



Department
for Transport

HM Coastguard

Search And Rescue in the Channel (SARiC)

Strategic Outline Business Case

Purpose

- The Strategic Outline Business Case is used to obtain management's commitment and approval for the initial investment in the programme or project by providing the necessary justification and establishing the case for change.
- The Strategic Outline Business Case provides the initial framework for planning and managing the programme or project's deliverables and for tracking and measuring benefits.
- The continuing justification for the project will be monitored against this Business Case as it is developed into the Outline Business Case and then Full Business Case

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1. Executive Summary

1.1 Background

This strategic outline business case is seeking approval in principle to develop a requirement and commercial framework to procure surface rescue assets in the English Channel, in the event of a planned withdrawal of Home Office operated rescue boats.

HM Coastguard has a duty under international law are set out in the Convention of the Law of the Sea (UNCLOS), the Convention for the Safety of Life at Sea (SOLAS) and the Convention for Maritime Search and Rescue (the SAR Convention) to provide assistance to those in distress.

Since 2018, a growing number of migrants have sought to cross the English Channel from Calais to Dover in small boats, aided by criminal gangs. Prior to 2018, migration in this way was rare but numbers have increased dramatically year on year since then.

In 2022, the official figure for migrants arriving in small boats was 45,728. This figure is predicted to rise to 65,000 in 2023.

These journeys are always dangerous and have resulted in tragic loss of life, most notably the loss of at least 27 lives on the 24th November 2021, and an incident on December 17th, 2022 in which at least four people drowned.

Border Force has deployed various assets in response to increased migration, most recently in the form of five leased Crew Transfer Vessels (CTVs). These vessels are tasked by HM Coastguard, which holds primacy for Search and Rescue coordination in the UK, responding to vessels in distress and recovering suspected migrants to shoreside facilities operated by Border Force and Home Office Immigration Enforcement.

In July 2022, the Downer report was published which recommends that appropriate vessels and crews should be sought under contract for Search and Rescue and placed under the command and control of HM Coastguard or the Royal Navy. Border Force's current leasing arrangements for their CTVs expire by the end of March 24, and it is unclear whether these arrangements will continue or whether Border Force will seek to implement the recommendations of the Downer report and cease to provide vessels under Border Force's control for search and rescue.

1.2 Strategic Consideration

The Maritime and Coastguard Agency (MCA) is the Executive Agency of the UK Department for Transport (DfT) with the primary responsibility for implementing UK and international maritime law and enforcing safety and environmental policy. As part of its safety responsibilities, the MCA conducts and coordinates maritime, coastal, and aeronautical search and rescue through HM Coastguard.

The nature of the SAR service provided by HM Coastguard has relied on the use of helicopters and fixed wing aircrafts under the UKSAR-H and Aerial Surveillance and Verification contracts. This capability has recently been increased with the provision of additional surveillance aircraft

Commented [NG1]: @Name do we need to be more clear and upfront that under SOLAS etc we have a duty to provide assistance to those in distress. I know we mention it further down.

Commented [NG2]: @Name do we want to mention the most recent incident which happened late last year
Commented [LD3R2]: Yes, great point. Adding.

Commented [CH4]: This isn't quite factually correct, we know that they are extending the current fleet to the end of the year for 2 vessels and another 2 until Jan/March 24. The 5th one is under review now.

under project CAESAR (Channel Aviation Emergency Search and Rescue) to meet the additional demand created within the Channel.

This has provided HM Coastguard and its partner organisations with significant capability to locate migrant boats and prioritise rescue response. However, helicopters, which are used routinely by HM Coastguard, have proven to be unsuitable for recovering people from migrant boats because migrant boats typically carry more passengers than Coastguard helicopters are able to rescue in one flight and the downdraft from helicopter rotor blades can risk destabilising overloaded and poorly constructed migrant vessels and present a risk to life.

Rescue by waterborne vessels in the UK is provided by volunteer lifeboat organisations, principally the Royal National Lifeboat Institution (RNLI). The RNLI operates lifeboats in the Dover Strait including four all-weather lifeboats. These lifeboats are crewed by volunteers and are made available to HM Coastguard in response to distress at sea.

The number of migrants vessels attempting crossing, and the duration of migrant events has placed considerable pressure on the RNLI's response capability. The RNLI doesn't have sufficient assets to respond to the number of migrant vessels attempting to cross when weather conditions are favourable.

Border Force has identified that the cutters and patrol boats that it usually operates are not well suited for rescue at sea and has leased five crew transfer vessels (CTV) to respond to migrant crossings. The five CTVs are all leased individually, with their contracts set to expire at different dates throughout 2023.

The Downer report has recommended Border Force seeks to release their assets from providing a SAR response, and that appropriate vessels are instead provided under command and control of HM Coastguard. However, HM Coastguard does not currently own or operate any rescue assets, and therefore any withdrawal by Border Force will create a gap in service provision. There is yet to be any official engagement from the Home Office or Border Force to determine their long term intent on this service provision.

This creates the risk of increasing the scale and number of fatalities in the Channel and could potentially result in the UK's failure to meet its commitments under international law. This could result in significant reputational damage to HM Government and its global leadership position.

Loss of life at sea creates a significant cost to the public through inquests, public enquiries and defence of legal action against duty bearers by representatives of charity groups.

The HM Coastguard Search and Rescue in the Channel (SARiC) project will strategically offer a proportionate and appropriate service to conduct search and rescue in the channel that is focused on small boats migrant crossings.

This will fill the void left if Border Force withdraws its service, ensuring that the UK is able to fulfil its international obligations by providing an effective search and rescue capability able to meet the challenge created by cross-channel migration, and preventing uncontrolled entry into the UK by those who would otherwise make the journey unchallenged.

Incorporating this function as a core role of MCA offers a unique opportunity to reposition and refine the search and rescue provision in the channel to provide tailored solutions driven by data and employ assets proportionately to reduce wastage and improve efficiency.

This also aligns well with the DfT's strategic priorities of protecting the environment (in the form of recovering small boats left in UK waters by migrants) and increasing its global impact.

Commented [CH5]: Do we need to add here that there has yet to be any 'official engagement from HO/BF' or their longer term intent?

Commented [LD6R5]: Yes. **Na**! Will do

Commented [NG7]: **@Name @Name** I think we need to add another para or sentence around the point that we don't have any surface assets. As the Downer report is not the risk. Its' their withdrawal and the gap this creates.

Commented [CH8]: Should this say 'if they withdraw'?

1.3 Economic Consideration

The Search and Rescue in the Channel (SARiC) project is economically justified on the basis of well-established reasons for government intervention in the economics literature.

The failure of unfettered markets to provide a solution of the quality and scale demanded with acceptable welfare outcomes necessitates a state-sponsored intervention. Similarly, Government intervention is required to facilitate efficient operations of the market and to protect against adverse conditions with significant inequality and distributional outcomes.

The proposed intervention addresses a market failure where the provision of rescue services in the maritime space on account of ability to pay is considered socially unacceptable. In addition, the absence of HM Coastguard intervention will lead to adverse market conditions for seafarers in the channel.

Under extreme conditions, the livelihood of a section of the UK population (in particular, local fishermen) will be threatened without state-funded SAR. Finally, and while not readily quantifiable, the intervention will avert reputational costs to the UK Government, DfT and the MCA, as well as avert costs of legal challenges related to dereliction of duty and coroner inquests, among others.

In summary, there is considerable economic rationale for intervening beyond obvious value of lives expected to be saved. This overall value is presently not estimable.

Out of eight options proposed for delivery, preliminary assessments using the longlist options framework has discounted four options on grounds of their inability to meet key critical success factors. The four options carried forward for further analysis include a do-minimum option involving the MCA taking over Border Force contracts for 5 CTVs; a public private partnership where MCA acquire bespoke assets and lease them under contract to private service providers; a preferred way forward entailing full outsourcing of assets provision and service delivery, and a partial responsibility option where MCA provides support to third sector organisations for service delivery.

A preliminary cost estimate is available only for the do-minimum option. This is expected to cost £10-12 million per annum (subject to changes after market engagement). All other options are expected to cost more than this option with varying degree of scale. Since the project team has not had the approvals necessary to engage the market, the appropriate costing of options and the associated economic appraisal cannot realistically proceed in detail at this stage. Therefore, the cost-benefit or cost effectiveness analysis and the applicable BCRs and NPSVs will be presented in the OBC stage.

1.3 Financial Consideration

There are currently uncertainties around how this project will be delivered which cannot be resolved until a decision is made by the Home Office as to the future provision of search and rescue for migrants in the channel by Border Force and what may be required of the MCA. This provision is currently with Home Office ministers for consideration.

Until a formal decision is made by Home Office as to whether to continue operating boats for Search and Rescue in the Channel, and dependent on agreement between Home Office and DfT

- Commented [CH9]: I prefer 'may' rather than 'will'.
- Commented [NG10]: @Name; do we know the state of play - is it with Home Office Ministers. It would be good to know as we will no doubt be asked...
- Commented [NG11R10]: @Name; can we say is with Home Office Ministers for consideration.

ministers as to how a service can or should be transferred, it is not possible to set clear timescales or figures around financial spend.

The MCA holds no budget for the delivery of a rescue boat service, and no provision for this service was made in the Spending Review. This requirement will need to be treated as a pressure that is unaffordable, and funding will need to be sought from HM Treasury.

1.4 Commercial Consideration

The Long List Options appraisal set out in the Economic Dimension identified **Option 7: Intermediate, Complete outsourcing of service (MCA contracts a service provider to supply assets and conduct search and rescue for the project duration)** as the Preferred Way Forward to deliver Search and Rescue in the Channel (SARiC). This option would see commercial operators source SAR assets as well as fully crew, operate, maintain and supply these vessels for the delivery of SARiC. The identification of Option 7 as the preferred option was on the basis of a scored assessment using seven critical success factors. Option 7 outsourced the two other highest scoring options on the basis of enabling the most appropriate allocation of the risks associated with delivering this service.

The Commercial Dimension of this SOBC is intended to provide an overview of the commercial considerations and implications of the Preferred Way Forward, as well as next steps in terms of the procurement process. This includes the proposed procurement strategy and route, an early assessment of the market's ability to deliver against MCA's requirements and a preliminary assessment of possible contractual arrangements such as forms of contract, KPIs, risk allocation and transfer and charging mechanisms.

However, it should be noted that prior to the completion of a demand profile based on an analysis of historic data (which is in progress), a requirement document being finalised, and market consultation being carried out, the Preferred Way Forward cannot be conclusively determined. The completion of a demand profile will help inform a draft requirement which will in turn be used to support a Market Consultation Questionnaire. This process may challenge some of the initial assumptions made for this project, both in terms of the Preferred Way Forward identified from the Long List Options as well as the proposed procurement route, form of contract and assessment of the apportionment of risk. Based on the requirement and responses from industry, it is possible that another of the eight Long List Options is subsequently identified as the preferred delivery model. For the time being, though, MCA's best assumption, based on its prior experience and assessment of the eight options, is that a fully outsourced service will be used to fulfil this requirement.

1.5 Benefits Consideration

This maritime capability will achieve the following core benefits:

- Reduction in the risk to loss of life based on the provision of rescue assets that can respond to reports of migrant vessels, including pre-emptive patrolling on days when migrant activity is anticipated;
- Reduces the number of migrant vessels reaching the UK coastline and thus the number of uncontrolled entries into the UK, reducing the toll on policing and ensuring that those attempting to reach the UK are safely and securely handed over to the appropriate authorities;

- Upholds the UK's obligations under international convention. HM Coastguard has a duty under international law are set out in the Convention of the Law of the Sea (UNCLOS), the Convention for the Safety of Life at Sea (SOLAS) and the Convention for Maritime Search and Rescue (the SAR Convention) to provide assistance to those in distress.
- Reduces the navigational risk to shipping using the Channel caused by small boats either drifting or making their way across this busy waterway, this includes the risk of accidental collision with an occupied or unoccupied vessel, accidental damage to shipping and the economic impact of diverting vessels around navigation hazards, causing delays and congestion in shipping lanes;
- Reduces the cost to the taxpayer of coroners' inquests, public enquiries and legal action from avoidable deaths in UK waters;
- Enables better use of resources within Border Force, allowing their rescue boats to focus on their core law enforcement responsibilities by reducing the need for Border Force cutters to act as search and rescue vessels;

Commented [N12]: @Name think this needs to sit higher up the list and isn't clear on what we mean

1.6

1.7 Risk Analysis

Search and Rescue in the Channel, as with any SAR or life-saving service, balances finite resources with the benefit of providing safety and security. The MCA will conduct a comprehensive market engagement exercise following the formal agreement of any withdrawal of assets by Border Force that will set a clear expectation of what service will be procured and what outcomes are sought.

Operational risk occurs due to the diversity of SAR partners and other interested parties, and different levels and points of accountability. This project will include all key stakeholders throughout each stage so that the MCA can be clear what service is provided and how it will be delivered. The MCA has developed a stakeholder engagement and communications plan to set out how this will occur. This can be found at Appendix B.

Integration risks exist around the future engagement between Border Force / Home Office and the MCA, clear lines of responsibility will need to be established with a clear requirement for Government bodies to work together to deliver a cohesive approach.

Political risks exist around the rescue of migrants. Migration in the Channel is of significant interest to the public and media. The UK Government is under considerable pressure to reduce migration, and this may result in shifts in its approach to migration in the Channel.

Regulatory risk around the types of rescue boat used and their use under passenger codes, will need to be assessed by the MCA as the regulator and we will need to ensure that any solution is fully compliant with rules and regulations around the carriage of people.

Sensitive & Irrelevant

Risks around scheduling, options analysis, governance and capability to deliver are being mitigated by the project's engagement with DfT's Centres of Excellence and Commercial Assurance Board, who will provide second tier assurance of the project.

1.8 Legal Analysis

The core duties of the UK for search and rescue under international law are set out in the Convention of the Law of the Sea (UNCLOS), the Convention for the Safety of Life at Sea (SOLAS) and the Convention for Maritime Search and Rescue (the SAR Convention).

Article 98(1) of UNCLOS states that every coastal State shall promote the establishment, operation and maintenance of an adequate and effective search and rescue service regarding safety on and over the sea and co-operate with neighbouring States for this purpose. Search and Rescue Service is defined in SOLAS and the SAR Convention as *the performance of distress monitoring, communication, co-ordination and search and rescue functions, including provision of medical advice, initial medical assistance, or medical evacuation, through the use of public and private resources including co-operating aircraft, ships, vessels and other craft and installations*. Regulation 7 of SOLAS provides that each State undertakes to ensure that necessary arrangements are made for distress communication and co-ordination in their area of responsibility and for the rescue of persons in distress at sea around its coasts. These arrangements shall include the establishment, operation and maintenance of such search and rescue facilities as are deemed practicable and necessary, having regard to the density of the seagoing traffic and the navigational dangers, and shall, so far as possible, provide adequate means of locating and rescuing such persons.

The search and rescue service therefore must be adequate and effective with the necessary arrangements in place for communication, co-ordination and rescue of persons in distress. These arrangements must also include search and rescue facilities as are deemed practicable and necessary, having regard to the density of seagoing traffic and navigational dangers, to provide as far as possible, adequate means of locating and rescuing such persons. Regulation 33 further provides that where States co-ordinate and co-operate with masters of ships providing assistance to persons in distress, the State exercises primary responsibility for ensuring such co-ordination and co-operation occurs so that survivors are disembarked from the assisting ship and delivered to a place of safety.

The SAR Convention builds on these provisions with section 2.1.1 setting out that Parties shall participate in the development of search and rescue services to ensure that assistance is rendered to any person in distress at sea. On receiving information that any person is, or appears to be, in distress at sea, the responsible authorities of a Party are required to take urgent steps to ensure that the necessary assistance is provided. Parties are also required to establish the basic elements of a search and rescue service i.e a legal framework, assignment of a responsible authority, organisation of available resources, communication facilities, co-ordination and operational functions and processes to improve the service including planning, domestic and international co-operative relationships and training.

The Coastguard Act 1925 provides for HM Coastguard, as the statutory body, to perform such duties as may be determined by the SoS. The Secretary of State's determination to Parliament in 1992 stated:

HMCG is responsible for the initiation and co-ordination of civil maritime search and rescue within the UK Sar region. This includes the mobilisation, organisation and tasking of adequate resources to respond to persons either in distress at sea or to persons at risk of injury or death on the cliffs or shoreline of the UK.

1.9 Presentation and Handling

Initial planning and preparation of the case has been undertaken discretely, noting the significant interest in Government response to migration and seeking not to get ahead of any decision by

Border Force / Home Office as to how they wish to proceed with the provision of assets. This business case remains a contingency plan should Border Force declare its intent to not renew its assets in the Channel.

A stakeholder engagement plan has been drawn up (see Appendix B) in conjunction with a project plan, which includes seeking Ministerial agreement (including Cabinet clearance), working with HMT and Cabinet Office to progress towards an Outline Business Case.

2. Strategic Dimension

2.1 Strategic Context

The Maritime & Coastguard Agency (**MCA**) is an executive agency of the UK Department for Transport (**DfT**) and is responsible for implementing UK and international maritime law, and safety and environmental policy. The MCA's safety responsibilities include coordinating maritime, coastal, and aeronautical Search and Rescue (**SAR**) through His Majesty's Coastguard (**HMCG**). Search is defined as an operation normally coordinated by a rescue coordination centre, using available personnel and facilities to locate persons in distress. Rescue involves an operation to retrieve persons in distress, provide for their immediate medical needs or other needs and deliver them to a place of safety. Often this results in saving a life and/or significantly reducing the likelihood of disappearance or death, which has immediate and obvious benefits to society and the economy.

SAR is delivered by volunteers working charitably at a local/national level (e.g. the RNLi) and-by government administrations as a public/emergency service, and can also be delivered by private organisations servicing commercial markets and operations (e.g. offshore oil and gas) where their vicinity to an operation makes it advantageous to the casualty. The United Nations sets overarching principles in Conventions (including the 1979 Maritime Search and Rescue Convention, and Annex 12 to the International Convention on Civil Aviation) which HM Government is responsible for adhering to. SAR at sea can be achieved via a variety of methods, such as aviation assets (typically helicopters) or through rescue by another vessel.

The MCA's core function to save lives at sea and around the coastline and to meet the UK's commitments to cooperate with neighbouring states to provide a comprehensive SAR service requires the use of operational assets in order to effectively conduct SAR.

A persistent challenge faced by HM Coastguard in recent years is the ever-growing issue of small boats carrying migrants across the English Channel. This is a problem where migrants are trafficked across Europe to the French coast before being loaded onto small boats and sent towards the UK coast.

There is a determination on the part of these individuals to reach the UK regardless of the risks to their safety. These boats are woefully inadequate for the journey they are undertaking, are commonly overloaded (sometimes by more than double their capacity) and it is very common for migrants to not wear lifejackets or have any lifesaving equipment with them.

These crossings are always dangerous and can have tragic consequences, as seen in incidents on the 24th November 2021 in which at least 27 people lost their lives, and again on the 14th December 2022 where four people died when their vessel began taking on water.

The number of people attempting crossings has increased significantly in recent years, with a total of 45,728 having taken the journey in 2022. That figure is predicted to rise to 65,000 in 2023.

In response to the growing number of attempted crossings, the Government has deployed additional vessels into the Channel, initially cutters and coastal patrol vessels operated by Border Force. However, this work is now undertaken by private Crew Transfer Vessels (CTVs), leased and partly crewed by Border Force.

Without these vessels, it is likely that more people would have lost their lives in the Channel. However, the operation of these vessels in the Channel has been a considerable resource burden on Border Force Maritime, which has to balance the need for Channel rescue against its other responsibilities such as drug trafficking intervention.

In July 2022, the Downer review of Border Force (Appendix E) was published, this review includes a recommendation that **“Border Force maritime should not be providing an ongoing search and rescue function in the English Channel. Neither Border Force nor Royal Navy vessels are appropriate to this task. Appropriate vessels and crews should be sought under contract to conduct this task.”** Further to this the review states that: **“Vessels that are better suited to the task should be contracted for and placed under the command and control of either Coastguard or Royal Navy so that Border Force are not used as the primary for resource for such operations”.**

Should Border Force seek to implement this recommendation it would create a significant gap in the number of surface assets available to the HM Coastguard, at a time where both demand and risk is growing.

Business Strategy:

The primary aim of this requirement is to fulfil the legislative obligation under international law to undertake rescue.

The HM Coastguard Search and Rescue in the Channel (SARiC) project will strategically offer a proportionate and appropriate service to conduct search and rescue in the channel that is focused on small boats operated by migrants.

This will fill the void left ~~if~~when Border Force withdraws its service, contribute to preserving the long-held leadership position offered by the UK in international matters, bolster HM Government’s global reputation and extend its reach and impact in addressing global challenges. In addition, incorporating this function as a core role of MCA offers a unique opportunity to reposition and refine the search and rescue provision in the channel to provide tailored solutions driven by data, and employs assets proportionately to reduce wastage and improve efficiency.

It will meet the core strategic objective of the MCA to reduce preventable fatalities on the coast and at sea.

The core duties of the UK for search and rescue under international law are set out in the Convention of Law of the Sea (UNCLOS), the Convention for the Safety of Life at Sea (SOLAS) and the Convention for Maritime Search and Rescue (the SAR Convention).

How these apply is set out above in detail in Section 1.9 - Legal Analysis.

LPP

LPP These responsibilities are for the provision of a search and rescue service that is adequate and effective with the necessary arrangements in place for communication, co-ordination and rescue of persons in distress.

The Downer review indicates that CTVs have been provided as practicable and necessary given the increased numbers attempting to make the crossing, taking into account the density of traffic and navigational dangers. It would therefore be difficult to argue, given the increased numbers and circumstances of attempted crossings, that these services are not replaced to meet core international law obligations.

The decision to invest in surface assets in the Channel is not taken in order to align with DfT Strategic priorities, it is taken to mitigate the legal risk to DfT and the MCA. However, there are potential impacts to DfT’s strategic priorities based on an investment decision.

DfT strategic priorities are:

- Grow and level up the economy.

- Reduce environmental impacts.
- Improve transport for the user.
- Increase our global impact.

A provision of surface rescue assets can be seen to be reducing a risk to DfT's goal to **Grow and level up the economy** as the dedicated rescue assets can be tasked to respond to distress at sea in the first instance, reducing the need to disrupt the activity of commercial shipping by calling on them to undertake rescue activity (which all ships are obliged to do under SOLAS).

A contract let by the MCA will offer local employment in the Dover area. Similarly, the ability to respond to drifting migrant vessels and recover abandoned boats can be seen to be **Improving transport for the user** for vessels seeking to navigate the Dover Strait.

The recovery of abandoned migrant boats will also serve to **reduce environmental impacts** of migration as migrant vessels carry small amounts of fuel, and if left to drift, inevitably end up washing ashore.

Providing sufficient assets to ensure effective rescue at sea mitigates a risk to the DfT priority to **increase our global impact** by ensuring the UK is taking its responsibilities for safety at sea seriously. Breaching international law under UNCLOS or SOLAS would create negative publicity and embarrassment for the UK government, particularly as London has been chosen as the location for the headquarters of the International Maritime Organization, something which could not be guaranteed if the UK were to fail to meet the needs of international law.

Wider Strategies:

Whilst the UK coastline faces its unique challenges, we are aware that coastguards in other nations face similar challenges. To enable wider comparison, data relating to operational procedures and maritime/aeronautical asset capabilities will be presented at a meeting of North Atlantic Coastguard Forum and Illegal Migration Working Group in April 2023, and will be incorporated into the full outline business case once available.

2.2 The Case for Change

2.2.1 Existing Arrangements

HM Coastguard consists of the Joint Rescue Coordination Centre in Fareham, Hampshire, and a network of ten Maritime Rescue Coordination Centres (MRCCs). The waters around the UK are divided into rescue zones by HM Coastguard with MRCC's taking responsibility for one or more of these zones dependent on operational demands.

Rescue response within the Dover straits, and HM Coastguard's response to the migrant crisis, can be coordinated from any MRCC or the JRCC within the HM Coastguard National Network but is typically coordinated from the MRCC at Dover. This location also houses a joint control room shared with Border Force, Home Office and the Ministry of Defence.

LPP HM Coastguard treats all reports of small boats as "distress" events, necessitating a search and rescue response, and will task assets to any small boat detected in UK waters. On occasion, if the vessel is demonstrated through credible evidence by a reliable source to be in less urgent need of rescue, the Coastguard may reduce the risk

to a vessel to the lower "alert" status, necessitating a less immediate response, however all small boats detected by the Coastguard will be intercepted by either a Border Force vessel, or other rescue asset so long as assets are available.

Border Force operates five leased Crew Transfer Vessels (CTVs) in the Dover Strait to support the rescue of migrants. These vessels operate on different schedules over a 24-hour period, meaning that typically two or three are available at any point in the day. All five vessels are located in Ramsgate, however on days when small boat activity is anticipated one of these vessels is pre-emptively relocated to Dover. Border Force has funding for the CTVs for remainder of the 2022/2023 financial year but there is no known funding for these vessels after this.

Border Force determines the schedule for the CTVs it leases and informs the MCA of its planned activity, including any planned active patrolling, maintenance and crew rest downtime and the like. The MCA receives intelligence and surveillance information from aerial assets and French authorities and tasks Border Force assets to respond to persons in distress.

CTVs are high speed vessels typically used by offshore wind farms and the oil and gas industry to transport technical crews to offshore assets. These vessels are designed to carry 12 passengers, as well as containers carrying equipment which can be used as open deck space for migrants recovered from small boats. These vessels have been specified because of their response speed and their commercial availability.

The Royal National Lifeboat Institute (RNLI) operates eight lifeboat stations in the area, operating twelve rescue boats (four all-weather lifeboats and eight inshore lifeboats). Lifeboats are crewed by volunteers from the local community who leave work, by consent of their employers to respond to emergency distress. The intensity and frequency of callouts from maritime crossings in the Channel is putting considerable strain on lifeboat crews. Of these lifeboats, only the all-weather boats are of sufficient size to effectively rescue people travelling in small boats. However, as the number of people per boat increases, the RNLI assets can respond to fewer incidents.

HM Coastguard operates single lines of tasking for an AW-189 helicopter from Lydd airfield, as well as a DA-62 fixed wing aircraft and S-100 unmanned aerial vehicles provided under project Caesar to provide aerial surveillance. Helicopter rescue is not a complete solution, downdraft from a helicopter can force people in a small boat into the water and helicopters do not have the capacity to rescue everyone on a typical small boat meaning that helicopters can, inadvertently, worsen the situation for people on small boats whilst attempting rescue.

The number of people attempting migration crossings in small boats has increased significantly over recent years.

- Home Office data shows that the number of people carried per boat (and thus the number of individuals rescued / recovered) has increased year on year as indicated in the table below:

Year	Number of events (boats)	Average rescued per event (boat)	Estimated total rescued
2018	43	7	299
2019	164	11	1843
2020	641	13	8,466
2021	1034	27	28,526
2022	1040	44	45,728

Commented [CH13]: Interestingly, Ramsgate can be a challenge due to tidal constraints. Not for the BC but certainly should be considered if we take on contracts.....

Commented [LD14R13]: Very useful info. **Na!** Will make a note to raise in our next planning phase should this progress.

The small boats used to cross the Channel are recovered by Royal Navy vessels (when available). However, due to operational demand on high crossing number days, these boats often are not recovered. Small boats left drifting present a navigational hazard to other vessels, as well as a pollution hazard as the boats carry fuel in their engine and potentially in spare containers.

HM Coastguard has received complaints from other national administrations of empty small boats drifting into their national waters, and sightings of abandoned boats can result in other vessels spotting them reporting them as an additional incident. HM Coastguard plans to mitigate this last challenge by deploying GPS beacons on boats that aren't recovered in order that their position can be tracked. Recovered small boats are handed over to Border Force where they are used as evidence to support their efforts to tackle migration over the Channel.

2.2.2 Business Need and Service Gaps

The increase in small boat crossings in the English Channel is stretching rescue boats to the limit and the continuation of this trend is considered unsustainable.

Maritime surface assets are under considerable strain and a period of consecutive days with high numbers of migrant crossings would reduce availability and significantly increase the risk of loss of life. This is due to the need for crews to be rested and volunteers and to conduct maintenance on assets.

To date, demand has been met. However, if the trend in attempted crossings by boat continues to increase, or there is a reduction in the number of deployable assets then HM Coastguard may not be able to provide an appropriate level of maritime surface asset response.

Coastguard helicopters are a last resort measure when responding to small boats in distress crossing the Channel. As a search and rescue asset, Coastguard helicopters are highly effective at rescuing members of the public in all weathers and circumstances.

However, the downdraft from helicopters risks destabilising overloaded migrant vessels, and a single helicopter could not realistically recover enough people from the water from a single sinking small boat before cold water shock were to set in and people to lose their lives.

There are also potential security issues about recovering migrants to an in-flight aircraft. Therefore, rescue by surface assets is the preferred means of recovery from small boats as they are better able to rescue large numbers of people without undue risk to crew or casualty.

Withdrawal of the vessels provided by Border Force would put further pressure on other rescue assets in the area, significantly increasing the risk to loss of life not just during sustained periods of activity but during any period in which a large number of small boats attempt to cross the Channel.

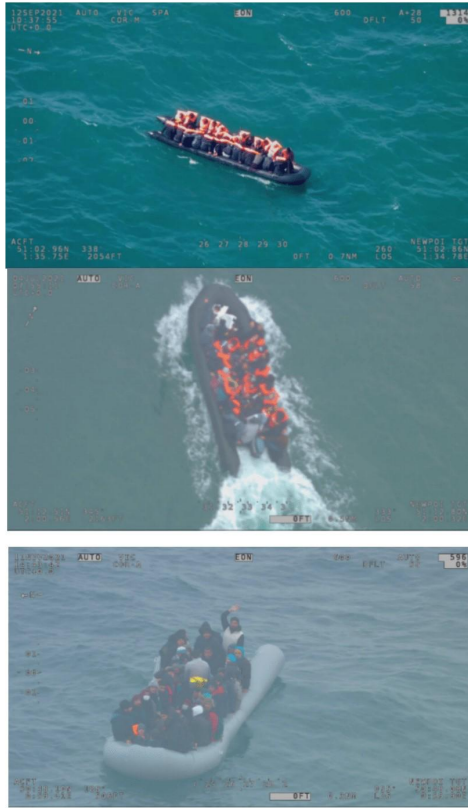
As described by the business case for Project Caesar, a layered approach tailored to meeting this challenge is urgently needed. The MCA has put in place measures that enables HM Coastguard to determine targets of interest, assess urgency and task surface assets. If the Border Force withdraw the MCA will require sufficient resources to be able to respond to the information received, rescue those in danger and ensure they are handed over to Border Force, preventing uncontrolled entry into the country.

Reducing preventable fatalities on the coast and at sea is a core business objective of the MCA and provision of this service would align with that.

2.2.3 Impact of Not Changing

Migration across the English Channel has been a persistent challenge of recent years, one which the UK government has made considerable effort to tackle and is a current priority of the Government and Prime Minister.

The use of small boats is now the primary means by which migrants seek entry into the UK. The government has deployed assets in the Channel to respond to the danger to lives and deter migration. These assets have been effective in reducing uncontrolled entry into the UK and at saving life. However, the number of boats attempting the crossing and the number of passengers on each boat continues to increase, with numbers forecast to increase to 65,000 in 2023. Until measures introduced by the government begin to take effect, the UK faces a significant humanitarian challenge in its waters for the short-medium term.



The Downer review makes it clear that the provision of additional vessels has been necessary to meet the demand created by the increase in migrant activity in recent years. Without a significant reduction in the number of people attempting this crossing, it is difficult to argue that these services should not be replaced, and a failure to do is likely to breach the UK's obligations under international law.

The potential withdrawal of the vessels being provided by Border Force will occur before the UK sees a reduction in attempted crossings significant enough to be manageable by the baseline rescue capacity in the Dover Straits. Therefore, until such time as crossings reduce to pre-2018 levels, not making the change proposed in this case will significantly increase the risk to life of those attempting crossings, which significantly increases the risk of greater loss of life.

The impact of this loss of life is an increase in the number of public enquiries and coroners' inquests which the MCA and government will be required to respond to. Each of these is costly, both in terms of public funds and staffing resources to respond to, as well as organisational reputation. Further, legal action against the Coastguard could continue to be costly and reputationally damaging to the UK.

Increased potential for loss of life in the Channel will inevitably result in the bodies of those lost at sea washing up on UK shorelines. As was seen in the case of **Name** this can result in a significant change in public and press opinion, and demands being made of government to intervene.

Recovering potential migrants from the sea to vessels which will hand them over to UK authorities remains the best way to prevent uncontrolled migration. It is much more difficult to contain and track the passengers of a vessel when they reach the shoreline and disperse. Therefore, by reducing the number of vessels able to recover people at sea, the number of successful crossings can be anticipated to increase.

Those people who arrive in the country in this way face a high risk of further exploitation by criminals, either through coercion into unlawful activity or through labour exploitation / modern slavery. This has a significant ongoing cost to the UK economy and places a further toll on the police and justice system.

Without additional assets, HM Coastguard staff will be required to make even more difficult decisions around which vessels should be prioritised for rescue. Passengers in small boats routinely call 999 and ask for the Coastguard and are encouraged by the organised criminal gangs to exaggerate or overstate the risk to their lives. This requires the Coastguard to determine which, out of potentially thousands of calls they receive on a high demand day, constitutes the most authentic and greatest risk to life.

The fewer rescue resources are available to the Coastguard the more frugal coordinators must be with resources, and the greater chance that an immediate rescue need cannot be responded to.

Small boats crossing the Channel present a risk to navigation. Vessels crossing the Channel often break down and drift until rescued, potentially requiring shipping using the traffic separation scheme in the Channel to change course to avoid collision, increasing transit time, causing delays with subsequent transits by other vessels and increasing the risk of collision with other vessels in the Channel.

Collision with a small boat would require an immediate search and rescue response by the vessel involved in the collision and a return to port, causing a substantial delay to that vessel's journey and a resultant economic impact.

2.3 The Investment Proposal

2.3.1 SMART Spending Objectives

2.3.2 Scope

The purpose of the UKSARiC project is to fill the potential void left behind in the event of Border Force implementation of the Downer report leading to its withdrawal from search and rescue operations in the English Channel by procuring sufficient maritime surface assets to respond to the increased number of migrant crossings in small boats. This will include surface assets capable of responding to distress at sea and recovering people from small boats or from the water and taking them to a place of safety.

The MCA will build on data from Coastguard operations and conversations with partner organisations to inform a market-led tailored solution, ensuring the most appropriate commercially available assets positioned at the most suitable locations in the Dover Strait.

The MCA will include provisions for data and intelligence gathering, to inform partner organisations and relevant stakeholders of activity within the Channel and will cooperate with Government stakeholders to ensure that migrants recovered from the Channel are handed over to appropriate authorities.

The MCA will provide its vessels to support search and rescue in the Channel, without prejudice, and will pre-emptively deploy assets in response to intelligence from partner organisations to **rescue intercept** migrant vessels at sea, reducing the risk to life and the risk of uncontrolled entry to the UK.

The MCA will not participate in activities that increase the danger to life of those at sea, including turnaround tactics or other propositions which pose a risk to those in small boats.

Following any decision by Government to transfer responsibility for the provision of search and rescue vessels in the Channel, MCA will work with ministers and with industry to determine delivery timelines which meet Government objectives and maximise value for money. However, until these conversations commence, it is not possible to set timelines for these spending objectives.

2.3.3 Strategic Impacts

The objectives of the proposed investment in the UKSARiC include:

- To continue to provision of search and rescue services in the English Channel through the provision of appropriate, crewed, vessels for a period of time to be determined by central Government.
- To work collaboratively with other Government departments to deliver a SAR service in the Channel that reduces fatalities in UK waters and contribute to reducing uncontrolled entry into the UK.
- To limit disruptions to maritime business in the English Channel
- To contribute to the HM Government's international obligations and to protect lives at sea with the UK waters in its exclusive economic zone.

The beneficial impacts these will have include:

- Reduction of loss of life in the English Channel through the effective rescue, by surface assets, of those in danger of drowning
- Meeting the UK's obligations under international convention
- Reduction in uncontrolled migration by reducing the number of migrants successfully reaching the UK shoreline
- Enables Border Force / Home Office to better focus their resources and assets on the management, rather than recovery, of migrants who are handed over to them and on delivering their other duties and responsibilities, affording greater value to the taxpayer
- Reduction in costs to the taxpayer through reduced coroners' inquests and public enquiries resulting from deaths at sea, and reduced cost of legal action against civil servants, secretaries of state and ministers from charity groups representing migrants
- Protection of the environment by reducing the number of pollution incidents from unrecovered migrant vessels, Coastguard assets can be deployed to recover boats on days where migration is not taking place.
- Fulfilment of MCA objective to save lives at sea around the UK coastline and reduce fatalities;
- Mitigate risk to reputation.

Wider benefits include:

- Relieves pressure on volunteer and charity rescue resources, in turn benefitting the local economy by reducing the amount of time away from work of volunteer crews
- Supports government efforts to encourage other national governments to play their part in tackling migration by demonstrating a continued UK commitment to managing the migration challenge
- Reduces disruption to the free flow of trade in the Dover Strait, reducing the risk to vessels of collision, reducing the need to divert shipping around drifting small boats and reducing the obligation on commercial shipping to assist with search and rescue

2.3.4 Key Stakeholders Views and Requirements

HM Coastguard has engaged with Border Force, the Royal Navy and the RNLI extensively throughout the response to small boat crossings and maintains close working relationships with these organisations. They are categorised as high level stakeholders.

The assets deployed by the RNLI are based on their modelling of the usual (pre-migration) demand in the Dover Strait. Their vessels are principally specified for coastal and inshore work, with some all-weather boats. RNLI crews are volunteers who live and work in the communities they serve and have to leave their homes / work to respond to a lifeboat being tasked. The RNLI is a charity and draws its funding from public donations, and as a result has faced criticism in the

press for its perceived role in providing a “taxi service” for migrants. It is also concerned by the pressure its crews are under to respond to migrant distress.

Border Force has previously deployed cutters and coastal patrol vessels in response to migrant crossings. However, neither vessel type is designed for rescue, and they have proven to be poorly suited for the task. Border Force assets deployed in this way are unable to fulfil their other duties. Resulting in the decision to lease Crew Transport Vessels (CTV). However, Border Force Maritime has found supporting search and rescue operations to be difficult and this continues to be at the expense of other core work such as drugs import interceptions.

As stated in the Downer report, Border Force recommends future command and control of rescue assets in the Channel being placed under Coastguard or the Royal Navy. Should HM Coastguard lease its own vessels, it would need to consider whether Border Force immigration officers would wish to maintain a presence on board. However, indications are that Border Force Maritime would no longer be involved.

A full stakeholder engagement plan has been developed and will be delivered once this project goes live. This engagement plan can be found at Appendix B.

2.3.5 Options

The following range of options are considered for the UKSARiC project. These were developed as part of a stakeholder workshop held on January 31st 2023. They are summarised here and explored in detail in the Economic case.

Option 1: Do nothing

Do not proceed with procurement or provision of assets and services for search and rescue in the Channel.

Option 2: Do minimum

Take over contract ownership of the existing Border Force CTVs (This is in some sense a BAU option involving the continuation of the current service arrangements provided by Border Force).

Option 3: Do Maximum

Publicly procured and operated assets – we buy and build vessels, own the assets and it is operated and crewed by HM Coastguard.

Option 4: Intermediate

Publicly procured and operated assets – pre-built and either new or pre-owned

Option 5: Intermediate

Public private partnership arrangement, where MCA procures assets and leased to private sector for provision of service (Emergency search vessels procured and owned by MCA, but private service provider contracted to conduct search and rescue for a program period).

Option 6: Intermediate

Public/private partnership arrangement where MCA builds assets and leases to private sector for provision of service.

Option 7: Intermediate

Complete outsourcing of service (MCA contracts a service provider to supply assets and conduct search and rescue for the project duration).

Option 8: Intermediate

Support another public body or third sector organisation to conduct search and rescue by providing Emergency search vessels

A full strategic analysis of these options including risk of each option and a review against critical success factors can be found at Appendix C.

Critical Success Factors	1 Obligations under convention	2 Capability to meet operational need	3 Scalable to demand	4 Delivers value for money	5 Affordability	6 Meets delivery timescales	7 Enabling appropriate allocation of risk
Option 1: Do nothing: Do not proceed with procurement or provision of assets and services for search and rescue in the Channel.	1	1	1	1	3	3	1
Option 2: Do minimum: Take over contract ownership of the existing Border Force CTVs (This is in some sense a BAU option involving the continuation of the current service arrangements provided by Border Force.)	3	2	2	2	Unable to determine	Unable to determine	2
Option 3: Publicly procured and operated assets – we buy and build vessels, own the assets and it is operated and crewed by HM Coastguard.	3	3	1	1	Unable to determine	Unable to determine	1
Option 4: Publicly procured and operated assets – pre-built either new or pre-owned	3	3	2	1	Unable to determine	Unable to determine	1
Option 5: Public private partnership arrangement, where MCA procures assets and leases to private sector for provision of service (Emergency search vessels procured and owned by MCA, but private service provider contracted to conduct search and rescue for a program period).	3	3	2	2	Unable to determine	Unable to determine	2
Option 6: Public private partnership arrangement where MCA builds assets and leases to private sector for provision of service	3	3	1	2	Unable to determine	Unable to determine	2
Option 7: Complete outsourcing of service (MCA contracts a service provider to supply assets and conduct search and rescue for the project duration)	3	3	3	2	Unable to determine	Unable to determine	3
Option 8: Support another public body or third sector organisation to conduct search and rescue by providing Emergency search vessels	3	3	2	2	Unable to determine	Unable to determine	2

The above table shows the outcomes of the Longlist Options Framework Filter against Critical Success Factors.

2.3.6 Risks

Option 1 - The “do nothing” option carries a significant risk to life if assets or a service is not procured, this would create major reputational to HMG, a significant increase in Maritime accidents and MAIB (Maritime Accident and Investigations Branch) work.

LPP

Option 2 – The CTVs operated by Border Force are not coded for the number of passengers they typically carry, this is a concern with Border Forces operation and would be a significant issue if the MCA, as the regulator, were to operate under the same terms. CTVs have also been demonstrated to have issues with safety when rescuing in moderate swell. The current CTV provision is also deemed to not meet the operational demand on Coastguard and is unlikely to meet any increase in demand.

LPP

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do we need to pursue something in around this should not be considered as a medium - long term option as we will have to procure at some stage.

Option 3 – The requirement to provide Search and Rescue in the Channel is perceived to be a time-bound, rather than a permanent fixture of Search and Rescue in the UK. The purchase of rescue boats is expensive, and there would need to be a significant operational lifespan for this capability if they were to deliver value for money over leasing vessels. This option is exacerbated by the need for the MCA to hire sufficient crews for the operation of these vessels, and develop, or hire in the necessary skills to safely operate and maintain vessels.

Option 4 – As with option 3, the requirement to provide additional rescue assets is unlikely to persist long enough for a vessel to be able to deliver value for money over a leasing arrangement

Option 5 – As with previous options, owning assets is a significant commitment which will need a long time to deliver value for money. This is out of step with government plans to end migration across the channel and could result in the MCA being left with assets in the form of vessels which it cannot dispose of.

Option 6 – As per option 5, with the additional complication of designing and building vessels which will require skillsets currently not available to the MCA.

Option 7 – This is the recommended option, this option presents the best balance of risk and value for money, risk arises from the potential lack of commercial interest in providing a service of this sort.

Option 8 – Third sector organisations may not have the capacity or appetite to operate a service with the capability needed to meet this demand. The MCA would have limited control over deployment of assets and availability of crews.

2.3.5 Constraints

While there are typical constraints about supply chain which can be managed, the bigger constraint is one of funding. This is an unfunded case that cannot be met from the MCA’s existing baseline. Other constraints include ensuring any intervention remains in line with government policy, and that any assets provided are not duplicating capability being provided by other government stakeholders in the Channel.

2.3.6 Key Assumptions

The provision of assets in the Channel is founded fundamentally on the assumption of the MCA obtaining a new funding stream for the duration of the project. It is also based on an assumption that Border Force will continue to operate assets until the MCA has been able to procure a solution. We are also operating on the assumption that Border Force will continue to operate the dockside migrant processing centre.

2.3.7 Interdependencies

The Secretary of State’s determination to Parliament in 1992 stated: *“HMCG is responsible for the initiation and co-ordination of civil maritime search and rescue within the UK SAR region. This includes the mobilisation, organisation and tasking of adequate resources to respond to persons either in distress at sea or to persons at risk of injury or death on the cliffs or shoreline of the UK.”*

Rescue assets have been provided by Border Force. However, primacy for search and rescue and maritime safety remain with the MCA.

Commented [NG16]: @ Name Name can we put in an assumption that the BF will continue to operate the dockside migrant processing centre

The provision of surface rescue assets is a solution to the increased risk to life at sea resulting from Channel migration. However, it is only one part of the wider challenge presented to Government by this type of migration. Any solution proposed by the MCA needs to be cognisant of what happens after rescue at sea occurs, particularly the activity shoreside of Border Force and Immigration Enforcement. It is important therefore to ensure that any capability provided by the MCA is compatible with the shoreside processing that occurs when migrants are rescued and brought to the UK.

The need to provide rescue assets at sea can only end when migration across the Channel is reduced to levels that can be managed by the “normal” search and rescue capability in the Dover Strait. This cannot be achieved by the MCA but instead relies on wider activity by the Government to disrupt the operation of criminal gangs and deter migrants from attempting this dangerous voyage. The MCA therefore has interdependency with the activities of the Home Office to ensure that it (the MCA) remains an effective partner and works as part of Government’s wider strategy for migration in the Channel.

2.3.8 Recommendation

The table below shows the outcomes of the Longlist Options Framework Filter against Critical Success Factors.

Critical Success Factors	1 Obligations under convention	2 Capability to meet operational need	3 Scalable to demand	4. Delivers value for money	5. Affordability	6. Meets delivery timescales	7. Enabling appropriate allocation of risk
Option 1: Do nothing. Do not proceed with procurement or provision of assets and services for search and rescue in the Channel.	1	1	1	1	3	3	1
Option 2: Do minimum. Take over contract ownership of the existing Border Force CTVs (This is in some sense a BAU option involving the continuation of the current service arrangements provided by Border Force.)	3	2	2	2	Unable to determine	Unable to determine	2
Option 3: Publicly procured and operated assets – we buy and build assets, own the assets and it is operated and crewed by HM Coastguard.	3	3	1	1	Unable to determine	Unable to determine	1
Option 4: Publicly procured and operated assets – pre-built either new or pre-owned	3	3	2	1	Unable to determine	Unable to determine	1
Option 5: Public private partnership arrangement, where MCA procures assets and leases to private sector for provision of service (Emergency search vessels procured and owned by MCA, but private service provider contracted to conduct search and rescue for a program period).	3	3	2	2	Unable to determine	Unable to determine	2
Option 6: Public private partnership arrangement where MCA builds assets and leases to private sector for provision of service	3	3	1	2	Unable to determine	Unable to determine	2
Option 7: Complete outsourcing of service (MCA contracts a service provider to supply assets and conduct search and rescue for the project duration)	3	3	2	2	Unable to determine	Unable to determine	3
Option 8: Support another public body or third sector organisation to conduct search and rescue by providing emergency search vessels	3	3	2	2	Unable to determine	Unable to determine	2

The preferred way forward at this point are identified above is option 7 – complete outsourcing of service, as this best meets critical success factors.

Option 2 (do minimum), Option 5 (public/private partnership arrangement where MCA procures assets and leases to private sector), and Option 8 (support another public body or third sector organisation) and are shortlisted and will be reviewed with the preferred way forward in the outline business case.

3. Economic Dimension

3.1 Introduction

This section of the Strategic Outline Business Case makes the economic case for the MCA Search And Rescue in the Channel (SARIC) project.

At this stage, the economic case broadly describes the economic rationale for MCA-sponsored intervention to provide search and rescue services targeted at small boats in the English Channel. This assessment is limited to a longlist options appraisal, determination of a preferred way forward and other viable options for further consideration in the shortlist appraisal.

It should be observed that the shortlist appraisal at this stage is constrained to a qualitative description of the shortlisted options, the economic rationale for further consideration, and the reasons underpinning the discounting of some proposed options deemed unviable or unable to meet the strategic objectives.

As standard of all search and rescue programmes, the value of prevented fatalities has usually served as the primary economic rationale for intervention. The SARIC project is aimed at rescuing people in the Channel, and therefore provides the value of saving lives. Beyond this, however, there is obvious socio-economic benefit of a government-sponsored search and rescue intervention. Not only does it ensure that the UK meets its international obligations under SOLAS and UNCLOS, but it also frees the private sector of the burden of undertaking search and rescue in the absence of state-sponsored assets. Ultimately, this improves efficiency in the maritime space and aligns with government's objective of supporting efficient operation of free markets.

3.2 Economic Rationale

The economic rationale for government intervention is based on a market failure and the negative externality on market participants of adverse conditions.

The market cannot provide search and rescue services with an acceptable welfare outcome as all individuals in distress need to be rescued regardless of willingness or ability to pay. A market outcome where only those who could pay for the service would be rescued would result in more deaths, which is not an acceptable outcome.

Statistical data on search and rescue shows that not only is the number of boats attempting to cross the Channel increasing but the number of people on each boat has also increased year on year. Should Border Force discontinue the provision of its vessels to support rescue activity, HM Coastguard would be unable to effectively rescue those attempting the dangerous crossing of the Channel, resulting in more deaths at sea and a greater number of small boats with undocumented/illegal migrants reaching the UK coastline.

Appendix A includes an analysis, undertaken by HM Coastguard, of the impact of the withdrawal of either RNLI vessels, Border Force vessels, or both, and the scale of assets that would be required to fill the service gap this creates. This analysis, which uses data from the busiest crossing days in 2021, indicates that Border Force provides the greatest rescue capacity in the Channel, and should its assets be redeployed, the innate capability of the RNLI would be entirely unable to meet the demand on high number of crossings days.

Beyond the incomplete market conditions characterising maritime business, international

Commented [NG17]: @Name @Name
 @Name Is this a market failure? Aren't we required to provide a response under SOLAS etc.
 I don't know if the first 2 paragraphs are relevant - happy to discuss.

Commented [MA18R17]: You are right @Name the obligations under SOLAS and UNCLOS are legal, but may not constitute a sufficient justification economically (as we cannot realistically evaluate the cost of violating the obligation against the cost of the proposed intervention). Market failure is a standard economic justification for provision of public goods, and in this case, we have incomplete markets for provision of SAR.
 Arguably, we made a point subsequently on the limits to considering this as a public good.

Commented [SP19R17]: I'd also add that we made the same argument, successfully, in the economic case for UKSAR2G

conventions impose obligations on seafarers with considerable negative externalities on maritime business. For example, under Article 98 (1) of the 1982 United Nations Convention of the Law of the Sea, the UK Government will require its flagged vessels to provide rescue services to people in distress within their vicinity.

As reported recently in the media^[1], fishing vessels have been saddled with the obligation of rescuing migrants on boats across the channel in recent years. This has resulted in commercial vessels spending significant amount of productive time on rescue services in the channel without any compensation for the lost time and resources. The upsurge in number of boats and number of people in each boat has the potential to escalate this adverse business condition for seafarers in the channel. The Home Office estimates that up to 80,000 migrants could cross the channel in 2023 in the worst-case scenario, with medium-case projection being 65,000.^[2]

Without adequate rescue assets, fishermen and other seafarers may be compelled to spend a non-negligible share of their time on unpaid rescue operations. This will have the immediate effect of disrupting fishing and other maritime business operations, increase cost of seafaring, and ultimately affecting business decisions. In the extreme case, it threatens the livelihood of fishermen operating in the Channel, and will negatively impair business productivity in the maritime space. Thus, Government intervention through the MCA SARiC project is warranted to protect lives and property, address the negative externality of adherence to UNCLOS on UK seafarers and safeguard their livelihoods, improve efficiency of maritime business, contribute to protecting the integrity of the UK immigration system by intercepting and transferring illegal or undocumented migrants to Border Force, ensure that the UK meets its international obligations in organising and coordinating search and rescue under SOLAS, and preserve the reputation of the UK Government and its people. The economic value of these benefits is not readily estimable given data constraints.

In general, therefore, the economic case for this intervention relies on the need to meet three strategic outcomes:

- The commitment to providing search and rescue in meeting its obligations as a coastal state under SOLAS and UNCLOS conventions in all of the UK exclusive economic zone.
- To address market inefficiencies, given the negative externality of commercial vessels engagement in search and rescue operations on the overall maritime economy and on livelihoods of fishermen, in particular.
- To protect lives at sea, and to safeguard against reputational and legal costs to the UK Government and its people of the negative attention that follows the tragic loss of lives associated with incidents in the maritime space.

It should be noted that while there is obvious value to lives rescued and this will inherently apply in the case of the MCA SARiC project, this SOBC cannot monetise the value of lives expected to be rescued during the project, and hence does not provide a quantitative assessment of the overall benefits to the UK economy based on value of prevented fatalities.

This approach departs from the usual approach to economic analysis of government interventions aimed at protecting lives for several reasons.

Firstly, there is presently no agreed monetary value of prevented fatality at sea. Thus, MCA has relied on Value of Prevented Fatality (VPF) provided for in the Department for Transport guidance in the analysis of other SAR interventions. This value captures the valuation of prevention related to road incidents, and incorporates the pain, grief and suffering for relatives and friends, as well as lost output, among others. Given the peculiar nature of the intervention in the Channel, the application of this valuation may not be justified.

Sensitive & Irrelevant

Commented [NG20]: Name Name Name whilst there is not a VPF at sea we used the roads VPF for 2G. I think your paragraph on small boats migrants indicates the rationale why we aren't applying it. This is more to meet our international obligations etc

Sensitive & Irrelevant

Sensitive & Irrelevant

Nevertheless, the uncertainty surrounding these features make an accurate quantitative estimation of the Value of Prevented Fatalities at sea applicable to small boats migrants difficult, if not impossible at this stage.

^[1] [ITV News Report: "Fishermen pulled 31 people from English Channel after migrant boat capsized"](#)

[Daily Mail Report: "Fishing vessel captain tells how drowning migrants 'screamed' for help in 'wartime' scenes as four are confirmed dead in Channel tragedy..."](#)

^[2] [The Times: "Migrant crisis: 65,000 'will cross Channel in small boats this year'"](#)

[MSN News: "Home Office to recruit more officials to handle numbers crossing English Channel to Kent in small boats"](#)

3.3 Longlist Options

The options that have been examined at this Strategic Outline Business Case comprise of eight strategic approaches and appraised using the options framework filter as provided for in the Greenbook and associated guidance. The strategic options for delivery include:

Option 1: Do Nothing

Under this option, the MCA does not proceed with procurement or provision of assets and services for search and rescue in the channel. The consideration here assumes a termination of the Border Force service provision at its expiry in line with recommendations of the Downer report. Thus, MCA will continue to attempt search and rescue using the remaining available declared assets (RNLI and independent lifeboats, and other shipping responding to distress alerts co-ordinated by HM Coastguard).

Option 2: Take over contract ownership of the existing Border Force CTVs - Do Minimum

Under this option the MCA seeks to take over the contracts for the Border Force supplied CTVs and continue to renew these as needed. CTV is a class of vessel designed to operate as crew transfer vessels, initially intended to ferry staff in the offshore wind sector. The MCA would need to seek a contract modification to provide additional crew as deckhands or otherwise agree that Border Force will continue to supply staff to serve as deckhands on the vessels. However, its anticipated that Border Force would desire a presence on any MCA provided vessel. This is in some sense a BAU option involving the continuation of the current service arrangements provided by Border Force.

Option 3: Publicly procured and operated bespoke assets - Do Maximum

This is the do maximum option whereby the MCA will procure, own, maintain, and operate bespoke assets appropriate to the task, and place them under the care and use of HM Coastguard in conducting search and rescue in the Channel. The procurement of vessels that

meet the current requirement is on the basis that Border Force vessels will be withdrawn in 2023. This option allows MCA to acquire assets that are designed to its specifications taking account of the unique nature of the small boats rescue requirements.

Unlike the existing Border Force CTVs, where the small boats lie significantly lower in the water and create challenges during rescue, this will eliminate the risk of unintended incidents where small boats may be destabilised, and occupants pushed into the water. The exact sizes and number of the vessels to be procured will be determined and examined in detail following market engagement at the OBC stage.

Following the end of the small boat migrant crossings and the project period, MCA will engage relevant stakeholders to reach a relevant disposal option for the rescue assets.

Option 4: Publicly procured and operated assets – pre-built either new or pre-owned

This is an intermediate option that is similar in some respect to option three above. The procurement of prebuilt assets considers a wholly publicly owned and operated service where MCA procures rescue assets and places them under the care and use of HMCG for conducting search and rescue services. This implies that MCA will be required to build internal expertise in the operation of these assets. Unlike option 3, here **the** MCA merely procures assets that are available in the market and can be used for the task. This option risks the possibility of assets not being sufficiently appropriate for the given task, as it is expected to rely on what is presently available in the market.

Option 5: Public private partnership (PPP1) – acquire and lease

This option combines elements of option 4 with market features. Here, the MCA procures search and rescue vessels for operation in the channel but seeks a private service provider under contract to maintain assets and conduct search and rescue for small boats. Under this arrangement, public funding is used for purchase of assets while private finance is used to deliver search and rescue on an ongoing basis and paid for by MCA at agreed intervals. This allows MCA to offload the risks associated with search and rescue to the private sector.

Option 6: Public private partnership (PPP2) – build, own and lease

This intermediate option aims to combine market efficiency in service provision with public goods that may not be provided by the market. This is in view of the recognition that existing assets in the market may not be appropriate for the task. Thus, MCA will consider building bespoke assets under this option, and leases the said assets to the private sector under contract to deliver rescue services. Like the previous option, this allows MCA to transfer the risk of rescue service operation to private sector entities while ensuring that assets used for the service meet required specifications.

Option 7: Wholly outsourced to single service provider

Under this option, the MCA will seek a private service provider to supply and retain responsibility for maintenance of appropriate assets tailored to the task of rescuing small boats and conduct search and rescue for an agreed period. This will leverage private finance for both the procurement of assets and conduct of the SAR service for an agreed contract period. The main advantage of this option is that it provides value for money in the short-medium term by freeing MCA of the upfront capital cost of designing and building vessels. The downside is that the appropriateness of vessels for the task is conditional on what is available in the market.

Option 8: Support another public body or third sector organisation to conduct search and rescue.

This option means that the MCA would make financial resources and expertise available to support other public bodies or third sector organisations to conduct search and rescue in the Channel. In this case, third sector organisations are tasked by the MCA to deliver search and rescue services. This approach involves MCA funding additional capacity and works with third sector agency to develop its capability in the Dover Straits.

3.4 Economic Options Appraisal

Approach to options appraisal

Critical Success Factors have been established below to outline the core requirements of the service. The costs and benefits of each option are explored below to provide an early assessment of feasibility and potential value for money at SOBC stage. The approach to the valuation of costs and benefits has been to take a proportionate qualitative approach to the analysis at this stage.

Requirements – Critical Success Factors

1. Ensure that the UK meets its international obligations under SOLAS and UNCLOS convention through safeguarding and protection of life at sea with a focus on small boats migrants operating in the Channel.
2. Provides adequate and proportionate capacity to rescue all lives in danger, with the capability to meet and maintain rescue resources required during consecutive high demand days.
3. Must be scalable to demand (allowing scaling down for example should deterrent policies take effect).
4. Makes best use of assets, driven by data and operational experience to drive value for money and optimum operational impact.
5. Affordability of service delivery.
6. Ability to meet delivery timescales.
7. Enabling appropriate allocation of risks.

3.5 Longlist SWOT Analysis and Options Framework

The eight options briefly described above for service delivery are assessed at each level of the five option choices. In addition, the strengths, weakness, opportunities, and threats for each option is assessed and a determination is made whether to discount and carry forward based on options ability to meet the critical success factors.

Of the eight options assessed, options two, five, seven, and eight have been carried forward for further analysis at the OBC stage. Options one, three, four, and six have been discounted at this stage on the basis of their inability to meet one or more of the critical success factors of the proposed intervention.

The details of the longlist appraisal with the options framework filter are presented in Appendix C. The key assessment indicators and decision on each option is summarised below.

Option 1: Do Nothing

The do-nothing option has the advantage of saving MCA and HM Treasury of the cost of providing search and rescue services in the Channel.

With this, the demand for search and rescue in line with an upward trajectory of small boat crossings is expected to outstrip existing capacity. This is on the assumption that Border Force winds down its provision of search and rescue service in the Channel and does not seek to renew the existing contract upon expiry.

This option clearly implies that MCA will not meet its obligations, as the Executive Agency responsible for the Maritime space in the United Kingdom, under Article 98 of UNCLOS. Similarly, the lack of intervention will mean that the UK may not meet its obligation to organise and/or coordinate search and rescue for people in distress at sea. The United Kingdom risks criticism at the UN level for failing to honour its international commitments. In addition, there is the risk of security threat and comprise of the integrity of the UK immigration system due to uncontrolled landing of undocumented/illegal immigrants on UK beaches.

LPP

LPP

This might attract considerable negative press coverage and may put the reputation of the MCA and Department for Transport in jeopardy.

On the basis of the disadvantages outlined, the do-nothing approach is discounted at this stage as a result of its inability to meet the strategic objectives and critical success factors.

At existing capacity levels with Border Force assets available for taskings, there is already considerable pressure on RNLI and the Border Force service. The withdrawal of Border Force CTVs without appropriate provision by the MCA, in the face of expected rise in number of crossings in the foreseeable future, will negatively impact HMCG staff welfare and on retention of staff. In addition, excessive demand will swamp existing volunteer capacity and may lead to Coastguard Rescue Service volunteers leaving.

Option 2: Take over contract ownership of the existing Border Force CTVs - do minimum

Taking over the ownership of the contract for the existing Border Force CTVs is considered here as a do minimum, but also a business-as-usual option. This will be a continuation of existing tasking arrangements, and entailing a novation, extending or directly awarding contract for provision of service with current assets in operation.

This option is advantageous for being relatively straightforward with known cost to the MCA of this service provision; it maintains operations and coverage without a loss in service and ensures

Commented [NG21]: @ Name @ Name @ Name
@ Name I think we need to look at this wording we would only have our current assets and that of third sector organisations which would be overwhelmed with the volume of crossings

that the UK continues to meet its international obligations under SOLAS and UNCLOS. It also allows MCA to leverage existing skills, experience, and expertise of the current provider while transitioning ownership of operations from Border Force to the MCA.

Despite the upsides to this option, there are considerable disadvantages that make the continuation of existing CTVs a less attractive intervention. The existing Border Force CTVs are recognised as being inappropriate for the task of rescuing people in small boats as detailed in the Downer report.

There is presently no record of any fatality directly caused by the use of these CTVs.

In addition, this option is likely to mean there is no competitive tension in the procurement process to drive an optimum solution which provides value for money.

The current provision does not reflect MCA requirements, and while there is scope for training MCA staff by existing crew at Border Force, it does entail an increase in current costs to meet provision currently delivered by Border Force staff in order for it to be delivered by MCA staff (key deck management work). **This option is carried forward for further consideration at the OBC stage**, as it meets the critical success factors to some degree and there are opportunities to fix some of its disadvantages.

Option 3: Publicly procured and operated bespoke assets - Do Maximum

The option of designing and building bespoke rescue assets, owned, crewed and operated by HM Coastguard is a tailored service solution that allows the MCA to make an improvement over current CTVs being used for rescue of small boats. By designing to specifications, the MCA will be in a position to acquire assets that are most suitable for the task.

While this helps build expertise within the MCA, aligns with the UK Shipbuilding strategy, and does not depend on what is currently available in the market, the procurement of this service option is likely to be protracted as it would take time to determine requirements, what type of boats, what training and resources will be required, and to manage supply and logistics.

Apart from mechanical requirements for operations, this service option is expected to be one of the most expensive options that mat not achieve value for money.

Not only will MCA be required to fund upfront capital cost, it involves significant commitment with little flexibility in event of significant changes in service demands. The long-term financial burden imposed on the MCA also relates to the funding of crew to operate assets, costs associated with mooring infrastructure, maintenance and housing for boats and crews, as well as institution of a management team in charge of the service provision. At the current time, the MCA lacks the capacity to resource headcount required to run this service and back-office function required for a service of this scale.

In view of the obvious difficulty of scalability and the inability of this solution to deliver value for money and enable risk sharing with the private sector, it is discounted at this stage.

Commented [NG22]: Name Name there is also a cost associated with infrastructure around mooring fees, maintenance and buildings for housing the boats and crews.

Option 4: Publicly procured and operated assets – pre-built either new or pre-owned

The option of acquiring and operating pre-built assets shares some similarities with the bespoke made assets option above, except that in this case, the MCA takes a decision to procure a class of assets most appropriate to task based on current provision in the market. This shares many of the disadvantages of option three without the advantage of tailor-made assets. Conversely, it has the relative advantage of being swifter than a design and build option.

As with option 3, this option needs a substantial operation period in order to deliver value for money. MCA will be faced with a huge upfront capital cost of procuring all assets required. In addition, there is a long-term financial burden of maintaining assets and funding staff and crewing requirements. As with option 3, above, this option means that the MCA is left with the assets for a long time. Whereas the assets could be sold, it is harder to scale people resourcing upwards or downwards quickly, and therefore lacks flexibility to meet demands.

With this option, MCA retains direct control over delivery of assets and it comes with relative flexibility to meet operational demand. Unfortunately, the assets that the MCA may procure are likely to be less suitable compared to the previous option, as this depends on existing vessels in supply in the market. This option meets several of the critical success factors **but value for money may be an issue because service delivery is retained by MCA. For these reasons, this option is discounted at this stage.**

Option 5: Public private partnership (PPP1) – acquire and lease

The public/private partnership arrangement where MCA procures assets and leases them to private sector entities to operate under contract shares the elements of option 4 with the risk sharing opportunity provided by the market. While the risk of service operation is transferred to private sector providers, the MCA retains the financial burden of upfront capital cost. As procurement of assets implies that this service option, like the previous one, has little flexibility in the event of scaling down due to a fall in service demand. In this case, even if contract for service delivery is amended to scale down the service provision, the MCA will have assets wasting and depreciating away until an appropriate disposal decision is reached. In addition, the MCA retains responsibility for the risk of non-delivery of assets and therefore would be liable.

Overall, while this is a less attractive option, it is considered to pass the critical success factors as it allows for a flexible combination of state provision of search and rescue infrastructure with efficient private sector delivery of service. **In allowing for minimal degree of flexibility with scaling down and delivering value for money in the delivery of the service, it is carried forward for further analysis at the OBC stage and shortlist appraisal.**

Option 6: Public private partnership (PPP2) – build, own and lease

The option of building bespoke assets to be used in a public private arrangement shares the benefits of the “do maximum” option in ensuring that assets are designed to specifications and are most appropriate for rescue of people in small boats. The implementation process for the option is likely to be protracted because substantial amount of time is required to fully source vessels. Reaching design agreements through to placing an order and taking delivery of assets could take years. In addition, procurement to provide operational service will also take significant time.

Apart from having specific assets appropriate for the task, the use of a private contractor to deliver the service enables MCA to transfer the risk of operating, maintaining, and financing the service. On the downside, this option is relatively expensive, requiring huge upfront capital cost.

It remains somewhat less expensive than option three, but entails a significant commitment with little flexibility. A significant threat to this outcome is that timelines for shipbuilding may be extended, and the MCA will retain liability for non-delivery of assets and hence non-provision of rescue services within project period. As with all design and build options, scalability is greatly hampered in the case of dwindling demand for service. **On account of this, this option is discounted at this stage.**

Option 7: Wholly outsourced to single service provider

The outsourcing of a service to a single service provider is a well-known service delivery model that the MCA uses for delivery of its search and rescue service. Following the assessment using the options framework filter in the longlist appraisal, this option is the preferred way forward at this stage for a variety of reasons, including:

- It has the highest score for the most critical success factors used for the options appraisal. It is assessed to be the preferred way forward in fulfilling MCA obligation to deliver search and rescue under SOLAS and UNCLOS, entails inherent capability to meet operational need, and enabling appropriate transfer of risks to the private sector for both the provision of assets and delivery of service.
- The outsourcing of the service relieves MCA of the upfront capital cost of providing rescue assets. This is shifted to the private sector who may have better capacity to deliver in a timely manner.

It delivers the most value for money, as the procurement process for provision of assets and service delivery will be a competitive tender process in an open and fair competition.

The option also delivers greater flexibility, enabling MCA to scale down at the end of each contracting period if service demand declines, and when applicable discontinuation of service provision can be easily achieved.

- It allows MCA to leverage existing industry expertise and market efficiency in the provision of adequate rescue services.
- MCA can apply KPIs as part of the risk transfer and make use of specific contractual terms that give HMCG access to assets and capability at the end of the contract should this be required.

While the major disadvantage of this option is that MCA retains responsibility for supplier failure, contractual terms can be carved in a way to mitigate this outcome. **In view of the above, the outsourcing of service delivery was assessed to be the preferred way forward at this stage.**

Option 8: Support another public body or third sector organisation to conduct search and rescue.

As an intermediate option, which is potentially viable is the provision of appropriate search and rescue assets via public body or third sector to deliver the service. This relieves the MCA of operating rescue boats to provide the service. A main advantage of this option is that it makes sufficient use of existing expertise within the third sector to provide rescue services, and therefore enables the MCA to transfer the risk of service provision.

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The delivery of search and rescue in this arrangement is a known model to the MCA. Consequently, the delivery of service through a collaborative effort by HMCG and third sector volunteers is expected to proceed fairly smoothly.

There are, however, significant downsides to the service solution proposed under this option. Firstly, third sector capacity is already deemed insufficient to deal with the small boats crisis, therefore it is reasonable to assume, in the absence of Border Force's CTVs, the capacity of third sector organisations will be swamped in the face of expected numbers for the foreseeable future. In addition, the MCA will have limited control over deployment of assets and directing rescue operations as the availability and adequacy of human resources is not directly under the control of HMCG. Finally, there may be potential constraints on how publicly financed assets can be used by third sector organisations. These are areas of uncertainty that will require further consideration. **Option 8 is carried forward for further consideration.**

3.6 Shortlisted Options

Following the longlist appraisal, the following options have been carried forward for further analysis and appraisal. The ultimate intent of this analysis is to provide the economic justification for the selection of the preferred way forward. At this stage of the business case, the shortlist appraisal is limited to a qualitative description of the cost and benefits of shortlisted options. The shortlisted options are:

- **Option 2: take over contract ownership of the existing Border Force CTVs - Do minimum**

This option is shortlisted to this stage because it is deemed an applicable option that readily fills the void in the event of Border Force withdrawing their services. While it falls short of delivering services at the quality required given the unsuitability of the CTVs to the task, it is the one option that the MCA can easily engage in the short-term. While the CTVs in use for rescue operations by Border Force have been reported to be inappropriate for small boat crossing rescue because the CTVs sit higher up in the water, these assets have delivered rescue services when tasked. Indeed, in the short-term, if contracting processes for alternative solutions are long protracted, the MCA may be compelled to continue to use this service delivery option to avoid creating a service gap.

- **Option 5: public private partnership (PPP1) – acquire and lease**

The acquisition of rescue assets by MCA and leasing them to private service provider under contract is a viable and more ambitious option than option 2. Primarily, it's appeal comes from the opportunity for HMCG to acquire assets more tailored to the task in the Channel. It also allows MCA to take advantage of expertise, resources and capital provided by the market to deliver the service. In this case, MCA sheds the risk associated with rescue service delivery. Nevertheless, the procurement of assets entails a hefty financial upfront cost to the MCA and HM Treasury. It follows that the cost and risks of service provision may be not fully shared with market participants. This is clearly a more ambitious option compared to the "do minimum" option and the preferred way forward.

- **Option 7: wholly outsourced to single service provider**

At this SOBC stage, a wholly outsourced service provision is the preferred way forward for the delivery of rescue services in the Channel. This is much less ambitious than direct acquisition of assets proposed under other options.

The outsourcing of service provision in all its elements, from the provision of rescue assets to staffing assets and operating and maintaining them, is the most market-efficient option.

This option allows HMCG to leverage private sector finance for funding the provision of assets and delivery of service and enables appropriate sharing of risk with private entities. Importantly, it fully meets all critical success factors and does not pose the threat of a legal challenge inherent in the continuation of existing CTVs. In addition, by procuring this through an open and fair competition, it would deliver the best value for money, and free up staff resources to focus on more important managerial tasks relevant to the service.

- **Option 8: Support another public body or third sector organisation to conduct search and rescue.**

This is the last of shortlisted options for fulfilling the objective of delivering rescue services in the Channel. It is ambitious in the sense of requiring the MCA to potentially support third sector organisations in procuring assets of specified quality and designs subject to market availability. Inherently, this entails an upfront capital cost for acquisition of assets.

It is much less ambitious with regards to the proposed reliance on third sector organisations or other public bodies to deliver SAR services. Ideally, this relieves the MCA of the risks associated with service delivery but creates public perception risks in relation to the core mandate of the MCA. The immediate appeal of this service arrangement is that it enables the MCA to support third sector organisations and deepen collaboration in the delivery of aid and rescue to small boats migrants. Consequently, it improves existing capacity for rescue operations in the Channel.

However, without incorporating staff provision and crewing options of assets, it exclusively relies on the benevolence of volunteers. In the face of rising numbers, the capability of the third sector could be completely dwarfed. Excess demand could overburden volunteers and create disincentives for withdrawal of services.

3.7 Preferred Way Forward

As a result of conducting a longlist options and shortlist options analysis, it has been identified that option 7 is the preferred way forward – wholly outsourced to single service provider. The reasons and rationale for this preferred way forward is detailed above in the shortlist options analysis.

3.8 Methodologies, Assumptions and Data

Expected number of migrants to be rescued

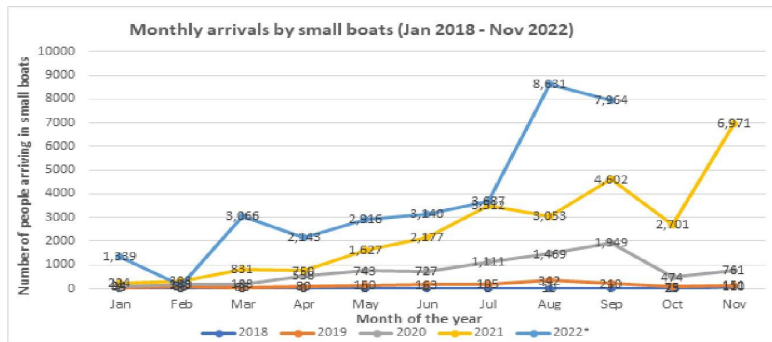
The data on expected number of rescues is based on historical figures of small boats arrival for the period starting January 2018 and ending September 2022. The data is sourced from the Maritime Rescue Coordination Centre in Dover, and is corroborated by the statistics on irregular migration from the [Home Office published on November 24, 2022](#). There is a small difference between the MRCC figure and Home Office figure for the year 2022 ending September.

In this case, the Home Office figure is used for the analysis. The data from Home Office and MRCC in Dover shows that the number of boats per month has been on the rise since 2018, peaking at 209 in November 2021. So far, the maximum number of incidents in 2022 was 192

boats crossing in August as shown on figure 2 below. The share of boats arriving in the last three months of the year has averaged 40% of the total for the 2018-2021 period. Assuming this stays the same for 2022, the total estimated crossings will amount to 1,380 boats. This will be a 33% increase compared to 2021. It remains unclear what is to be expected in the next three years without deterrent measures taking effect. In the absence of data on number of migrants in line to cross at the other side of the Channel, this SOBC is inclined to use projected estimates from the Home Office.

Figure 1: Monthly statistics of migrants crossing the channel for the period 2018-2022

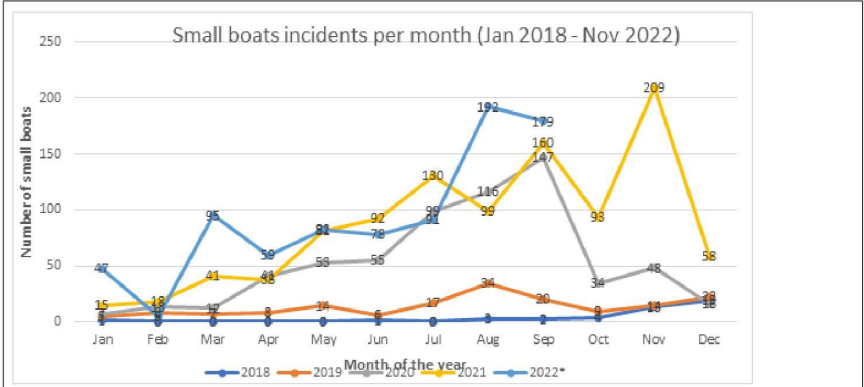
Source: Maritime Rescue Coordination Centre, Dover and Home Office



The estimated number of people crossing the Channel in a single month reached a high of 8,621 in August of last year. Cumulatively, 33,029 people were recorded to have crossed the Channel on small boats between January and September. By the end of the year, roughly 58,000 people could have crossed the Channel. It should be noted that these are indicative estimates based on the available data. As a conservative estimate, MCA expects at least 58,000 attempted crossings per year for the next three years, holding other factors constant. Indeed, the Home Office estimates 65,000 as a medium-case scenario with the worst case being 80,000.

Overall, rescue services tasked by HMCG will expect to rescue about 60,000 migrants in the Channel. While primarily offering rescue services, this will be a significant effort towards addressing uncontrolled landing in UK beaches.

Figure 2: Monthly statistics of small boats crossing the channel for the period 2018-2022



Source: Maritime Rescue Coordination Centre, Dover and Home Office

Expected number of migrant boats to be recovered

Indicative estimates show that HMCG will expect to recover about 1,380 dinghy boats from UK waters each year. This is the estimate for 2022, and it is expected to rise given the projections from Home Office. Without adequate capacity in the form of rescue assets, the UK risks small boats migrants leaving thousands of dinghy boats in its exclusive economic zone. This creates a pollution risk in the UK waters and could potentially be disruptive to maritime business. In addition, fuel left in dinghy boats could leak into the water and pose threats to marine life if not recovered in a timely manner.

Disruptions to maritime business

So far, disruption to maritime business due to the small boats crisis has been disproportionately borne by fishing boats who have had to serve as first responders to distressed boats in the channel. In the latest incident along the Dover straight on December 14, 2022, a group of fishermen pulled 31 migrants from freezing water following the capsizing of a migrant boat¹¹. There is clearly a cost to seafarers for such unpaid interventions.

For fishing crew members whose hourly wage depend on amount of catch, the recurrence of migrant boat crisis potentially threatens their livelihood. Data required for assessment of disruption to maritime business does not appear to be readily available at this stage. Further analysis along this line will be conducted at the OBC stage with approximations using residual tasking data.

Accounting for third sector capacity and capability, tasking data may be used to generate residual rescue demand that will be unfulfilled in the absence of adequate provision by HMCG. Armed with data on earning per day for commercial vessels, reasonable approximations of revenue losses due to search and rescue will be used to determine the economic value of the disruption to maritime business.

Beyond the value of lives saved and the environmental benefits of intervening to recover migrant dinghy boats from the water, the protection of maritime economic activities in the Channel is another major rationale for HMCG intervention through the MRA project.

[A group of fishermen pulled 31 migrants from freezing water after a migrant boat capsized.](#)

3.9 Social Costs and Benefit Analysis of Shortlist

The core benefits associated with this project are:

Reduced loss of life

The primary benefit of this intervention is to allow the Coastguard to continue to save lives at sea.

Meeting the UK's obligations under SOLAS and UNCLOS

Beyond saving lives in the Channel, the proposed intervention is well aligned with the commitment of the United Kingdom to protect lives at sea under its SOLAS obligations, and to organise and coordinate search and rescue in its maritime space as required under the United Nations Convention on Law of the Sea (UNCLOS).

Protection of the marine environment

There is a benefit to the marine environment from reducing the number of unrecovered migrant vessels, which can be recovered by vessels deployed on days without high levels of small boat activity. These vessels can spill oil or petrol. They are also a risk to shipping lanes, wind farms and fishing areas. This can include a safety risk, especially if they get caught in the propeller of another vessel.

Reduced legal risk to the Maritime and Coastguard Agency

The Coastguard has a legal mandate to search and rescue those in distress in UK waters. Failing to fulfil these duties puts the agency at legal risk and results in additional costs as a result of this. The actual costs vary widely based on the individual incidences, e.g., if an inquest is required. As an indication of the scale of the cost, the MCA have provided some indicative costs incurred as a result of these legal fees.



Providing adequate search and rescue services will reduce these costs by reducing the risks of ensuing inquests.

Optimism Bias and Sensitivity Assessment

As expected of any policy intervention requiring considerable amount of expenditure, the application of optimism bias to cost and benefits is necessary to evaluate the degree of error in judgement of net benefit.

At a minimum, it entails constructing a high, low, and central estimate for net present social value. It is applicable when relevant cost and benefit details are known. However, for this business case, this analysis cannot be conducted at this stage prior to market engagement to fully determine the cost of proposed options.

Similarly, sensitivity analysis involving the estimation of switching values where for instance we determine the amount of a change in benefit or cost required for a viable option to be rendered economically unviable and vice versa will be conducted with further details becoming known. This analysis will be undertaken at the OBC stage.

3.10 Distributional Analysis

The scale of distributional effects on income may be medium to high depending on the level of disruption to maritime business. For fishing vessels, the effects on income could be significant if the degree of disruption is severe. As emphasised previously, the effects on income when severe could threaten the livelihood of fishermen, and lead to the death of artisanal fishing.

3.11 Wider Analysis

Wider benefits:

Reduced disruption in Dover Strait, reduced pressure on RNLI, fulfilment of international obligations, better use of Border Force assets.

Social welfare analysis:

This measure has a net positive increase on social welfare, by reducing injuries and fatalities and reducing the impact of uncontrolled migration on local communities.

Place based analysis

This measure will impact the regions surrounding the Channel, particularly Dover by creating employment for boat crews based in the area. The reduction of successful crossings, and uncontrolled migration will benefit coastal communities who would otherwise be impacted by the arrival of migrants

3.12 Value for Money

As with other elements of the economic case, the value for money statement is incomplete at this stage. It is expected that option 7 (the preferred way forward) will deliver the best value for money

as the entirety of the service delivery (including both the provision of assets and conduct of search and rescue) will be provided by the market through a competitive tendering process.

3.13 Analytical Assurance

At this stage of the business case, the scope for analytical assurance is constrained by the minimal nature of cost-benefit assessment. It is expected that once timelines for intervention have been agreed and relevant cost elements are put together for the agreed period, detailed cost-benefit analysis can proceed with requisite quality assurance provided.

4. Commercial Dimension

As set out in the Strategic Dimension, the MCA Search And Rescue in the Channel (SARiC) assets contract will commit commercial operators to providing HMCG with surface-based SAR services in the English Channel, replacing those services currently provided by Border Force which may be withdrawn in the foreseeable future.

This provision will be primarily to prevent fatalities resulting from the increasing number of small boats crossing the Channel, enabling the UK to meet its obligations under international convention. Another critical function will be the removal of RHIBs abandoned in the Channel, which present a hazard to navigation. In addition to this, the Assets will support wider government priorities by relieving pressure on the Border Force / Home Office and volunteer charities while helping to prevent uncontrolled migration to the UK.

The purpose of this Commercial case is to assess the commercial viability of implementing the Preferred Way Forward, to fully outsource the provision of SARiC assets, as specified in Option 7 of the Long List Options set out in the Economic case. It will do this by outlining, against the Service Requirements and Outputs described in 4.1, the merits of the chosen procurement route, the ability of the market to deliver against the service requirements, the risks which will be shared with the successful bidder and the arrangements under which the contract will be managed and paid for.

4.1 Service Requirements and Outputs

According to the Preferred Way Forward identified in the Long List Options, MCA will contract for the provision of a fully integrated, privately operated and financed service for the provision of SARiC Assets to operate the UK's maritime SAR and hazard removal functions in the English Channel on behalf of HMCG. The market will bid and, following an agreed procurement process, the MCA will award a fully serviced contract encompassing assets, personnel, training and equipment.

As far as possible, MCA will specify the outcomes it wishes to see delivered as opposed to prescribing outputs in terms of asset types. MCA will identify the outcomes and effects which need to be delivered based upon data on HM Coastguard operations and those of partner organisations, such as Border Force, in the English Channel in recent years. Ultimately, the required outcomes are the prevention of fatalities among those undertaking dangerous crossings of the English Channel and the removal of any associated hazards in terms of discarded dinghies which may pose a risk to shipping. It is MCA's intention to undertake an analysis of historic crossings in order to provide data which will be made available to industry in advance of the procurement. Access to this historic incident data will enable industry to formulate solutions to the requirement i.e., they will, based on their experience, propose the most suitable assets and means of achieving the required outcome.

Training/competency/qualification levels, rescue equipment and any medical provision on the other hand will have prescribed minimum standards in order to be compliant with legal requirements and established international standards. Consequently, MCA may have to prescribe certain outputs where necessary.

As stipulated in the Commercial Consideration section of the Executive Summary, the Service Requirements and Outputs may change depending upon the results of the incident data analysis currently underway, the finalisation of the draft requirements document and the results of the

Market Consultation Questionnaire. Other Options from the Long List Options, such as a public/private partnership, could, following reassessment, be identified as the preferred delivery model, thus changing the outputs. The required outcomes, to prevent loss of life and remove hazards, will not change, however.

4.1.2 Social Value

A supplementary outcome that the successful supplier will be required to deliver on will be Policy Outcomes from Cabinet Office's Social Value Model. MCA has experience of incorporating these requirements into a procurement from the UKSAR2G Programme. A key lesson learned in that programme was to involve the market at an early stage to garner feedback on any proposed policy outcome and the metrics and KPIs based on these. In accordance with the Guide to Using the Social Value Model, MCA will propose a set of policy outcomes, metrics, evaluation criteria and KPIs based upon their relevance and proportionality to the service. For example, the policy outcome of Improving Health and Wellbeing is likely to be particularly relevant to the delivery of a SAR service where crews are exposed to both physical risk and distressing situations which may impact their mental health. The proposed policy outcomes, metrics, evaluation criteria and KPIs will be shared with prospective bidders in market engagement activity undertaken throughout the procurement. Feedback obtained will reveal if the MCA's assumptions about the relevance and proportionality of the proposed policy outcomes are correct, as well as whether the evaluation criteria, metrics and KPIs are reasonable, fair and non-discriminatory for bidders. Prospective bidders will be free to propose alternatives at critical junctures in the market engagement process.

Commented [WC24]: @Name Name New para for our Social Value approach.

4.2 Procurement Strategy and Route

The estimated value of the contract, as discussed in the Financial Dimension, cannot be accurately determined at this time. It will ultimately be determined through the finalisation of a requirements document followed by market engagement and an agreed procurement dialogue process.

4.2.1 Market Engagement

Market engagement prior to the commencement of the procurement process will be critical to the success of this programme. MCA needs to gauge both the market appetite to deliver this requirement, its capability and capacity to do so and the estimated cost. MCA must also understand how the market views the MCA's proposed approach to contractualisation, performance management and the procurement route itself, including whether there are any concerns or perceived barriers to entry. Market engagement may also change the MCA's assessment of the preferred delivery model if, for instance, industry does not respond favourably to or does not appear capable of delivering a fully outsourced service.

The procurement, including the requirement, SQ and ITT will to some extent be tailored to the feedback received where common themes emerge and where the MCA's core objectives are not compromised. Market engagement will therefore commence as a matter of urgency as soon as approval is given to publish an outline requirement. A Market Consultation Questionnaire has already been drafted which poses key questions for industry, seeking views on:

- The proposed delivery model;
- The draft Single Statement of User Need;

- In broad terms, how prospective bidder would propose to fulfil the requirement and with what assets;
- A proposed Lot structure splitting the requirement for rescue assets and for assets for the recovery of small boats;
- The likely cost range for the services, including pre-operational costs, based on the draft Single Statement of User Need and lot structure;
- The proposed Key Performance Indicators and how these would affect cost;
- Possible delivery models;
- Procurement routes (MCA proposes Competitive Procedure with Negotiation);
- Contract (MCA proposes MSC as baseline with relevant BIMCO clauses incorporated);
- The proposed contract management approach, including governance, customer/supplier interfaces and charging mechanisms;
- The proposed allocation and transfer of risk;
- Any perceived barriers to entry;
- Contract length and mobilisation timeframes;
- The evaluation approach; and
- The Social Value Policy Outcomes MCA propose to evaluate in the procurement and social value KPIs to be monitored throughout the life of the contract (key will be understanding to what extent the proposed measures will drive cost, whether they are relevant, proportionate and non-discriminatory and whether the prospective bidder would propose alternatives).

Comprehensive industry engagement will require the publication of a draft requirements document and historic incident data to enable prospective bidders to provide useful feedback. However, if these are not fully developed in the near-term a truncated or scaled back Market Consultation Questionnaire could be released to gather some initial feedback.

The results of the market consultation questionnaire will have the potential to lead the MCA to reconsider many of its initial assumptions. On a fundamental level, a lack of market appetite, which could be due to a number of factors, although will most likely be due to the proposed risk allocation and transfer and/or funding envelope, or lack of market capability, could lead MCA to review its Long List Options appraisal to identify an alternative Preferred Way Forward. Market feedback could reveal strong market appetite to deliver this service, but express concerns about the procurement itself or the contract, including, but not limited to, perceived barriers to entry, the evaluation approach, KPIs or the allocation of risk. MCA will need to consider market feedback carefully to identify common themes in feedback from different operators. This will help inform the MCA to what extent it may need to recalibrate certain aspects of the procurement and draft contract in order to ensure market interest in the procurement without compromising the required outcomes.

4.2.2 Use of Data

MCA is in the process of analysing data on migrant crossings and rescues in the Channel for recent years in which a surge in activity has been witnessed. This data will be used by bidders to assess

Commented [WC25]: @Name; Name Na this is to back up our approach on Social Value

Commented [WC26]: @Name; Name new paragraph in response to some of Name feedback

and scale their solutions. Given historic data will be used, it will not be possible to predict future changes in demand, either increases or decreases in crossings, which will be determined by wider geopolitical factors and government policy. It does, however, provide the only reasonable basis to develop a solution.

4.2.3 Procurement Route

MCA has considered both Competitive Dialogue and Competitive Procedure with Negotiation as possible procurement routes but, based on the guidance notes on both processes contained within the Outsourcing Playbook, the time critical nature of the project and its own experience, MCA has elected to use the latter.

This decision was made assessing the relative advantages and disadvantages of each route against the Objectives of this procurement, the Procurement Objectives. These should not be confused with the Critical Success Factors used in the Long List Options assessment, even though they are similar. The Procurement Objectives represent a broader set of priorities, including the commercial, financial and strategic, the fulfilment of which will determine whether the procurement has been successful.

The Procurement Objectives are divided between those which can be considered critical to the success of the procurement and those which can be described as beneficial if achieved. In MCA's assessment the former were assessed on a pass-fail basis, while the latter were each scored out of five.

The Procurement Objectives are as follows:

Primary Procurement Objectives – critical and scored on a pass/fail basis

1. Delivery of the procurement in a timeframe which leaves no gap in service provision

If the Border Force vessels are withdrawn prior to an MCA solution being introduced, this would lead to an unacceptable gap in surface asset coverage in the Channel, probably resulting in loss of life. Ensuring the service is procurement and mobilised within a short timeframe is therefore an overriding priority for the procurement.

2. Ensuring high quality service delivery which fulfils the Strategic Objectives

That, from a technical and operational perspective, the system procured, including the vessels, crew and equipment, can meet the MCA's requirements is also critical in preventing loss of life. Ongoing work to analyse historic incident data to assess demand and to produce a requirements document, both of which will be provided to prospective bidders, will ensure the market has a clear understanding of MCAs need.

3. Satisfying the funding envelope

The procurement must source a solution which is within the approved funding envelope.

Secondary Procurement Objectives – scored out of five

4. Achieving Value for Money

Within the funding envelope, achieving the best balance of the quality of the solution and its cost should be achieved.

5. Enabling appropriate risk transfer

The procurement should aim to transfer the majority of the risks associated with the delivery of these services, which industry and their insurers are best placed to bear. This will, however, depend upon feedback received from the Market Consultation Questionnaire and bidder appetite to take on these risks. Equally, if, following re-evaluation of the Long List Options based upon market

Commented [N627]: @ Name Name who's developing this model?

Commented [WC28R27]: @ Name Name I think it was Name Name who's in the data team. I didn't think it was anything as sophisticated as the 2G model, in that it's not a simulation tool, rather just a presentation of data on the demand we've seen in recent years. @ Name Name is that correct? I know you were engaging with Name Name

Commented [SW29R27]: @ Name Name the only work that Name Name is doing currently is data analysis which, alongside my work, will provide a data set that different delivery models can be 'modelled against' but that would be done manually. No automated data model like what Name Name created for 2G has been developed for this project.

consultation feedback, an alternative delivery model is elected as the Preferred Way Forward, it may not be possible to transfer all of the risks associated with the delivery of these services i.e. if part or all of the service is insured.

6. Enabling bidders to develop innovative, bespoke solutions

Industry providers are likely to be well informed about the latest technology and vessel types suitable for providing these services. By being solution agnostic where possible, the MCA will achieve value for money by giving bidders the flexibility to develop innovative, bespoke solutions to its requirements. This is another objective, however, for which the assessment will change if an alternative delivery model is elected as the Preferred Way Forward, and said option requires the MCA to be more prescriptive.

The MCA's assessment of each procurement route is contained in **Table 1**.

Objective	Competitive Dialogue	Competitive with Negotiation
Pass/Fail Test		
Objective 1: Delivery of the procurement in a timeframe which leaves no gap in service provision	FAIL	PASS
Sensitive & Irrelevant		
Objective 2: Ensuring high quality service deliverability which fulfils the Strategic Objectives;	PASS	PASS
Sensitive & Irrelevant		

Objective 3: Satisfying the funding envelope	PASS										
Sensitive & Irrelevant											
Primary Objectives (score out of five)											
	1/5 Does not address the objective	2/5 Partially meets the objective	3/5 Meets the objective but with significant reservations	4/5 Fully meets the objective with only minor reservations	5/5 Fully meets the objective with no reservations						
Objective 4: Achieving Value for Money											
Sensitive & Irrelevant											
Objective 5: Enabling appropriate risk transfer											
Sensitive & Irrelevant											
Objective 6: Enabling innovative, bespoke solutions											

Sensitive & Irrelevant		
Final scores for	11/15	12/15
Primary Objectives		
Decision	DISCOUNTED – due to FAIL on Objective 1	Preferred way forward

While offering advantages in terms of facilitating an innovative, bespoke solution and achieving value for money, the Competitive Dialogue Process failed on the basis that it risks an extended, possibly open ended, timeframe which could lead to a gap in service. This route could also give bidders too much scope to amend contract terms and conditions to reduce their risk via unscored stages in the procurement i.e., dialogue and negotiation on final/preferred tenders.

Competitive Procedure with Negotiation on the other hand offers the opportunity to reduce the procurement timeframe by shortening the time limits for the receipt of tenders and/or accepting initial tenders. It also restricts less bidders to amending key terms and conditions in the draft contract to tender submission which will be scored appropriately, disincentivising bidders from seeking to transfer risk to the MCA which rightly belongs with them. While this route does perhaps offer less opportunity for bidders to develop innovative, bespoke solutions, if the MCA constructs a solution agnostic, output based Single Statement of User Need, it should still be achievable.

MCA has used Competitive Procedure with Negotiation successfully on a number of prior occasions, including the Aerial Surveillance and Verification contract and UKSAR2G. Moreover, the Team responsible for the delivery of the SARIC programme were heavily involved in both of those procurements. Familiarity with this approach is another advantage, as the team will be fully aware of possible impediments and risks, as well as the being well versed in the process itself.

4.2.4 Market Readiness

No Government Commercial framework exists for the supply of maritime SAR services. The procurement must therefore be made to the market directly, potentially with a Selection Questionnaire (SQ) based upon specific experience criteria (e.g., successfully operating maritime SAR services) and financial standing, if this is considered useful and if there is sufficient time. This would be followed by an Invitation to Tender (ITT) either to those who successfully complete the SQ or to any interested operator if an SQ is not used.

Prior to the commencement of industry engagement, the MCA cannot definitively say which market participants would be interested in or capable of delivering a Coastguard Rescue Asset service. Traditionally, for surface-based SAR capability, HM Coastguard has relied upon third sector organisations, primarily the RNLI with some independent lifeboat provision. It is unclear whether there would be appetite in the RNLI to bid to deliver this requirement and this will require full scoping and exploration.

In the maritime sector the obvious possible providers of vessel-based search and rescue services are those companies providing services to the offshore oil and gas and offshore wind sectors.

- Commented [NG30]: Name Will I've spoken to Na the timeline in the plan is quite lengthy and I've asked him to review and caveat that this is worst case for planning assumptions. Do we talk about an STA or carry on the CTV's for a period of time?
- Commented [NG31R30]: Name I like the part about reducing timelines by removing negotiations etc
- Commented [WC32R30]: Name I see this was resolved. Do you want me to add something about bridging with CTV provision? Also, what is an STA?
- Commented [WC33]: Name This is a new paragraph in response to one of Name pieces of feedback

- Commented [NG34]: Name we don't have to do an SQ so maybe caveat
- Commented [LD35R34]: Name Could you please take a look at rephrasing this this morning? I would like to have a full reviewed draft ready to send to CoE by midday ideally. Thanks!
- Commented [WC36R34]: Name have amended to give us the option either way. Let me know if this works.
- Commented [MG37]: Name Does this contradict option 8? Maybe tone it down.

In accordance with the Offshore Installations (Prevention of Fire, Explosion and Emergency Response) Regulations, 1995, oil and gas operators are required to maintain arrangements for the recovery of persons following an evacuation or escape from an installation and rescue of persons near an installation. The Emergency Response and Rescue Vessel Association (ERRV Association) represents owners and operators of the ERRVs serving installations on the UK Continental Shelf. Crews onboard ERRVs are subject to training for their SAR role, which must comply with an accreditation standard laid down by the MCA, Oil and Gas UK and the Health and Safety Executive. The vessels themselves are also configured for search and rescue with deployable fast rescue craft, medical areas, rescue zone and helicopter winching area. Importantly, the operators would bring real world experience to the role – of the 558 people rescued since 1986 by ERRV Association Vessels, approximately 50% were non-oil and gas related rescues and were instead distressed fishing vessels or pleasure craft. There are currently 10 members of the ERRV Association, meaning there is the potential for a good level of competitive tension in the procurement.

However, it is unclear whether the ERRV vessels themselves will be suitable to deliver this requirement. Their size, particularly their draft, makes them unable to dock at the current Border Force Reception facility. In addition, their overall displacement and the wash this creates, paired with the height of the guard rail from the waterline, may make them unsuitable for the recovery of large numbers of casualties from dinghies. Deployable fast rescue boats could be used, but these are not designed to carry large numbers of people. Nevertheless, ERRV operators could utilise their expertise to deliver this service, albeit with alternative vessel types.

The current Border Force provision is delivered using crew transfer vessels used in the offshore wind industry. Similar to operators of ERRVs, there are a number of companies providing these services in the UK so there is the potential for a good level of competitive tension in the procurement. Unlike ERRVs, though, the vessels themselves are not specifically configured for search and rescue duties, nor are the crews required to undertake training in search and rescue over and above that required under the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), 1978. Refitting of the vessels and any required training of crews could be undertaken, however, providing sufficient mobilisation time is available.

Whether both types of owner/operator will be able to tender for the Coastguard Rescue Asset Service will ultimately depend upon the minimum requirements set by the MCA and whether they allow sufficient scope for either or both vessel types to be proposed as a possible solution.

Market engagement, including both the Market Consultation Questionnaire and Industry Day, will help the MCA to gauge both market appetite and market ability to fulfil its requirement.

4.2.5 Ensuring a Level Playing Field

As it stands, leased vessels contracted by Border Force are undertaking rescues of migrants in the Channel. However, at this time MCA is developing its own requirement for SARiC and it is unclear if there will be much, if any parity between the current Border Force Requirement and the one the MCA is developing. If there is any material overlap that could offer an incumbent advantage, MCA will work with its legal counsel to assess how this can be mitigated. This could include sharing information on how the current service is delivered by the incumbent, but this will depend on the exit provisions in the Border Force contract. Despite being exclusive to that service, given the short-term duration of those contracts, it is unlikely that they require the supplier to transfer the assets used to deliver the service to any new operator.

More important will be efforts to ensure the requirement itself is deliverable by non-incumbent operators within the timeframe available and that the procurement is conducted in an open and fair manner. Legal support will be crucial in providing the assurance that this is the case, helping to

plan the procurement process and to develop the SQ and ITT. This will provide the assurance that these documents are robust, that the MCA's and interested parties' commercial confidentiality are protected and that the process is fair and consistent. The SQ will be published on Contracts Finder, so will be open to all, but other advertising routes will also be explored.

Equal access to information on the procurement amongst bidders, including the data and demand models currently being compiled, must be facilitated to deliver a fair and open competition. Document sharing platforms would be created for this purpose. SharePoint is a possible option for such a platform, which is within the capability of the MCA to establish. Another option is a bespoke document sharing platform provided by whichever firm is recruited to provide legal counsel. Either way, robust processes, including non-disclosure agreements, must be in place to ensure sensitive information, including commercially sensitive information, of all parties is protected and not accessed by any persons without the necessary approvals.

Ensuring a level playing field in any competition to replace the services procured in this one, should that be required, will need to be a consideration in the drafting of the contract. Sufficiently well-developed exit provisions to guarantee both continuity of service and a fair and level playing field will be needed. Legal counsel will also be essential in developing these contractual terms.

4.2.6 Time Constraints and Contingencies

While Competitive Procedure with Negotiation has been identified as the quicker of the two procurement routes being considered, the programme, as set out in the management dimension, while realistic in terms of timeframe, is nonetheless lengthy, with service commencement not occurring until February 2025. MCA's working assumption is that the Border Force provision will remain in place until such time as the SARiC assets are operational, but if this is not the case or there is a delay in the SARiC procurement, contingencies will be needed to ensure the presence of rescue assets in the Channel is retained with no gaps in service. The best way of achieving this would be via use of the Negotiated Procedure Without Prior Publication. MCA would contract with the providers of the existing Border Force CTVs, which would maintain Providing MCA was in the midst of a competitive tender process for the SARiC service at the point a VEAT notice was published, the risk of a challenge being brought from industry should be low.

However, further work will need to be undertaken in order to prepare this contingency option. As it stands, Border Force staff perform certain critical functions on board the CTVs. Dialogue with Border Force will need to take place to ascertain how these functions can be performed by contracted staff members, or if Border Force staff could be retained for a finite period. Legal counsel will be required to assess the risk of challenge, assist in negotiations with the CTV providers and assist with the drafting of contract documentation.

4.3 Risk Allocation

The SARiC Asset Long List Options Appraisal compares some of the risk sharing advantages of fulfilling the requirement via a fully serviced contract with privately financed and operated assets, where said assets and services are delivered under a single contract, versus a fully insourced solution where the MCA procures and operates rescue assets, as well as several permutations in between. In that assessment, the option of a fully serviced contract was identified as the preferred way forward against a number of Critical Success Factors, including in terms of offering the most appropriate allocation of risk. The benefits of this type of arrangement have been realised by the MCA in its management of its aviation-based SAR services, where much of the operational, commercial and financial risks associated with running an aerial search and rescue service have been transferred to a specialist organisation better equipped and resourced to manage those risks.

Commented [WC38]: Name feedback on having our contingency option spelled out

Preferably, the MCA would secure a similar level of risk transfer to the supplier for the SARiC Assets. However, whether industry is sufficiently well placed and sufficiently mature to deliver and manage the risks associated with the search and rescue aspects of this service, particularly the risk of litigation resulting from a performing a search and/or rescue and issuing medical care, will only become clear through market engagement and refinement of the service requirement.

The service requirement may include or preclude potential market participants depending on what MCA is asking to be delivered and whether there are any constraints. For example, the current reception facility used by the Border Force vessels in Kent would preclude vessels of an ERRV size and type. If this constraint can be lifted and ERRV type vessels considered, then a market participant with considerable experience who is well placed to manage the associated risks of delivering this service can be considered.

Risks associated with maintaining, crewing, supplying and operating vessels will rightly sit with the supplier. Whichever type of operator is considered, they should be better placed to manage these risks with the appropriate expertise, organisational infrastructure and established relationships with suppliers and subcontractors. They will also have in place the necessary insurances to operate vessels, including hull and machinery insurance and insurances against third party liabilities such as personal injury and loss of life, third party property damage, bunkers, wreck removal etc. While MCA has considerable knowledge of the maritime sector and has industry contacts, its position is as the regulator, not a provider of maritime services.

The table below documents the generic types of risk that might be apportioned or shared as listed by HMT Green Book guidance. An assessment of each of these risk types has been made against the SARiC service and allocated to the party best placed to manage them (MCA, Supplier, Shared). The actual applicability and allocation of risk to each party will only be fully resolved following market engagement and as bidders seek to negotiate the terms of the contract prior to the final ITT submission.

Risk	Description	Risk Applicability to UKSAR2G Programme	Risk Allocation
Availability	The risk that the quantum of the service provided is less than that required under the contract.	The probability is low due to bidder access to the demand profile for small boat crossings for recent years which they will be able to assess their solutions against. Furthermore, the successful bidder will be obligated under the contract to meet specified requirements for the availability of assets to respond to persons in distress. A contract incentive scheme will be in place in the contract to ensure the supplier fulfils these obligations.	Supplier
Business	The risk that the organisation cannot meet our business requirements.	The probability is low as MCA will draft a detailed user requirement against which bid solutions will be evaluated at ITT and ITSFT stages.	MCA

		<p>MCA undertakes due diligence on all suppliers as a standard part of its procurement process and their business standing is checked and monitored using Dun and Bradstreet company assessment. In contract Dun and Bradstreet checks will continue to be made, as well as checks on Companies House.</p> <p>The Selection Questionnaire, as part of the procurement process, requests predominantly historic financial information; the analysis of which contributes to the selection of bidders to proceed to Invitation to Tender. This will assess: performance, capital structure, liquidity and cash flow.</p> <p>Financial Evaluation within the ITT is likely to be split into four parts:</p> <ul style="list-style-type: none"> ○ affordability as a pass/fail test against budget caps ○ risk adjusted, nominal contract price ○ financing solution ○ ongoing financial robustness <p>The MCA will also require regular financial reporting from the supplier and this will be mandated under the Financial Reports and Audit Rights section of the contract. This clause requires the periodic submission of contract management reports which may include various financial reports (contract inception, quarterly, annual, final reconciliation and contract amendment).</p>	
<p>Demand</p>	<p>The risk that the demand for the</p>	<p>The probability is medium as the MCA's requirement and supplier</p>	<p>MCA</p>

	<p>service does not match the levels planned, projected or assumed. As the demand for a service may be partially controllable by the public body concerned, the risk to the public sector may be less than that perceived by the private sector.</p>	<p>solution will be based on a historic demand profile, but future increases and decreases in small boat crossings cannot be predicted by the MCA and will depend in part on wider geopolitical factors.</p> <p>Should the demand for the service change, this will be the MCA's risk to manage. Lower demand will not adversely affect the supplier as both standing and variable charges will still be paid, the latter as they are incurred.</p> <p>If demand is lower than anticipated MCA may consider partial termination in order to reduce costs but would need to weigh doing so against the cost of compensation payments for early termination. Alternatively, a shorter contract duration may be considered to reduce this risk, but this would likely not offer good value for money.</p> <p>A demand greater than has been forecasted would present a risk to the MCA in that it may not be able to fulfil its obligations, however, contract change mechanisms may be utilised to address unforeseen changes in the demand profile, providing these changes are in line with Regulation 72 of the Public Contracts Regulations.</p>	
<p>Design</p>	<p>The risk that the design cannot deliver the services at the required performance or quality standards.</p>	<p>The probability is low the successful bidder will be obligated under the contract to meet a detailed set of user requirements, against which their solution will have been evaluated.</p> <p>A contract incentive scheme will be in place in the contract to ensure the supplier fulfils these obligations.</p> <p>MCA will need to consider how it can be assured of the supplier's</p>	<p>MCA/Supplier</p>

		performance from a technical perspective. This will require expertise in both SAR and shipping to provide ad-hoc advice in response to performance related issues as well as a programme of audits and inspections. Expertise can be drawn from the wider MCA for this purpose from both the surveyor and SAR communities, but MCA will nonetheless need to consider how such a requirement is resourced i.e., through the establishment of a dedicated team or the utilisation of existing roles.	
Economic	Where the project outcomes are sensitive to economic influences. For example, where actual inflation differs from assumed inflation rates.	The probability is medium/high . Our assumption is that the contract price will be subject to annual indexation. Given the level of inflation experienced in 2022 and forecast for 2023 and beyond, such increases could be considerable. This will be particularly the case with fluctuations in the price of bunker fuel and marine diesel oil. MCA will look to mitigate this risk by sharing it with the supplier through agreed contractual terms. For example, as it does with the UKSARH and UKSAR2G contracts, MCA would look to introduce a fuel price cap to reduce the MCA's exposure to sudden fuel price rises. Similarly, MCA may agree to cap annual increases in line with indexation. This will of course depend on the negotiation of the final contract and bidders' receptiveness to such proposals will likely depend on the overall length of the contract.	MCA/Supplier
Funding	Where project delays or changes in scope occur due to the non-availability of the expected level of funding.	This probability is considered to be low due to the fact that the funding envelope is only likely to be agreed once early industry engagement has provided a reasonable estimate of the cost of delivering this service.	MCA
Legislative	The risk that changes in legislation increase	This risk is considered to be low . MCA intend, as is the case with its existing contracts, that the risks	MCA/Supplier

	costs i.e. changes in corporate tax rates.	associated with general changes in the law will be borne by the supplier. The supplier will benefit from 'Change in Law' protections against discriminatory or specific changes in the law but given these are likely to concern shipping and/or SAR provision, as regulator MCA would be able to anticipate such changes well in advance.	
Maintenance	The risk that the costs of keeping the assets in good condition vary from budget.	This is not applicable as the MCA will not own the assets.	Supplier
Operational	The risk that operating costs vary from budget, that performance standards slip or that the service cannot be provided.	<p>The probability is medium.</p> <p>The MCA is seeking firm price for the standing charges. The winning bidder's proposal will also have been evaluated against their evidence submitted in response to a user requirement and will be based upon their use of a historic demand profile.</p> <p>The variable costs associated with operating the vessels, which will make up a smaller proportion of the charges, will, by their very nature, vary. However, the winning bidder's proposal will also have been evaluated against their evidence submitted in response to a user requirement and will be based upon their use of a historic demand profile which should provide a reasonable estimate for the variable costs.</p> <p>A contract incentive scheme will be in place in the contract to ensure the supplier fulfils these obligations and a management and reporting regime will be put in place for the contract term to ensure the MCA has a live picture of performance levels. It will also ensure regular performance reviews are conducted.</p>	Supplier

Policy	The risk of changes in policy direction not involving legislation.	The probability is low . The MCA are not aware of any such changes within the timescale of this programme that would expose it to this type of risk.	MCA
Procurement	Where a contractor is engaged, risk can arise from the contract between the two parties, the capabilities of the contractor, and when a dispute occurs.	Model Services Contract terms and conditions include procedures to resolve such conflicts to which the contractor will have signed up to a contract award.	Shared
Programme Intelligence	Where the quality of the initial project intelligence (e.g. preliminary site investigation) is likely to impact on the likelihood of unforeseen problems occurring.	This is a moderate probability. The MCA will provide raw data on historic demand to bidders. Future demand will depend on intelligence received from other government departments.	MCA
Reputation	The risk that there will be an undermining of customer / media perception of the organisation's ability to fulfil its business requirements e.g. adverse publicity concerning an operational problem.	The risk is low as the MCA will undertake comprehensive stakeholder and industry engagement and will continue to do so throughout the programme. Furthermore, the MCA's Communications Team are already engaged and will prepare communications to the public at key stages in the programme and will be on hand to respond to any negative publicity.	MCA/Supplier
Residual Value	The risk relating to the uncertainty of the value of the physical assets at the end of the contract.	This is not applicable as the MCA will not own the assets if the preferred route is taken	Supplier
Security	The risk that Information Assurance requirements are not met by the fundamental design or layered	The probability is low as the requirement to satisfy security standards will be built into the user requirements and the contract. The MCA's Information Assurance Team will have sight of and be able to input into the relevant schedules of the contract.	Supplier

	configuration of the solution.		
Technology	The risk that changes in technology result in services being provided using non-optimal technology.	This is a low probability as the MCA's requirements will be clearly defined and a competition run to ensure an optimum solution.	Supplier
Volume	The risk that actual usage of the service varies from the level forecast.	The probability is moderate . While the MCA will base its requirement on a historic demand model, increases or decreases in migrant crossings will be based on wider geopolitical factors and government policy. Intelligence received from other government departments may mitigate these risks, but there will nonetheless be a degree of unpredictability.	MCA/Supplier

As discussed, the finalisation of a historic demand model, requirements document and the results of the Market Consultation Questionnaire may lead to the preferred way forward for the delivery model being reassessed. If this is the case, this assessment of risk allocation and transfer may change with greater risk for service delivery falling upon MCA, for instance, should the provision of assets and/or service fall to MCA to deliver.

Similarly, market engagement could reveal low market appetite to participate in the procurement as a result of the proposed allocation of risk. Should this be the case, MCA will need to consider how to respond. As stated, this could lead to a reassessment of the Preferred Approach from the Long List Options. Alternatively, the apportionment of risk in the draft contract could be recalibrated to a level the market would accept. However, in this situation MCA would need to determine its red lines in terms of the maximum level of risk it would be willing to take on. A mitigation against this outcome will be the ability for bidders to amend the draft contract as part of the commercial evaluation and be scored based on the extent of the changes. The opportunity to make changes to the draft contract will encourage the market to bid despite any concerns regarding the apportionment of risk, while extensive changes will be discouraged as a result of the impact this would have on scores.

4.4 Charging Mechanism

Sensitive & Irrelevant

Commented [WC39]: new paragraph in response to comments on alternative options should the market be concerned with the proposed allocation of risk

Sensitive & Irrelevant

As with its current aviation contracts, the MCA will be invoiced for this service on a monthly basis in arrears. Variable costs based on activity levels will be verified by contracts managers within the MCA Programme Delivery Directorate before they are paid. This will be achieved via a combination of supporting evidence, such as invoices for fuel, dialogue with operational colleagues and use of AIS tracks to verify vessel movement. Similarly, the application of deductions for key performance indicators will be verified before invoices are paid. This will require operational colleagues within the Coastguard to maintain accurate and accessible reports on performance, as well as the supplier providing near real-time reporting via an auditable management information system.

The actual mechanisms for payment will be via the MCA's Shared Services Platform, Agresso Business World. This system manages the raising of purchase orders and the goods receipting of invoices received. Invoices, once they are approved by MCA, will quote the relevant purchase order number and be sent to Shared Services via email, before being goods received by members of the Programme Delivery Directorate.

4.5 Key Contractual Arrangements

4.5.1 Contract

MCA faces a dilemma in terms of which form of contract to use for the SARiC Asset Service. Industry providers will be used to standard BIMCO forms of contract used in the maritime sector, which contain well developed terms tailored to calibrate the appropriate division of risk between charterer and shipowner/operator. On the other hand, the government Model Services Contract contains key terms which are fundamental to public sector outsourcing, such as those on freedom of information and the protection of personal data

At present MCA considers that a hybrid approach will offer the best of both worlds, whereby a tailored Model Services Contract is used as a baseline, with applicable BIMCO terms imported. MCA has experience of this. Both the UKSAR2G and Aerial Surveillance and Verification services use versions of the model services contract modified to suite an aviation service. Specialist legal support will be required to achieve this, however. Only law firms with sufficient experience of both public procurement and shipping law will be qualified to advise on the appropriate division of risk.

MCA also needs to ensure that industry will be content with this approach. The Market Consultation Questionnaire therefore poses questions on MCA's proposal to use a hybrid form of contract.

4.5.2 Key Performance Indicators

Part of the risk allocation and transfer to the supplier will be achieved via the aforementioned key performance indicators, which reflect MCA's priorities for the delivery of this service. These are:

- That rescue and hazard removal assets are available for tasking 24 hours a day, 365 days a year;

- That casualties and hazards are located as quickly as possible to maximise chances of survival or, in the case of hazard removal, to reduce the risk of a collision.
- That the MCA is provided with data on missions, casualties and hazards to inform future strategy; and
- That a quality service is delivered, in the sense that the services are delivered in accordance with MCA's requirements the Supplier's solution.

The initial four KPIs MCA has proposed are based on its experience of managing aviation contracts for search and rescue, aerial surveillance and aerial dispersant spray. However, we believe they are equally applicable to a surface asset-based search, rescue and hazard removal service. Nevertheless, this assumption will be tested as part of market engagement. The proposed KPIs are as follows:

1. **Availability** – each Line of Tasking (defined as an asset which should be capable of undertaking a Task) should be available 98% of the time for deployment on proactive patrol routes. This availability percentage corresponds with that of the current UKSARH rotary SAR service but should be tested as part of market engagement to assess how realistic it is for a vessel to be available 98% of the time or whether it is feasible and cost effective to provide stand-ins for periods of maintenance. "Available" shall mean the vessel is fully able to undertake its duties with no limitations. "Partial Availability" shall mean the vessel is still able to undertake its duties, but optimum performance will be compromised due to equipment failure or lack of crew.

Sensitive & Irrelevant

2. **Response Time** – each Line of Tasking must meet a response time, which is the time from notification to the point at which the vessel is proceeding to the casualty or hazard. Given the vessel will have a maximum speed based on its own capabilities and sea state, Response Time is a measure which is within the suppliers control to achieve and will have a decisive impact on how quickly a casualty or hazard is located.

Sensitive & Irrelevant

3. **Mission Data** - for each response undertaken, a post mission report must be submitted to the Authority and its Stakeholders detailing:
 - Number of people rescued.
 - Demographic information on the people rescued, including age and gender
 - The physical health and general condition of those rescued, including lists of those with injuries and/or illness (including, but not limited to, hypothermia and dehydration)
 - A narrative of the mission, including how the rescue was undertaken and what communications were maintained with both the Authority and other response assets, including aircraft.

Sensitive & Irrelevant

4. **Mission Completion** - for each response undertaken, the supplier must demonstrate, via the completion of the aforementioned post mission report, that the rescue was undertaken in accordance with the defined procedures, using all appropriate

equipment and that communication with the Authority was maintained throughout the mission. The post mission report template will feature a checklist listing critical success factors which will be derived from MCA's requirements and the supplier's solution. The checklist and mission report will be verified by both operational colleagues within HM Coastguard, who would have tasked the asset, and contract managers with the MCA Programme Delivery Directorate.

Sensitive & Irrelevant

The proposed KPIs, including the level of deduction for each, will be tested in the Market Consultation Questionnaire. MCA will need to determine whether the KPIs are feasible and to what extent the proposed availability and response time requirement, as well as levels of deduction, will impact the Standing Charge. MCA will also be interested to understand if prospective bidders consider that there are other more appropriate performance measures and incentives.

4.5.3 Contract Management

The Commercial Team within the Programme Delivery Directorate will be responsible for the in-service management of the contractual relationship with the supplier. The Team currently consists of a Commercial Manager and Contract Manager supported by Deputy Contract Managers and a Finance and Data Support officer.

This Team's experience of managing the current SAR aviation contracts gives it the experience and expertise to manage this contract at a commercial level. As it stands, the Commercial Team manage a monthly cycle of work to verify activity, monitor performance, track and escalate risks and issues, collect data and process payments. A similar approach can be applied to managing the contract for maritime rescue assets. Technical knowledge will need to be a consideration, however. Currently, the Commercial Team are supported in the management of the MCA aviation contracts by an Aviation Technical Assurance Team, who conduct a programme of audits and are on hand to respond to technical queries to provide MCA with the assurance that the suppliers are delivering the services in accordance with the agreed standards. Equivalent expertise will need to be sourced to provide a similar function for maritime assets, although it is highly likely this can be found from within the MCA marine surveyor community. Finally, the capacity of this team to manage the additional workload will need to be assessed. It may be necessary to re-allocate resource from programmes being managed by the Programme Delivery Directorate due to be concluded in the near future in order to provide an appropriate level of oversight.

Day to day operational management of the rescue assets, including establishing and maintaining interfaces, developing operating procedures, tasking and coordinating will fall to HM Coastguard, specifically the Coastguard Commander located at Dover Maritime Rescue Coordination Centre (MRCC).

Governance arrangements will also reflect those currently in place for the MCA aviation contracts, which are tried and tested. At a high level, these are:

- **A Steering Group** providing senior level guidance, leadership and strategy for the overall delivery of the Services and to be a point of escalation from the Contract Management Board. This group will be comprised of senior leaders from the MCA and DfT and will meet annually or as required.
- **A Contract Management Board** will be responsible for the steady state management of the contract, reviewing supplier performance, investigating and addressing issues with supplier performance or other delivery issues, considering and resolving disputes, negotiating contract changes, conducting audits, reviewing contract reports (including reports on supplier financial health) submitted by the supplier and coordinating individual

projects. This group will be chaired by members of the MCA Commercial Team and supplier representatives and will report to the Programme Board. The Contract Management Board will meet quarterly.

- A **Capability, Integration and Development Working Group** will oversee the technology used in the Supplier Solution and ensuring that technological choices are made to maximise the long-term value of the service to MCA. It will also provide assurance by providing the technical expertise and oversight necessary to verify the supplier's delivery of the service against the agreed standards. This group will meet monthly and will report to the Contract Management Board.
- Various operational interfaces and working groups will be established between the successful supplier and HM Coastguard, both to ensure the effective day to day management and coordination of the service, while also working towards continuous improvement through the ongoing development of operating procedures.

While, as illustrated, the necessary structures and experience exist within MCA for the management of the SARIC service, it would be advantageous to be able to incorporate any lessons learnt from those contracting for similar services. This could be, for instance, the current Border Force provision or Oil and Gas operators utilising providers of ERRVs. Such dialogue will become possible if and when it is confirmed MCA will assume responsibility for implementing this service. If and when that is the case, MCA has contacts in Border Force at the Offshore Petroleum Regulator for the Environment and Decommissioning it can utilise to establish a dialogue on this topic.

4.6 Personnel Implications

The current Border Force CTVs use a mix of Border Force Officers and outsourced crew. The outsourced crew are 100% dedicated to delivering this activity on behalf of Border Force. However, MCA is currently uncertain to what extent TUPE regulations will apply for the following reasons:

- MCA holds no contract with an incumbent provider for this service. These are instead held by Border Force/Home Office;
- Under the preferred route the Border Force contract is not being novated to MCA, but rather MCA is running a competition for a new requirement; and
- The solution, as determined by the minimum requirements set by MCA, may be considerably different to that currently delivered on behalf of Border Force, utilising different vessel types. If new vessels are used in the delivery of the service, vessel classification and certification requirements and the entailed STCW crew competency requirements will have a bearing on the ability of crew to transfer.

LPP

In terms of the availability of capable/skilled resources to deliver the service, vessels provided by operators will come with trained crew for all basic operations, as they would for any vessel charter. Additional skills and competencies will likely be required, however, including:

- SAR training;
- Medical and survival aid training (possibly up to paramedic level); and
- Personal protection.

To what extent operators will have crew with these competencies will depend on any constraints resulting from the minimum requirements and the markets' ability to deliver. For example, ERRVs would come with crew trained in SAR and medical and survival aid training, but if alternatives to

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the Western Jet Foil cannot be identified as a viable reception centre, these vessels cannot be considered. Training of existing crew and recruitment of medical specialists may therefore be a requirement for the successful bidder.

4.7 Accountancy Treatment

Sensitive & Irrelevant

5. Financial Dimension

5.1 Capital and Revenue Requirements

As reflected in the other dimensions of this business case, there are a number of uncertainties around how this project will be delivered which cannot yet be resolved.

Until a formal decision is made by Home Office as to whether to continue operating boats for Search and Rescue in the Channel, and dependent on agreement between Home Office and DFT ministers as to how a service can or should be transferred, it is not possible to set clear timescales around which financial years spend will fall. Our working assumption is that there will be no spend this financial year 22/23. It is our understanding that Border Force is applying to HM Treasury for further funding to extend these services until the end of 23/24 FY.

The MCA is working on data modelling to identify a best fit operational solution. However, any vessel type identified by the MCA needs to align with the wider Home Office / Government approach to managing migration across the Channel and needs to be sense-checked against industry capability. Neither of those actions are possible until a clear decision defines how rescue in the Channel will be carried out in future.

The type of solution, the mix of public / private involvement in an operated solution and the length of time of any contract offered will all have a significant impact on the cost of the project. The profiling of any planned expenditure and the split of C-DEL or R-DEL within any solution cannot be predicted at this point and, at the current level of maturity for this project, it is not possible to provide an indication as to what a reasonable spend ceiling or cost profile would be.

What is known is the current cost of the service provided by Border Force, which it estimates at approximately £800,000 a month. Whilst this cost could be viewed as an indicative ballpark figure for any proposed MCA solution, it is too early to be able to determine whether this is a realistic figure to consider or whether setting this as a cost ceiling will constrain efforts to maximise value for money.

The MCA holds no budget for the delivery of a rescue boat service, and no provision for this service was made in the Spending Review. Border Force holds a budget for the operation of its current vessels for the 23/24 financial year, but it is not known what budget is held beyond this. Similarly, it is not known what budgetary provisions have been made by Home Office for the provision of rescue boats in the channel.

If a budget is held it would be possible for a machinery of government transfer to bring that budget to the MCA. However, if that isn't possible, or a budget isn't held, then any cost from this requirement will need to be treated as a pressure that is unaffordable, and funding will need to be sought from HM Treasury.

The MCA does not anticipate that there will be any income generation from this service under any of the options identified in the long list appraisal.

If we are to proceed to OBC stage, a fully costed, market tested financial model based on demand data will be provided.

5.2 Net Effect on Prices (if any)

The MCA does not charge for search and rescue. There is not anticipated to be any impact to any charges for services provided by the MCA.

5.3 Impact on Balance Sheet

Until the solution is identified it is difficult to assess the impact on the balance sheet. The working assumption is that any assets which provide the service will potentially fall under IFRS16.

If this is the case, then an asset and a liability will be recognised on the MCA's balance sheet.

Any assets will be depreciated over the term of the lease agreement. The liability will be released over the term of the lease agreement.

5.4 Impact on Income and Expenditure Account

Any lease rentals will be charged to the 'Income and Expenditure' account.

IFRS16 postings would be made to release the lease liability over the terms of the lease, along with depreciation and an interest charge.

Any irrecoverable VAT will remain as an expense in the Income and Expenditure.

5.5 Overall Affordability and Funding

The MCA does not hold a budget for the provision of rescue boats and has not forecast any requirement for the provision of these services. Therefore, it is necessary to treat all costs expressed in this business case as a pressure which is unbudgeted and not forecast.

Border Force holds a budget for the provision of its current assets released by HM Treasury as part of its funding for Project ISOTROPE. However, this budget falls away in the 23/24 spending year. Border Force is applying to HM Treasury for further funding to extend these services until the end of 23/24 FY. There is no budget allocated beyond this that the MCA is aware of and as such funding will have to be applied for through HM Treasury for the lifetime of the project.

5.6 Confirmation of Stakeholder Support

Discussions are underway between DfT and Home Office about the future provision of rescue boats. However, until these are concluded it is not possible to determine where funding will be sourced from.

6. Programme/Project Management Dimension

6.1 Project Management Governance Arrangements

Governance Overview:

The MCA's Programme Delivery Directorate is responsible for major projects and programmes within the Agency. The Directorate practices matrix working for teams outside of the core PMO functions leading on major programmes and the teams described within this business case are no exception.

This project will be delivered using a tailored PRINCE2 methodology.

Any contracts leased to provide surface assets for the MCA will be managed by the Programme Delivery Directorate's commercial team. This team consists of commercial experts who already manage the contract for the MCAs significant search and rescue contracts, the UK Search and Rescue Helicopter contract, Aerial Surveillance and Verification and Project CAESAR.

This team is well resourced to manage a small boats contract and is experienced in the needs of SAR contracts, and the difficult conditions associated with the situation in the Channel. Coastguard requirements will be communicated through the Coastguard Senior User, who is embedded within the Programme Delivery Directorate. This has proven to be an effective arrangement for other major contracts, such as the second-generation Search and Rescue aviation programme.

Whereas the Programme Delivery Directorate will be responsible for the contractual performance of the supplier, day-to-day operational management of assets, including deployment and taskings will be the responsibility of HM Coastguard, and specifically the Coastguard Commander located at Dover Maritime Rescue Coordination Centre (MRCC).

The skillset to manage the tasking and utilisation of assets for the management of small boats in the Channel is already in place at Dover MRCC, which serves as the strategic coordination hub.

The arrangement by which contract performance is managed by a head office commercial function, whilst the tasking and use of assets is undertaken by Coastguard is a well-practised arrangement, as demonstrated by the use of Coastguard helicopters.

Modelling of Coastguard data will be undertaken by the IT Directorate's in-house data team, which has experience of working with Coastguard data, and has taken on the data model used for the recent Search and Rescue aviation procurement.

Monitoring and Control:

A project board has been established to review progress against timelines, review current risks and issues, review progress made against benefits, financial performance and to make decisions escalated from workstreams. The board meets every two weeks and consists of key project roles and operational stakeholders. The terms of reference for the project board are included in

Appendix D

Roles and Responsibilities:

A table setting out project roles and responsibilities is included below.

Name	Role	Responsibilities
Name	Senior Responsible Owner (Executive)	<ul style="list-style-type: none"> Senior responsible owner for the project Establish the direction of travel for the project Agrees critical success factors Approves changes to project outputs Chair of project board
Matt Leat	Senior User	<ul style="list-style-type: none"> Senior operational user responsible for formal operational acceptance of the service.
Name	Project Manager	<ul style="list-style-type: none"> Responsible for managing the project on a day-to-day basis on behalf of the project board. Ensures delivery of project to cost and time Accountable for production of project governance and planning documentation.
Name	Business Case and Stakeholder Engagement Manager	<ul style="list-style-type: none"> Responsible for creation and maintenance of business case Accountable for creation and delivery of stakeholder engagement plan Responsible for engagement with government stakeholders including ministers.
Name	HMCG Operational Senior User	<ul style="list-style-type: none"> Manage communication with operational stakeholders and users of the service Oversee operational requirements gathering, including data analysis Main point of contact for His Majesty's Coastguard and other operational stakeholders.
Name	Contracts Manager	<ul style="list-style-type: none"> Responsible for acceptance of all contract products Responsible for management of the awarded contract. Accountable for management of the procurement process.
Name	Economist	<ul style="list-style-type: none"> Responsible for development of the Economic dimension of all business cases Responsible for development of benefits plan and evaluation framework
TBC	Finance Manager	<ul style="list-style-type: none"> Responsible for management of contract finances Responsible for financial elements of all requirements.
TBC	Requirements Manager	<ul style="list-style-type: none"> Responsible for researching and drafting requirements ready for competition. Engagement with industry, operational stakeholder and data teams to develop requirements.

Currently, the roles of Finance Manager and Requirements Manager are vacant and recruitment is underway for both of these roles.

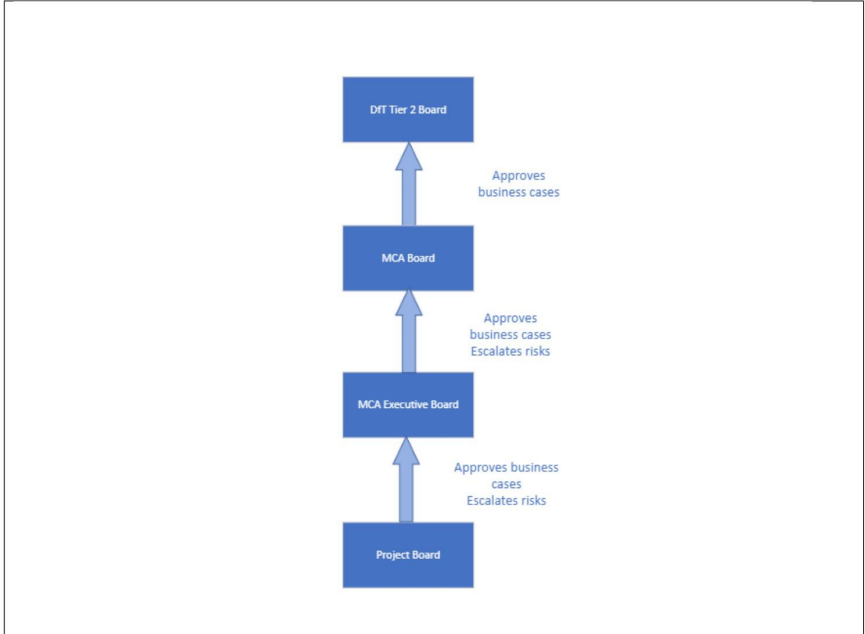
Reviewing our resourcing requirements has identified several skills gaps that will need to be filled, as outlined in the table below.

External resource requirements:

Organisation	Role	Responsibilities
TBC	Procurement legal advice	<ul style="list-style-type: none"> Support drafting of statement of requirement and contract Supporting MCA with the procurement process
DfT Legal	Maritime Law legal advice	<ul style="list-style-type: none"> Providing specific legal advice on liability to MCA/DfT
TBC	Industry analysis *	<ul style="list-style-type: none"> Provide an understanding of commercial shipping market to ensure solutions are commercially viable and deliver value for money.
TBC	Financial Adviser	<ul style="list-style-type: none"> Developing tests for, and assessing Financial Robustness of bidders Development of Financial models to support the business case and procurements Development of a Should Cost model to support development of later business cases

* The experience and skills necessary to fulfil this role does not currently exist within the Programme Delivery Directorate. Work needs to be done to understand whether this requirement can be sourced internally within the MCA or whether external resourcing will be required.

The below chart shows the approval structure for the project. The project board provides an overview of project progress, reviews, risks and issues and makes decisions. The project board reports to the MCA Executive Board, which approves business cases and will review any escalated risks and decisions. The Executive Board reports into the MCA Board, which in turn reports into DfT Tier 2 Board.



Timelines:

The project plan (summarised in section 1.5) estimates approximately two years to deliver a Competitive Procedure with Negotiation procurement for replacement vessels. The plan has based itself on immediate commencement of development of an outline case after approval of the strategic outline case. However, this is dependent on the agreement of a managed transition of service between Home Office and DfT, as set out in the Dependencies section (1.4) which has yet to occur.

It is currently known that Border Force is seeking to extend the provision of CTVs until the beginning of 2024. This will leave a service gap between the end of Border Force’s current delivery plans and the commencement of any new MCA service which will need to be addressed, either through an extension of Border Force commitment or a service transfer, with operational budget to the MCA.

6.1 Delegated Authorities, Exception Reporting, Tolerances, and Change Control

Tolerances for costs and time will be developed as the business case progresses. MCA policy sets costs tolerances as 0% for overspend and 10% for underspends.

These will need to be agreed with HM Treasury at the Treasury Approval point, which will follow the development of the Outline Business Case.

Timeline controls will be dependent upon what decisions are made by Home Office and DfT on transition timescales, if any. Any changes to timescale which puts deliverability of operational capability beyond any planned handover date between Home Office and DfT will be escalated and approved through Tier 2 board.

Changes to timescale schedule which do not impact the deliverability of operational capability beyond the agreed dates between Home Office and DfT will be approved by the project board where these are internal to the project team, or by the executive board where the changes impact other areas of the MCA, such as the Coastguard.

6.3 Project Assurance Arrangements

The project's planned integrated assurance approach can be seen in its Integrated Assurance and Approval Plan (IAAP).

The projects approval escalation route is shown in section 1.1 of this dimension, the projects Tier 1 board (project board) escalates to the MCAs executive board (Tier 2) through to the DfT Tier 2 board.

The project will seek assurance for its business case and procurement outputs through its project board (Tier 1) and through DfT's Centres of Excellence and Commercial Assurance Boards (Tier 2).

Tier 3 approval will arise at the Ministerial level, and Tier 3 assurance will be provided by the Government Internal Audit Authority (GIAA).

6.2 Project Scope, Dependencies, Interdependencies and Constraints

Modelling of HMCG data will be necessary to identify operationally suitable configurations of assets, able to meet demand using evidence-based methodology. This creates a dependency upon the robustness of HMCG data as well as data from other government sources such as the Royal Navy and Border Force.

Second identified dependency is the availability of commercial shipping suitable for the task. The building of vessels is not within scope and will likely be unaffordable, therefore any operational solution needs to be created with vessels that are commercially available.

A third identified dependency is a managed transition between DfT/MCA and Home Office/Border Force, as this will determine whether there is a need for change and the timings of any transition that may be agreed.

A full register of dependencies and decisions can be found in the RAID register at **Appendix A**.

6.3 Project Plan (Schedule)

The project plan for UKSARIC is shown below, as noted above, and throughout the case there are a number of uncertainties around this project which impact the planning assumptions made, these are:

1. The plan is based on an assumption that services will hand over from Home Office to the MCA, a number of activities critical for the OBC (specifically market engagement and requirements development) are dependent upon an agreement being made, enabling the MCA to effectively 'go public' and openly discuss the requirement without appearing to pre-empt decisions by Ministers.
2. Without industry engagement, the mobilisation window and the time needed for industry engagement are assumptions, as are the times for each stage of the CPN procurement. These time windows are estimated on the MCA's experience with these processes, and are risked to reflect the uncertainty around these activities, it is therefore likely that these timescales can be tightened when engagement commences.
3. The timelines assumes that all stages of a CPN procurement will be followed, however it is likely the MCA will adopt a position which allows it to award a contract at the ITT stage if it feels that the lead bid meets requirements and delivers sufficient value for money, this clause has been included successfully in other MCA procurements and, if it is appropriate to invoke it, would also lead to a drastic reduction in the planning assumptions below.

Event	Type	Date
Tier 2 board approval of SOBC	Approval	21/02/2023
Industry Engagement /requirements development	Milestone	16/05/2023
Draft contract complete	Milestone	16/05/2023
Commercial Assurance Board (OBC)	Assurance	29/05/2023
Centre of Excellence review (OBC)	Assurance	02/06/2023
Tier 2 board approval of OBC	Approval	12/06/2023
Publish SQ/MOI	Milestone	13/06/2023
Bidders response received	Milestone	02/08/2023
Evaluation / Consensus	Milestone	29/08/2023
Commercial Assurance Board	Assurance	05/09/2023
Publish ITT	Milestone	07/09/2023
Bidders response received	Milestone	01/12/2023
Evaluation / Consensus	Milestone	12/01/2024
Commercial Assurance Board	Assurance	23/01/2024
Publish ITN	Milestone	24/01/2024
Negotiations	Milestone	07/02/2024
Publish ITSFT	Milestone	08/02/2024
Bidder response received	Milestone	11/04/2024
Evaluation / Consensus	Milestone	09/05/2024
Drafting Full Business Case	Milestone	18/07/2024

Commercial Assurance Board (FBC)	Assurance	23/07/2024
Centre of Excellence review (FBC)	Assurance	26/07/2024
Tier 2 board approval of FBC	Approval	05/08/2024
Cabinet Office Approval	Approval	12/09/2024
Treasury Approval	Approval	30/09/2024
Contract Awarded	Milestone	16/10/2024
Mobilisation period ends	Milestone	19/02/2025
Service commencement	Milestone	20/02/2025

6.4 Stakeholder Engagement and Communications

A stakeholder engagement workshop has been held to map out stakeholder relationships and priorities. This workshop included representation from all high-level stakeholders from within the MCA including representation from HM Coastguard and UK Maritime Services including Technical Operations. This workshop enabled us to complete an analysis of key stakeholders and determine ownership of each relationship.

This is included in a stakeholder engagement and communications plan which can be found at **Appendix B**.

A further stakeholder workshop was held to determine longlist options, complete the longlist options framework filter and identify a preferred way forward. Notes from the workshop can be found at **Appendix C**.

Further analysis of stakeholder information requirements will be conducted as the project develops to ensure all needs and requirements are met.

6.5 Risk and Issues Management

The risk assumptions issues and dependency (RAID) management approach adopted for UKSAR2G is in line with DfT and MCA risk management policy (MCA119) and HM Treasury's Orange Book.

The MCA's risk process has been used in the delivery of Tier 1 programmes such as the Second-Generation Search and Rescue Aviation Programme (UKSAR2G) and the Radio Network Infrastructure Replacement Programme (RNIR), and benefits from lessons learnt in risk management through delivery of these programmes.

Due to the small size of this project, independent risk assessment is not considered beneficial as the costs and delay introduced by independent review are unlikely to outweigh the impact of any optimism bias within the team.

RAID is reported by owners to the MRA RAID register. The RAID register is reviewed fortnightly, for the project board, to assure updates and scoring accurately reflect the current situation and that effective RAID control plans are in place.

Day to day management of RAID is undertaken by the project manager in collaboration with the risk owners, while strategic RAID management is undertaken by the project board.

Risks are assigned a category to determine which area of the project is affected should the risk manifest, this consideration includes how the risk impacts benefits, evaluation and governance.

Risks are considered at three levels:

Project level: within agreed tolerances (i.e. by project manager)

Project level: outside agreed tolerances (i.e. at project board)

Corporate level: requiring elevation to MCA Corporate Management

Should risks require resources beyond the capability of the project team to deliver, the risk, in line with MCA119, can be escalated to the MCA Programme Delivery Directorate risk register, and from there to the MCA's Corporate Risk Register dependent on the severity of the risk. This relationship between risk registers is shown in the figure below.



The below table sets out some of the key implementation risks and mitigations in place to manage these.

Risk number (unique within register)	R003
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Risk type	Reputational
Author (who raised it)	Name
Date identified	07/11/22
Description	Media/social media outlets associate the provision of further resources to tackle migration across the channel as enabling or encouraging migration, resulting in criticism of the MCA, DfT or government, similar to the criticism the RNLI has received.
Likelihood	Possible (30 – 49%)
Interdependencies with other sources of risk	R002 – early unplanned exposure of MCA intent.
Expected impact	4 (high/major)
Bearer of risk	MCA / Name
Countermeasures	Alignment with Home Office/Border Force and other high-level stakeholders to ensure consistent, robust messaging in line with government policy – getting the MCAs message out first and briefing Ministers ahead of any asset provision. Dynamic communications and stakeholder engagement plans.
Risk status	Active

Risk number (unique within register)	R001
Risk type	Business
Author (who raised it)	Name
Date identified	07/11/22
Description	Existing provision of CTVs by Border Force is funded until end of January 2024, there is no source of funding beyond this, nor has any bid been made for an extension of funding that the MCA is aware of. Without this funding the capability falls away, this would create a significant operational pressure to find funding which is likely to occur within the MCA's own budget.
Likelihood	5 (very likely)
Interdependencies with other sources of risk	None identified

Expected impact	5 (very high/severe)
Bearer of risk	MCA / Name
Countermeasures	Close discussion with DfT / Treasury / other related bodies to identify an enduring funding stream for this capability that doesn't deplete other MCA rescue capabilities.
Risk status	Active

Risk number (unique within register)	RO16
Risk type	Business
Author (who raised it)	Name
Date identified	07/11/22
Description	MCA teams are already under significant pressure delivering the current SARH (Search and Rescue Helicopter), CAESAR and UKSAR2G contracts
Likelihood	3 (possible)
Interdependencies with other sources of risk	None identified
Expected impact	3 (medium/moderate)
Bearer of risk	MCA / Name
Countermeasures	The workload created by the high levels of channel migration are already impacting MCA teams, who have so far been able to meet the increased demands placed upon them. Explore possible synergies with other SAR contracts to consider how best pressure could be managed
Risk status	Active

The full register is provided in Appendix A.

6.6 Benefits Management and Evaluation

BEN-01	Social	Value of prevented fatalities (lives saved in the Channel)	Non-cash releasing	Quantifiable
BEN-02	Legal	Meeting the UK Government's international obligations under SOLAS-1972 and UNCLOS-1982.	Non-cash releasing	Qualitative

BEN-03	Economic/social	Legal suits and public enquiries averted	Non-cash releasing	Quantifiable
BEN-04	Economic	Reduced risk to navigation and disruption to Maritime business	Non-cash releasing	Quantifiable
BEN-05	Environmental	Contributing to a reduction in plastic waste in the Channel, as well as reducing number of oil incidents created by small boats	Non-cash releasing	Qualitative
BEN-06	Social/Economic	Contributing to, and collaborating with the UK Border Force to protect the UK's territorial integrity by reducing uncontrolled illegal immigration via the Channel	Non-cash releasing	Qualitative

6.7 Carbon Management

The current service is provided by Border Force, which has not been able to provide figures for carbon emissions from operation of the service. The MCA does have fuel costs incurred and can estimate from these that carbon emissions from fuel consumption by Border Force is approximately 28,419kg of CO2 per month.

As part of its carbon management approach, the MCA will require contractors to provide reporting on carbon emissions, to improve the MCAs understanding of the carbon impact of the emergency response service and develop plans to mitigate carbon emissions whilst maintaining operational effectiveness.

The nature of migration in the Channel, and the trend of growth shown over recent years indicates that carbon emissions are likely to rise as numbers of people crossing the Channel increase. With this in mind, carbon reduction targets need to be sensitive to the need to provide an operational response capability and cognisant of the fact that the MCA does not control how many people will seek to attempt a crossing.

6.8 Data and Information Security

Sensitive & Irrelevant

Sensitive & Irrelevant

6.9 Lessons Learned and Post-Implementation Review

Lessons learned from the Coastguard's work with the Royal Navy and Border Force, as well as through the delivery of Project CAESAR, can continue to be applied to the procurement of vessels. These lessons have been captured through Coastguard procedures and well as CAESARs lessons log.

Lessons relevant to this case are:

- Early and continual engagement with operational stakeholders to ensure requirements are properly captured and operational interface with the new arrangements effectively planned and implemented.
- Early and continual engagement with assurance and scrutiny bodies including HM Treasury.
- An effective stakeholder communication plan that prepares the MCA and Ministers for possible criticism.

These will be applied via the following measures:

1. By undertaking a stakeholder mapping exercise to identify key stakeholders, their interest in the project and capture all user requirements.
2. By establishment of the operational stakeholder manager role to ensure effective interface with all stakeholders and make sure their interests are accurately reflected within any requirements.
3. Stakeholder engagement manager to take the lead on engagement with Cabinet Office, HM Treasury and DfT to provide early visibility of the project and to undertake progressive assurance of any project outputs.

Appendix A: MCA SARiC Project – RAID log

See accompanying document

Appendix B: Stakeholder Engagement Matrix and Communications Plan

See accompany document

Appendix C: Long list options framework – stakeholder workshop

See accompanying document

Appendix D: Project Board Terms of Reference

See accompanying document

Appendix E: Downer report

See accompanying document

Appendix F: Integrated Assurance and Approvals Plan

See accompanying document