

Somerset Rivers Authority Joint Scrutiny Panel

Quarter 2 2020-21 Finance Report

RECOMMENDATIONS

The SRA Joint Scrutiny Panel is asked to:

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

Background and context

This report provides information on the financial position at the end of quarter two which is the latest period full financial data is available.

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 by SRA partners.

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 2 2020-21 Summary						
Workstream	2020/21 Programme £,000	Claimed Q1+2 2020-21 £,000	Forecast			(Under)/Over spend See Section 2 £,000
			Q3+4 2020-21 £,000	2021-22 £,000	2022-23 Onwards £,000	
W1a Dredging and River Management (large)	3,624	57	129	2,476	521	(441)
W1b Dredging and River Management (small)	245	34	84	100	27	0
W2 Land Management	571	146	139	291	20	25
W3 Urban Water	721	20	200	346	155	0
W4 Resilient Infrastructure	1,869	221	438	1,171	0	(39)
W5 Building Local Resilience	545	23	108	278	136	0
Administration & Staffing	345	87	184	74	0	0
Contingency	635	0	0	0	635	0
TOTAL	8,555	588	1,282	4,736	1,494	(455)

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 £635k currently being held in contingency.

- 4% of funds are forecast to be spent on the administration and staffing of the SRA.
- 7% is held as contingency.
- 89% allocated to specific projects in the Enhanced Programme.

Chart A: Claimed During Q1&2 2020-21 by Workstream (£'000)

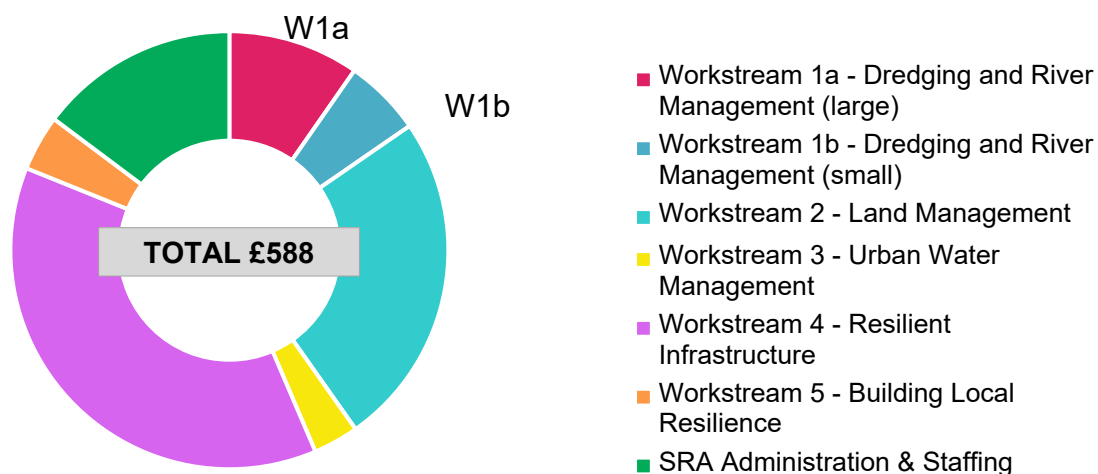
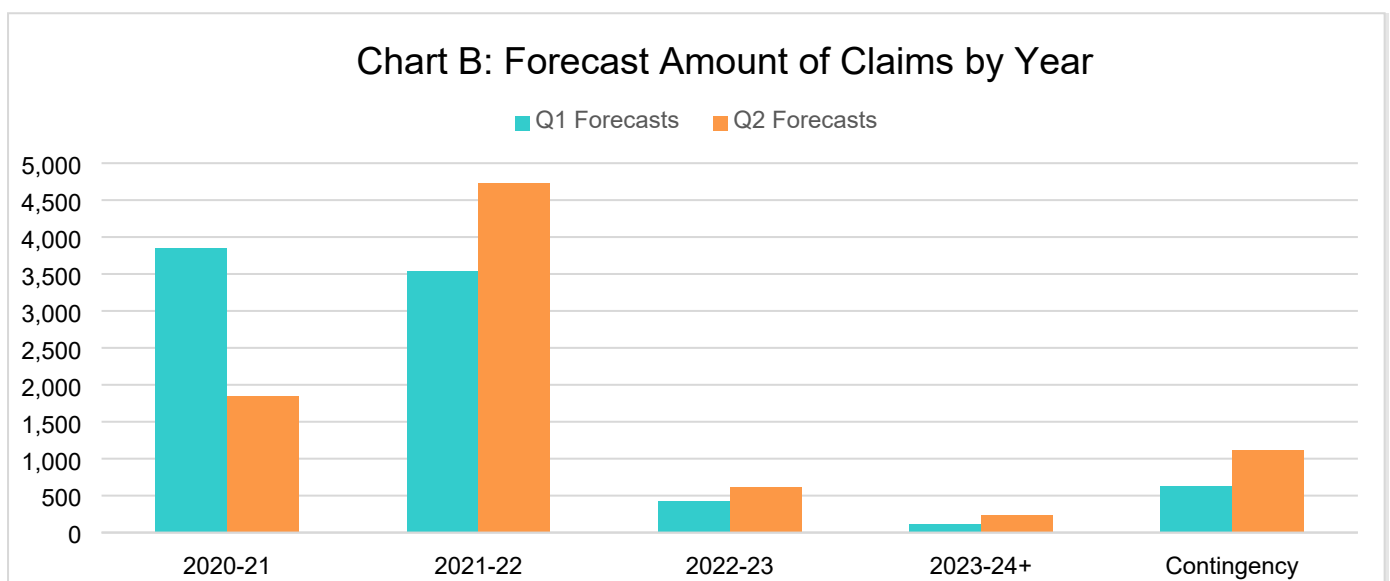


Chart A shows a breakdown of the total amount spent during quarters one and two of 2020-21.

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 a number of larger schemes, such as the three local interventions for the Taunton Strategic Flood Alleviation Improvements 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 £1,975k to £1,870k in part, due to the impact of COVID-19 on works. Reasons for the larger movements are listed below;



- Most of this value (£975k) relates to the Sowy/ King’s Sedgemoor Drain Enhancement Scheme, the completion date for this project has been pushed back by 12 months in agreement with the Heart of the SW LEP.
- Asset upgrades at frequently jettted sites with a budget value of £75k are now forecast to be delivered in 2021-22 due to the timeframe required for the design work prior to construction.
- £143k relates to the annual maintenance dredging of the River Parrett which has been postponed whilst dredging takes place between Northmoor and the M5.

- The previously reported forecasted claim for the Pioneer Dredge (£210k) for Northmoor to M5 (Parrett) was reported as Local Partner funding (LP). This was an error as this claim forecast was for Growth Deal funding so should not have been included under LP funding.
- 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 two identified the following underspends as shown in Table B. Table C shows the detail for a request to top up an existing budget for Hills to Levels and Natural Flood Management to Slow the Flow.

Table B: Re-allocation of funds to contingency (underspends)			
Scheme	Delivery Partner	Reason	Amount £,000
Stogursey and Shurton Highway Flood Relief Works	Somerset County Council Highways	Underspend on completion of project.	17
Pioneer Dredging – River Parrett (Northmoor to M5)	Parrett Internal Drainage Board	Scheme is now utilising the Water Injection Dredging method, which is more economical in delivery than the traditional dredging method.	441
Amount to re-allocate to contingency			458

Table C: Re-allocation of funds from contingency			
Scheme	Delivery Partner	Reason	Amount £,000
Hills to Levels and Natural Flood Management to Slow the Flow	Farming and Wildlife Advisory Group SW	Top up to existing grant to provide match funding for an EU funded floodplain restoration project on the River Aller at the National Trust's Holnicote Estate in West Somerset.	25
Amount to re-allocate from contingency			25

Following approval by the SRA Board in December of the movements in Tables B and C the SRA contingency increased by £433k from £635k to £1,068k. This means that SRA contingency funds as at the end of Q2 2020-21 equals 12.5% of Local Partner funds (currently 7%), with the remainder allocated to specific schemes.

3. Growth Deal Funding Financial Performance

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

TABLE D: Growth Deal Funding Quarter 2 2020-21 Summary						
Project	Funding Agreement Allocation £,000	Claimed as at end Q2 20/21 £,000	Forecast Claims 2020-21		Forecast Claims 2021-22 £,000	Under-spend £,000
			Q3 £,000	Q4 £,000		
Sowy/King's Sedgemoor Drain Enhancement Scheme	7,976	6,269	287	477	943	0
Pioneer Dredging	2,458	1,787	181	289	0	201
Land Management	550	547	3	0	0	0
Bridgwater Tidal Barrier	2,000	2,000	0	0	0	0
Taunton Strategic Flood Alleviation Scheme	65	65	0	0	Project 0	0
TOTAL	13,049	10,668	471	766	943	201

At the end of quarter two, £10,668k of the total £13,049k Growth Deal funding had been claimed from the SRA by delivery partners. The total claimed during quarter two is £427k. The £201k underspend on the Pioneer Dredging will be reallocated to the Sowy/King's Sedgemoor Drain Enhancement Scheme as per the variation request approved by HotSWLEP in October 2020.

RECOMMENDATIONS

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Note:

The quarter two 2020-21 detailed commercially sensitive update has been circulated to the Panel separately.

Date: 3 February 2021

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