

Somerset Rivers Authority Joint Scrutiny Panel Paper

2019-20 Finance Report

RECOMMENDATIONS

The SRA Joint Scrutiny Panel is asked to:

1. Review and comment on the financial performance of the SRA for financial year 2019 – 2020.

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 financial year 2019-20.

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 – the previous financial year. It also shows the total amount of funds carried forward and available in 2019-20.

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

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:

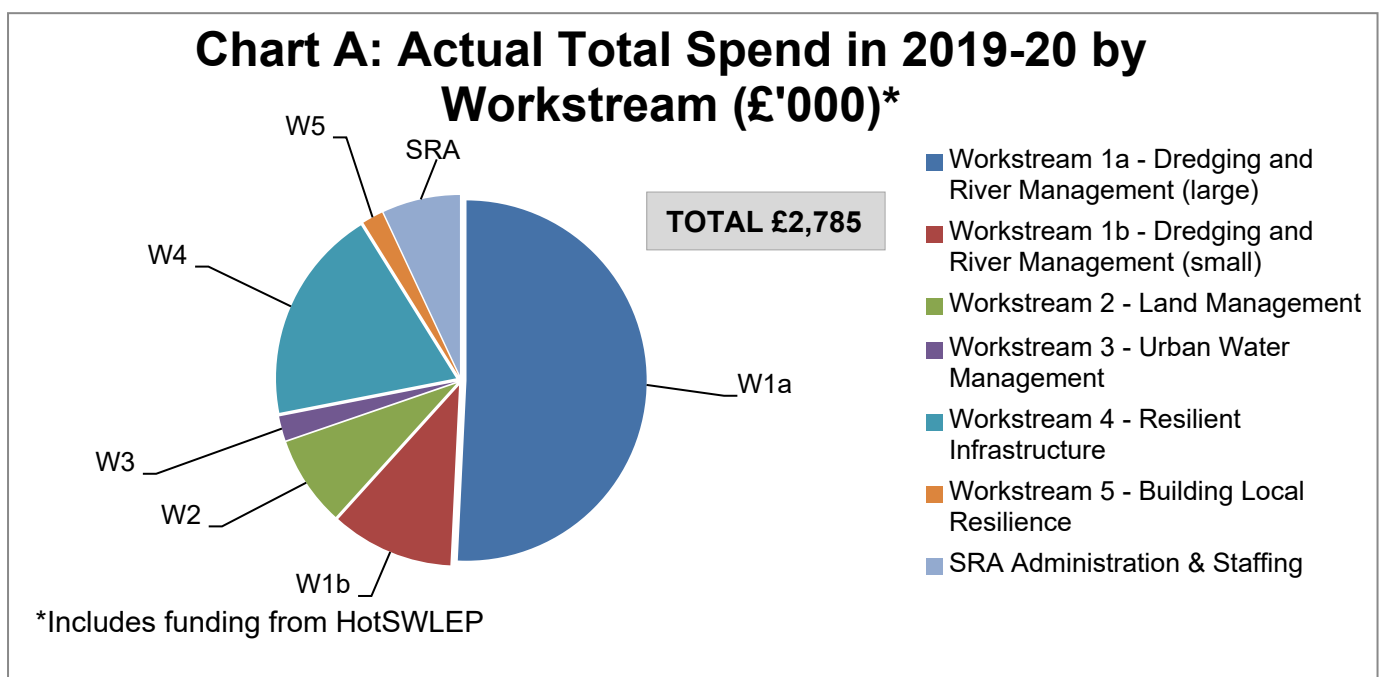
- **Actual** – total funds that have been paid to delivery partners (DPs).
- **Committed** – is where DPs have either completed, but not yet claimed the funds from the SRA or where DPs have contracted to have works undertaken.
- **Forecast** – an estimate of any further spending on projects which has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

SRA delivery partners can only claim 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 financial year 2019-20 and committed and forecast spend for 2020-21 and future years. Further detail is provided below the table.

Table B: Somerset Rivers Authority Quarter 4 2019-20 Financial Summary						
	Allocated Funds in 2019-20	Total Paid to DP in 2019-20 (Q1-4)	Comm-itted	Forecast	Forecast	Over/ Under-spends¹
	£'000	£'000	2020-21		2021-22 Onwards	£'000
			£'000	£'000	£'000	£'000
SRA Funding – excl. Growth Deal						
Enhanced Programme	6,399	1,287	434	3,325	1,247	106
Contingency	452	0	0	0	452	0
SRA Administration and Staffing	242	194	0	0	0	48
Total	7,093	1,481	434	3,325	1,699	154
Growth Deal Funding						
Pioneer Dredging, Sowby/KSD, Slow the Flow	4,849	1,304	584	2,961	0	0
Total	11,942	2,785	1,018	6,286	1,699	154

Chart A shows the total actual spend for quarter 4 2019-20.



¹ As per section 3 - £19,066 overspend / £173,151 underspend = balance of £154,

During quarters 1 – 4 in 2019-20 the SRA processed delivery partner claims totalling £2,785k. Of the total amount paid:

- 47% (£1,304k) relates to Growth Deal funded actions delivering the River Sowey / Kings Sedgemoor Drain Enhancement Scheme and Pioneer Dredging.
- 46% (£1,287k) relates to Enhanced Programme works (funded from Local Partners Funding) including enhanced Highways maintenance work such as gully emptying and drain jetting, maintenance dredging on the River Parrett, infrastructure works at Stogursey, Shurton and Monksilver, Building Local Resilience community engagement work, SuDS Inspections, Slow the Flow and funding towards the Taunton Flood Alleviation Improvements Scheme.
- 7% (£194k) relates to administration and staffing.

3. Reallocation of budget to and from contingency

During the final quarter two requests were made for additional funds to cover project cost increases totalling £19,066. These requests will be considered by the SRA Board on 24 July.

As part of a project review at the end of the year some project underspends were identified. These are as a result of a combination of - projects coming in under budget, project scope being reduced, funding no longer required or alternative funding sources having been found. The total for project underspends is £173,151. A request to move this funding to SRA contingency will be considered by the Board on 24 July.

If the overspend request and moves to contingency are agreed by the Board then SRA contingency funds will increase by £154k from £452k to £606k. This would result in 12% of unclaimed local partner funding not being allocated to a specific project (7% in quarter 3).

4. Balance to carry forward to 2020-21

Table C summarises the financial position at the end of 2019-20 and shows the amount of funds carried forward.

Table C: SRA 2020-21 Carry Forward				
	Funds C/Fwd to 2020-21	Committed/ Forecast		Contingency
	£,000	2020/21	2021/22 Onwards	(note 1)
	£,000	£,000	£,000	£,000
SRA Local Partner Total	5,612	3,759	1,247	606 ²
Growth Deal Funding	3,545	3,545	**3	0
Total	9,157	7,304	1,247	606

² subject to approval by the SRA Board as per section 3.

³ ** Growth Deal funding must be spent by 31 March 2021 so no forecast for 2021-22 onwards.

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Note:

The 2019-20 detailed commercially sensitive update has been circulated to the Panel.

Date: 06 July 2020

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