

From: Bev Gibbs, **Financial Advisor, KEIFCA**

To: Kent and Essex Inshore Fisheries and Conservation Authority – 23  
May 2017

Subject: 2016-17 Final Budget Monitoring Outturn Report and Annual Return

Classification: **Unrestricted**

**Summary:**

This report gives the financial position for the Authority as at 31 March 2017. It includes the revenue outturn for the year, the balance sheet, the capital spend for the year and the position regarding Reserves and Balances if this report's recommendations are approved.

It also contains the Annual Return for the year which is to be reviewed by external auditors, PKF Littlejohn.

**Recommendations:**

1. Members are asked to **REVIEW** and **APPROVE** the Final Outturn for the year together with the associated financial statements and to **APPROVE** the movement of the underspend of £83,045.76 to the General Reserve.
2. Members are asked to **REVIEW** and **APPROVE** the Annual Return and Governance Statement for submission to the external auditors, PKF Littlejohn.

**1. Introduction**

- 1.1. This report shows the final revenue outturn for the 2016-17 financial year. As well as providing a report showing the outturn against budget with variances and explanations of the £83,045.76 underspend at Appendix 1, there are also other financial statements for the year.
- 1.2. Appendix 2 shows the capital expenditure and funding of that expenditure for the year
- 1.3. Appendix 3 shows the balance sheet as at 31<sup>st</sup> March 2017.

1.4. Appendix 4 shows the balances on the reserves, assuming recommendations are accepted and the utilisation of those balances over the next year.

1.5. Appendix 5 is the Annual Return that will be submitted to the external auditors, PKF Littlejohn for their review.

## 2. Revenue Outturn 2016-17

2.1 The Revenue Outturn for the year is an underspend of £83,045.76. This is an increase of £48,174 from the January forecast underspend of £34,873. The main reason for this movement is the savings made due to Nerissa not being operational as early as anticipated and improved fuel consumption.

2.2 The main variances of spend against budget are detailed in the table below and can be seen in detail in Appendix 1.

<b>Budget Heading</b>	<b>Reason for Variation</b>	<b>Amount £</b>
Ramsgate – Rates	Small Business Rates Relief and Water Rates	-3,397
Ramsgate – Insurance	Additional insurance for RIB 'Nereus' as being used without 'Nerissa' and for RIB "Blue Jacket"	3,490
Ramsgate – Harbour Dues	Increase in harbour dues due to Blue Jacket	1,340
Ramsgate – Vessels Fuel	Savings on fuel as 'Nerissa' not operational.	-61,997
Ramsgate – Other Vessel Costs	Additional spend on reports for Nerissa	18,318
Ramsgate – Equipment	Life raft & Life Jackets for both RIBs	3,176
Essex, Research and Tamesis – salaries	Staff changes and delay in recruiting.	-25,147
Essex – Staff Recruitment	Staff recruitment more than anticipated.	3,616
Essex – Energy Costs	New office has night storage heaters – costs more than anticipated.	1,655
Essex – Vessel Repairs	Fewer repairs than anticipated.	-2,466
Essex – Fuel & Oil	Fuel savings. Blue Jacket used for enforcement patrols	-4,438
Essex – Insurance	Reduction in insurance premium.	-1,274
Essex – Equipment	Equipment required for new office	3,215
Authority Costs -Support Charges	Legal fees not as high as anticipated and other support services not required in year.	-27,051

Authority Costs - Advertising	Decreased advertising costs for byelaws	-1,414
Research Fund	Income from NE for native oyster survey	-7,009
Evidence & Management Review	Savings on staff costs.	-17,582
Cockles – Surveys	Summer & December Cockle Surveys not undertaken.	11,800
Licenses & Fees	Increase in income from Whelk Permits.	-4,198
Transfer from Reserves	No transfer from Reserves needed.	33,800
Other items	Other minor adjustments	-7,483
Total		-£83,046

2.3 It is recommended that the underspend of £83,045.76 is transferred to the Authority's General Reserve. The General Reserve can be used to support the operational budget in future years and is more flexible than transferring it to the Renewals Reserve or one of the Specific Reserves

### **3. Capital Expenditure and Financing**

3.1 Appendix 2 shows the capital expenditure for the Authority for the year and where the financing for that expenditure has come from. £86,840 was spent on making Nerissa operational making the total cost of the vessel £1,170,841. The authority has also purchased a Toyota Hilux. The oldest Toyota Hilux and the Land Rover were sold with proceeds totalling £24,108. A further £86,999 was needed from the Renewals Reserve to fund the capital purchases.

### **4. KEIFCA Balance Sheet as at 31<sup>st</sup> March 2016**

4.1 Appendix 3 shows the Authority's balance sheet as at 31<sup>st</sup> March 2016. There has been a decrease in cash due to payments for Nerissa and the additional vehicle purchased during the year. The General Reserve has increased by the surplus of £83,045.76 in anticipation of the Committee's approval of this report. The balance sheet continues to show a healthy position for the Authority.

### **5. Balances on Reserves and their utilisation for 2016-17**

5.1 Appendix 4 shows the position of the reserves for the Authority as at 31 March 2016 if the recommendation of transferring £83,045.76 is approved. The budgeted amount of £87,987 has been transferred to the Renewals Reserve with capital expenditure of £86,999 drawn down to fund the cost of Nerissa and the purchase of the new Toyota Hilux. There was no drawdown from the general or specific reserves during the year as this was not needed. The utilisation of the reserves for the coming year are shown as in the budget for 2017-18. This may need to be reviewed dependant on the need for expenditure on Nerissa. The 2017-18 budget has £111,450 of the operational cost of Nerissa funded from the General Reserve. It remains to be seen if the improvements made to Nerissa will

mitigate the need for such high levels of support from reserves.

## 6. Annual Return and Governance Statement

- 6.1 Appendix 5 is the Annual Return and Governance Statement for the Authority. This will be sent to the external auditors for their review. It contains all the information contained in the Final Monitoring Outturn Report and the Balance Sheet but is presented in a different format. This return has already been reviewed by Kent County Council's Internal Audit Team and is now ready for the Committee's review and approval.

### Recommendation:

1. Members are asked to **REVIEW** and **APPROVE** the Final Outturn for the year together with the associated financial statements and to **APPROVE** the movement of the underspend of £83,045.76 to the General Reserve.
2. Members are asked to **REVIEW** and **APPROVE** the Annual Return and Governance Statement for submission to the external auditors, PKF Littlejohn.

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