

From: Chelsea Green, **Financial Advisor, KEIFCA**

To: Kent and Essex Inshore Fisheries and Conservation Authority –
31st January 2020.

Subject: Revenue Budget Monitoring Report 2019-20.

Classification: **Unrestricted**

Summary: This report gives the estimated financial outturn position for the Authority based on data at the end of December 2019. Appendix 1 includes the actuals to 31 December 2019 and the revenue outturn forecast for the year with the variance to the budget.

Recommendation(s):

1. The Authority is asked to review and approve the forecast underspend for the year of £65,162 less items to be purchased as indicated in the report. This underspend is indicative at the present time and is likely to change throughout the year.
2. The Authority is asked to approve expenditure on items not in the original budget but not causing an overall overspend.

1. Introduction

1.1 This report shows the likely outturn based upon data at the end of December 2019. 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. The major repairs forecast has been reduced with a compensating forecast in the Funding from Reserves drawdown as it is now tentatively anticipated that no further major repairs will be required to the vessel ahead of a first major refit scheduled to be midway through her initial service period.

2. Revenue Outturn 2019-20

2.1 At the November 2019 Authority Meeting, it was agreed that officers could use the projected underspend to purchase items due to be allocated to the 2020-21 budget to reduce the pressure on that budget and reduce the forecast underspend for 2019-20. A list of items purchased with this

underspend are identified below in table 1. These items have been focussed primarily upon health and safety, with new 275N twin-chamber SOLAS approved lifejackets purchased to replace the previous 150N single-chamber personal issue lifejackets. These new lifejackets are the same as those used by four other IFCAs, and enable officers to work with the MMO and RN aboard our partners vessels in addition to improving safety aboard KEIFCA vessels.

Area of work	Items purchased	Amount £
Health and Safety (shore and sea)	PPE related to officer health and safety including new 275N lifejackets	4,693
Health and Safety (sea)	PPE related to RIB operations including new dry suits and dry suit repairs	1,130
Health and Safety (cockle surveys)	PPE related to health and safety requirements for quad-based intertidal cockle surveys including Personal Locator Beacons and VHF radios	2,485
Enforcement	Replacement equipment for evidence collection related to enforcement	340
Office management	New alarm system – Kent office	695
Total		£9,343

Table 1. Items purchased with 2019/20 underspend

2.2 The forecast Revenue Outturn for the year is £65,162 below budget. This is primarily as a result of income of £57,651 received that had not been anticipated in the setting of the 2019/20 budget last year.

Officers have worked hard throughout the year to attract funding from a variety of sources and from collaboration projects with partners including, provision of senior officers for delivery of national training and vessel chartering. During the year, a Memorandum of Understanding has been signed with the Marine Management Organisation in relation to charter of KEIFCA patrol vessels. This has seen benefits already in the provision of services to MMO in this financial year, especially around EU-exit planning, and we are maintaining communications with MMO in the hope of this becoming a regular and reliable source of income, however thus far this has not occurred.

The income generated throughout the year can be broken down as follows:

- Income from cockle permits due to opening the permitted fishery
- Hire of Nerissa by the MMO for EU Exit planning
- Payment for the use of Tamesis for cockle MSC accreditation
- Payment for officer time for cockle MSC accreditation
- Payment for officer time from delivery of 5-day Advanced Officer Training Course supporting the National Lead Training Officer

In addition to this income, there is an amount of £7,511 which is an underspend of budgeted income as a result of cost savings throughout the year.

2.3 The main variances of spend against budget are summarised in table 2 below and can be seen in detail in Appendix 1.

Budget Heading	Reason(s) for Variation	Amount (variation from budget) £	Amount (generated revenue and proceeds) £
Salaries – Officers and Crew	Underspend due to savings from vacant IFCO post for 4 months, secondment to LCO post starting at a lower grade	-2,807	-2,319
	Income from payment of officer time for cockle MSC accreditation		
Travel and Subsistence	Expenses for Essex employees working from Kent office	3,450	
Authority Costs – Advertising By-laws	An additional by-law to be advertised this month	8,793	
Vessels – Equipment, repairs and maintenance	Underspend due to reduction in major repairs forecast for Nerissa offset by release of funding from Reserves	-20,483	
Supplies & Services - Equipment	2 additional phone contracts purchased plus 2 replacement laptops	1,942	
Specialist Equipment	Purchase of new life jackets, dry suits and repairs to dry suits	2,881	
Income – Hire of Vessels	Income from use of Tamesis for cockle MSC accreditation & MMO charter for the hire of Nerissa		-39,988
Legal Fees	Forecast reduced as a result of proceeds from payment of costs from court cases totalling £7,600	-713	-7,600
Supports services - Personnel	Underspend of £14,000 in relation to Personnel no longer required	-14,307	
Specialist fees - Research	Proposed expenditure on SUMARIS Interreg funded project not undertaken (tagging of species). Expenditure allocated to new budget lines with potential to spend 2020/21 pending approval from Secretariat	-25,338	
Training Programme	Underspend from reduced spend on training	-3,850	
Licenses and Fees	Income from cockle permits for the opening of the outside area		-7,744
Research funds - Contributions and grants	Reduced spend on SUMARIS project will result in reduced claim for grant income	13,604	
Nerissa - Funding from reserves	Funding from Reserves no longer required for 2019-20	30,000	
Minor Variances		-683	
Sub-Total		-£7,511	-£57,651
TOTAL		-£65,162	

Table 2. Summary of main budget variances, with separated income streams

It was also agreed that officers should explore options to spend some of the income generated during 2019/20 and that a list of proposed spend would be presented to this meeting for the approval of members. A list of items is proposed in table 3.

Area of work	Items to be purchased	Amount £
Whelk PhD costs <i>NB/ these amounts will be ringfenced for use during the lifetime of the PhD project</i>	Year One whelk PhD costs	13,800
	Convert garage to provide laboratory, relevant equipment and running costs	5,000
	Cost of supply of whelk samples 6 months per year by 4 fishing vessels over 4 years	7,200
	Travel and accommodation to Essex University 2 days per month	8,200
Enforcement	Floating Pontoon for RIB Vigilant – reduction in boat yard costs for regular launching of vessel and improved efficiency in use	7,000
	Purchase of camera drone to be used for MPA monitoring and compliance checks	2,000
Total		43,200

Table 3. Items proposed to utilise income generated during 2019/20

2.4 Should Members approve the items to be purchased/amounts to be ringfenced then the forecast outturn would be reduced to £21,962 below budget

3. Recommendation:

- 3.1 The Authority is asked to review and approve the forecast for the year of £65,162 below budget, less items to be purchased as indicated in the report. This outturn is indicative at the present time and is likely to change throughout the year
- 3.2 The Authority is asked to approve expenditure on items not in the original budget but not causing an overall overspend.

4. Contact Details

Report Author: Chelsea Green
 Name and job title: KEIFCA Financial Advisor
 Telephone number: 03000 418250
 Email address: chelsea.green@kent.gov.uk