

From: Assistant Chief IFCO

To: Kent and Essex Inshore Fisheries and Conservation Authority –  
21 November 2023

Subject: KEIFCA vessel management

Classification: **Unrestricted**

**Summary:** Members are asked to discuss whether they wish to start a new vessel build tender process.

**Recommendations:**

To **APPROVE** the Technical Panel's recommendation to put as much money as possible into the renewals reserves each year for future fleet replacement

To **APPROVE** the Technical Panel's recommendation to continue with the level of insurance cover already in place for the existing vessels but to consider the option of full cost replacement insurance for the new cabin RIB at the time of bringing her into operation

**Medium term renewal of assets**

As discussed by the Authority at the May 2023 Authority meeting, there is currently insufficient money available in the renewals reserve to replace either of the catamaran vessels in the fleet – at 31 March 2023, renewal reserves were £698,528. Tamesis would cost approximately £850,000 to replace and Nerissa approximately £2 million. As a result, it became evident that it was necessary to consider how and when KEIFCA would address vessel replacement over the next ten years.

The Technical Panel discussed this issue on 3<sup>rd</sup> November 2023 at the direction of the Authority (paper attached as Appendix 1).

*Working life of the vessels*

Tamesis was built and came into service in 2011. In 2021/22 a comprehensive refit including engine rebuilds, new hydraulic systems and updated electronics package was undertaken. Structural work was also carried out in the hull to reinforce the deck. It is estimated that this work has extended the potential working life of the vessel for an additional ten years to 2032, at which point Tamesis will have been in service for 21 years.

Nerissa was built in 2015/16 and upon delivery to KEIFCA was then taken to a different boatyard for a number of build defects to be rectified. She then came into service in 2017 and will be ten years old in 2027. A decision will then need to be taken on whether to refit the vessel in the same way as Tamesis or to replace the vessel. Nerissa is of a unique hull design and was custom built to the IFCA's operational requirements, this unique 'one-off' design means that the potential working life of the hull is unknown as there are no other prior vessels of this design to compare to as there are for most other vessels – including Tamesis.

If a refit was undertaken and the working life of Nerissa could be extended in the same way as Tamesis, then Nerissa would be 15 years old in 2032. As a result, it should be considered as to how Nerissa and Tamesis could be replaced from this point.

The existing vessels will exceed their working life at some point and it is suggested that consideration be given to the possibility of moving to a more streamlined fleet structure when the working life of the current fleet expires, particularly with regard to the catamaran workboats.

#### *Financial position*

KEIFCA holds a renewals reserve which provides funds for capital expenditure including the vessel renewals and refits. The amount being transferred to this reserve has in recent years declined as the Authority has sought to balance budgets, and in some years no money has been transferred to the reserve at all.

There was a significant amount of discussion at the Technical Panel (notes of which are attached in Appendix 2). The Technical Panel members reflected on the current financial landscape and the position in which many of the Local Authorities now find themselves in. However, the Technical Panel members also considered that IFCA's do not have the ability to borrow money, including for capital expenditure. The Technical Panel identified that KEIFCA does need to consider putting more money into the renewals reserve on an ongoing basis than it currently is doing if the Authority wants to be in a financial position where it could replace an ageing fleet in the early 2030s.

The Technical Panel also considered that keeping both existing catamarans operational for as long as possible, provided it is financially prudent to do so, would be sensible so as to allow the renewals fund to be built up over time and to allow the Authority to take advantage of any external funding which becomes available.

#### **Insurance of vessels**

As previously reported to the Authority, the current insurance policy for the vessels operated by KEIFCA provides, in the event of total loss, a payout of the cost of the vessel plus 10%. Given the effects of inflation in recent years, this would leave the Authority with a shortfall if members were minded to replace any of the vessels on a new-for-old basis in the event of total loss.

As requested by the Authority, this was discussed by a Technical Panel on 3<sup>rd</sup> November 2023 (paper attached as Appendix 2) who have made a recommendation for the Authority to consider.

The Technical Panel discussed the difficulty in obtaining current quotations for a like-for-like replacement of Nerissa, given her unique construction and design as well as the significantly increased premium which would be required in order to provide cover on a new-for-old basis. As a result, the Technical Panel recommended that for the current fleet, the Authority continue with the current cover as provided, the terms of which have been the same since the formation of the IFCA.

However, the Technical Panel suggested that further consideration to this matter could be given for any new vessels which the Authority decides to procure.

**Recommendations:**

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