

## Somerset Rivers Authority Board Paper

### Title: Quarter 3 2018-19 Finance Report

#### RECOMMENDATION

The SRA Board is asked to:

1. Note the financial performance as at the end of Quarter Three of 2018-19.

#### Background and context

This report and its associated documents 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 Three. It includes a proposal for moving unused funds from a number of completed actions to contingency.

Somerset Rivers Authority does not deliver works, instead 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 an 'additional notional 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. Financial Performance – spend as at 31 March, 2018 and funds allocated to schemes 2018-19.

**Table A** summarises the financial position as at the end of 2017-18. It also shows the total amount of funds carried forward and allocated to schemes in 2018-19.

<b>Table A: SRA spend as at 31 March, 2018, and funds allocated to schemes for use in 2018-19</b>			
	<b>Funds Received (or due)</b>	<b>Total Paid to Delivery Partners pre 2018-19</b>	<b>Remaining Funds</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>SRA Funding - excluding Growth Deal</b>			
CLG Funding	341		
2015-16 Local Partners (Interim) Funding	2,700		
2016-17 Local Partners Funding	2,778		
2017-18 Local Partners Funding	2,843		
<b>SRA Local Partner Total to c/f to 2018-19</b>	<b>8,662</b>	<b>5,253</b>	<b>3,408</b>
<b>Growth Deal Funding to c/f to 2018-19</b>	<b>13,049</b>	<b>6,507</b>	<b>6,542</b>
<b>Total available to c/f to 2018-19</b>	<b>21,711</b>	<b>11,760</b>	<b>9,950</b>
<b>2018-19 Local Partners Funding</b>			
			<b>2,880</b>
<b>Total available funds in 2018-19</b>			
			<b>12,830</b>
<b>Total Local Partners Funding</b>			<b>6,288</b>
<b>Total Growth Deal Funding</b>			<b>6,542</b>

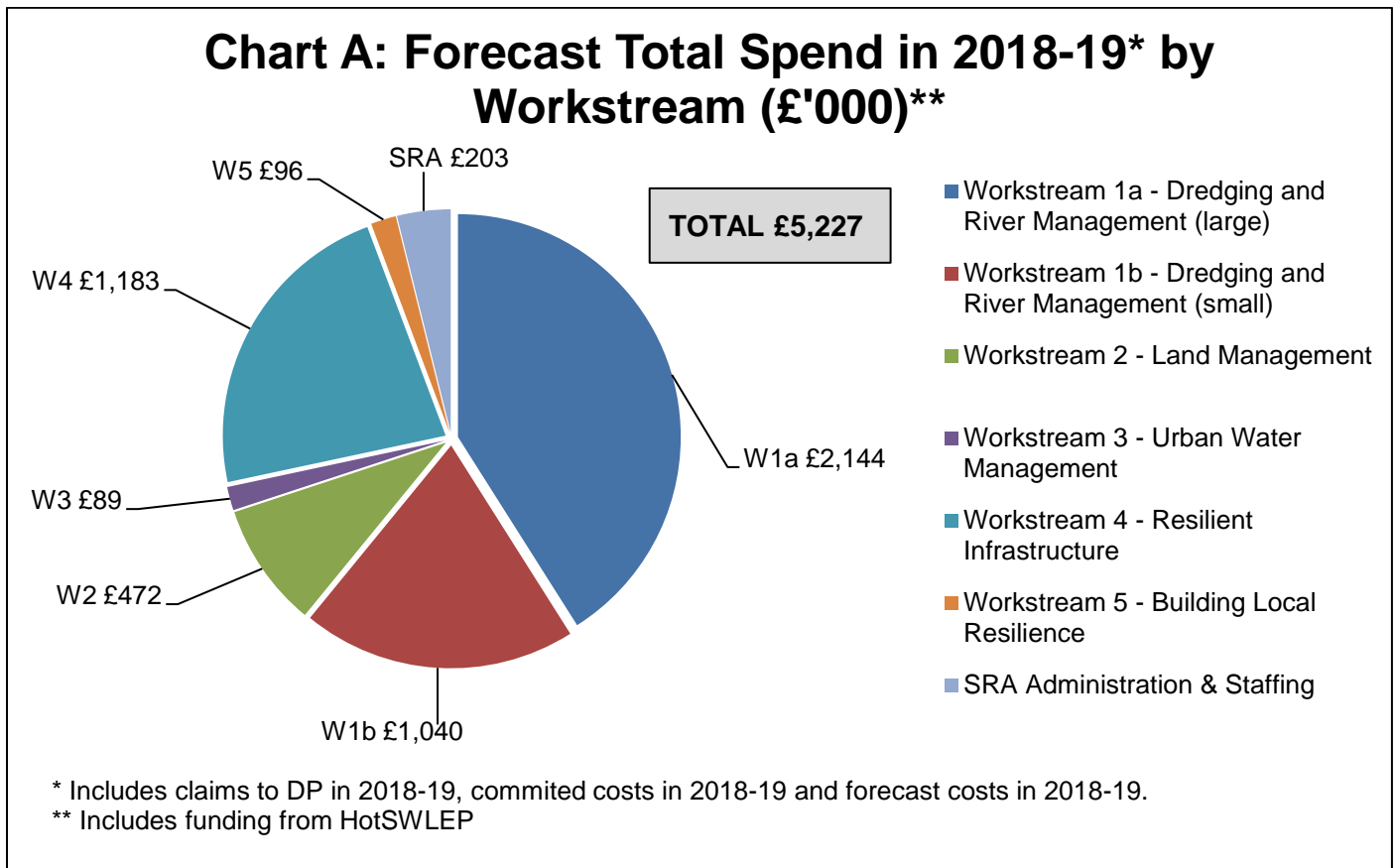
## 2. SRA actual, committed and forecast spend during 2018-19

For the purposes of this report, actual, committed, and forecast are defined as follows:

- **Actual** – total funds that have been paid to delivery partners (DPs)
- **Committed** – is where DPs have either delivered, but not yet drawn down the funds from the SRA or where DPs have contracted to have works undertaken
- **Forecast** – an estimate of any further spending on projects which has not yet been claimed or committed

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 spent and how much has been claimed from the SRA.

Chart A shows the total actual, committed and forecast spend for 2018-19.



In the financial year to the end of quarter three 2018-19, the SRA processed delivery partner claims totalling £2,693k, £669k (25%) of which was paid during Quarter Three. Of the total amount paid:

- 61% (£1,639k) relates to Growth Deal funded actions including Bridgwater Tidal Barrier, delivery of 'Slow the Flow' Capital Grant Schemes, the Sowy/KSD enhancement scheme and Pioneer Dredging.
- 34% (£928k) relates to Enhanced Programme works (funded from Local Partners funding) within Workstream 2 (land management), including natural flood management activities, and Workstream 1 (dredging and river management) activities such as the SRA contribution towards the Taunton Strategic Flood Alleviation Improvements Scheme, pumping station repairs, Main River Asset Improvements and the final funding allocation towards the Environment Agency's Wessex Desilt Top-Up scheme, West Somerset Streams and maintaining dredged profiles.
- 5% (£126k) relates to administration and staffing.
- £943k of 'approved' Local Partner funding has been allocated for use as part of project planning to deliver the Sowy/KSD scheme.

**Table B** summarises the financial position as at the end of Quarter Three 2018-19 and committed spend to end of the 2018-19 financial year. Further detail is provided below the table.

<b>Table B: Somerset Rivers Authority Quarter Three 2018-19 Financial Summary</b>					
	<b>Allocated Funds in 2018-19</b>	<b>Total Paid to DP in 18-19 (Q1-Q3)</b>	<b>Committed</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>2018-19</b>		<b>2019 onwards</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>SRA Funding – excl. Growth Deal</b>					
Enhanced Programmes	4,963	928	1,191	758	2,086
Provision for Sowy/KSD	943	0	0	0	943
Contingency	179	0	0	0	179
SRA Administration & Staffing	203	126	0	77	0
<b>SRA Funding – excl. Growth Deal</b>	<b>6,288</b>	<b>1,054</b>	<b>1,191</b>	<b>835</b>	<b>3,208</b>
<b>Growth Deal Funding</b>					
Pioneer Dredging, Sowy/KSD, Bridgwater Tidal Barrier, Slow the Flow	<b>6,542</b>	<b>1,639</b>	<b>152</b>	<b>356</b>	<b>4,395</b>
<b>Total</b>	<b>12,830</b>	<b>2,693</b>	<b>1,343</b>	<b>1,191</b>	<b>7,603</b>

### 3. Change in contingency from Quarter Two 2018-19

The total contingency held has increased by £41k since Quarter Two. The total amount of contingency held is now £179k. Contingency can be used to fund project overspends, increases in project scopes and new projects. Table C below details the changes to the contingency fund.

<b>Table C: Movement in contingency since Quarter Two 2018-19</b>	
<b>Description of Movement</b>	<b>£,000</b>
Contingency held in Quarter Two 2018-19	138
River Avill Flood Relief (EA14) project underspend	20
Pumping Station Improvements (EA06) project budget increase	-20
A38 Rumwell (LHA14) project underspend	11
SRA Team (SRA Team) 2017-18 budget underspend	17
West Somerset Streams (EA10) Annual Maintenance	2
Flood Plan Projects (SRACLG03) project underspend	11
<b>Contingency held in Quarter Three 2018-19</b>	<b>179</b>

## **Recommendation**

The SRA Board is asked to:

1. Note the financial performance as at the end of Quarter Three 2018-19.

*Note:*

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

**Date: 20 February, 2019**

**Author: Rebecca Hall, Finance Manager**

**Appendix 1: CONFIDENTIAL Q3 2018-19 Cost Report**