

Somerset Rivers Authority Board Paper

Quarter 1 2018-19 Finance Report

RECOMMENDATION

The SRA Board is asked to:

1. Note the financial performance as at the end of Quarter 1 of 2018-19.
2. Approve the re-allocation of £222,390.41 remaining budget from completed actions to contingency.

Background and context

This report, together with the associated document, 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 gives information on the financial position at the end of Quarter 1 and includes a proposal for moving remaining budget from a number of completed actions to contingency.

Somerset Rivers Authority does not deliver works. The partners that make up the SRA partnership deliver works on behalf of the SRA and once works are complete claim back the cost of the works.

There are two main sources of funding which the SRA draws on.

- a. Local Partner Funding – money raised annually by a small additional amount on Council Tax and direct contributions from the Internal Drainage Boards
- b. Growth Deal Funding – £13.1m of funding allocated in 2014 through the Heart of the South West Local Enterprise Partnership (HotSWLEP) for specific large-scale capital projects

1. Financial Performance – SRA spend to date

Table A summarises the financial position as at the end of Quarter 1 of 2018-19. Further detail is provided below the table.

Table A: Somerset Rivers Authority Quarter 1 2018-19 Financial Summary		
	Approved¹ Funding	Spent² Quarter 1
	2018-19 £000s	2018-19 £000s
SRA Local Partner Funding		
Enhanced Programme works	4,953	149
Provision for Sowy/KSD and/or further Pioneer Dredging	943	0
Contingency	171	0
SRA Administration, staffing and overheads	221	29
Totals	6,288	178
HotSWLEP Growth Deal Funding		
Dredging, Sowy/KSD, Bridgwater Barrier, Slow the Flow Schemes		1,433
Total Spent² 2018-19		1,611
¹ Approved includes remaining funds allocated to specific projects that were raised in previous years ² Spent: Amount claimed by delivery partners from the SRA to end of Quarter 1, 2018-19		

In the financial year to the end of Quarter 1 2018-19, the SRA processed delivery partner claims totalling £1,611k:

- 89% (£1,433k) relates to Growth Deal funded actions including Bridgwater Tidal Barrier, delivery of 'Slow the Flow' Capital Grant Schemes and the Sowy/KSD Enhancement Scheme.
- 9% (£149k) relates to Enhanced Programme works (funded from Local Partners funding) within Workstream 2 (Land Management) including natural flood management activities, and Workstream 1 (Dredging & River Management) activities such as West Somerset Streams maintenance, Pumping Station Repairs and Main River Asset Improvements.
- 2% (£29k) of the Quarter 1 2018-19 spend relates to administration, staffing and overheads.

£943k of 'approved' Local Partner funding has been set aside for use in future years as part of project planning to deliver the Sowy/KSD scheme and/or further pioneer dredging.

2. Financial Performance – committed spend

SRA Delivery Partners can only draw down SRA funding after works are completed and invoices have been paid. This results in a delay between what SRA Delivery Partners have actually spent and how much has been claimed from the SRA. Where SRA Delivery Partners have either completed works but not drawn down the funds from the SRA, or they have contracted to have works undertaken, this is classed as committed SRA spend. As of the end of Quarter 1:

- SRA Delivery Partners had committed to an additional £289k of Growth Deal funded works over and above what is reflected in the 'spent' column in Table A (£1,433k). This results in a total call on Growth Deal funds of £1,722k.
- SRA Delivery Partners had committed to an additional £1,142k of Enhanced Programme works (using Local Partners funds) over and above what is reflected in the 'spent' column in Table A (£149k). This results in a total call on Local Partner funds of £1,291k for Enhanced Programme works.
- An additional £192k of Local Partner funds is committed to SRA administration costs to the end of the Financial Year.
- There is a balance of £4,791k of Enhanced Programme funds which are allocated to SRA projects for spending in future quarters and beyond 2018/19.
- The total amount of Local Partners and Growth Deal funds either already spent or committed to be spent, including staff and overheads, equals £3,205k.

3. Re-allocation of remaining budget

The final data returned by the delivery partners for Quarter 1 2018-19 has identified an underspend of £222,390.41. This underspend is, in part, a result of issues to do with the bedding-in of a new contract and the need to ensure best value which impacted on the delivery of some enhanced maintenance works. Also, further investigation into the A38 Chelston scheme revealed that fibre optic cables would have to be moved, making the original scope of works unaffordable. However, a reduced scheme has been identified, so some works will go ahead at a reduced cost.

Table B: Completed actions for re-allocation of funds			
Ref No	Delivery Partner	Action	Underspend Amount (£)
LHA105	LHA	A38 Chelston, West Buckland 2017-18 EP	-101,000.00
LHA04	LHA	Countywide - Enhanced maintenance - Drain Jetting 2017-18 EP	-33,092.76
LHA03	LHA	Countywide Enhanced maintenance - Gully emptying 2017-18 EP	-43,065.46

LHA05	LHA	Countywide Enhanced maintenance – Targeted edge of road clearing 2017-18 EP	-39,943.82
LAMDC 01	MDC	Wirral Park Pumping station refurbishment 2016-17 EP	-26.58
MY	EA	Mark Yeo (localised sections) 2015-16 EP	-5,261.79
		Balance to re-allocate to Contingency	-222,390.41

The net financial impact of the completion of these actions is the request to re-allocate £222,390.41 to contingency and therefore allow these funds to be re-invested by the SRA in the future on key actions. Should the SRA Board approve that £222,390.41 be re-allocated to contingency (currently £170,642.84) this would mean a balance of £393,033.25 would be held in contingency. A separate proposal is being put to the Board which may result in the use of some of this contingency.

Recommendation

The SRA Board is asked to:

1. Note the financial performance as at the end of Quarter 1 2018-19.
2. Approve the re-allocation of £222,390.41 remaining budget from completed actions to contingency.

Note:

The Quarter 1 2018-19 detailed commercially sensitive update has been circulated to the Board and identifies the underspend referred to in Recommendation 2. This report has been updated with changes approved at the previous SRA Board meeting.

Date: 29/08/18

Authors: Emma Beardsley/Rebecca Hall, Finance Managers & David Mitchell SRA Senior Manager