

## Somerset Rivers Authority Joint Scrutiny Panel

### 2020-21 Annual Finance Update

#### RECOMMENDATIONS

The SRA Joint Scrutiny Panel is asked to:

1. Review and comment on the financial performance as at the end of quarter four of 2020-21.

#### 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.

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. As a result 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:

Local Partner Funding – money raised annually by an additional amount on Council Tax and direct contributions from the Internal Drainage Boards.

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

<b>TABLE A: Local Partner Funding 2020-21 Summary</b>						
Workstream	2020-21 Funding Allocation £,000	Spent Q1-4 2020-21 £,000	Forecast			Under- spends £,000
			2021-22 £,000	2022-23 £,000	2023-24 Onwards £,000	
Dredging and River Management (large)	3,223	87	2,386	551	144	-55
Dredging and River Management (small)	197	44	153	0	0	0
Land Management	584	307	232	20	0	-25
Urban Water Management	724	133	360	205	26	0
Resilient Infrastructure	1,561	317	775	469	0	0
Building Local Resilience	545	109	294	97	45	0
Administration, Staffing & Flood Action Plan Review	345	175	79	25	0	-66
Contingency	1,362	1,000*	0	0	362	0
<b>TOTAL</b>	<b>8,541</b>	<b>2,172</b>	<b>4,279</b>	<b>1,367</b>	<b>577</b>	<b>-146</b>

**Table A** shows that the total available funds at the start of 2020-21 was £8,541k. Of this amount, £5,598k 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 £362k held in contingency as at the end of Q4. In 2020-21:

- 2% of funds were spent on the administration and staffing of the SRA.
- 4% is held as contingency.
- 94% were allocated to specific projects in the Enhanced Programme.

\* At the March 2021 SRA Board meeting the Board approved moving £1m from contingency to the Sowy-KSD project.

Chart A: Claimed During 2020-21 by Workstream (£'000)

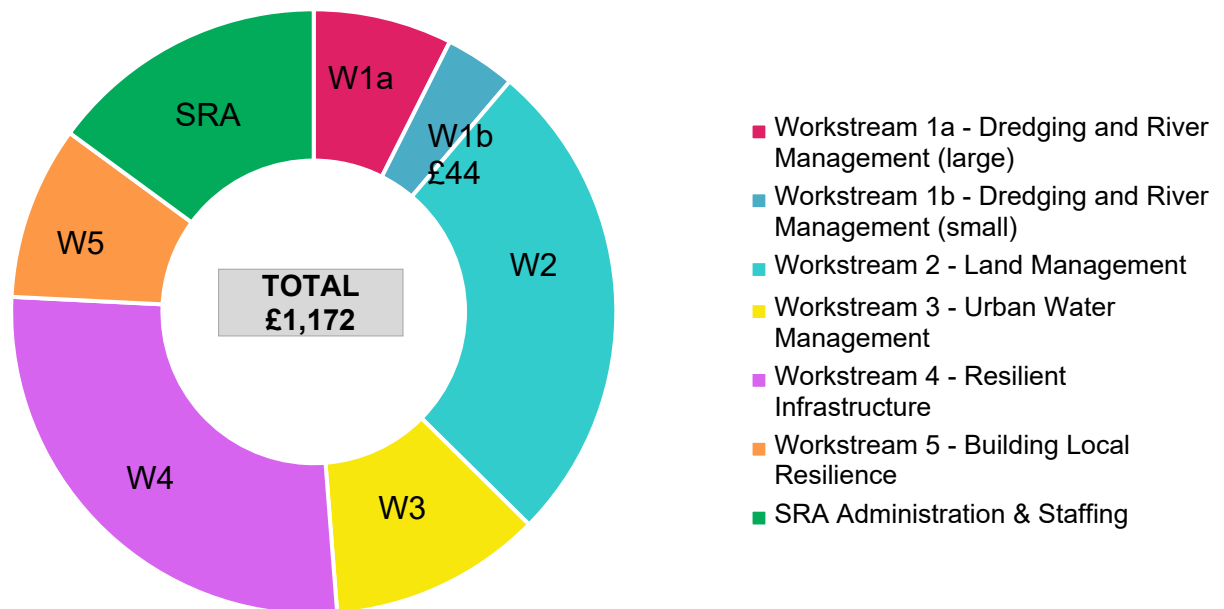


Chart A shows a breakdown of the total amount claimed during the whole of 2020-21.

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: Forecast claim profile

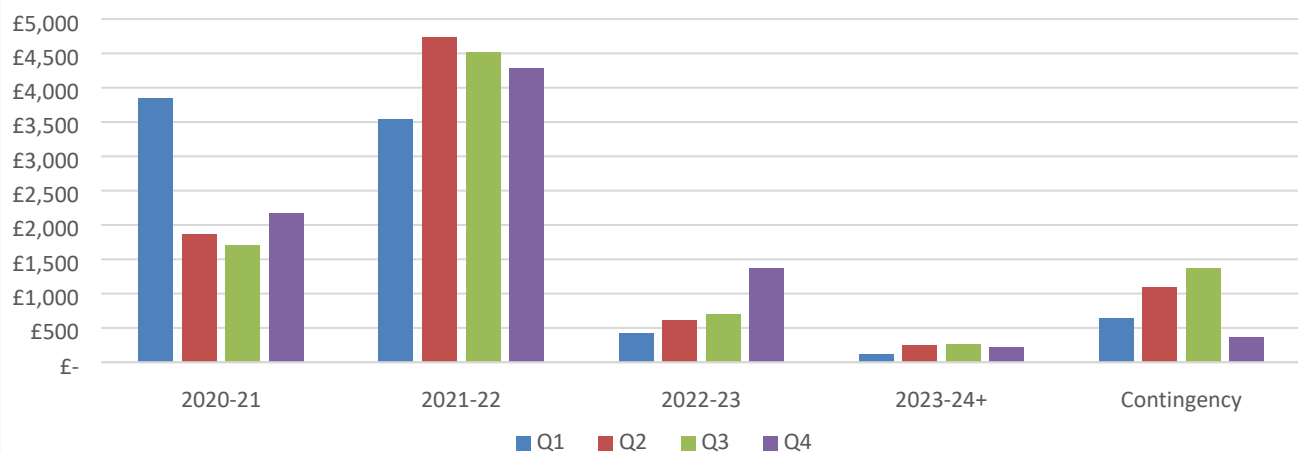


Chart B shows how forecasts of when SRA partners expected to claim SRA funds changed throughout the year. Each bar represents the forecast total amount to be claimed by the end of the financial year as estimated at the start of each quarter.

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 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 £2,172m – a reduction of £1,673m. The majority of this change relates to 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.

## 2. Growth Deal Funding Financial Performance

£13.049m of Heart of the SW Local Enterprise Partnership (HotSWLEP) Growth Deal funds were allocated to the Somerset Flooding project in 2015; the project was scheduled to end 31 March 2021. The SRA Board oversees the delivery of the Somerset Flooding project.

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.

<b>TABLE B: Growth Deal Funding Quarter 1-4 2020-21 Summary</b>				
Project	Funding Agreement Allocation £,000	Spent to end of 2020-21 £,000	Forecast spend 2021-22 £,000	Under-spend £,000
Sowey/King Sedgemoor Drain Enhancement Scheme	8,190	7,045	1,145	0
Pioneer Dredging River Parrett	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 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 reallocated to the Sowey/King Sedgemoor Drain Enhancement Scheme.

## RECOMMENDATIONS

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*Note:*

The 2020-21 Finance Report detailed commercially sensitive update has been circulated to the Panel separately as a confidential appendix.

**Date: 22<sup>nd</sup> June 2021**

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