

Somerset Rivers Authority Board Paper

Quarter 3 2020-21 Finance Report

RECOMMENDATIONS

The SRA Board is asked to:

1. Note the financial performance as at the end of quarter three of 2020-21.
2. Approve the reallocation of funds to/from contingency as per section two.

Background and context

This report, together with the associated document, deliver the financial reporting requirements consistent with the Somerset Rivers Authority (SRA) Constitution and Local Memorandum of Understanding which states:

2.5 Host Authority

2.5.1 *As recipient and accountable body for the funding contributions from Somerset's local authorities, SCC shall act on behalf of the SRA Board as Host Authority. In particular, it shall:*

- *Provide the services of its Chief Financial Officer and Monitoring Officer at no cost;*
- *Provide accounting, financial analysis, accounts payable and receivable.*

2.5.3 *The SRA shall, where relevant and unless otherwise agreed, operate in accordance with Host Authority practices and procedures, including the following:*

- *Financial regulations;*

This report provides information on the financial position at the end of quarter three. It includes a proposal for moving the remaining budget from several completed projects to/from contingency.

Somerset Rivers Authority does not deliver projects, instead the partners that make up the SRA partnership deliver projects on behalf of the SRA and reclaim funding after contractors / suppliers are paid. This results in a delay between what SRA delivery partners have spent and how much has been claimed from the SRA. This means that the amount claimed may not reflect the amount of work which has been completed.

There are two main sources of funding which the SRA draws on:

- a. Local Partner Funding – money raised annually by an additional amount on Council Tax and direct contributions from the Internal Drainage Boards.
- b. Growth Deal Funding – £13.049m of funding allocated in 2014 through the Heart of the South West Local Enterprise Partnership (HotSWLEP) for specific large-scale capital projects.

1. Local Partner Funding Financial Performance

TABLE A: Local Partner Funding Quarter 3 2020-21 Summary						
Workstream	2020/21 Programme £,000	Claimed as at end Q3 20/21 £,000	Forecast			(Under)/Over spend See Section 2 £,000
			Q4 2020-21 £,000	2021-22 £,000	2022-23 Onwards £,000	
W1a Dredging and River Management (large)	3,624	96	32	2,471	570	(15)
W1b Dredging and River Management (small)	245	44	75	104	28	(3)
W2 Land Management	571	263	69	246	20	0
W3 Urban Water Management	721	46	107	416	155	(6)
W4 Resilient Infrastructure	1,869	290	309	958	0	(285)
W5 Building Local Resilience	545	0	133	249	163	0
Administration & Staffing	345	129	112	74	30	0
Contingency	635	0	0	0	1,058	0
TOTAL	8,555	868	837	4,518	2,024	(309)

Table A shows that the total available funds at the start of the year was £8,555k. Of this amount £5,612k was carried forward from 2019-20 and £2,943k was raised in the 2020-21 precept. The majority of funds are allocated to specific schemes, with £1,058k currently being held in contingency.

- 4% of funds are forecast to be spent on the administration and staffing of the SRA.
- 12% is held as contingency.
- 84% allocated to specific projects in the Enhanced Programme.

Chart A: Claimed during Q1-Q3 2020-21 by Workstream (£'000)

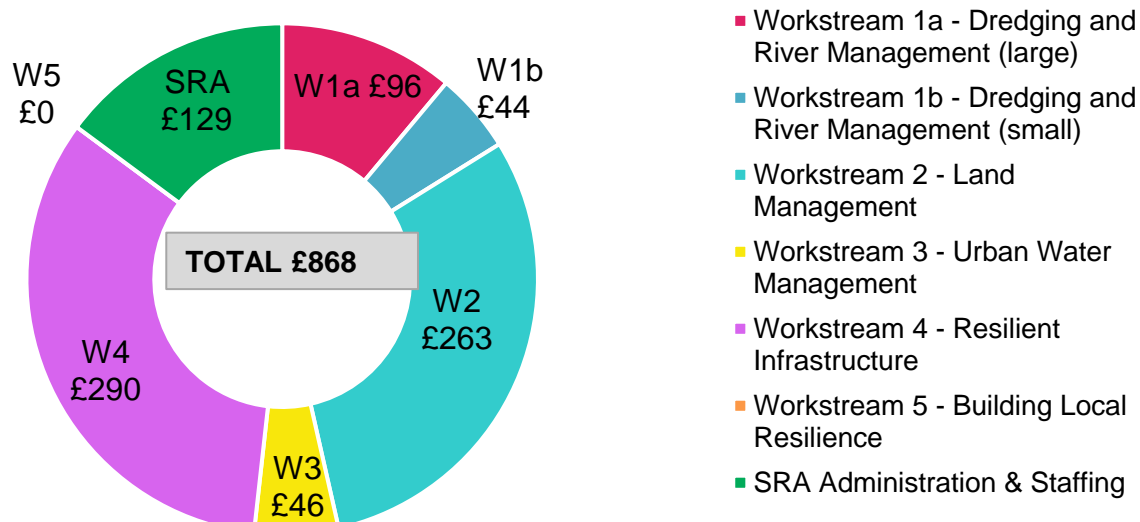
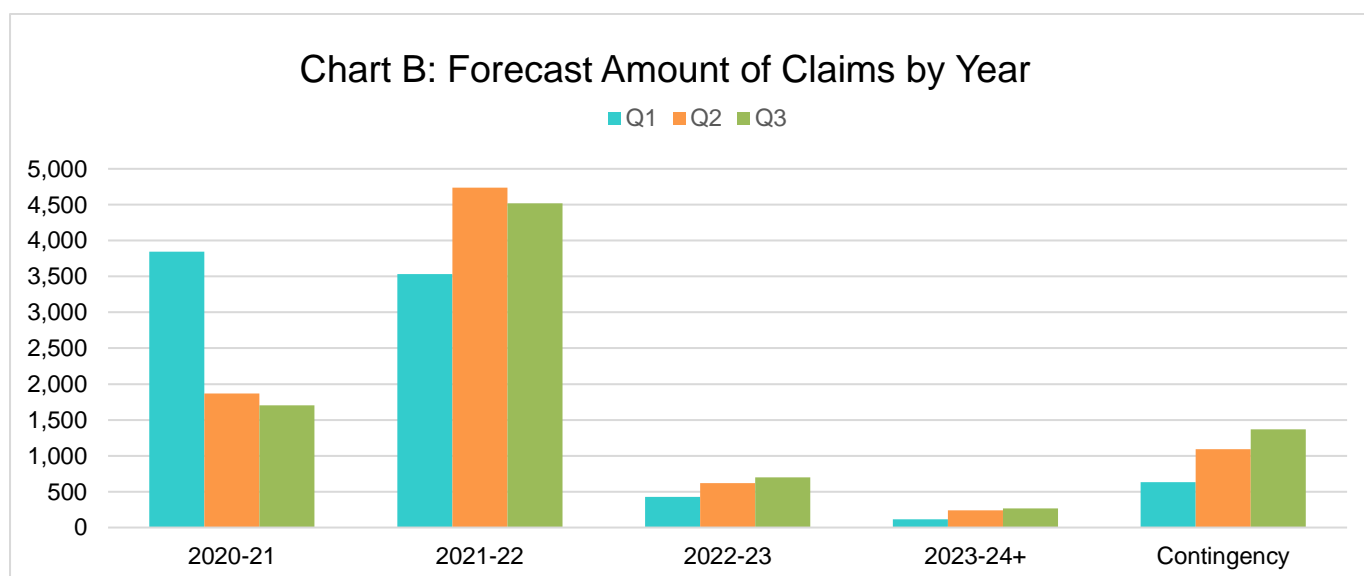


Chart A shows a breakdown of the total amount spent during the first three quarters of 2020-21.

Many of the approved schemes within the SRA Enhanced Programme are not planned to be completed during the same financial year in which they have been funded due to the complexity of the work being delivered.

Chart B shows that the majority of works are forecast to be completed either in 2020-21 or 2021-22. There are several larger schemes, such as the three local interventions for the Taunton Strategic Flood Alleviation Improvement Scheme and the Rode Flood Management Project which are due to be completed in 2022-23 onwards.

Since quarter one, forecasts for when funding will be claimed from the SRA have changed significantly. In quarter one, the forecast claims up to the end of the 2020-21 financial year totalled £3,845k, this has now reduced by £2,141k to £1,704k. This change was in part due to the impact of COVID-19 on works. Forecasts between Q2 and Q3 have remained relatively similar. Reasons for the larger movements are listed below.



- A large element of this value (£970k) relates to the Sowy/ King's Sedgemoor Drain Enhancement Scheme for which the completion date for the bulk of the works is now the end of March 2022.
- Delivery of Asset Upgrades at Frequently Jetted Sites is now forecast to be claimed in 2021-22 due to the timeframe required for the design work prior to construction. This has resulted in a slippage of £75k, half of the allocated grant.
- £127k relates to the annual maintenance dredging of the River Parrett which has been postponed until next winter whilst dredging takes place between Northmoor and the M5.
- The Land Management and Natural Flood Management to Slow the Flow forecasted claim value this financial year has reduced by £65k mainly due to COVID-19 restrictions disabling visits to landowners.
- The Adapting the Levels forecasted claim of £103k in this financial year has slipped into 2021-22, mainly due to COVID-19 restrictions impeding delivery.

- The remaining balance relates to smaller movements on several schemes.

2. Re-allocation of Local Partner Funding between Budget and Contingency

Final claims returned by delivery partners during quarter three have identified the following underspends as shown in Table B.

Table C shows the detail for a request to top up an existing budget for works at Sampford Brett, nr Williton. This transfer has already been approved under the Chair's scheme of delegation, however this decision needs to be reported to the SRA Board.

Table B: Re-allocation of funds to contingency			
Scheme	Delivery Partner	Reason	Amount £,000
Across Somerset Enhanced Gully Emptying 2020-21	Somerset County Council Highways	SCC operations suspended due to COVID-19 restrictions therefore no SRA enhanced maintenance programmed	150
Across Somerset Enhanced Silt-trap Emptying 2019-20	Somerset County Council Highways	No work delivered during 2019-20 and 2020-21 funds available for works scheduled for Q4 2020-21.	20
Culvert inspections and remedial works in IDB areas 2019-20	Internal Drainage Board	Sufficient funds from 2018-19 financial year still available to carry out programme	75
Yeovil Urban SuDs Study	Lead Local Flood Authority	Project now complete, small underspend	6
Tootle Bridge & Catsham flood risk reduction investigation	Axe Brue Internal Drainage Board	Project now complete, small underspend	3
Lower Bilbrook Lane, Old Cleeve	Somerset County Council Highways	No buy-in from residents or Parish Council to support full scheme, small Natural Flood Management work delivered resulted in reduced costs.	40
Pioneer Dredging - Tone (Ham to Hook Bridge) Feasibility Study	Parrett Internal Drainage Board	Initial funding amount requested reduced following early research into procurement.	15
Amount to re-allocate to contingency			309

Table C: Re-allocation of funds from contingency – already approved under Chair's scheme of delegation			
Scheme	Delivery Partner	Reason	Amount £,000
Sampford Brett Works	Somerset West and Taunton Council	Top up to existing grant allocation re increased costs to works on outlet pipe.	9
Amount to re-allocate from contingency			9

If the amounts proposed in Table B are agreed, the contingency would increase by £309k from £1,058k to £1,367k. This means that contingency funds would equal 16% of Local Partner funds (currently 12%), with the remainder allocated to specific schemes.

Almost 50% of contingency funds held at the end of 2020/21 will be added to the 2021/22 budget.

The proposed 2021-22 Enhanced Programme proposal set out under Agenda Item 10a has taken account of the value of available contingency funds. Using a proportion of the contingency funding for 2021-22 proposals will increase the number of projects the SRA Board can support next year.

3. Growth Deal Funding Financial Performance

A variation request was approved by HotSWLEP in October 2020. The Somerset Flooding Funding Agreement extends the period in which the SRA can claim funds from March 2021 to March 2022.

Project	Funding Agreement Allocation £,000	Claimed as at end Q3 20/21 £,000	Forecast Claims Q4 20/21 £,000	Forecast Claims 2021-22 £,000	Under-spend £,000
Sowey/King Sedgemoor Drain Enhancement Scheme	8,191	6,556	491	1,144	0
Pioneer Dredging – River Parrett	2,243	1,956	287	0	0
Land Management	550	547	3	0	0
Bridgwater Tidal Barrier	2,000	2,000	0	0	0
Taunton Strategic Flood Alleviation Scheme	65	65	0	0	0
TOTAL	13,049	11,124	781	1,144	0

At the end of quarter three, £11,124k of the total £13,049k Growth Deal funding has been claimed from the SRA by delivery partners. The total claimed during quarter three is £467k. The £215k underspend on the Pioneer Dredging has been reallocated to the Sowey/King Sedgemoor Drain Enhancement Scheme as part of the variation request approved by HotSWLEP in October 2020.

RECOMMENDATIONS

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2. Approve the reallocation of funds to/from contingency as per section two.

Note:

The quarter three 2020-21 detailed commercially sensitive update has been circulated to the Board. This report has been updated with changes approved at the previous SRA Board meeting in December 2020.

Date: 23rd February 2021

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