

## Somerset Rivers Authority Board Paper

### Quarter 3 2019-20 Finance Report

#### RECOMMENDATIONS

The SRA Board is asked to:

1. Note the financial performance as at the end of quarter three of 2019-20.
2. Approve the reallocation of contingency as per section three.

#### Background and context

This report, together with the associated document, 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 3. It includes a proposal for moving the remaining budget from a number of completed projects to contingency.

Somerset Rivers Authority does not deliver projects, instead the partners that make up the SRA partnership deliver projects on behalf of the SRA and once projects 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 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 2019 and funds allocated to schemes 2019-20

**Table A** summarises the financial position as at the end of 2018-19. It also shows the total amount of funds carried forward and available in 2019-20.

<b>Table A: SRA Spend as at 31 March 2019 and Funds Available for Use in 2019-20</b>			
	<b>Funds Received (or due)</b>	<b>Total Paid to Delivery Partners pre 2019-20</b>	<b>Remaining Funds</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b>SRA Funding</b>			
CLG Funding	341		
Previous Years' Local Partner Funding	11,201		
2019-20 Local Partners Funding	2,926		
<b>SRA Local Partner Total</b>	<b>14,468</b>	<b>7,375</b>	<b>7,093</b>
<b>Growth Deal Funding</b>	<b>13,049</b>	<b>8,200</b>	<b>4,849</b>
<b>Total</b>	<b>27,517</b>	<b>15,575</b>	<b>11,942</b>

## 2. SRA actual and committed spend during 2019-20

For the purposes of this report the terms '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 completed, 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

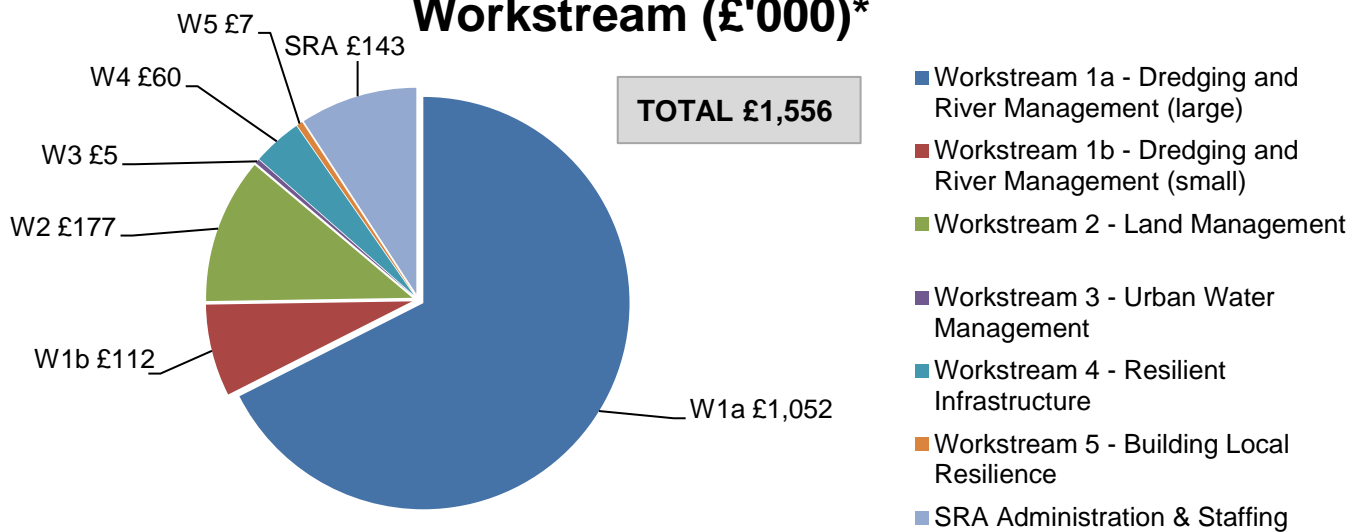
SRA delivery partners can only draw down SRA funding after works are completed and invoices have been paid. This results in a delay between what SRA delivery partners have spent and how much has been claimed from the SRA.

**Table B** summarises the financial position as at the end of Quarter 3 2019-20 and committed and forecast spend for 2019-20 and future years. Further detail is provided below the table.

<b>Table B: Somerset Rivers Authority Quarter 3 2019-20 Financial Summary</b>					
	<b>Allocated Funds in 2019-20</b>	<b>Total Paid to DP in 2019-20 (Q1-3)</b>	<b>Committed   Forecast</b>		<b>Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>2019-20</b>		<b>2020-21 Onwards</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>SRA Funding – excl. Growth Deal</b>					
Enhanced Programme	6,695	380	1,467	188	4,365
Underspend/overspend to be approved. See Tables C and D	0	0	0	0	295
Contingency	156	0	0	0	156
SRA Administration and Staffing	242	143	69	30	0
<b>SRA Funding – excl. Growth Deal</b>	<b>7,093</b>	<b>523</b>	<b>1,536</b>	<b>218</b>	<b>4,816</b>
<b>Growth Deal Funding</b>					
Pioneer Dredging, Sowby/KSD, Slow the Flow	<b>4,849</b>	<b>1,033</b>	<b>130</b>	<b>474</b>	<b>3,212</b>
<b>Total</b>	<b>11,942</b>	<b>1,556</b>	<b>1,666</b>	<b>692</b>	<b>8,028</b>

**Chart A** shows the total actual spend for Quarter 3 2019-20.

**Chart A: Actual Total Spend in 2019-20 by Workstream (£'000)\***



\*Includes funding from HotSWLEP

During Quarters 1 – 3 in 2019-20 the SRA processed delivery partner claims totalling £1,556k. Of the total amount paid:

- 66% (£1,033k) relates to Growth Deal funded actions including delivery of the Sowey/KSD Enhancement Scheme and Pioneer Dredging.
- 25% (£380k) relates to Enhanced Programme works (funded from Local Partners Funding) including Slow the Flow and pumping station repairs and improvements.
- 9% (£143k) relates to administration and staffing.
- Between Quarters 2 and 3 the amount forecast to be spent during 2019-20 has decreased with approximately an additional £1.2m now forecast to be spent in 2020-21.

### 3. Re-allocation of budget to & from contingency

Claims returned by delivery partners for Quarter 3 have identified the following overspend.

Table C: Re-allocation of Funds from Contingency			
Project	Delivery Partner	Reason	Amount £
Wetland Biomass Feasibility Study	LHA	Small overspend as study was slightly more than anticipated.	1,163
<b>Amount to re-allocate from contingency</b>			<b>1,163</b>

Further to the above, the following underspends were also identified.

<b>Table D: Re-allocation of Funds to Contingency</b>			
<b>Project</b>	<b>Delivery Partner</b>	<b>Reason</b>	<b>Amount £</b>
Countywide targeted 'edge of road' clearing 2019-20	LHA	Whilst reviewing the most cost-effective approach to delivery of road edge clearing it has been decided to postpone the activity from the 2019-20 programme. This results in £65k being released to contingency	65,000
Countywide Enhanced Drain Jetting 2018-19	LHA	Activity complete.	5,077
Countywide Enhanced Gully Emptying 2018-19	LHA	Activity complete.	44,384
Countywide targeted 'edge of road' clearing 2018-19	LHA	Activity complete.	2,266
Maintaining resilience to flooding of wet grassland in Parrett & Tone floodplains for farming enterprises and nature 2017-18	IDB	Majority of original objectives of the project now being addressed by other projects. Funds likely to be reallocated to alternative projects on the Levels and Moors.	115,000
Countywide Enhanced Gully Emptying 2017-18	LHA	Activity complete.	24,903
Maintaining resilience of wet grassland 2016-17	IDB	Majority of original objectives of the project now being addressed by other projects. Funds likely to be reallocated to alternative projects on the Levels and Moors.	37,104
Ring banks - technical support to aid community discussions	IDB	No further technical support is required.	2,933
<b>Amount to re-allocate to contingency</b>			<b>296,667</b>

If the amounts proposed in Tables C and D are agreed the contingency would increase by £295k from £156k to £451k. This would result in 7% of unclaimed local partner funding not being allocated to a specific project (2% in Quarter 2).

## **RECOMMENDATIONS**

The SRA Board is asked to:

1. Note the financial performance as at the end of Quarter 3 2019-20.
2. Approve the re-allocation of contingency as per section three.

*Note:*

The Quarter 3 2019-20 detailed commercially sensitive update has been circulated to the Board. This report has been updated with changes approved at the previous SRA Board meeting in January 2020.

**Date: 27 February 2020**

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