Agenda item B1

From: Su Martin, **Financial Advisor, KEIFCA**

To: Kent and Essex Inshore Fisheries and Conservation Authority 14 September 2026

Subject: Revenue Budget Monitoring Report 2026-27

Classification: **Unrestricted**

Summary: This report gives the estimated financial outturn position for the Authority based on the first quarter of 2026-27 . Appendix 1 includes the actual expenditure to 30 June 2026 and the revenue outturn forecast for the year with the variance to the budget.

Recommendation(s):

1. The Authority is asked to review and approve the forecast underspend for the year of (£1,459). This underspend is indicative at the present time and is likely to change throughout the year; and

2. to continue to hold KEIFCA monies on deposit with Kent County Council

1. Introduction

This report shows the likely outturn based on the first quarter of 2026-27.
At this stage, the forecast expenditure is near breakeven; there are one or two movements that are outlined in Appendix 1.

1.1 The budget for vessels is forecasting an overspend of £4.6k due to a late 2025-26 invoice received for out of water survey fees for Nerissa. In addition, vessel insurance for Nemo was more than budgeted.

1.2 Legal fees relating to a prosecution have taken the expenditure overbudget, but costs have been awarded, so this is likely to resolve. This is offset by external audit fees included at budget setting which are not required.

1.3 The final costs for the website completion have come in over budget in communications.

1.4 Cockles licences and permits are £7k greater than the forecast and there is additional un-forecast income relating to the sale of the pot and net hauler for Nerissa.

1.5 The NJC pay award for the year has been confirmed at 3.3%. The forecast was set at 3.2% so the impact is expected to be minimal.

2. **Reserves:**

2.1 Reserve balances at the end of first quarter have not moved since the balances were reported at year end 2025-26.

Reserves balances at 30 June 2026	
Balance held from NLTO post for AIFCA training	(32,379.76)
Revenue reserve	(964,801.75)
Useable capital receipts	(130,546.67)
Renewals Reserve	(820,936.14)
DEFRA FMP Grant	(335,274.97)
Financial Administrative Penalty Reserve	(24,246)

3. Investments

3.1 During the last meeting for outturn 2025-26 it was reported that the income from Kent County Council for interest on balances held during the year was £134k. There was a question from members to ask whether this might be the best return that could be received.

The balances that accrue interest are any income and expenditure that does not go through KEIFCA's own bank account. Specifically, this is all levy income and DEFRA grants, and for expenditure this relates to all payroll, expenses and pensions as well as the costs of finance, democratic services, insurance and internal audit. These balances are invested along with all other relevant KCC monies, so there is a benefit in the economies of scale as while these amounts are invested, there is always cashflow to enable a drawdown from KEIFCA at any given time. Withdrawal from KCC to invest elsewhere would lead to other considerations and costs.

Factors for consideration :

- Whether payroll and pensions and other services provided by KCC would need to be withdrawn and if not what additional cost would this incur?
- If payroll withdrawn and then carried out as an in-house function, what would be the additional staffing and cost requirements to manage the HR functions.

- If the levy and DEFRA grants were to be withdrawn and managed in-house, a specialist investment service would be needed with the expertise to manage investments which would incur additional cost. Another consideration would be managing the cashflow as the levy and the DEFRA grants are both required for day to day expenditure.
- If withdrawing income from KCC to invest elsewhere, then it would be prudent to transfer these to another local authority to take advantage of economies of scale and to be able to use the levy and grants for running the Authority. If this were an option, there may not be any additional interest income benefit.

3.2 Recommendation

It is recommended that the Authority maintains the current arrangements for the investment of balances through Kent County Council and retains the status quo in relation to investment income.

In reaching this recommendation, Members should note that the current arrangements generated interest income of £134,000 during 2025-26 and provide significant operational benefits. Funds are invested alongside wider Kent County Council balances, enabling economies of scale whilst ensuring sufficient liquidity to meet the Authority's day-to-day cashflow requirements. The existing arrangements also support the administration of payroll, pensions and other services provided by KCC.

At present, the financial and operational implications of withdrawing funds from KCC and pursuing alternative investment arrangements have not been fully researched or costed. Any change could result in additional expenditure for investment management, banking and treasury services, cashflow management, and potentially the provision of payroll and HR functions. Furthermore, there is no evidence at this stage that alternative arrangements would deliver a materially higher net return once these additional costs and resource requirements are taken into account.

Members may wish to revisit this matter in the future, particularly as local government reorganisation progresses in Kent and Essex. However, until a detailed review has been undertaken and a clear business case demonstrates a tangible financial benefit, the current arrangements remain the most prudent and cost-effective option for the Authority.

4. Recommendation:

The Authority is asked

1. to review and approve the forecast underspend for the year of (£1,459). This underspend is indicative at the present time and is likely to change throughout the year; and
2. to continue to hold KEIFCA monies on deposit with Kent County Council