

**FROM: David Mann
Inland Fisheries Group**

DATE: 8 December 2011

**TO: 1. Karen Simpson (Cleared 08.12.11)
2. Mary McArdle
3. Carál Ní Chuilín MLA**

See distribution list

AQW 5522/11-15: To ask the Minister of Culture, Arts and Leisure, pursuant to AQW 4543/11-15, whether she will publish the business case for the weed cutting machine, information about which was provided to the Committee for Culture, Arts and Leisure by departmental officials on 29 September 2011.

Please see attached answer to AQW 5522/11-15 and background note.

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DEPARTMENT OF CULTURE, ARTS AND LEISURE

**Carál Ní Chuilín MLA
Minister of Culture, Arts and Leisure
Causeway Exchange
1-7 Bedford Street
Belfast BT2 7EG**

**Robin Swann MLA
Northern Ireland Assembly
Parliament Buildings
Ballymiscaw
Stormont**

**21 December 2011
AQW 5522/11-15**

Mr Swann has asked:

The Minister of Culture, Arts and Leisure, pursuant to AQW 4543/11-15, whether she will publish the business case for the weed cutting machine, information about which was provided to the Committee for Culture, Arts and Leisure by departmental officials on 29 September 2011. (AQW 5522/11-15)

ANSWER:

I will have officials arrange to have a copy of the appropriate business case placed in the Assembly Library.

Carál Ní Chuilín MLA

Background:

- The Department has a weed cutting machine, but it is some 15 years old and nearing the end of its useful life.
- The machine is based at Loughbrickland Lake and weed problems there attracted the attention of Banbridge Council and significant media coverage last summer.
- In October 2011 monitoring £100k has been allocated for the weed harvester. The business case has been approved and significant procurement progress has been made in close liaison with CPD.
- As the contract should be awarded on 19 December 2011, there is no reason not to release the business case.



Department of
**Culture, Arts
and Leisure**

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**PRO-FORMA BUSINESS CASE (INCLUDING ECONOMIC
APPRAISAL) FOR EXPENDITURE APPROVALS
BETWEEN £10,000 AND £100,000**

This pro forma is only for use with proposals involving public expenditures between £10k and £100k in total including, for example, mainstream public expenditure (DEL), EU and other funding, over the whole life of the project.

GENERAL DETAILS

Project Title	Weed Cutter and trailer - SE Area
Branch/ALB	IFG
Completed By	Jack Mc Ilheron
Authorised By; Grade	Marcus McAuley SFO
Date <u>Appraisal Approved</u>	19/10/11

FUNDING DETAILS

A	DCAL Contribution	£100,000
B	Other Government Bodies¹ Contribution	£0
C	Other Contributions (if any)	£0
	Total Cost of Project (A+B+C)	£100,000

¹ Refers to the government departments under the control of the Northern Ireland Executive and their ALBs

Appraisal & Evaluation

The Requirement

Accountability and good practice require the use of appraisal and evaluation at all levels of decision-making. Used properly, it leads to better choices by policy makers and managers. It encourages groups to both question and justify what they do by providing a framework regarding the use of limited resources that should lead to decisions based on value for money.

Appraisal is not optional. The principles of appraisal should be applied, **with proportionate effort**, to **all** proposals for spending or saving public money, or otherwise changing the ways in which public resources are employed. These principles apply equally to **policies, programmes and projects**, to the public expenditure and resources of NDPBs and Agencies, and not just to Departments. Where relevant, Statutory Equality Obligation under Section 75 of the NI Act 1998 and “New Targeting Social Need” should be addressed as part of appraisal.

What is it?

Appraisal entails being clear about objectives and thinking about alternative ways of meeting them. It considers the costs and benefits of each potentially worthwhile option and includes an examination of the associated risks and uncertainties, all of which should underlie the final decision.

Evaluation complements appraisal. It is an essential part of the appraisal process which ensures lessons are learned and fed into our decision making process. Appraisals should always show how proposals will be evaluated after completion and how those results will be distributed.

The economic appraisal fits within the wider business case framework, which addresses the public expenditure consequences of the preferred option and identifies the funding sources.

Use of this Pro Forma

This *pro forma* has been prepared for use in decisions relating to proposals involving public expenditure **between £10k and £100k capital or revenue**. Expenditures above this upper limit or which involve commitments over long periods require a more detailed assessment. This threshold should be applied rigorously.

It is generally the responsibility of policy and executive branches to take the lead in carrying out appraisals, drawing on advice from others where appropriate.

The *pro forma* covers all standard appraisal steps. More detail is available on the “Economics” section of the DCAL intranet site, which provides information on procedures for the use of Business Cases (including Economic Appraisals) and Ex-Post Evaluations in the Department².

This *pro forma* is intended for use in cases involving general expenditure. Specific *pro forma* are also available for consultancy expenditure and can be found at:

http://dcal.intranet.nigov.net/index/economics/economics_proforma.htm

Proportionate Effort

All sections of this form should be completed. However, the effort to apply and detail required in each section should be proportionate to the scale of expenditure and complexity of the proposal.

Economics Services Unit

² Available at http://dcal.intranet.nigov.net/index/economics/economics_guidance.htm

1. INTRODUCTION AND STRATEGIC CONTEXT

1.1 Please describe the underlying policy or strategy indicating how the project will contribute to the relevant strategic aims and objectives.

Fisheries Operations and Technical Support Branch (FOTS) is within the SMR Directorate of DCAL Core. FOTS manage the provision of public angling, angling development work, salmon and inland fisheries conservation, protection and promotional activity. A key objective for FOTS in the 2011/2012 business plan is to maintain and develop the PAE and to promote angling in NI.

The Public Angling Estate is key to the Inland Fisheries Group in relation to the implementation of the strategic objective of establishing and developing salmon and inland fisheries. The provision of quality angling for the PAE plays a role in the overall provision of the NI angling tourism product and as such it also encompasses all of the five pillars set out in the Government strategy i.e. economy, health, education and social inclusion & equality.

With over 60 waters to maintain and develop in the PAE, the management of weed growth is an essential part of maintenance, especially those that are effected by poor water quality. A failure to regularly cut weed results in the water becoming unfishable and therefore both local and visiting anglers are unable to use the facility. The provision of a smaller weed cutter is essential to manage the growth of weeds and this is particularly important where there is a narrow access to the fishery.

2. NEED FOR EXPENDITURE

- 2.1 Please provide detail relating to the **need** for the project and its associated expenditure, both now and in the future, showing a clear differentiation between existing and new requirements. Any deficiencies/gaps associated with the existing service provision should be described where applicable.

The problem of weed growth has attracted significant adverse publicity recently for DCAL at one of its lakes in Co. Down. DCAL technical staff have been involved in many discussions with local representatives regarding this issue and recently attended a meeting of Banbridge District council. This problem is primarily caused by poor water quality but even when these issues are addressed, it can take a considerable period of time for the lake's water quality to return to a normal level. The current weed harvester is over 15 years old and visual assessments carried out by River's Agency technical staff have indicated that it is now at a stage where not only are spare parts difficult or impossible to get for it, but that it would also be uneconomical to carry out extensive repairs. The current weed harvester is also difficult to transport from lake to lake as it requires a lorry (driven by Rivers Agency staff) and a crane to lift it onto the lorry. It can only be launched at lakes which have a suitable slipway and have sufficient wide road access to get it to the lake. To maintain the quality of the PAE angling product and to manage the weed problems that exist at some of the waters it is necessary to purchase/ hire a weed cutter with trailer. This weed cutter will be a smaller machine capable of being moved by DCAL staff and it will be capable of being launched at a larger number of DCAL waters than the current machine. This will allow scheduled cutting of the weed to take place at the waters affected and this will be carried out by DCAL industrial staff in the summer months. This will increase the areas at the lake that can be fished by anglers and make these waters more attractive to visiting anglers thereby improving their use by tourists. A failure to manage the weed problem will lead to poor angling at the lakes affected and could ultimately require their closure. This would not only have an impact on local anglers but also on any visiting tourist anglers. The weed growth, if left unmanaged, could also have a lethal effect on any fish in the water during low water conditions combined with high temperatures. These "fish kills" attract considerable public interest and can lead to adverse publicity and criticism of DCAL.

3. OBJECTIVES AND CONSTRAINTS

- 3.1 Please list the **specific objectives** of the proposed project. These objectives should be Specific, Measurable, Achievable, Realistic and Time-dependant (SMART) and should be consistent with the high level strategic objectives above. Include any relevant constraints (e.g. technical, legal).

#	Objectives
1.	To provide a weed cutter to manage weed problems at PAE waters
2.	To improve angling access for local and visiting anglers
3.	To improve the PAE angling product
4.	To improve the oxygen levels for fish present during low water levels
5.	To reduce adverse publicity
6.	

Constraints

1. There are no technical or legal restraints
2. The current funding arrangements require the machine to be purchased and delivered within this existing financial year.
3. The purchase will be subject to CPD constraints in regards to the advertising and assessment of tenders received.
4. All tenders will require delivery to DCAL by the end of March 2012.

4. IDENTIFICATION OF OPTIONS

It is important to show that a range of alternatives to meeting the identified need and objectives has been considered.

- 4.1 Please list and briefly describe the options that have been identified. Include the baseline “status quo” and at least two alternatives. The “do something” options may involve solutions of different scale, content, timing, location or specification.

The Status Quo is the baseline option, representing the minimum level of input required to maintain services at their current level. **This option MUST be carried forward and appraised.**

Option Title and Number	Option Description
1. Status Quo	Maintain the current level of service provision with the 15 year old weed harvester
2. Purchase a new weed cutter and trailer	Invest in modern plant to enable DCAL to manage the weed problems at DCAL PAE waters. Improve H&S for staff using equipment and improve the angling product for local and visiting anglers.
3. Contract Hire a weed cutter and trailer	Hire a machine to machine for a period of time to be used by DCAL staff. Enable DCAL to manage the weed problems at DCAL PAE waters. Improve H&S for staff using equipment and improve the angling product for local and visiting anglers.
4. Borrow a weed cutter	Seek to borrow a weed cutter from Waterways Ireland. Enable DCAL to manage the weed problems at DCAL PAE waters. Improve H&S for staff using equipment and improve the angling product for local and visiting anglers.
5. Use a contractor	Carryout a competitive tender competition to select a contractor to carryout the weed cutting for DCAL at the required PAE waters. Enable DCAL to manage the weed problems at DCAL PAE waters. Improve the angling product for local and visiting anglers.

5. MONETARY COSTS AND BENEFITS

- 5.1 All capital costs and recurrent costs should be identified, sourced, presented in a disaggregated form and clearly quantified in current market prices (i.e. a “total cost” approach should be used).
- 5.2 Where cells are not applicable to the project under consideration, insert N/A in the relevant cell.
- 5.3 There is a demonstrated, systematic tendency for appraisers to overstate benefits and understate timescales and costs. Please ensure the estimates are realistic and prudent.

	Option 1 (Status Quo)	Option 2	Option 3	Option 4	Option 5
(a) Total Capital Costs	0	£80 - £100k	N/A Weed cutter not available for contract hire	N/A weed cutting is best carried out during the summer months and Waterways Ireland would need their machines for this entire period as well	Current costs for this service are approximately £1k per day. With an average cutting requirement of 40 days annually = £40k per year
(b) Total Recurrent Costs	0				£40k per year
(c) TOTAL COST (a+b)	0	£80 - £100k			£40k per year
Will the options deliver any monetary benefits such as cost savings or new sources of income? If yes then please provide details and estimates.					
FINANCING:	Option 1	Option 2	Option 3	Option 4	
Cost to DCAL (£)	0	£80 - £100k	N/A	N/A	£40k per year
No. of years (if recurrent)					15
Annual Amount					
Year Beginning		2012			2012
Own Funding (£)					
No. of Years (if					

recurrent)					
Annual Amount					
Other Funding (£)	0	0	0	0	0
Does the Option commit DCAL or other public bodies to future funding? (if YES, give details)					This service would require a minimum contract period and therefore funding would be required over the period of the contract

6. RISKS AND UNCERTAINTIES

6.1 Please complete the following table by detailing possible risks associated with each option. Where relevant, indicate the probability of occurrence and the likely impact on cost and delivery (level of risk is low = 1, medium = 2, high = 3) and how any cost over-run will be met.

Risks	Option 1	Option 2	Option 3	Option 4	Option 5
Failure to maintain PAE Waters	3	1	N/A	N/A	1
Damage to Angling Product and poor visitor experience	3	1			1
Negative publicity / Poor public perception	3	1			1
Loss of fish stocks in low water high surface temperatures conditions	3	1			1
Risk level	12	4	N/A	N/A	4
Is an exit strategy in	Purchase new weed	Purchase new weed			Contract weed cutting

place? If 'Yes', please describe	cutter	cutter			services out to private contractor
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7. OTHER IMPACTS

7.1 Please complete the following table (if the answer to any of the questions is "YES", please give details).

	Option 1	Option 2	Option 3	Option 4	Option 5
In absence of public expenditure, would option go ahead?	N/A	NO	N/A	N/A	NO
Will option require interdepartmental co-operation?	N/A	NO	N/A	N/A	NO
Will there be private/ community/ voluntary sector involvement?	N/A	YES	N/A	N/A	YES
Are there any distributional issues (such as New TSN and Equality) that are relevant?	N/A	NO	N/A	N/A	NO

7.2 Please use the impact analysis table below to score the impact of each non-monetary benefit (includes wider economic benefits) against the options. A final ranking should be awarded based on the overall net score.

<u>Non Monetary Benefit</u>	Option 1 score	Option 2 score	Option 3 score	Option 4 score	Option 4 score
Maintain PAE Waters	0/ 10	8/ 10	N/A	N/A	8/ 10
Improved Angling Product and visitor experience	0/ 10	8/ 10			8/ 10
Positive publicity / Good public perception	0 / 10	8 / 10			8 / 10
Safe guard fish stocks in low water high surface temperatures conditions	0/ 10	8/ 10			8/ 10
Total Benefit	0	32	N/A	N/A	32
<u>Ranking</u>	3	1			10 ¹

All non monetary benefits should be given a score out of 10.

8. SUMMARY AND SELECTION OF PREFERRED OPTION

8.1 Please complete the following table. In straightforward cases low cost options ranked high in terms of non-monetary benefits, with a low level of risk, will dominate the other options. In many cases, however, there will be a trade-off between high cost (and possibly high risk) options with high benefits and low cost (and possibly low risk) options with lower benefits.

	Option 1	Option 2	Option 3	Option 4	Option 5
Total Cost (Section 5)	0	£80-£100k	N/A	N/A	£40k / annum
Total Cost to DCAL (Section 5)	0	£80-£100k			£40k / annum
Overall Risk Level (Section 6)	12	4			4
Non-monetary Benefits Ranking (Section 7)	3	1			1

Preferred option

Option 2

8.2 Please describe in more detail the preferred option and why it has been selected:

Option 2 is preferred because:
Option 5 would require annual resource funding of @£40k per year. The resource budget for the SE Area is approximately £35k per year and is required to cover all of the maintenance needs for PAE waters within it. Therefore the budget would not be available to cover this annual cost. In addition if weed cutting was carried out for 5 years the cost to DCAL would be £200k compared to the purchase cost of £80 – £100k in Option 2.

Option 2 allows DCAL to schedule in weed cutting at the PAE waters that require it each year to manage the. This work is carried out by DCAL industrial staff and has a significant impact on increasing the space available for angling at them. This represents a more cost effective use of money compared to the cost for contracting over a 5 year period. The life expectancy of this machine would be approximately 10 -15 years. This work will have a positive effect on the overall PAE angling product and enhance angling opportunities for both the local and visiting anglers. The provision of angling in the PAE also contributes to the overall angling tourism product in NI.

9. MONITORING AND EX POST EVALUATION

9.1 Please set out the arrangements for **monitoring** the preferred option, including:

- (1) Arrangements for management and execution.
- (2) Procedures for dealing with potential and actual cost overruns.
- (3) Progress reports and their timing.
- (4) Who has overall responsibility.

1. The project will be managed by the DCFO as the Senior Responsible Officer, the SE SFO will be project manager.
2. CPD will ensure the tender procedures of the project are in line with CPD Financial guidelines and regular meetings will be held with them to ensure purchasing processes are complete by the end of October / beginning of November 2011 and that the assessment of approved tenders is carried out before the end of December 2011. Regular meetings will also be held by the IFG Capital Project Board to ensure progress on the tender process to meet the required deadlines and to ensure the weed harvester is purchased within the current financial year. These meetings will be recorded on TRIM.
3. Final payment will only be made when the DCAL are satisfied that the equipment has been completed to the necessary original design specification.
4. The new weed cutter will be managed by the SE Area manager and he will be responsible for ensuring that it and the staff that use it, comply with H&S regulations.
5. Overall responsibility will rest with the Chief Fisheries Officer of DCAL.
6. A PPE will be carried out by the IFG Finance section after the project is completed.

9.2 Please set out the arrangements for **post project evaluation (PPE)**:

- (1) When the PPE is to be completed.
- (2) Who is responsible for it (ideally should be someone independent of project being evaluated).
- (3) What factors are to be evaluated.
- (4) Procedures for disseminating any lessons learnt.

1. The PPE will be completed by the Admin unit of DCAL and will be carried out within a reasonable time frame on completion of the project.
2. The PPE will consider the overall cost, timing of the work and completion within timescales and budgets agreed, application of safety regulations by contractors, disruption and inconvenience to other work on site.
3. Any lessons learnt will be disseminated at regular staff meetings that take place and future projects will take into account any lessons learned and seek to improve and enhance future processes / actions.