

Resource type: case study

Her Majesties Treasury as an Investor in Environment Agency's National 6 year programme – collaborating on funding strategy with the owner

Department of Environment, Food and Affairs and The Environment Agency (EA) as owners made the case to Her Majesties Treasury (HMT) to secure a unique six year settlement having agreed a funding envelope contingent on delivery of the high level outcomes of 300,000 homes protected from flooding, a 10% efficiency target and an external funding contribution of 15%. Their collaboration on a funding strategy with the Investor (HMT) has been heralded as exemplifying the Project 13 principles.

HMT considered the capability and organisational change required in return for the improved performance through the efficiency and contributions targets. A 10% efficiency saving was agreed as part of these negotiations during the six-year investment programme based on a detailed plan setting out how the EA and its delivery partners would develop further collaborative relationships as a result of the longer term funding commitment from the Investor. It therefore put in place a new system of governance, high level targets and forecasts for savings categories based upon the components of the programme, evidence to support each of the forecast savings and associated risks. The development of this approach was supported by the application of the Project Initiation Routemap tool which supported the collaborative development of the plan between HMT as the Investors and Defra and the EA as the Owner.

This approach reflects four of the Project 13 work streams; governance, organisation, integration and the actions of a capable owner. The decision taken by HMT delivered certainty of the funding pipeline which enabled the effective targeting of research and increased savings. There was also the opportunity to adapt the commercial strategy to include greater early contractor involvement, longer term relationships and use of pain/gain contracts to incentivise the suppliers and advisors to deliver efficiently. In addition, the suppliers and advisors developed a strategic approach to sharing and embedding new technology.

This approach is laudable for both the ambition and the trust displayed by all parties. The detailed planning and risk activity required collaboration and a common view of outcomes which might not have been achieved through more traditional short term transactional approaches. To date the programme has delivered £119m of efficiency savings and better protected 142,850 homes from flooding, 3 years into the 6 year settlement.