

## Somerset Rivers Authority Board Paper

### Quarter 4 2020-21 Finance Report

#### RECOMMENDATIONS

The Somerset Rivers Authority (SRA) Board is asked to:

1. Note the financial performance as at the end of Quarter Four of 2020-21.
2. Approve the re-allocation of funds to/from contingency as per Section 2 of this report.

#### 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 Four. 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 and 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** shows the total available funding at the start of 2020-21 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 funding is allocated to specific schemes, with £1,362k held in contingency as the end of Quarter Four. In 2020-21:

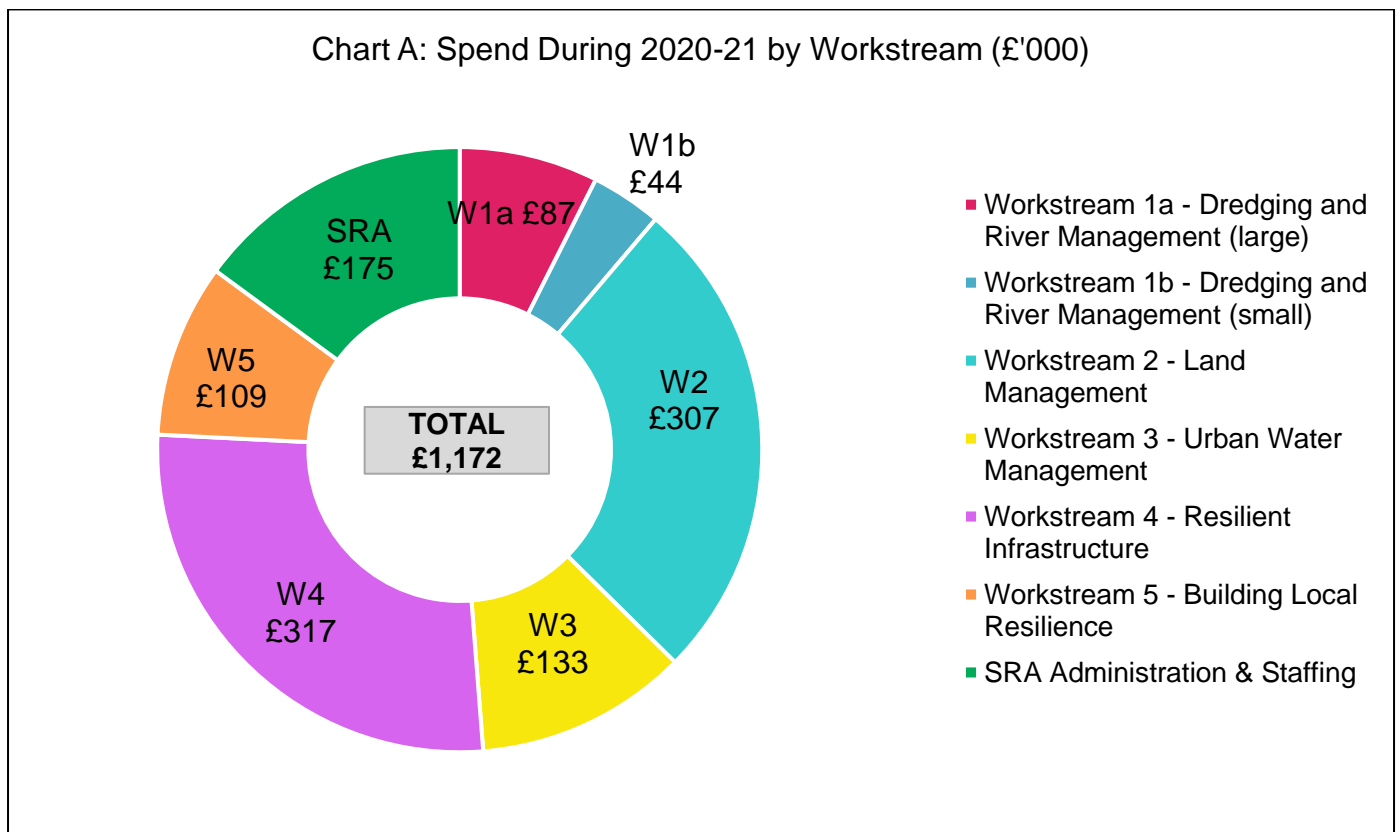
- 2% of funding was spent on the administration and staffing of the SRA.
- 16% was held as contingency.
- 82% was allocated to specific projects in the Enhanced Programme.

<b>TABLE A: Local Partner Funding 2020-21 Summary</b>				
Workstream	2020-21 Funding Allocation £,000	Spent Q1-Q4 2020-21 £,000	Funds carried forward to 2021-22 £,000	Underspends £,000
W1a Dredging and River Management (large)	3,223	87	4,136	-55
W1b Dredging and River Management (small)	197	44	153	0
W2 Land Management	598	307	291	-25
W3 Urban Water	724	133	591	0
W4 Resilient Infrastructure	1,561	317	1,244	0
W5 Building Local Resilience	545	109	437	0
Administration, Staffing & FAP Review	345	175	170	-66
Contingency	1,362	0	*362	0
<b>TOTAL</b>	<b>8,555</b>	<b>1,172</b>	<b>7,383</b>	<b>-146</b>

\* At the March 2021 SRA Board meeting the Board approved moving £1 million from contingency to be spent on the Sowy-KSD project from 2021-22 onwards.

**Chart A** shows a breakdown of the total amount spent during the whole of 2020-21.

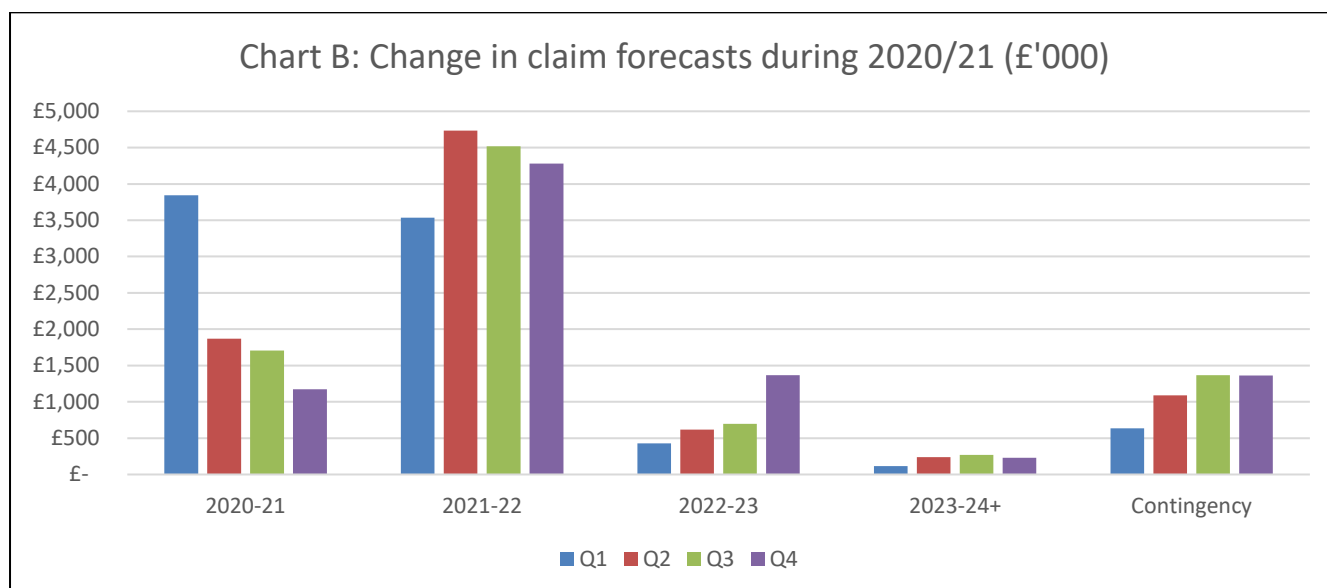
Many of the approved schemes within the SRA Enhanced Programme are not completed during the same financial year in which they have been funded due to the complexity of the work being delivered.



**Chart B** shows how forecasts of when SRA partners expected to claim SRA funds changed throughout the year. Each bar represents the forecast total amount to be claimed by the end of the financial year as estimated at the start of each quarter.

The data in Chart B provides a high-level overview as to whether SRA projects are on track. Where a forecast amount drops in the 'current' year from one quarter to the next this suggests that projects are not being delivered to their original programme, and there is a risk of underspend on the overall programme by the end of the financial year. As forecast claims dropped during 2020-21 the forecast claims for future years increased as project activity was pushed back to later years.

It can be seen from Chart B that what was ultimately claimed at the end of Q4 of 2020-21 was significantly less than was forecast at the beginning of the year. In Quarter One, the forecast claims up to the end of the 2020-21 financial year totalled £3,845k. The actual claims recorded in 2020-21 totalled £1,172k – a reduction of £2,673k. The majority of this change is a result of delivery of a large proportion of the Sowey-KSD works being postponed until the Autumn of 2021. Covid-19 also had an effect across the whole programme of SRA projects.



### Funds carried forward to 2021-22 Financial Year

**Table B** shows that total available funding at the start of 2021-22 is £10,471k, with the majority of funding allocated to specific schemes.

TABLE B: Local Partner Funding 2021-22 Programme forecast					
Workstream	Funds carried forward from 2020-21 £,000	2021-22 Funding Allocation including precept income £,000	Forecast spend		
			2021-22 £,000	2022-23 £,000	2023-24 Onwards £,000
W1a Dredging and River Management (large)	4,136	4,381	3,608	602	171
W1b Dredging and River Management (small)	153	298	298	0	0
W2 Land Management	291	971	783	174	14
W3 Urban Water	591	891	540	325	26
W4 Resilient Infrastructure	1,244	2,109	1,075	1,034	0
W5 Building Local Resilience	437	562	305	211	46
Administration, Staffing & FAP Review	170	387	387	0	0
Contingency	*508	873	0	0	873

<b>TOTAL</b>	<b>7,530</b>	<b>10,471</b>	<b>6,995</b>	<b>2,346</b>	<b>1,130</b>
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\* the Contingency carry forward figure assumes the movement of £146k of underspends will be approved at the Q4 Board meeting.

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

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

<b>Table B: Re-allocation of funds to contingency</b>			
<b>Project</b>	<b>Delivery Partner</b>	<b>Reason</b>	<b>Amount £,000</b>
Hills to Levels and Natural Flood Management to Slow the Flow	Farming & Wildlife Advisory Group SouthWest	Top up requested at December 2020 Board meeting not required as sufficient funds remained at year end	25
Natural England Advice	Natural England	Sufficient HotSWLEP funds remaining	11
SRA Administration, Staffing & FAP Review	SRA	Underspend on the running of SRA in 2020-21	66
Pioneer Dredging - Parrett (Northmoor to M5)	Parrett Internal Drainage Board	Activity originally funded using Local Partner funding reclaimed from the LEP.	29
Pioneer Dredging – River Tone (Ham to Hook Bridge) Feasibility Study	Parrett Internal Drainage Board	No further activity planned.	15
<b>Amount to re-allocate to contingency</b>			<b>146</b>

If the amounts proposed in Table B are agreed, the contingency would increase by £146k from £362k to £508k at the end of 2020-21 Quarter Four. This means that contingency funds would equal 6% of Local Partner funds as at the end of 2020-21 (currently 4%), with the remainder allocated to specific schemes.

### 3. Growth Deal Funding Financial Performance

£13.049m of Heart of the South West Local Enterprise Partnership (HotSWLEP) Growth Deal funding was allocated to the Somerset Flooding project in 2015; the project was scheduled to end on 31 March 2021.

A variation request was approved by HotSWLEP in October 2020 extending the period in which the SRA can claim funds from March 2021 to March 2022.

<b>TABLE D: Growth Deal Funding Quarter 1-4 2020-21 Summary (£'000)</b>				
Project	Funding Agreement Allocation £,000	Claimed to end of 2020-21 £,000	Forecast Claims 2021-22 £,000	Under-spend £,000
River Sowy/King's Sedgemoor Drain Enhancements Scheme	8,190	7,045	1,145	0
Pioneer Dredging: River Parrett (inc Brue Catchment works)	2,244	2,230	0	-14
Land Management	550	550	0	0
Bridgwater Tidal Barrier	2,000	2,000	0	0
Taunton Strategic Flood Alleviation Improvements Scheme	65	65	0	0
<b>TOTAL</b>	<b>13,049</b>	<b>11,890</b>	<b>1,145</b>	<b>-14</b>

At the end of Quarter Four, £11,890k of the total £13,049k Growth Deal funding was claimed from the SRA by delivery partners. The underspend on Pioneer Dredging, which was completed in February 2021, has now been re-allocated to the River Sowy/King's Sedgemoor Drain Enhancements Scheme.

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#### Note:

The Quarter Four 2020-21 detailed commercially sensitive update has been circulated to the Board separately as a confidential appendix.

**Date: 12 July 2021**

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