

Somerset Rivers Authority Board Paper

Quarter 4 (Q4) 2021-22 Finance Report and Annual Summary

RECOMMENDATIONS

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

1. Note the financial performance for Q4 2021-22 and the annual summary.
2. Approve the re-allocation of funds to contingency as per Part Two.

Background and context

This report, together with its confidential Appendix A 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 (Q4). Part Two includes a recommendation for moving re-allocations to/from contingency as required and Part Three provides the final status of the Growth Deal Funding.

Somerset Rivers Authority does not deliver projects, instead the organisations and local authorities that make up the SRA partnership deliver projects on behalf of the SRA.

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. The full amount of Growth Deal funding has now been claimed from the SRA by delivery partners.

1. Local Partner Funding Financial Performance

Table A below shows the total available funding at the start of 2021-22 was £10,388k. Of this amount, £7,446k was carried forward from 2020-21 and £2,942k was raised in the 2021-22 precept. The majority of funding is allocated to specific schemes and activities within the Enhanced Programme, with £688k held in contingency as the end of Quarter Four.

TABLE A: Local Partner Funding Summary at end of 2021-22					
Area of spend	Funding Allocation 2021-22 £,000	Spend Q1-Q3 2021-22 £,000	Spend Q4 2021-22 £,000	Funds carried forward to 2022-23 £,000	Re-allocations required £,000
Enhanced Programme	8,964	1,675	919	6,399	-171
Core work and development	250	2	18	230	0
Administration and Staffing	286	160	57	0	-69
Contingency	888	0	0	*688	0
TOTAL	10,388	1,837	994	7,317	-240

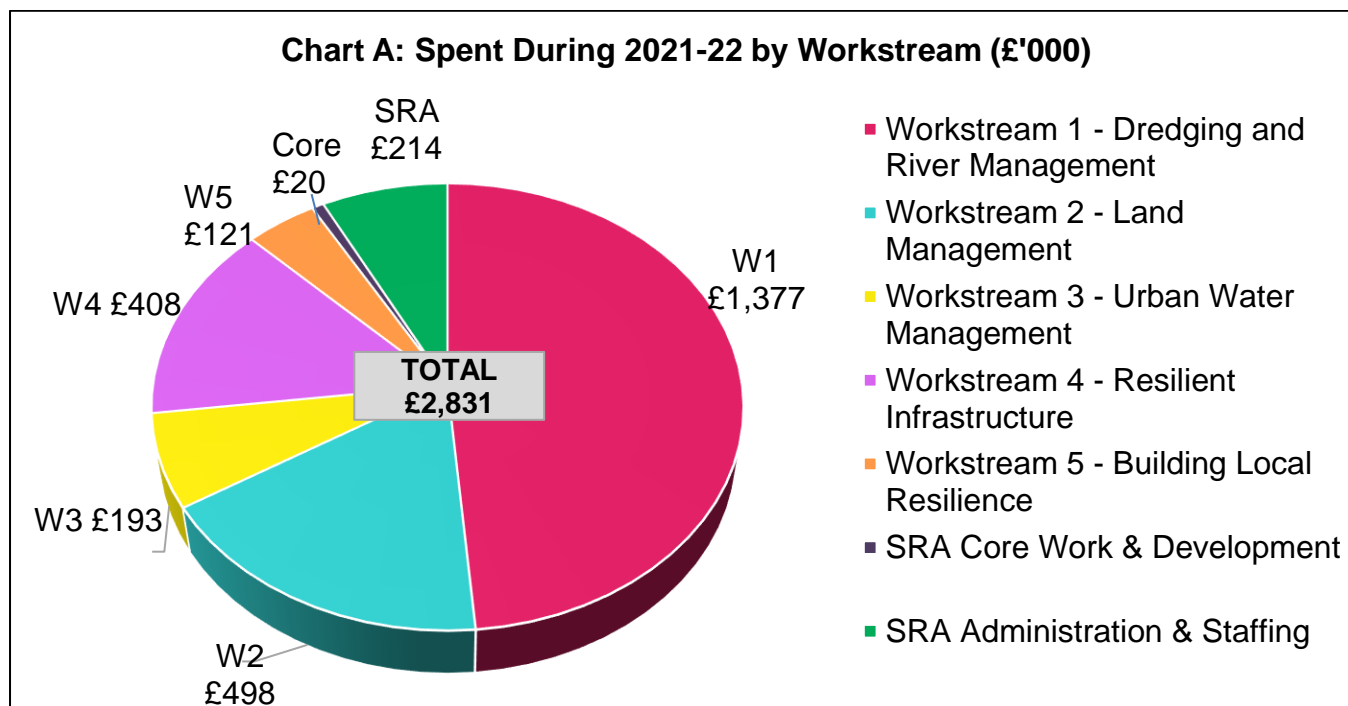
* At the March 2022 SRA Board meeting the Board approved moving £200k from contingency to be spent on the Sowy-KSD project from 2022-23 onwards.

The SRA spend during Quarter Four 2021-22 totalled £994k. Of this £697k was spent on Workstream One works, Dredging and River Management including: £306k on the bank raising as part of the River Sowy - Kings Sedgemoor Drain Enhancements Scheme; £245k on the Parrett and Tone annual maintenance dredging and £120k towards the Taunton Strategic Flood Alleviation Improvements Scheme. The remaining £323k was spent delivering natural flood management schemes across the county, Sustainable Drainage Systems (SuDS) Inspections and building local resilience in communities.

As at the end of 2021-22, of the £2,831k expenditure in the financial year:

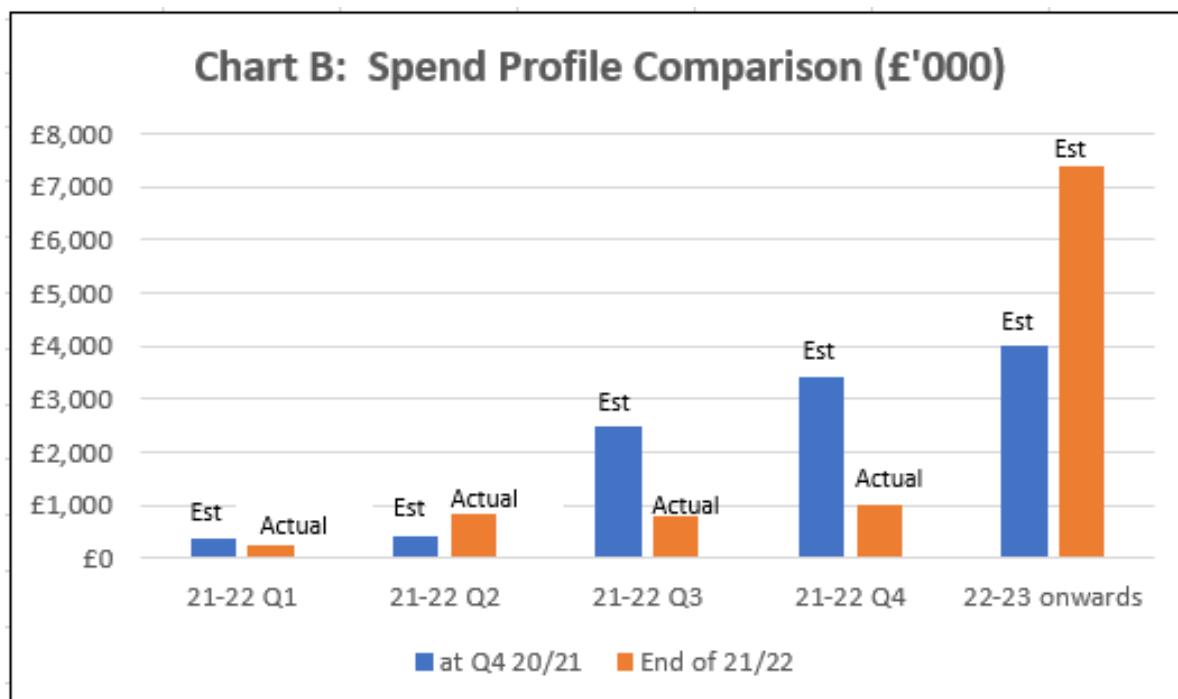
- 8% of funds were spent on the administration and staffing of the SRA.
- 1% was spent on SRA core work and development.
- 92% was spent on specific projects and activities within the Enhanced Programme

Chart A below shows a breakdown of the total amount spent during 2021-22 across all workstreams. The SRA Annual Report, ITEM 9, provides a detailed account of SRA-funded project activity.



1a. Spend Profile Summary

Chart B below shows SRA spend by quarter as forecast at the beginning of the financial year (blue) and the actual profile (orange) of SRA spend throughout the financial year.



For example: the Q4 spend for 2021-22 was originally estimated to be £3,420k as forecast at the end of Q4 2020-21, however the actual spend in Q4 was £994k. The starting estimate for overall spend in 2021-22 was £6,688k. The actual spend for the financial year was £2,831k. The majority of the slippage (£2.528k) is due to the works on the River Sowey-King's Sedgemoor Drain enhancements being delayed until summer 2022. See ITEM 11. £348k of spend on workstream W3 – Urban Water Management has slipped into 2022-23. This relates to projects led by the Lead Local Flood Authority which is currently short on staff resource. Several schemes and activities have been completed by SRA partners but until claims for the funds have been submitted to the SRA the figures cannot be included in the finance report.

2. Re-allocation of Local Partner Funding

If the re-allocations proposed in the following Table B are agreed, the contingency would increase by £240k from £688k to £928k. This means that contingency funds, as at the end of 2021-22, would equal 9% of Local Partner funds, with the remainder allocated to specific schemes.

Table B: Re-allocation of funds to contingency			
Project/Activity	SRA Delivery Partner	Reason	Amount £,000
Burnham On Sea Water Management Investigation	Sedgemoor District Council	Initial tendering exercise was unsuccessful and there is insufficient capacity to deliver at this time	60
Natural England Advice	Natural England	Underspend on advice provided during 2021-22 financial year	9
SRA Staff Costs, overheads and SCC Financial Admin	Somerset Rivers Authority	Reduced staffing costs during 2021-22, and savings on small projects, legal, audit and governance costs.	60
Enhanced Silt Trap emptying 2020-21	Somerset County Council (SCC) Highways Dept	Full programme of works not delivered. Further funds allocated for current programme.	15
Knapp Hill Catchment Feasibility Study	Mendip District Council	Small underspend on completion of Options Appraisal Report.	3
Moorland surface water and drainage improvements	SCC Flood & Water Management	Following legal advice, it was concluded that required works could not be undertaken on 3 rd party land by the Highway Authority.	53
Culvert inspections and remedial works in IDB areas	Internal Drainage Board	Underspend forecast following procurement. Works will be delivered during 2022-23.	15
Appointment of riparian officer	SCC Flood & Water Management	Postholder contract expired, activity being re-scoped by SRA Technical Group.	25

Amount to re-allocate to contingency	240
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3. Growth Deal Funding Financial Performance

The full amount of £13,049k Growth Deal funding has now been claimed from the SRA by delivery partners.

TABLE C: Growth Deal Funding Summary - 2021-22					
Project	Funding Agreement Allocation	Claimed to end of 2020-21	Actual Claims 2021-22 Q1	Actual Claims 2021-22 Q2	Total Claims
	£,000	£,000	£,000	£,000	£,000
River Sowy/King Sedgemoor Drain Enhancement Scheme	8,204	7,045	329	830	8,204
Pioneer Dredging, River Parrett	2,230	2,230	0	0	2,230
Land Management	550	550	0	0	550
Bridgwater Tidal Barrier	2,000	2,000	0	0	2,000
Taunton Strategic Flood Alleviation Scheme	65	65	0	0	65
TOTAL	13,049	11,890	329	830	13,049

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Note:

The detailed commercially sensitive update for Quarter Four 2021-22 has been circulated to the Board. This report has been updated with changes approved at the previous SRA Board meeting in March 2022.

Date: 13 July 2022

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