

## Somerset Rivers Authority Joint Scrutiny Panel

### Quarter 2 2021-22 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 2021-22.

#### 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

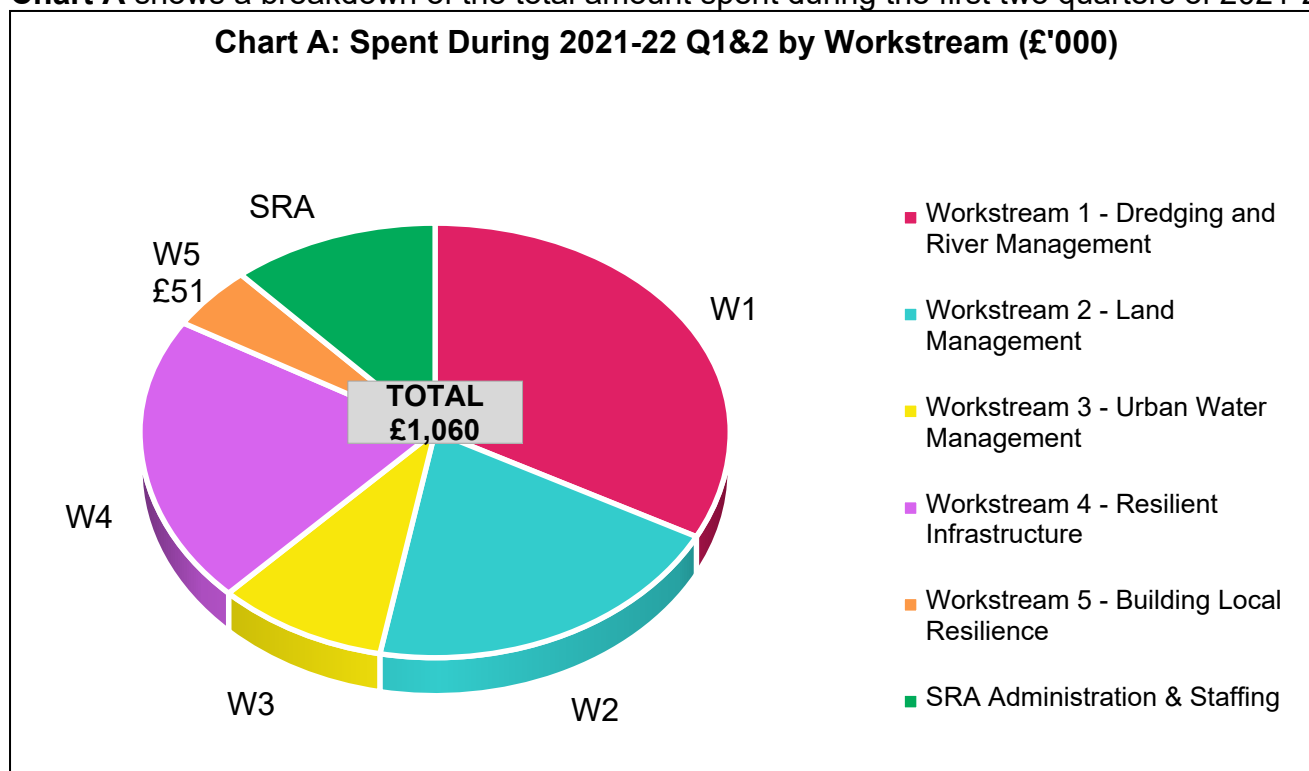
**Table A** shows that the total available funds at the start of the year were £10,388k. Of this amount £7,446k was carried forward from 2020-21 and £2,942k was raised in the 2021-22 precept.

TABLE A: Local Partner Funding Summary at end of Quarter 2 2021-22							
Area of spend	2021/22 Funding Allocation £,000	Spent		Forecast			Re-allocations required £,000
		2021/22 Q1 £,000	2021/22 Q2 £,000	2021/22 Q3 £,000	2021/22 Q4 £,000	2022/23 Onwards £,000	
Enhanced Programme	9,039	182	750	1,068	1,625	5,316	-98
Core work and Development	250	0	0	10	25	215	0
Administration & Staffing	286	53	75	72	86	0	0
Contingency	813	0	0	0	0	813	0
<b>TOTALS</b>	<b>10,388</b>	<b>235</b>	<b>825</b>	<b>1,150</b>	<b>1,736</b>	<b>6,344</b>	<b>-98</b>

As at the end of Quarter Two:

- 3% of funds are forecast to be spent on the administration and staffing of the SRA.
- 2% will be spent on SRA core work and development.
- 8% is held as contingency.
- 87% is allocated to specific projects and activities within the Enhanced Programme.

**Chart A** shows a breakdown of the total amount spent during the first two quarters of 2021-22.



The primary activity in W1 Dredging and River Management (red) is the River Sowy – King’s Sedgemoor Drain Enhancements Scheme. £332k of the Local Partner allocation has been spent; this is over and above the LEP Growth Deal funds spent on this project. For detail on Growth Deal spend please See Part 3 Table C below.

There has been considerable delivery on the W2 workstream – Land Management (blue) in Quarters One and Two, with £161k spent on Hills to Levels: Somerset Land Management and Natural Flood Management, and £21k on Trees for Water.

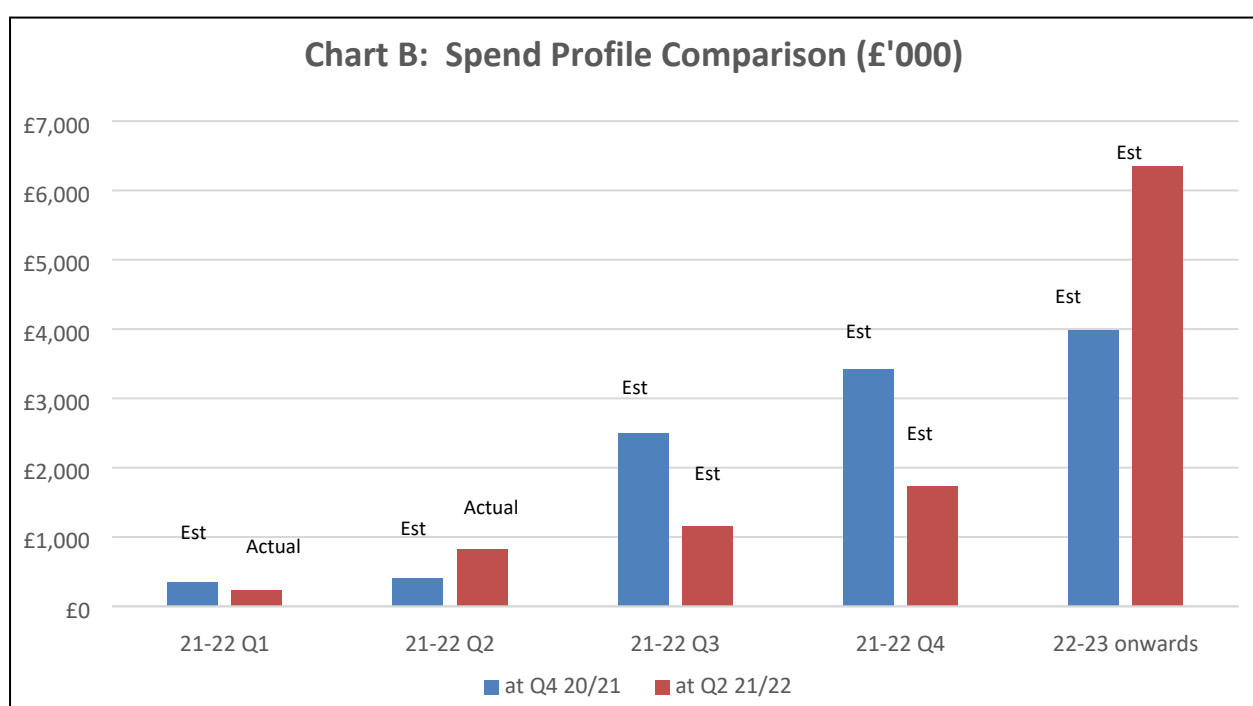
Claims for completed works in the Resilient Infrastructure W4 workstream (pink) were received in Quarter 2. This spend included £96k on desilting of structures, £62k for gully emptying and £46k on drain jetting. W4 now represents 21% of the spend to date (it was 3% of spend at the end of Quarter One)

### 1a. Spend Profile Summary

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

For example: the Quarter Two (Q2) spend for 2021-22 was originally estimated to be £411k as forecast at the end of Quarter 4 (Q4) 2020-21, however the actual spend in Q2 was £825k.

It should be noted that £2.26m of spend on workstream W1 – Dredging and River Management, that was originally predicted to be incurred in in 2021-22, is now forecast to be spent in 2022-23 onwards. Similarly, £374k of spend on workstream W3 – Urban Water Management has slipped into 2022-23.



## 2. Re-allocation of Local Partner Funding

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

<b>Table B: Re-allocation of funds to contingency</b>			
Project/Activity	SRA Delivery Partner	Reason	Amount £,000
Countywide Enhanced Drain Jetting	SCC Highways Dept	Underspend from 2019-20 enhanced programme of works. At the December 2020 SRA Board meeting these funds were held back for 'extra' work identified in the Mendip area. It is understood that SCC Highways reviewed the request, and no extra works were required.	22
Preston Brook, Yeovil Enhancement Implementation Scheme	Farming & Wildlife Advisory Group SouthWest	Preparation work for Phase One complete. Agreement with Preston Academy for construction of the pond (Phase Two) has not reached a conclusion. A grant proposal may be submitted in the future once this is in place.	48
Wetland Biomass Feasibility Study	SCC Highways Dept	Project now complete, small underspend.	3
Hill Lane, Carhampton	Somerset West and Taunton Council	Hill Lane is an unadopted road; it has not been possible to resolve issues of ownership and future maintenance of the upgraded asset. Alternative NFM measures could be investigated to reduce the run off from the steep hills above to try and reduce the surface water flooding issue.	25
<b>Amount reallocated to contingency</b>			<b>98</b>

Following approval by the SRA Board in December of the movements in Table B the contingency increased by £98k from £813k to £911k. This means that contingency funds would equal 8.8% of Local Partner funds (currently 8%), with the remainder allocated to specific schemes.

At its December meeting the SRA Board approved allocating approximately £350k of contingency funds towards the 2022-23 Enhanced Programme. This will allow more schemes to be funded. Further detail on the proposed 2022-23 Enhanced Programme is provided under Item 6.

### 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. The total claimed during Quarter Two was £830k.

<b>TABLE C: Growth Deal Funding Summary - Quarters 1 &amp; 2 2021-22</b>					
Project	<b>Funding Agreement Allocation</b>	Claimed to end of 2020-21	Actual Claims 2021-22 Q1	Actual Claims 2021-22 Q2	<b>Total Claims</b>
	<b>£,000</b>	£,000	£,000	£,000	<b>£,000</b>
River Sowy-King's Sedgemoor Drain Enhancements Scheme	<b>8,204</b>	7,045	329	830	<b>8,204</b>
Pioneer Dredging, River Parrett	<b>2,230</b>	2,230	0	0	<b>2,230</b>
Land Management	<b>550</b>	550	0	0	<b>550</b>
Bridgwater Tidal Barrier	<b>2,000</b>	2,000	0	0	<b>2,000</b>
Taunton Strategic Flood Alleviation Improvements Scheme	<b>65</b>	65	0	0	<b>65</b>
<b>TOTAL</b>	<b>13,049</b>	11,890	329	830	<b>13,049</b>

Although the Growth Deal funding has been claimed, the overall Somerset Flooding project continues to be delivered using SRA Local Partner Funding. These projects are the three local intervention schemes as part of the Taunton Strategic Flood Alleviation Improvements Scheme due for completion in 2024, the remaining works of the River Sowy-King's Sedgemoor Drain Enhancements Scheme to be completed in 2022, and the Bridgwater Tidal Barrier continues to wait for approval of the Transport and Works Act Order (TWAO) before commencing to the construction phase.

#### 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 2021-22.

*Note:*

The detailed commercially sensitive update for Quarter Two 2021-22 has been circulated to the Panel separately.

**Date:** 14 January 2021

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