

## Somerset Rivers Authority Board Paper

**Title:** Quarter 1 2017-18 Finance and delivery report

### **RECOMMENDATION**

The SRA Board is asked to:

1. Note the financial performance as at the end of 2016-17 and as at the end of Quarter 1 2017-18
2. Approve the use of £4.7k contingency to cover the small scale overspend of five activities at the end of the financial year 2016-17
3. Approve LEP funds as the funding source for the £50k funding request from Natural England for the development of a Strategic Approach to Mitigation

### **Purpose of the item:**

To update the Board on the SRA's financial position, as at the end of 2016-17

To update the Board on the SRA's financial position, as at the end of the first quarter 2017-18.

To propose a funding source to cover the cost of developing a Strategic Approach to Mitigation, if the Board agree with the proposal put forward by Natural England.

### **Background and context**

This report, together with associated documents, delivers the financial reporting requirements consistent with the 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 is divided into two sections. The first summarises the 2016-17 end of year position and requests Board approval for some minor overspends that emerged in closing the accounts at year end. The second section summarises the financial position as at the first quarter of 2017-18 and includes a proposal for funding a new activity for

2017-18, namely the development of a Strategic Approach to Mitigation (Item 6ai on the SRA Board 21<sup>st</sup> July meeting Agenda).

### Section 1: 2016-17 Full Year position

The SRA End of Year Report (Item 8d) includes a financial summary together with an analysis of spend and details of the works carried out during the year. This report, therefore, reproduces the financial summary (Table A below), and should be read in conjunction with the End of Year Report, which will be published once approved.

**Table A** shows the financial summary for the year, split by funding source, showing the amount spent by the SRA and what is carried forward to 2017-18.

<b>Table A: Somerset Rivers Authority 2016-17 Financial Summary</b>				
<b>Funding Source</b>	<b>Original Funding 2016-17</b>	<b>Spent* 2016-17</b>	<b>Difference</b>	<b>Carry Forward 2017-18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>SRA Local Partners Funding - Council Tax &amp; IDB</b>				
Capital programme	757	48	709	603
Maintenance Programme	1,674	240	1,434	1,003
Provision for Sowy/KSD	0	0	0	654
Contingency	108	0	108	26
SRA Administration & IDB Staffing	238	161	77	42
<b>Total SRA Local Partners Funding</b>	<b>2,777</b>	<b>449</b>	<b>2,328</b>	<b>2,328</b>
<b>Interim** Funding brought forward from 2015-16</b>				
Enhanced Maintenance Programme	1,488	1,416	72	72
Maintenance of Rivers & Rhynes	601	96	505	314
Provision for Sowy/KSD	0	0	0	200
Contingency	30	0	30	21
SRA Administration & IDB Staffing	2	1	1	1
<b>Total Interim Funding</b>	<b>2,121</b>	<b>1,513</b>	<b>608</b>	<b>608</b>
<b>Communities &amp; Local Government Funding (CLG)</b>				
Outstanding Activities	199	49	150	150
Contingency	17	0	17	17
<b>Total CLG Funding</b>	<b>216</b>	<b>49</b>	<b>167</b>	<b>167</b>
<b>Total Funding</b>	<b>5,114</b>	<b>2,011</b>	<b>3,103</b>	<b>3,103</b>
<b>HotSWLEP Growth Deal Funded Projects</b>				
Dredging, Sowy/KSD, Bridgwater Barrier, Slow the Flow		<b>4,044</b>		

**Total Spent 2016-17\***

**6,055**

\*Spent: Amount claimed by delivery partners from the SRA during 2016-17

\*\* Interim: £1.9m contribution from DEFRA and £800k contribution from SRA Local Partners

The recommendation for the use of £4.7k from contingency relates to small scale overspends in the following activities at the end of 2016-17. River Isle bank repairs (£3,171), Brue banks set back (£196), Haymoor desilt (£876), Improvements to Wirral Park PS (£337) and Aller Moor Rhyne maintenance (£112). This recommendation is being put forward following a reconciliation of financial claims and balances. If this recommendation is approved this will leave a contingency from Partner Funding of £59.3k.

These overspends are minimal due to the scale of the projects and the SRA implemented their Grant Payment request process in summer 2016 which now enables a tighter monitoring of budgets overall.

## Section 2: 1Q 2017-18

**Table B** below summarises the position as at the first quarter of 2017-18

<b>Table B 1Q 2017/18 Financial Update</b>	<b>*TOTAL Budget</b>	<b>Paid to DPs</b>
<b>Funding Source</b>		
	£'000s	£'000s
<b>Funds available in 2017/18</b>		
SRA Local Partners (inc. Council Tax) 2017/18	2,748	25
SRA Local Partners (inc. Council Tax) 2016/17	657	205
Growth Deal	710	591
Remaining 2015/16 Interim Funding	134	22
Remaining CLG funding	25	1
<b>TOTAL</b>	<b>4,274</b>	<b>843</b>

\* at the time of budget approval an assumption on the value of the budget roll forward had to be made and therefore these figures are marginally different to those previously proposed

In the first quarter of 2017-18 the SRA processed Delivery Partner claims of £843k. The large majority of these claims relate to Growth Deal funded projects including Bridgwater Tidal Barrier, Taunton Strategic Flood Alleviation Schemes, Land

Management and Sowry. Claims for other funding streams include Main River Asset Improvements and Wessex De-Silting. Due to the time lag between the Delivery Partners receiving their contractor invoices and consequently the claim being raised with the SRA this value does not reflect actual spend by Delivery Partners. This is a concern especially for Growth Deal funded projects as it could impact on the Spending Profiles which have been agreed with the LEP.

Given it is early in the year, at this point there is no change to forecast spend, however as the year progresses there are likely to be changes and an update on forecast spend will be provided at the October Board meeting.

As happened last year, activity on the new Enhanced Programme in the first quarter is focussed on preparation, programming and start-up. Minimal work on the ground has therefore taken place, with most programmed for delivery later in the year. However, the exception to this is the SRA funded extra gully emptying and drain jetting, where substantial works have already been delivered across all districts by SCC Highways Dept.

At the end of last year, work on 29 actions from previous years was carried forward to this year. Of these, a small number were expected to be delivered in the first quarter and all of these have been completed. The roof repairs to Long Load Pumping Station are complete including the de-silting of the inlet channel. Permissions have now been granted for the infrastructure needed for the new Huntworth pump. Improvements along the Bratton Stream at Parks Walk in Minehead are also complete and the telemetry equipment is now installed at Blake Gardens Bridgwater and Bays Pond, Cheddar. At Cannington, the gas main has been diverted so contractors can link up new sections of the flood relief channel. This scheme will soon become operational following completion of some landscaping and minor earthworks.

Further detailed reports on progress will be presented to the SRA Board's October meeting in the 1<sup>st</sup> Half of 2017-18 Report.

A £50k (estimated) funding request has been received from Natural England for the development of a Strategic Approach to Mitigation. One option for funding would be to drawdown on the remaining Partner Funding contingency. However on the assumption that the board approves the previous recommendation in this paper and a separate request to use £19.1k contingency funding to cover a separate item on desilting of Cripps River and Hixham Rhyne this would leave a balance of £40.2k which would not be enough to fund the estimated costs. Furthermore, at this stage of the year, it would not be prudent to drawdown the whole of the contingency pot as there are likely to be other calls on this balance in the future.

The recommended option would be to use LEP Growth Deal funding, in particular the £694k allocated to further pioneer dredging. Given that developing a Strategic

Approach to Mitigation will facilitate delivery of LEP projects, and in particular further pioneer dredging, under LEP rules it would be eligible spend, given the development of the Dredging Strategy is eligible spend. Furthermore this funding solution would support the proposed SRA's commitment to future Pioneer Dredging (Item 8b). If this option was approved it would then leave the SRA with some contingency.

**Recommendation:** The SRA Board is asked to:

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*Note:*

The Q4 2016-17 detailed commercially sensitive update has been circulated to the Board and identifies the overspend referred to in recommendation 2.

The Q1 2017-18 detailed commercially sensitive update has been circulated to the Board.

**Date:** 05/07/17

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