



Agenda Item B2

By: **Suzanne Martin**, Financial Advisor, KEIFCA

To: Kent and Essex Inshore Fisheries and Conservation Authority –
28th January 2022

Subject: Draft Budget 2022-2023

Classification: **Unrestricted**

Summary:

This report gives the draft budget for the Authority for 2022-2023. The appendices include the draft Revenue Budget and Table of Levies.

Recommendations:

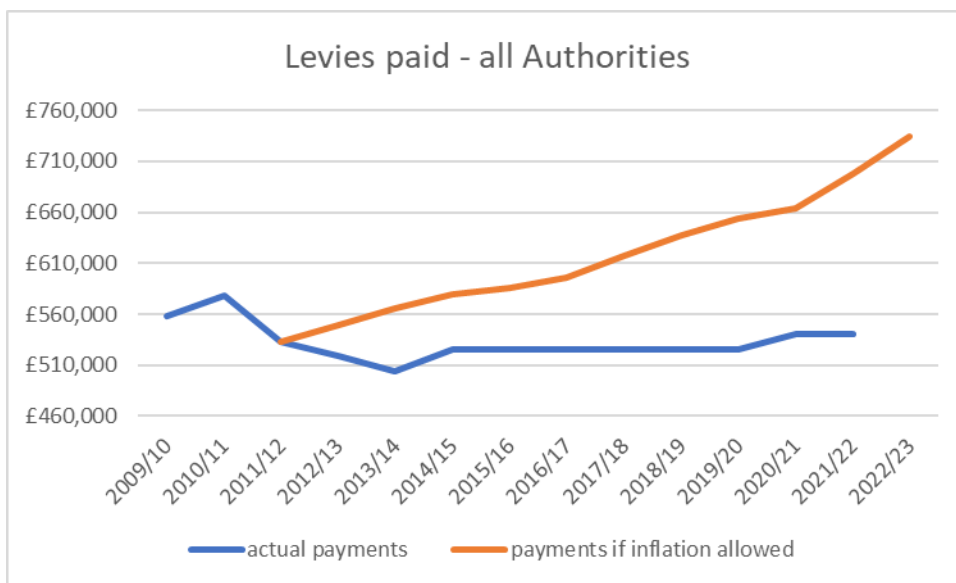
1. That the budget of £955,242 and the levies shown on the constituent authorities in table 1 for 2022-2023 are **AGREED**.

Draft Outline Budget 2022-2023

1. The Kent and Essex Inshore Fisheries and Conservation Authority (KEIFCA) currently levy on the constituent authorities the sum of £904,585 which is divided between Kent and Essex authorities on the basis contained in the statutory instrument which came into force on 1st October 2010 (SI 2010 no. 2190). This includes a payment made by Central Government to all the Local Authorities, aside from Southend Council, called New Burdens Funding (NBF) which is to pay for the additional costs imposed on the Local Authorities by the new IFCA duties in the Marine and Coastal Access Act 2009. This funding is paid to Local Authorities via the Area Specific Grant (ASG), which is then passed on to the IFCA.

2. At the January 2020 Authority meeting, taking into account that no increases in levies had occurred since 2015 and to ensure sufficient reserves could continue to be held, Members approved an increase in the levy of £15,258 to a total of £540,785 which with the Government funded ASG of £363,800 totalled £904,585. Members also approved in principle further increases in the levy for 2021/2022 and 2022/2023. However, as a result of the impact of Covid and the financial constraints felt by the Local Authorities, it was recommended in January 2021 that the levies remain at the 2020/2021 levels and that no cost-of-living increase for staff wages be included within that budget.

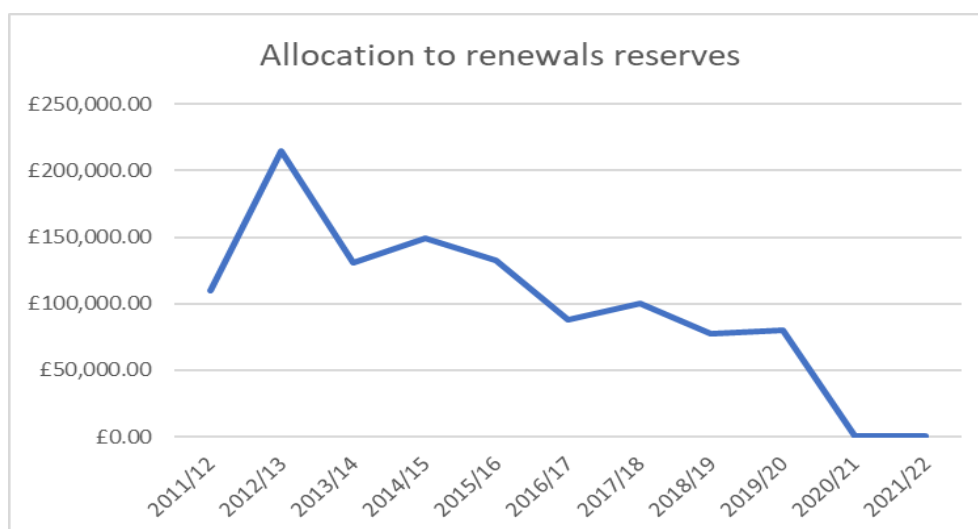
3. Members should be aware that the IFCA has been operating with a “standstill budget” since its inception in 2011. The blue line in the table below shows the amounts paid towards the levy since 2011 without the New Burdens Funding (whose amount has not changed since 2011). The orange line shows the amount that would have been paid if inflation had been allowed for when calculating the levy (taken from Bank of England inflation calculator <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>). As the graph below highlights inflation increases over the last decade, on top of the current significant spike, has significantly squeezed the KEIFCA budget.



4. Deploying vessels be it for enforcement or surveys is a fundamental part of KEIFCA. KEIFCA is unable to borrow money, so funds are allocated each year

to replace these vessels. As the graph below shows the amount allocated to these reserves has fallen year on year and it was not possible to include any contribution to renewal reserves in the 2020/21 and 2021/22 budget.

Although renewal reserves are currently £736,277, without regular annual contributions this position is untenable if we wish to replace vessels and other high capital equipment. Although this year's budget includes a contribution to renewals, Members should be aware that the draw down from reserves to cover costs associated with the cockle fishery review (£34,476) and as a contribution to install solar panels negates this contribution (£27,500).



5. KEIFCA officers work closely with Local Authority finance officers in setting annual and medium-term budgets. During 2021 officers have set out in their reports that there would be a need to increase the levy in order that expenditure could be met going forward and requested that Local Authority Members bear this in mind when in discussion with their Local Authorities. Essex County Council has reported that it has set aside a sum in excess of the proposed levy for 2022/23, Southend Borough Council are aware of the proposed levy as well as Kent County Council.
6. Since being established in 2011, KEIFCA has striven to maintain best value for money in all its operations, always being mindful of the spending of public funds. This combined with the period of austerity introduced by the Government in 2013, has led to only two levy increases since 2011, the first in 2015 and second in 2020.

In setting this budget KEIFCA has considered the challenges facing them in the coming year of which the most concerning has been the rate of inflation which is close to its highest level in a decade at 5.4% and the effect that this has on the day to day running of the Authority.

7. The budget has been drafted with the cost pressures outlined together with savings and reductions in order to achieve the strategy set out. The budget for 2022-2023 has been allocated in line with the IFCA's operating plan and all heads of expenditure examined to ensure cost effectiveness and value for money.
8. The detailed revenue budget for 2022-2023 is set out at Appendix 1.
9. Whilst constituent authorities pay the full levy to KEIFCA this is offset by Specific Grant for Inshore Fisheries payable to Authorities and the net sum that Authorities suffer is shown on lines 19 to 21 of Appendix 2. Members should be aware that originally 2020-21 was the final committed year in which the Specific Grant would be available, however, the Minister has confirmed that the Specific Grant is to continue at the same level for the year 2022-2023. Members should be aware that there has been no confirmation that it will continue indefinitely.

The levy, based on the above, for each Authority is shown below and in full at Appendix 2.

	2021/22	Area Specific Grant	2022/23	Area Specific Grant	Increase of	% inc
Kent	252,157	137,900	274,000	137,900	21,843	5.6
Medway	35,796	32,500	39,621	32,500	3,825	
Essex	211,657	178,400	233,500	178,400	21,843	
Thurrock	19,284	15,000	21,204	15,000	1,920	
Southend on Sea	21,891	0	23,117	0	1,226	
Total	540,785		591,442		50,657	
Area Specific Grant		363,800		363,800	0	
Total	904,585		955,242		50,657	

Table 1. Proposed levy (including Specific Grant) per constituent Local Authority.

Local Authority	Levy (incl Specific Grant) 2021/22 £	Proposed Increase £	Proposed Levy 2022/23 £
Kent	390,057	21,843	411,900
Medway	68,296	3,825	72,121
Essex	390,057	21,843	411,900
Thurrock	34,284	1,920	36,204
Southend-on-Sea	21,891	1,226	23,117
Total	904,585	50,657	955,242

Table 2. Proposed levy including Specific Grant and associated net increase for 2022-23, per constituent Local Authority

2. Recommendation

1. That the budget of £955,242 and the levies shown on the constituent authorities in table 1 for 2022/2023 are **AGREED**.

3. Contact Details

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