

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

To: Kent and Essex Inshore Fisheries and Conservation Authority – 14 September 2018.

Subject: Revenue Budget Monitoring Report 2018-2019 and Ten Year Capital Renewals Plan

Classification: **Unrestricted**

**Summary:**

This report gives the estimated financial outturn position for the Authority based on data at the end of August 2018 and the Ten Year Capital Renewals Plan. Appendix A includes the actuals to 31 August 2018 and the revenue outturn forecast for the year with the variance to the budget. Appendix A is the Ten Year Renewals Plan, showing the anticipated funding of the renewals reserve and phased replacements of the Authority's capital assets

**Recommendation(s):**

1. The Authority is asked to review and approve the forecast underspend for the year of £62,598. This underspend is indicative at the present time and is likely to change throughout the year.
2. The Authority is asked to note the Ten Year Renewals Plan for information

**1. Introduction**

- 1.1 This report shows the likely outturn based upon data at the end of August 2018. Currently most of the budgeted income and expenditure is being spent as planned with a few exceptions. Members will recall that they approved the use of £30,000 from Reserves to fund the anticipated additional costs of Nerissa. At this time we have adopted a cautious approach in continuing to forecast this potential requirement.

**2. Revenue Outturn 2018-19**

- 2.1 The forecast Revenue Outturn for the year is an underspend of £62,598. There are forecast underspends due to an increase in income from cockle permits due to opening the outside area, the hire of Nerissa by the MMO

and increased income from DP World for cockle surveys. The forecast for fuel for both Nerissa and Tamesis has been reduced

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

<b>Budget Heading</b>	<b>Reason for Variation</b>	<b>Amount £</b>
Tamesis – fuel	Reduction in fuel forecast due to anticipated reduction in days at sea	-4,031
Nerissa – Fuel	Reduction in fuel forecast due to anticipated reduction in days at sea	-11,611
Nerissa – hire of vessel	Hire of Nerissa by the MMO	-8,500
Licences and fees	Increased cockle income due to opening of outside area	-37,885
Minor variances	Increased income from DP World	-1,133
Minor variances		562
Total		-£62,598

### **3. The Ten Year Capital Renewals Plan**

3.1 In order to ensure that the Authority has sufficient funds to purchase new capital items of equipment, some of the levy is budgeted to be transferred to the Renewals Reserve at the end of each financial year. Regular reviews of the equipment needs of the Authority are carried out to check that the amount being transferred to the Renewals Reserve is at the correct level to support operational equipment needs. At Appendix B is the Ten Year Renewals Plan, showing the anticipated funding of the renewals reserve and phased replacement of the Authority’s capital assets for the next ten years.

3.2 Some assumptions have been made in reviewing the plan:-

- The life of Tamesis could be extended by refitting the electronics and replacing the engines
- Nerissa will need to be replaced in 2027/28 and allowance has been made for a boat similar to Nerissa with sale proceeds contributing £250,000
- A contribution of £80,000 a year will be required to fund the renewals. This level of funding will leave a balance of only £14,277 at the end of the ten years.

3.3 The plan relies on the operational requirements of the IFCA remaining the same., although the mix of equipment and vessels will give the ability to meet most changes that may occur

3.4 The continuation of the New Burdens Funding from Central Government and the ability to maintain the £80,000 will have a serious effect on the ability to have the funding needed to support the plan.

**4. Recommendation:**

1. The Authority is asked to review and approve the forecast underspend for the year of £62,598 and to recognise at that it is likely to change throughout the year.
2. The Authority is asked to note the Ten Year Renewals Plan for information

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