

From: Chelsea Green, Financial Advisor, KEIFCA

To: KEIFCA Committee Meeting, 16th September 2020.

Subject: **2019-20 Final Budget Monitoring Outturn Report and Annual Return**

Classification: Unrestricted

Summary: This report gives the financial position for the Authority as at 31st March 2020. 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.

Recommendation(s):

1. The Authority is 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 £23,423.02 moving to the General Reserve. This final outturn position is dependent upon completion of an independent review from PKF Littlejohn.

1. Introduction

1.1. This report shows the final revenue outturn for the 2019-20 financial year. As well as providing a report showing the outturn against budget with variances and explanations of the £23,423.02 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 31st March 2020.

1.4. Appendix 4 shows the balances on the reserves, assuming recommendations are accepted.

2. Revenue Outturn 2019-20

2.1 The Revenue Outturn for the year is an underspend of £23,423.02. This underspend has mainly arisen due to unbudgeted income that has been received during the year which totals £68,058. This income has come from various sources below:

- Income from cockle permits due to opening the permitted fishery
- Hire of Nerissa by the MMO for EU Exit planning
- Court payments from HMRC in relation to prosecution costs
- Payment for the use of Tamesis to assist with an application for cockle MSC accreditation
- Payment for officer time to assist with an application cockle MSC accreditation
- Payment for officer time for delivery of 5-day Advanced Officer Training Course supporting the National Lead Training Officer

The overspend on the budget of £44,635 mainly comes from not drawing down on the general reserve which is partly offset by savings on fuel and oil, salaries and crew costs and training. A large amount of research was not carried out in relation to SUMARIS and planned major repairs to Nerissa were not necessary.

2.2 The main variances for the £23,423.02 underspend against 2019-20 revenue budget are shown below, with the full detail found 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 and employee on maternity leave. Income from payment of officer time for cockle MSC accreditation.	-20,441	-2,319
Vessels – Fuel and Oil	Reduction in fuel & oil costs for vessels	-9,269	
Equipment, maintenance and repairs - Vessel Costs	Reduction in planned major repairs to Nerissa	-23,553	
Income – Hire of Vessels	Income from use of Tamesis for cockle MSC accreditation & MMO charter for the hire of Nerissa		-39,988
Vessels - Funding from reserves	Drawdown from general reserve to fund vessels not required	+30,000	

Budget Heading	Reason for Variation	Amount (variation from budget) £	Amount (generated revenue and proceeds) £
Authority Costs – Training	Reduced spend against budgeted training programme for the year	-6,044	
Authority Costs – Legal Fees	Forecast reduced as a result of proceeds from payment of costs from court cases totalling £7,600	-2,187	-7,600
Authority income – Licences and Fees	Additional income from licenses and fees during the year		-7,095
Authority Costs – Support Costs	Underspend of £14,000 in relation to Personnel no longer required	-14,244	
Authority Costs – Advertising	Overspend against budgeted advertising costs with an additional Byelaw being advertising during the year	+10,310	
Survey and Project Costs – Research Fund	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	-29,671	
Contributions and Grants	EU whelk claim grant of £11,120		-11,056
Transfer from General Reserve	Payments for Vigilant, the new rib, have been funded through the renewals reserve and therefore drawdown is not required	+107,424	
Other	Other minor variances	+2,310	
Sub-Total		+44,635	-68,058
Total		-23,423	

2.3 In January 2019 it was reported to Members that the AIFCA had agreed to the appointment of a National Lead Training Officer (NLTO). The post would be hosted by an IFCA in much the same way as the MPA post was hosted by Southern IFCA, in order to facilitate HR and payroll functions. It was agreed that the mainland IFCAs would contribute £1,500 each in capital costs plus £300 from Isles of Scilly IFCA, with the remainder of the post costs coming from an increase in course costs. Members agreed that KEIFCA would host this post.

The funding for the NLTO comes from this annual contribution from each of the 10 IFCA's with additional income drawn from course fees payable by each IFCA for bespoke training or attendance by staff on residential training courses. The income and outgoings for this post are ringfenced and do not form part of KEIFCA's revenue outturn, however, because they are administered through KCC's accounting system they must still be reported to Members at the end of the year.

Due to a mistreatment of costs and income for the year 2018/19 in relation to the NLTO post, an adjustment during 2019/20 has been made in order to reflect this. Total income of £19,779 and costs of £7,011 relating to this post were mistakenly included in last year's final revenue outturn position and hence contributed to an overall underspend which was incorrectly reported as £111,493.96 instead of £98,725.80. Since the overstatement was not material, but indeed requires correcting, it is most appropriate to correct during this financial year. Therefore, the surplus of £12,768.16 (Appendix 1, Item 64) has been deducted from this year's final position and is being held in a separate reserve on behalf of the AIFCAs, along with the deficit for 2019/20 of £6,035.46. The final balance being held on behalf of AIFCAs in respect of this post is a credit of £6,732.70.

2.4 It is recommended that the underspend of £23,423.02 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.

A budgeted contribution to the Renewals Reserve of £80,000 took place in 2019-20.

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.

£106,472.65 was spent on the new RIB, Vigilant, during 2019-20.

£12,980.00 was spent on two quad bikes with the expenditure partly funded through the renewals reserve.

4. KEIFCA Balance Sheet as at 31st March 2020

4.1 Appendix 3 shows the Authority's balance sheet as at 31st March 2020. There has been an increase in cash due to the transferring of the debtor with Kent County Council in 2019-20 to the Investment Account.

The General Reserve has increased by the surplus of £134,033.55 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 2019-20

5.1 Appendix 4 shows the position of the reserves for the Authority as at 31st March 2020 if the recommendation of transferring the full 2019-20 underspend of £23,423.02 to the General Reserve is approved.

The budgeted amount of £80,000 has been transferred to the Renewals Reserve with capital expenditure of £110,553 being drawn down to fund the purchase of two new quad bikes and the new RIB, Vigilant. There was no drawdown from the General or Specific Reserves during the year.

6. Recommendation:

6.1 The Authority is asked to review the final revenue outturn and associated financial statements for the year 2019-20 and to approve the transfer of the underspend of £23,423.02 to the General Reserve. This final outturn position is dependent upon completion of an independent review from PKF Littlejohn.

7. Contact Details

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