

From: Assistant Chief IFCO

To: Kent and Essex Inshore Fisheries and Conservation Authority – 12 September 2023

Subject: Vessel Management – New Build and Insurance

Classification: **Unrestricted**

Summary: Members are asked to decide whether they wish to start a new vessel build tender process in order to utilise UK Government funds for a 9-10.5m cabin RIB. Members are also asked to decide if the marine insurance cover should be increased to allow for the value of any lost vessel to be insured for the cost of replacing it rather than its value at build.

Recommendation:

1. DISCUSS and APPROVE taking advantage of the available UK Government funds to initiate a tender process for a 9-10.5m cabin RIB
2. APPROVE the formation of a technical panel to explore vessel options and process to meet w/c 30th October 2023.
3. APPROVE a strategic assessment of KEIFCA vessel needs for the next ten years.
4. Consider whether the risk is sufficient to the Authority to warrant an increase in premium for KEIFCA vessel insurance.

New Build funding availability

IFCAs are created by the Marine and Coastal Access Act 2009, the impact assessment which accompanied MaCAA identified a requirement for funding for capital asset replacement. Prior to the UK leaving the EU, the European Marine and Fisheries Fund (EMFF) provided this under an enforcement provision, which enabled bids to the fund for the purposes of enforcement. A component of that enforcement provision was for replacement and maintenance of fixed assets, specifically related to the surface patrol fleet (patrol vessels).

Following the repatriation of funding after Brexit, the Association of IFCAs approached Defra regarding the requirement for funding for the capital replacement of vessels across IFCA's. Following negotiations between the AIFCA and Defra funding was made available by Defra to IFCAs as a domestic funding stream for the duration of the SR21 period for capital replacement of vessels.

This takes place through the National Shipbuilding Strategy which oversees the government spend on new vessels.

As part of the AIFCA negotiations all IFCA's put forward, at extremely short notice indicative costings and types of vessels which may be required in the future. Kent and Essex IFCA submitted a proposal for a £300,000 contribution towards the purchase of a 9-10m cabin RIB.

The purpose of the vessel would be to enable KEIFCA asset disposition to be re-configured to address strategic risks, increase the effectiveness of our patrols particularly in the Thames and North Kent area (through the provision of rapid intercept). The vessel would also enable KEIFCA to support MMO asset needs in the 6-12nm area, where there is a need for assets to be deployed to non-UK craft, to support non-quota species and Fisheries Management Plan implementation.

Following the approval of the funding, and to date, one new IFCA vessel has been commissioned and two existing builds were retrofitted into the system. The detail has now been worked out and the funding available to KEIFCA has now been clarified. The SR21 domestic funding stream will pay up to £300,000 towards a cabin RIB to achieve the acquisition rationale laid out above. Any additional spend over this amount would have to be contributed by KEIFCA from the renewals reserve. Southern IFCA currently has a 10.5m RibCraft cabin RIB in build, at a cost of approximately £300,000. Indications are that a similar vessel would currently cost around £350,000 - £400,000.

A vessel build at this value would be required to go through a tender process and also have a business plan submitted to the funding scheme, both of these things have very similar requirements and so could be undertaken in tandem. The tender process needs to have been completed and awarded to the successful bidder by the end of the 2023/24 financial year in order for KEIFCA to claim against the domestic fund.

Current KEIFCA assets

The KEIFCA fleet is currently comprised of four vessels. Vigilant, a 7.8m Ribcraft RIB came into service in 2020 and is the newest vessel in the fleet. The vessel has proven extremely efficient both in terms of the budget required for the operation of the vessel, especially fuel burn, as well as staff resource required to operate the vessel at its full capability.

Nerissa is a 17m Blyth catamaran built to a bespoke design to allow the deployment and retrieval of a stand-alone daughter craft, Nereus (5.4m Avon RIB), in a variety of sea states. Both vessels came into service in 2017 and provides KEIFCA with a large, stable, multi-purpose platform to carry out boarding of fishing vessels and survey work across the District and out to the 12m limit when conducting joint work with the MMO. She is also fitted with a hauler to facilitate the inspection of static gear located at sea.

Tamesis is a 12m South Boats catamaran which came into service in 2011 and was KEIFCA's first bespoke survey vessel. The vessel primarily carries out survey work for the cockle fisheries and oyster fisheries as well as conducting static gear inspections with the fitted hauler.

Strategic fleet configuration

As discussed by the Authority at the May 2023 Authority meeting, there is not currently sufficient money available in the renewals reserve to replace the catamaran vessel in the fleet. Tamesis would cost approximately £850,000 to replace and Nerissa approximately £2 million. As a result, a significant piece of work is to undertake a strategic assessment of the KEIFCA fleet requirements to cover the next ten years.

In order to take advantage of the available funds, officers would propose to start detailed work exploring options and form a technical panel to facilitate this. Time is relatively tight to agree a build before the end of the financial year so a technical panel would be held prior to the next Authority meeting w/c 30th October.

KEIFCA vessel insurance

The Authority insures its sea going vessels through a marine insurance broker, Knighthood Corporate Assurance Services Limited. Premiums are paid based on the cost of the vessels when they were purchased.

Nerissa	£1.2 million
Nereus	£37,000
Tamesis	£500,000
Vigilant	£105,947

The premiums for all four vessels for 2023/24 are £16,445.50. The insurance cover currently allows, in the case of total loss, for the value of the boat when purchased plus 10%.

We have been reviewing the cover we hold and whether it is sufficient. We have been advised that we can obtain cover that will pay out for total loss to the value of a replacement vessel which would cost an additional 60% to 70% of the premium (so potentially an additional £11,500pa). In order to do so we would need to pay a surveyor to value the vessels as they are at present and the cost to replace them.

Based on build costs that other IFCA's are experiencing it is likely that the cost to replace like to like would be:

Nerissa	£2 million
Nereus	£45,000
Tamesis	£850,000
Vigilant	£150,000

As it stands the Authority holds sufficient reserves to replace any of the vessels should they be lost once the insurance is paid out, however if Nerissa were to be lost then the renewal reserves would be used in their entirety. Obviously if more than one vessel were to be lost then the Authority would struggle to replace them. Members would also need to consider that the build time for any vessel is considerable and officers may need to use reserves to hire in vessels in order to carry out their duties.

The risk is low. Skippers make sure their boats are maintained and serviced regularly and do not go to sea in dangerous conditions, however as with all sea going activities there is always some risk and Members may consider it prudent to increase the cover to allow for full cost replacement.

Recommendations:

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