

## Somerset Rivers Authority Board Paper

### Risks and Issues

#### RECOMMENDATIONS

The SRA Board is asked to:

1. Note and comment on the latest position in relation to Heart of the South West Local Enterprise Partnership (LEP) Growth Deal funded SRA projects.
2. Note the actions and the decision taken by the SRA Chair and Vice-Chair between Board meetings to enable the Sowy-King's Sedgemoor Drain Enhancements Scheme to maintain momentum towards construction of Phase 1 of the channel works.

#### Purpose of the item

To update the Somerset Rivers Authority (SRA) Board with the latest information on progress towards successfully spending remaining Heart of the South West Local Enterprise Partnership (LEP) Growth Deal funds by the March 2021 deadline.

To make the Board aware of a decision taken by the Chair and Vice-Chair between Board meetings, which was required to mitigate risks associated with failure to complete projects by the LEP deadline of March 2021.

#### Background and context

LEP funding must be used by 31 March 2021. At the January 2020 SRA Board meeting, the Board received an update stating that there was a high level of confidence that the vast majority of the LEP funding will be used by 31 March 2021.

The SRA Board has been consistent in its direction to officers that all LEP funds must be used by the deadline. Returning funds to the LEP would be bad for the reputation of the SRA and reflect poorly on the LEP if they were seen to have failed to deliver what was agreed with Government.

#### Latest status

Despite the best efforts of SRA partners, since January, project delays have been gradually increasing the risk that some LEP funds may not be spent by the deadline.

Table A lists SRA projects which are in receipt of Growth Deal funding and shows the estimated amount of funding yet to be claimed. The original Heart of the South West LEP

Growth Deal allocation towards the Somerset Flooding project was £13,049,000 – the vast majority of this either has been, or will be, fully claimed by March 2021.

**Table A**

Project	Remaining Growth Deal Funds	Forecast March 2021 Position
Sowy / Kings Sedgemoor Drain	£1,690,000	£630,000 unclaimed
Sowy / Beer Wall Chedzoy	£20,000	Fully claimed
Pioneer Dredging		
• Oath to Burrowbridge	£211,000	£175,000 unclaimed
• Northmoor to M5	£280,000	£280,000 unclaimed
• River Brue	£19,000	Fully claimed
North Drain Pumping Station	£61,000	Fully claimed
Field Way, Highbridge	£100,000	Fully claimed
Strategic Approach to Mitigation	£20,000	Fully claimed
Land Management Schemes	£11,500	Fully claimed
<b>Total</b>	<b>£2,412,500</b>	<b>Unclaimed Funds £1,085,000</b>

Table A shows that project teams are currently estimating that up to £1,085,000 will not be claimed by the LEP deadline of March 2021. This estimate shows what is anticipated to be the worst-case scenario. Projects are making every effort to complete as much work as possible and claim as much of the LEP funds as possible by the March deadline.

### **Project specific issues**

The Sowy-King's Sedgemoor Drain (KSD) Enhancements Scheme reached a critical juncture during the month of August. A decision had to be taken about whether to let a construction contract with a completion date of March 2021 or October 2021. The project team was pushing to deliver the full Phase 1 works by March 2021. Advice from the construction contractor was that attempting to deliver to this timescale would result in higher costs with a limited chance of successful completion. The clear advice was to seek to deliver the Phase 1 channel works over a 12-month period.

The Oath to Burrowbridge dredging project was initially allocated £1m of LEP funds. The works were completed under budget. It was expected that this underspend would be required to part-fund the actions within the joint mitigation plan for the Oath to Burrowbridge Dredge and the Sowy-KSD schemes. These funds will not be required for delivery of any works this financial year.

Northmoor to M5 dredging was planned to take place during early 2021. The project team has been investigating what preparatory works will be required to enable this activity. Depending upon the extent of preparatory work such as scheme design, environmental

assessments and whether consultation is required it may not be possible to deliver this project by the March 2021 deadline.

### **Mitigating Actions**

Based upon the clear advice of the Sowy-KSD project team and the construction contractor, approval was sought from the SRA Chair and Vice-Chair to support the Environment Agency in letting a 12-month construction contract. Agreeing to let a 12-month contract would take the project completion date past the agreed LEP funding deadline. If the project passes the LEP deadline then any LEP funds not claimed at that point may no longer be available to the project. It is currently estimated that up to £630,000 of Sowy-KSD funds will not be claimed by March 2021. The SRA Chair and Vice-Chair were asked to approve underwriting of this £630,000 from SRA contingency funds. The Chair and Vice-Chair approved this request on 28 August.

As part of seeking approval for a longer Sowy-KSD contract from the SRA Chair and Vice-Chair, discussions were held with the Chief Executive of the LEP and Somerset County Council (as host authority to the SRA) to explore options for use of the LEP funding by the March 2021 deadline. The intention is to take a proposal to the LEP's Strategic Investment Panel for an alternative way to use the LEP funding this financial year. Funding to the same value will then be made available to SRA projects next financial year, i.e. after the LEP funding deadline has passed. Based upon discussions to date there is a high degree of confidence that a solution will be found in consultation with the LEP and Somerset County Council.

### **Summary**

Based upon current advice, it will not be possible to claim all remaining LEP funding by March 2021, therefore options for ensuring these funds are still available after March 2021 for SRA projects are being investigated with the LEP and Somerset County Council. Any proposal to the LEP will include all potential unclaimed funds from outstanding LEP-funded projects (see Table A). Based upon discussions to date, there is confidence that a solution can be found, but until such time as this is agreed with both the LEP and Somerset County Council, the SRA is being asked to underwrite any potential budget shortfall for the Sowy-KSD project from SRA contingency funds, so that this project can proceed to construction this September.

### **RECOMMENDATIONS**

The SRA Board is asked to:

1. Note and comment on the latest position in relation to Heart of the South West Local Enterprise Partnership (LEP) Growth Deal funded SRA projects.

2. Note the actions and the decision taken by the SRA Chair and Vice-Chair between Board meetings to enable the Sowy-King's Sedgemoor Drain Enhancements Scheme to maintain momentum towards construction of Phase 1 of the channel works.

**Date: 3 September 2020**

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