



## Agenda Item B2

By: Financial Advisor to The Authority

To: Kent and Essex Inshore Fisheries and Conservation Authority –  
31<sup>st</sup> January 2020

Subject: DRAFT BUDGET 2020-21

Classification: Unrestricted

### Summary:

This report gives the draft budget for the Authority for 2020-21. The appendices include the draft Revenue Budget, Table of Levies and the Reserves Position for 2020-21

### Recommendations:

1. That the budget of £904,585 and the levies shown on the constituent authorities in table 1 for 2020-21 are **AGREED**.
2. That the proposed increase in levies for 2021-22 & 2022-23 are **APPROVED** in principle.

### **Draft Outline Budget 2020-21**

1. The Kent and Essex Inshore Fisheries and Conservation Authority (KEIFCA) currently levy on the constituent authorities the sum of £889,600 which is divided between Kent and Essex authorities on the basis contained in the statutory instrument which came into force on 1<sup>st</sup> October 2010 (SI 2010 no. 2190).
2. A 2% pay increase (mirroring that expected for KCC employees) has been allowed for in this budget together with an allowance for career progression as set out in the new pay structure agreed at the November 2018 IFCA meeting.
3. As in previous years the budget for 2020-21 includes the use of £42,650 of reserves; comprising of £18,200 to support research, £23,550 for officer training, and £900 for geographical information systems licenses and software.
4. The refurbishment of Tamesis will be taking place in 2020-21, as described within the ten-year plan previously provided to Members in September 2018, when it is anticipated that there will be a spend of £170,000 from reserves on an electronics and deck refit. This will be followed in subsequent years by an

engine refit, allowing Tamesis to remain operational past its 10-year anticipated life span. As required by the financial regulations the opportunity to tender for the electronics and deck refit will be overseen by KCC procurement with Members being advised of the results of this process. The RIB, Vigilant will have been paid for in full by the end of the 2019-20 financial year which will have decreased the reserves by £105,000.

Although reserves are healthy, there is a need to keep the renewals contributions as high as possible to ensure that there are sufficient funds to allow the Authority to consider the option of replacing vessels in due course.

5. Since being established in 2011, KEIFCA has striven to maintain best value for money in all of its operations, always being mindful of the spending of public funds. This combined with the period of austerity introduced by the Government in 2013, has led to only one levy increase since 2011, which was five years ago in 2015. In 2019-20 all other IFCA's increased their levies by 2%, however KEIFCA officers made a decision at that time to adhere to the three-year plan previously provided to Members to keep the levy at the amount of £889,600.

During 2019-20, the Authority operated within its budget, however at the end of year, underspend is less than 1% of the total budget. This % underspend has reduced year-on-year since the last levy increase and is now starting to impact upon the amount which can be placed into reserves each year. Taking into account the need to renew marine assets and therefore the need to continue to build up reserves, a 3-year plan (for the period 2020-2023) is proposed by which the levy can be increased by a total of £59,050 spread over the next 3 years.

This proposed increase would raise the levy for the first time in five years by £14,985 in 2020-21, by £16,215 in 2021-22 and by £27,850 in 2022-23. The proposed net increases for each constituent local authority are shown below in table 1.

| Local Authority       | 2019-2020      | 2020-2021        |                | 2021-2022     |                | 2022-2023     |                |
|-----------------------|----------------|------------------|----------------|---------------|----------------|---------------|----------------|
|                       | £              | 2.85% increase £ | Net Amount £   | 3% increase £ | Net Amount £   | 5% increase £ | Net Amount £   |
| Kent                  | 245,700        | 6,457            | 252,157        | 6,993         | 259,150        | 12,010        | 271,160        |
| Medway                | 34,700         | 1,096            | 35,796         | 1,224         | 37,020         | 2,105         | 39,125         |
| Essex                 | 205,200        | 6,457            | 211,657        | 6,992         | 218,649        | 12,011        | 230,660        |
| Thurrock              | 18,700         | 584              | 19,284         | 614           | 19,898         | 1,052         | 20,950         |
| Southend on Sea       | 21,500         | 391              | 21,891         | 392           | 22,283         | 672           | 22,955         |
|                       |                |                  |                |               |                |               |                |
| <b>SUB TOTAL</b>      | <b>525,800</b> | <b>14,985</b>    | <b>540,785</b> | <b>16,215</b> | <b>557,000</b> | <b>27,850</b> | <b>584,850</b> |
|                       |                |                  |                |               |                |               |                |
| <b>SPECIFIC GRANT</b> | <b>363,800</b> | <b>-</b>         | <b>363,800</b> | <b>-</b>      | <b>363,800</b> | <b>-</b>      | <b>363,800</b> |
|                       |                |                  |                |               |                |               |                |
| <b>TOTAL</b>          | <b>889,600</b> | <b>14,985</b>    | <b>904,585</b> | <b>16,215</b> | <b>920,800</b> | <b>27,850</b> | <b>948,650</b> |

Table 1. Showing the proposed medium term increases, by constituent Local Authority, 2020-2023

6. The budget has been drafted with the cost pressures outlined together with savings and reductions in order to achieve the strategy set out. The budget for 2020-21 has been allocated in line with the IFCA's operating plan and all heads of expenditure examined to ensure cost effectiveness and value for money. The IFCA is fortunate in that it is able to generate some income from the issuing of permits and licences, however not all the income that is received can be guaranteed and therefore it is not prudent to include some of this income as a guaranteed income stream. For the financial year 2020-21, as the fishery has been opened for three consecutive years, it has been decided to include an anticipated income from the Cockle Permit Fishery.
7. The detailed revenue budget for 2020-2021 is set out at Appendix 1 together with a projection for the following three years based on an increase in the levy as set out above. The funding from Defra is set for 2020-2021 and although there is no indication that this will not continue, Members should be aware that there has been no confirmation that it will continue indefinitely. The medium-term plan has been based on 2020-21 with some allowances for inflation and career progression. This may need to be revised once funding information becomes available.
8. Whilst constituent authorities pay the full levy to KEIFCA this is offset by Specific Grant for Inshore Fisheries payable to authorities and the net sum that authorities suffer is shown on lines 38 to 42 of Appendix 2.
9. The proposed increase in the levy for 2020-21, based on the above, for each Authority is shown below:

| Local Authority | Levy (incl Specific Grant) 2019-20<br>£ | Proposed Increase<br>£ | Proposed Levy 2020-21<br>£ |
|-----------------|---|------------------------|----------------------------|
| Kent            | 383,600                                 | 6,457                  | 390,057                    |
| Medway          | 67,200                                  | 1,096                  | 68,296                     |
| Essex           | 383,600                                 | 6,457                  | 390,057                    |
| Thurrock        | 33,700                                  | 584                    | 34,284                     |
| Southend-on-Sea | 21,500                                  | 391                    | 21,891                     |
| <b>Total</b>    | <b>889,600</b>                          | <b>14,985</b>          | <b>904,585</b>             |

Table 2. Proposed levy including Specific Grant and associated net increase for 2020-21, per constituent Local Authority

## Recommendation

1. That the budget of £904,585 and the levies shown on the constituent authorities in table 2 for 2020-21 are **AGREED**.
2. That the proposed increase in levies for 2021-22 & 2022-23 shown in table 1 are **APPROVED** in principle.

Chelsea Green

Financial Adviser to the Kent and Essex Inshore Fisheries and Conservation Authority