

making our capital delivery more effective and efficient

Next Generation Supplier Arrangements (NGSA)

We are the Environment Agency. We protect and improve the environment. Acting to reduce the impacts of a changing climate on people and wildlife is at the heart of everything we do. We reduce the risks to people, properties and businesses from flooding and coastal erosion. [You can read more about our Corporate Ambition to 2020 here¹.](#)

We rely heavily on the support and performance of our supply chain to achieve our organisational objectives to reduce flood risk to communities, and currently the Water and Environment Management (WEM) framework to deliver the majority of our Flood and Coastal Erosion Risk Management (FCERM) capital programme. The expiry of this framework in July 2019 provides an opportunity to review our relationships with suppliers and introduce even more effective and innovative commercial arrangements. Next Generation Supplier Arrangements will improve the efficiency and effectiveness of capital project delivery and asset management so that we can support more communities, and ensure even more valuable supplier input to incident management. We must continue to support our sustainability ambitions to reduce the negative impacts we have on the environment and include ways to improve it.

[You can read more about the FCERM capital programme here².](#)

Progress so far

In February 2017 we published a Prior Information Notice (PIN) to communicate our intentions to procure new commercial arrangements to deliver our capital programme. Following the publication of this PIN we completed some market sounding with interested suppliers. As part of this exercise we asked a number of questions to help us shape our future commercial approach. Since then we've reviewed all the feedback and now want to update you with our current thinking.

What is the preferred option?

The preferred approach is to deliver the FCERM capital programme through a combination of arrangements. A significant proportion of the programme will be delivered through a Collaborative Delivery Framework. This will be combined with bespoke arrangements for larger or more complex projects, generally above £50 million in value. Lower value works (typically less than £250,000) will be delivered through other local arrangements.

There may also be a need for a small number of separate commercial arrangements to support some specialist activities. Our proposals are based on the best information we have on the FCERM capital programme at this time.

¹ <https://www.gov.uk/government/publications/environment-agency-our-ambition-to-2020>

² <https://www.gov.uk/government/publications/programme-of-flood-and-coastal-erosion-risk-management-schemes>

We anticipate the Collaborative Delivery Framework will be made up of 6 Collaborative Delivery Teams, aligned with current Regional Flood and Coastal Committee and Environment Agency Area boundaries. We are working with internal and external stakeholders to ensure the arrangements will be resilient to future needs.

The Collaborative Delivery Framework will be in place by early 2019. Collaborative Delivery Teams will bring Environment Agency staff and appointed suppliers closer together to work in partnership with others to achieve shared programme goals and objectives. To maximise the benefits of collaborative working, there's an expectation that there will be some level of co-location around these 6 geographic hubs.

These integrated teams will work together to optimise the annual delivery programme and determine the most effective, efficient and sustainable approaches to appraise, design, and deliver a range of new and refurbishment works on FCERM schemes. The new framework will develop an incentivisation mechanism, based on newly released NEC4 forms of contract, to encourage an integrated approach to delivering the capital programme outcomes.

For the lower value projects (minor civil projects and routine maintenance) a separate procurement process for Operations FCERM Frameworks is underway and a formal procurement notice has been issued in the Official Journal of the European Union (OJEU), alerting the market to our intention to procure this framework. The team have hosted successful supplier engagement events and are hopeful that the minor works frameworks will attract a lot of smaller local suppliers.

How has the market sounding shaped this?

Feedback from the market sounding has helped shape the preferred option and design of the Collaborative Delivery Framework as follows:

You said	We did
Workload should be adequately planned and allocated annually	We plan to engage suppliers at the outset to help assist development of the annual programme
There is a need for Early Contractor Involvement (ECI) to maximise opportunities to generate efficiencies	We want to integrate the delivery team with Environment Agency staff, contractors and consultants working closely together at an early stage to develop the most efficient, effective and sustainable programme delivery
There should be an open book incentivised delivery model which is clear and understood at all Environment Agency and partner levels where the measure of success is common, achievable and visible	We are developing an incentivisation model to encourage joint working to ensure we achieve our corporate objectives

What are the benefits for the NGSAs?



Next steps

We are continuing to further develop proposals for these new ways of working. We'll share regular briefings to keep you updated on how this work is progressing.

Our focus now is to ensure we produce the commercial documentation necessary for us to be able to issue a formal procurement notice in OJEU. Through this notice we'll seek expressions of interest from the supply chain to tender for the Collaborative Delivery Framework. **We aim to issue this notice by January 2018.**

If you have any questions please contact the Next Generation Supply Arrangements [project team](#)³.

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