Agency projects and a FCERM7 is the form for other Risk Management Authorities (RMAs) and can cover the whole business case for studies. A Form A can also be used for presentation of a Business Case for low risk projects.

Form G/ FRM4
The form (G for Environment Agency and FCERM4 for other RMAs) is used when the forecast project costs exceeds the project's FSoD approval, or there is a change to the scope of the project work. The form presents the case for Supplementary Expenditure.

Framework
An approved list of external suppliers including contractors and consultants experienced in delivery of flood and coastal risk schemes. The frameworks are tendered for and allocated on a five year basis. The new framework WEM (Water and Environment Management) is due to begin in April 2013 and will be available for use by all Risk Management Authorities.

Frequent Maintenance
Revenue activities within the Revenue Maintenance programme carried out by the Environment Agency which prevents deterioration of an asset below Target Condition. This is an annual or recurring planned activity undertaken every 5 years or less, to keep assets at their Standard of Service. eg channel de-weeding, grass cutting etc.

FRM1 Medium Term Plan (MTP)
Each year Risk Management Authorities are invited to submit details of proposed flood and coastal erosion management works that require funding for the next five years. The proposals are captured in the Medium Term Plan (MTP) FRM1 template produced by the EA. The yearly allocation of FDGiA funding is prioritised using the MTP submissions by the EA National Allocation & Programming Team.

G

Gateways
The Office of Government Commerce promoted gateways as best practice. They are points during the project lifetime, when reviews are undertaken. They provide an opportunity for independent review of project progress and ensure we review business justification regularly. This enables us to stop projects that are not viable, or will not deliver the required outcome, as soon as possible.
Applying the gateway review process provides:

- Consistency and streamlining;
- A clear audit trail;
- Opportunities for effective risk management and forward planning;
- A framework for supporting performance management and sharing knowledge;
- Ultimately, better value for money.

Pre Gateway 0
The desk top analysis of a Candidate to assess them to ensure they have the potential to be a viable project. This includes the production of a Project Mandate to set out the background and need for the project, and an analysis of the potential benefits of the project.

Gateway 0 Project Start
The review and authorisation of a Project Mandate by the Programme Manager on behalf of the Programme Board completes Gateway 0. The project can then progress to Gateway 1 subject to the results of an Initial assessment.

Gateway 1 Business Case
The Business Case receives FSoD approval.

Gateway 2 Detailed Design
Detailed project planning has been completed in accordance with the approved business case

Gateway 3 Contract Award
The construction contract is awarded.

Gateway 4 Readiness for Service
Construction work has been completed to our satisfaction, the contract project manager has prepared a completion certificate, and it is ready to be issued. Outcome Measures can be claimed at this point.

Gateway 5 Contract Completion
The contractor has corrected all the defects listed in the defects schedule and we have issued the defects correction certificate.

Gateway 6 Project Closure
The project is complete and closed

Gateway 7 Benefits realisation and Post Project appraisal
The project sponsor identifies the need for and arranges a post-project appraisal.

General Drainage Charge (GDC)
A local income, General Drainage Charge is raised for additional maintenance of Environment Agency flood risk management assets and is raised from landowners whose land is greater than 4ha and is not within an IDB Boundary. Anglian Region is unique in raising this charge. The charge rate is linked to the % change in Local Levy contribution by a Council Tax Band D property within the region and it has to be spent in the financial year it is raised.

Governance
Usually governance relates to consistent management, cohesive policies, guidance, processes and decision-rights for a given area of responsibility. For flood risk the term is mostly associated with the control of a project or programme via clear roles, a Project Board or the Programme Board.

Grant Memorandum
The Environment Agency provides capital grants to other Flood and Coastal Erosion Risk Management (FCERM) Operating Authorities in England under section 16 of the Floods and Water Act 2010. In some instances Land Drainage and Flood Risk works have provisions under the Land Drainage Act 1991 and Coastal Protection works have requirements under the Coast Protection Act 1949.

The Grant Memorandum explains the processes and requirements to be adopted by local authorities (LAs) and internal drainage boards (IDBs) in applying for grants. The terms and conditions are consistent with arrangements for capital grants elsewhere in Government.

H

Highland Water Charge
Charge made by IDBs to the Environment Agency for additional operating costs within their districts due to the need to convey water through IDB systems that originates from higher ground outside our their district.

I

IDB Precept (IDBP)
A local income raised from Internal Drainage Boards, with the rate generally set locally at RFCC level. It must be spent in the financial year it is raised and contributes towards Environment Agency FCRM activities within the river catchment.

Identified Needs
A term applied to elements of work within the Revenue Maintenance programme. It comprises all the Frequent and Intermittent Maintenance needs within an Asset System (over and above the Minimum Needs) to maintain the performance of that system of assets.

Indicative Allocation
This is the initial financial allocation (capital and revenue) for the forthcoming financial year, following the submission of the Investment Needs bid, and national prioritisation. It is presented to the RFCC at the October meeting for review / amendment. The RFCC are able to allocate local income to projects or activities as part of this process. Any changes made by the RFCC are then submitted for the final allocation, subject to them being affordable nationally, and delivering the same or more outcomes.

Initial Assessment
Once a candidate has passed Gateway 0, the Risk Management Authority will need to investigate the project further to develop the Business Justification. This is the initial assessment which gathers more specific data (ie surveys) than the desktop review as a candidate. It is a review to ensure that the project is worthy of full appraisal. The RFCC could use the outputs of this stage to make a more informed decision about the use of Local Income on a project.

Intermittent Maintenance
These revenue funded activities form part of the Environment Agency Revenue Maintenance programme. It comprises a suite of works that prevents deterioration of assets below their Target Condition. This is usually a one off activity or an activity undertaken at greater than 5 yearly intervals, eg desilting/gravel removal and general repairs to river channel.

Investment Needs Submission
The needs based bid for FCRM capital GiA funding for all RMAs for the next five years. Its aim is to deliver specific outcomes or benefits (ie numbers of properties protected, number of assets at or above target condition, number of Ha of habitat created / protected). The process starts in April, and the submission is made in July following RFCC agreement.

J

K

Key Performance Indicator (KPI)
These are the Environment Agency's corporate performance measures against which targets are set and agreed with Regions. They reflect our progress towards achieving our environmental outcomes and are one of the ways we demonstrate we are meeting our commitment to deliver. In programming, we report our position to the RFCCs on the key FCRM KPIs (962 and 965).

Key Performance Indicator 962 (KPI962)
KPI 962 reports the percentage of assets that are at or above their target asset condition, known as 'passing assets'. The Environment Agency reports on all Flood Risk Management assets on Main River, regardless of who owns or manages them.

Key Performance Indicator 965 (KPI965)
KPI 965 quantifies the number of households that are at increased flood risk from assets that are not at their target flood defence condition ('failing' assets). In an ideal world all assets would be at condition and, hence, the *additional* households at risk would equal zero.

L

Large Projects Review Group (LPRG)
Previously known as National Review Group (NRG), it has the same Technical Review and assurance function as the Project Assurance Board (PAB) but recommends technical and financial approval for large and/or complex projects over the value of £10 million. It meets on a monthly basis, and reviews projects from all Risk Management Authorities across England & Wales.

Local income
A collective term for Local Levy, General Drainage Charge and IDB Precept income.

Local Levy
A local income raised by each RFCC to fund FCERM activities within the region that are a local priority and to support Partnership Funding projects by attracting FCRM GiA. The Local Levy required is discussed by the RFCC annually and voted on by Local Authority members only. The total agreed levy needed is raised from all LLFAs within the RFCC boundary and is proportioned across them based on the equivalent number of band D council tax properties that each LLFA has in the RFCC's area. Where Local Authority boundaries cross RFCC boundaries they may pay different rates of levy to different RFCCs. Local Levies do not have to be spent in the year and can be carried forward as balances.

Long Term Investment Strategy (LTIS)
This sets out the scale of the investment needed nationally to meet the FCRM challenges over the next 25 years. The current LTIS was published in 2009 and was called 'Investing for the Future' (it is currently being updated). It sets out:

- the present scale of flood and coastal erosion risk, and the achievements in managing it so far;
- an analysis of the investment needed to adapt to climate change and manage the potential increased risk over the period 2010-2035;
- ways to manage flood and coastal erosion risk more efficiently;
- an analysis of the benefits of investment, and the potential to broaden the sources of investment.

Link: http://www.environment-agency.gov.uk/research/library/publications/108673.aspx

M

Maintenance Protocol
Our asset maintenance protocol sets out our approach to maintaining flood and coastal risk management assets in England. It describes how we decide which assets we maintain and how we work with those affected by our decisions.

The National Flood and Coastal Erosion Risk Management (FCERM) Strategy for England describes the strategic approach to maintaining our flood and coastal risk management (FCRM) assets. The asset maintenance protocol for England is an important part of the FCERM strategy and will support its implementation. It will help us apply a consistent approach to identifying which low risk assets should no longer be maintained and how we will work with those affected by our decisions. Reducing our investment in low risk assets will allow us to focus our maintenance in higher risk locations.

Link: http://www.environment-agency.gov.uk/research/policy/135650.aspx

Medium Term Plan (MTP) FRM1
See FRM1 Medium Term Plan (MTP).

MEICA (Mechanical, Electrical, Instrumentation, Control and Automation)
The acronym for the regional team (that reports to an Operations Manager) and the type of assets that they look after. MEICA assets are typically pumping stations and other major assets with complex operational arrangements. The team also develops and manages the carbon reduction work.

Minimum Needs
A term applied to elements of work within the Revenue Maintenance programme. It is the lowest unavoidable cost to maintain statutory compliance and continue operation in an Asset System over the next year. We capture this figure (and all Identified Needs) in System Asset Management Plans (SAMPs). In undertaking the minimum maintenance required, asset condition may decline as a result. Typically this will mean that we ensure our assets meet Health and Safety standards for staff operating them, the public, and that we ensure our environmental obligations are met (eg WFD compliance).

Moderation Case
Not all capital Candidate projects contribute towards Outcome Measures targets, however, there is a clear and demonstrable need for them, eg for statutory or legal reasons, emergency works, health and safety, or time dependant works. In these cases moderation evidence must be provided by the Risk Management Authority as part of the MTP submission. Candidates with moderation are screened by National Allocation & Programming Team during the FDGiA allocation process.

N

National Allocation & Programming Team
Within the FCRM Directorate at Head Office, this team develops a set of key principles for the allocation of FCRM GiA to the Environment Agency and other Risk Management Authorities. The team are responsible for translating the Spending Review funding levels into national and regional

budgets for all Flood and Coastal Risk Management (FCRM) and corporate activities funded by FCRM GiA.

National Capital Programme Management Service (ncpms)

A national Operations team, the National Capital Programme Management Service (ncpms) project manages schemes on behalf of Area teams. In North West Region ncpms manage approximately 80% of the Environment Agency delivered capital programme and their services can also be used by other Risk Management Authorities.

O

Operations Manager

Our Operations Managers lead on our asset management work to deliver professional asset creation, maintenance and operational services for local communities. This includes sponsoring Environment Agency led capital projects through their Delivery phases and the associated budget management. They are also accountable for the identification of need, prioritisation and delivery of the Revenue Maintenance programme.

Their programme accountabilities are delivered through their Asset Performance teams and Catchment Engineers.

Outcome Measures (OMs)

A suite of performance measures specifically related to managing flood and erosion risk. They replaced the priority score system and are used to assess the benefits of projects. They help prioritise the programme of works from all Risk Management Authorities and OM1 to OM4 are used as part of the Partnership Funding score to calculate the FCRM GiA available to a project. Flood and Coastal Erosion Risk Management have targets set for each OM. They are listed below :

OM1 - The ratio of benefits to costs that a project delivers. To ensure consistency in all schemes this is calculated over the whole life of the project (ie including the design, build, operation, maintenance and expected refurbishments). To mitigate for inflation, these figures are discounted to 'today's' price. This is applied to both costs and benefits and called Present Value whole life. A simple way to think about it, if we had all the money up front, how much would we need in the bank, allowing for interest on the account, so that we had a balance of £0 when the asset reached the end of its life. At a national programme level we aim for a minimum of 5:1, however, for the last CSR period we achieved a programme ratio of 8:1.

OM2 - The number of households moved out of any flood probability category to a lower probability category (see flood risk categories).

OM2b - The number of households moved from the very significant or significant probability category to the moderate or low probability category (see flood risk categories). In this case the 1:75 year (1.33% probability of flooding in any particular year) is the threshold.

OM2c - The number of households in the 20% most deprived areas moved out of the significant or very significant probability categories to the moderate or low probability category (OM2b). Therefore they are less likely to experience difficulties in arranging mortgages or insurance.

OM3 - The number of households with reduced risk of coastal erosion. Therefore they are less likely to experience difficulties in arranging mortgages or insurance.

OM3b - The number of households protected against loss in 20 years from coastal erosion. Therefore they are less likely to experience difficulties in arranging mortgages or insurance.

OM3c - The number of households in the 20% most deprived areas protected against loss in 20 years from coastal erosion. Therefore they are less likely to experience difficulties in arranging mortgages or insurance.

OM4a - Hectares of water dependent habitat created or improved to help meet the objectives of Water Framework Directive. Remedies to improve condition of Sites of Special Scientific Interest and measures needed for water bodies to achieve good ecological status/potential, meeting our statutory obligations under both the Countryside and Rights of Way Act and WFD.

OM4b - Hectares of intertidal habitat created to help meet the objectives of the Water Framework Directive for areas protected under the EU Habitats / Birds Directive. New habitat is created to offset habitat being lost to coastal squeeze.

OM4c - Kilometres of rivers protected under the EU Habitats/Birds Directive improved to help meet the objectives of the Water Framework Directive. FCRM actions to restore rivers designated as special areas of conservation.

Over-programme

This is a programme management technique to enable a programme to deliver to budget. Effectively you start a financial year progressing more projects than can be afforded on the basis that not all project risk budgets with be fully utilised, efficiencies will be made on projects, some projects will suffer a delay and a few may be found not to be viable.

P

Packaging

The combining of a number of projects which are similar in either nature or in geographic location. It is usually applied to lower value projects to make them more efficient by only having to let one contract, thus saving time and money on the procurement process. Packaging also provides for continuity of work for suppliers that enables specialist delivery teams to be formed resulting in greater delivery efficiency.

Partnership & Strategic Overview (PSO) teams

See Area Flood & Coastal Risk Managers

Partnership Funding

Flood and Coastal Erosion Resilience Partnership Funding is Defra's current policy. It provides a system of funding which applies to all Flood & Coastal Erosion Risk Management (FCERM) projects seeking FCRM GiA Capital funding in England. It is a way of increasing overall investment in flood and coastal erosion risk management by encouraging external contributions as a means to unlock GiA. GiA is capped based on the number of outcome measures a project will deliver, with each project having a Partnership Funding score as a means of prioritisation. The RFCC has a key role in working with partners and communities to maximise contributions and also raise and allocate local levy which can also be used as an external contribution.

Partnership Funding score (PF Score)

Based on the outcomes a project is expected to deliver, a maximum amount of FCRM GiA is calculated. The score is calculated based on the outcome measures benefit divide by funding, expressed as a percentage.

A project needs a minimum score of 100% to be considered for FCRM GiA. However, in many cases the raw score (base purely on its outcomes) will be below this threshold. In these cases the project will either need to increase the outcomes it delivers so that FCRM GiA could fund the whole scheme, reduce the costs of the scheme (ie a cheaper way of delivering) or increase contributions from other sources. This will then give an adjusted score, called the Partnership Funding Score. That is also used to prioritise both nationally and locally by RFCCs. A score of 100% will not guarantee funding of a scheme as there is a finite amount of GiA available, but the higher the score the more likely it is to secure GiA. The RFCC can use Local levy as a contribution to schemes and therefore improve the PF score.

PRINCE2

PRINCE2 (an acronym for PRojects IN Controlled Environments) is a de facto process-based method for effective project management. It is used extensively by the UK Government, PRINCE2 is also widely recognised and used in the private sector, both in the UK and internationally.

Programme

It its purest form programming is about organisational transformation. However, we use the term programme to describe a collection/dossier/portfolio of similar activities or projects.

Programme Board
In terms of programme governance each Region of the Environment Agency has a Programme Board and there is also a National Programme Board. In North West Region the Board is managed through monthly FCRM Business Group meetings where Flood & Coastal Risk Managers, Finance, ncpms and others meet to review by exception in-year performance, programme opportunities, risks as well as future programmes of investment. The Programme Team report performance to the Board following detailed monthly financial and programme monitoring review at an Area/RFCC level. The Programme Board take decisions and mitigating actions and escalate issues to the Regional Director and his leadership team as appropriate.

Programme level risks
Are risks that have the potential to affect the overall outcomes of the Programme. These may be in terms of external factors (budgets, extra funding from government, new legislation, PF Scores), significant project risks (ie a project being delayed by planning consent) or the accumulation of smaller risks (ie the aggregation of small individual risks across a number of projects).

Programme Management
The term programme management refers to the co-ordinated organisation, direction and implementation of a portfolio of projects and activities. Programme management aims to achieve results and realise benefits that are of strategic importance.

Programme Manager
Led by the FCRM Programme Manager, programming and monitoring of all Environment Agency supported FCERM delivery is done once at region. This includes developing and implementing RFCC programmes of work and assuring the outcomes of these programmes.

Programme Team
Reporting to the EA Programme Manager, the Programme Team leads FCRM programming for its Region and monitors associated delivery. The team leads the development of the RFCC FDGiA funding submission, administers the Local Levy Programme and has an overview of programme governance and assurance.

Project
When a candidate passes through Gateway 0 it becomes a project. A collection of projects form part of a programme. An FCRM project is set up to scope, appraise and deliver tangible products to meet the needs identified and recorded in the Project Mandate. For FCRM capital projects, there are five types of project: they are Sustain; Simple Change; Supported Change, Legal Compliance and Complex Change (See Project Type)

Project Appraisal Report (PAR)
The project appraisal report (PAR) describes the appraisal that has been carried out on an FCRM project and provides the business case to support the recommendations proposed. It is used to gain formal approval under the Environment Agency Financial scheme of delegation (FSoD) and where appropriate approval from Defra, Welsh Assembly Government (WAG) and HM Treasury.

Project Assurance Board (PAB)
The purpose of PAB is to provide Technical Review and assurance of projects (up to the value of £10 million) throughout their entire lifecycle. PAB makes recommendations to project teams so they can improve their business case and once satisfied that issues have been appropriately resolved will recommend approval to the FSoD delegated officer.

Each Region has a PAB which meets on a monthly basis. Projects from all RMAs are reviewed for the following:

- are projects supported by a robust case for change that provides strategic fit – the 'strategic case'
- do projects optimise value for money – the 'economic case'
- are projects commercially viable – the 'commercial case'
- are projects financially affordable – the 'financial case'
- are projects achievable – the 'management case'.

Membership of PAB is made up of managers and specialists from across the business.

Project Board
A small group of people (normally only the Project Executive, Senior User and, if in place, the Senior Supplier) who collectively monitor and control a project's overall progress. This group concentrates almost entirely on the process of project management and:

- acts as a quality assurance mechanism for a project's deliverables;
- provides an escalation and resolution route (to the Programme Board) for a project's risks and issues.

Project development costs
Activity and expenditure between Gateway 0 and Gateway 3 is defined as project development.

Project Executive
See Project Roles

Project Manager
See Project Roles

Project Mandate
This is the form where the outline need for investment is recorded and supports the submission of a candidate into the programme, recording Gateway 0.

Project risk
All projects have risk built up from potential occurrences that may affect the delivery of a project to time, cost, quality or outcome. Risks are explored as part of project development and monitored/managed routinely throughout a project, Project budgets (and FSoD approval) include for the costs of managing a project's identified risks (but not all of them) should they arise. The cumulative effect of this is that at a programme level a significant amount of budget is aligned to project risk that may or may not materialise and therefore require use of that budget. The over-programming approach is a means to manage this issue.

Project roles
Having clear and defined roles on a project is crucial to good governance. The key roles on a project are:

Project Executive:
Ultimately accountable for the project's delivery, they should be independent from the User and Supplier.

Project Sponsor:
Identifies a need within the organisation; acts as the ultimate 'client' for any project that is set up; and is the major driving force of the project shaping the benefits to be delivered. For Environment Agency FCRM capital projects this is the Area Flood & Coastal Risk Manager up to Gateway 1 and then the Operations Manager to Gateway 6. For high risk projects or packages of work the Area Manager may perform this role.

Senior User:
The senior user is responsible to the end users for ensuring that the products delivered by the project are fit for purpose. Their input continues throughout the life cycle of the project. The senior user:

- helps shape project deliverables;
- communicates the end users' needs and aspirations throughout the life of the project;
- provides a link to all the internal functions/teams during the life of the project;
- is the principal point of contact in FCRM for all project matters;
- leads on engagement with the community, partners and stakeholders;
- signs off the product descriptions for products to be delivered as part of the project board;
- accepts the completed project from the project executive.

For Environment Agency FCRM capital projects the Senior User is from within Operations Management, usually senior Asset Performance staff or the Catchment Engineer. They can be supported by a team and for most projects will draw upon the skills and resources from within our Partnership & Strategic Overview teams (eg regarding funding packages with partners), Flood Resilience teams (who coordinate community engagement) and Modelling & Hydrology teams.

Senior Supplier:
The senior supplier represents the interests of those designing, developing, facilitating, procuring, implementing, and possibly operating and maintaining the project products; they are also accountable for the quality of products delivered by the supplier(s) and they must have the authority to commit or acquire supplier resources required.

This role is most appropriate for high risk or key delivery projects or major packages of work. It would ordinarily be performed by a senior manager from within a Framework supplier.

Project Manager:
Appointed by the Project Executive, they have the authority and responsibility to manage a project day-to-day. This person must deliver the required products, within the tolerances agreed with the Project Board.

Project Type– Complex Change

A complex change project is a project that examines options at the strategic level or implements a strategic solution but where there is no agreed strategy in place. Complex change projects require a strategic approach to be developed to address the extent, integration or interconnection of different areas. A full cost:benefit appraisal is required.

Project Type– Simple Change (aka Standalone project)

A Simple Change Project is one where the problems to be addressed, potential solutions and effective decision-making can be taken independently of the wider catchment/coastal zone or framed so as to not constrain future long term management. A strategic context is still required for a Simple Change Project to support the decision-making process. This type of project is the most common in the programme.

A Simple Change Project is appropriate when:

- a change to the standard of service (SoS) is proposed
- justification to sustain the current SoS is not clear or beyond the control thresholds
- a strategy plan is not required

A full Benefit:Cost analysis is required for appraisal of these projects.

Project Type – Supported Change

A project to deliver the recommendation(s) of an approved (FSoD)strategy. As such the scope of this project is typically limited to assessing the specific needs to implement the strategy in the project location. The overall option and new SoS will already have been determined. This project will draw heavily upon information in and gained for the strategy which will minimise the time and effort required for this project.

Project Type – Sustain (standard of service (SoS))

A Sustain SoS project is one that delivers activities needed to continue the agreed standard of service of an existing asset or group of assets. Typically projects might include the refurbishment of assets or replacement of components of larger assets, which have reached their design life.

In addition, projects classified as Sustain must fall within Control Thresholds to ensure that the investment in them is justifiable and does not impede on any potential future strategic plans (ie we wouldn't replace an asset if we plan to build something else in 5 year which will negate the need for that asset). If the project is not within the thresholds then the project should be classified as a Simple Change. Sustain projects are appraised using a cost effectiveness analysis.

Project Type – Legal Compliance

Projects that are required to fulfil legal obligations can typically be divided into:

- *legal requirements that drive the need for a project*: there are two types of legislation here:

    - legislation with ‘general’ application, such as the Habitats and Birds Directives or Water Framework Directive; and
    - specific legislation, including local legal agreements, such as navigation acts for specific rivers.
- *legal requirements that place duties or obligations on the project*: these can be sub-divided into:
    - duties that stem from legislation such as Health & Safety or Town and
    - Country Planning; and obligations that arise from contractual agreements, such as contracts between an operating authority and a water company to provide adequate water levels for abstraction by pumps.

Defra policy also requires that the benefits of meeting the legal requirements are identified, described and, where possible and appropriate, quantified and valued in monetary terms. Information on the benefits will be used to help understand who is gaining or losing from the programme of work, and to help demonstrate that the programme provides good value for money. It is also important to consider whether there may be efficiency gains from providing wider benefits beyond those linked to the minimum legal requirements. The costs and benefits of providing the wider benefits would need to be appraised. This means that any incremental increases in investment

Project Sponsor
See Project Roles

Q

R

Reconditioning (REC)
A sub-set of the capital programme, the purpose is to repair/recondition or refurbish assets that are below their Target Condition (or forecast to fall below within a reasonable timeframe) to sustain the assets’ standard of service. Examples of works include; culvert re-lining, embankment repairs and pumping station upgrades.

Revenue funding
FCRM GiA Revenue funding is the money spent by the Environment Agency on day to day activities. These include salary costs of most staff, revenue projects (ie typically inspections, maintaining our hydrometric and telemetry network and quality assurance of flood modelling) and Revenue Maintenance (ie preventing assets falling below target condition). Revenue also pays for our incident response to flooding..

Revenue programme
The revenue programme is the programme funded by FCRM GiA Revenue Funding and supported by Local Income.

Revenue projects
A subset of the Revenue programme, these are projects generally funded by FCRM GiA Revenue. These support Environment Agency day to day activities where we have to procure specialist resource, eg diver inspections of assets. They also include work on ensuring our mapping and modelling as at the required industry standard, biodiversity is preserved, and we maintain our operational capability for flood forecasting and incident management thought exercises and maintaining our telemetry systems.

Revenue maintenance
This is a subset of the Revenue programme and includes the maintenance activities the Environment Agency undertake to ensure that assets do not fall below their target condition. They are a combination of Frequent Maintenance and Intermittent Maintenance. The programme includes routine inspections of assets and correcting minor issues, and is captured in the System Asset Management Plans (SAMPS).

S

Senior User
See Project Roles

Standard of Protection
The probability of flooding expressed as either a return period (ie 1 in 75 years or 1:75 years) or as a percentage (1.33%) chance per year. The calculation is 1 divided by the return period multiplied by 100 (1/75*100=1.33%). If we maintain the Standard of Service then we accept that the standard of protection will reduce in time as the affects of climate change take hold.

Standard of Service
A measurable and objective description of an asset; for example the crest level of a wall or pumping capacity and a minimum condition grade. Not to be confused with the term Standard of Protection.

Senior Supplier
See Project Roles

Supplementary Expenditure
Extra funding that is required on a project, over and above what has already been allocated to it. This will also require further Technical Review and FSoD approval It is captured on a Form G (Environment Agency) or FCERM4 (other RMAs) that needs to demonstrate that the business justification/case for the project is still robust.

System Asset Management Plans (SAMPs)
These are long-term plans for each Asset System. They include information on the benefit of the system (ie what the system protects) and what the expected maintenance costs are for the assets in that system. We use SAMPS to hold the information on our revenue maintenance programme. Data from SAMPS is used by the National Allocation and Programme team to make an indicative and final allocation of FCRM GiA Revenue to each RFCC. Information in SAMPs is updated regularly by Operations teams.

System consequence
This provides an indication of potential impacts of flooding for an Asset System. Each system is defined as High, Medium or Low using a matrix that broadly compares the impact on people against the impact on property and land.

T

Target Condition
We use a condition grading system (1 – 5) for our assets and each asset has a target grade against which we monitor (through asset inspections), report (through KPIs) and improve (via asset recondition/refurbishment).

Technical Review
The project assurance role undertaken by PAB and LPRG.

Tolerance
Tolerances can be set at a project and programme level. They enable project/programme outcomes (eg cost, time, scope, quality and benefits) to vary up to set limits (positive or negative) and to be managed in the best possible way. Once the tolerance levels are forecast to be exceeded, they are considered an exception, and are flagged for discussion/agreement at the appropriate governance level (eg Project Board, Programme Board). The in-year programme papers for the RFCC now concentrate on projects which have exceeded their tolerances, and are now in exception. The RFCC could apply tolerances for their allocation of Local Levy

U

V

Variance
Variance is a measured from the previous month’s forecast or the start of year position called the baseline. We track the variances of financial, outcome and risk forecasts. This data allows us to make decisions on bringing in opportunities in to the programme.

Virement
The EA may recommend some adjustments known as Virements to in-year project budgets in order to reflect changes to the programme. Virements are reviewed on a quarterly basis and subject to the approval of the RFCC.

W

Whole Life Cost
The net present cost of a project, or the asset provided by the project, to deliver defined outputs that includes the running and maintenance costs over an extended period. The period can include the replacement of the asset, and is not fixed. The period is usually taken as that where the discounted future costs are material to the net present cost.

X

Y

Z