

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

To: Kent and Essex Inshore Fisheries and Conservation Authority – 16 September 2020.

Subject: Revenue Budget Monitoring Report 2020-21.

Classification: **Unrestricted**

**Summary:** This report gives the estimated financial outturn position for the Authority based on data at the end of July 2020. Appendix 1 includes the actuals to 31 July 2020 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 £87,732. This underspend is indicative at the present time and is likely to change throughout the year.

## **1. Introduction**

This report shows the likely outturn based upon data at the end of July 2020. The impact of COVID-19 has meant that there has been a change in the forecasted levels of expenditure in certain areas but also significant cost savings in others. It has been necessary to increase expenditure on PPE.

Members will also recall that they had approved the use of £170,000 from Reserves to fund a refurbishment of Tamesis to take place this financial year for replacement electronics and a deck refit. Due to COVID-19 this refit has been postponed.

## **2. Revenue Outturn 2020-21**

2.1 The forecast Revenue Outturn for the year is an underspend of £87,732. The underspend is due to a decrease in sea patrols by Nerissa and Tamesis causing repairs and fuel & oil costs in relation to these vessels to reduce. Due to the impact of COVID-19, meetings are currently being held virtually which has decreased members' costs and room hire. The amount of training and surveys

that can be carried out have also been adversely affected causing expenditure to fall. A reduction in staff costs, subsistence expenses and legal fees can also be seen. Again these are related to the impact of COVID-19.

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(s) for Variation</b>	<b>Amount (variation from budget) £</b>	<b>Amount (generated revenue &amp; proceeds) £</b>
Salaries	Essex RIB Coxswain has returned from maternity leave on a part time basis. Recruitment of Lead Scientific Officer and IFC officer postponed due to COVID-19 with posts not filled until May and June 2020	-20,744	
Protective Clothing	Increase in PPE purchased due to COVID-19.	+4,013	
Travel & Subsistence	Less travelling between Kent & Essex due to social distancing/COVID 19. Purchase of 2 additional vehicles reduces use of employees' own vehicles for which mileage is claimed	-7,087	
Equipment, Repairs and Maintenance	No major repairs are planned for Tamesis – as the survey vessel social distancing has restricted her use.	-7,953	
Vessels - Fuel & Oil	Fewer sea patrols are being carried out resulting in a fall in fuel costs. Nerissa not in use between April-July due to staffing issues caused by COVID-19	-13,329	
Insurance	Additional premium due to increase in crew liability plus general insurance prices have increased as many companies have withdrawn from the market due to COVID-19.	+1,580	
Other Vessel Costs	Mainly due to significant cost savings on access to MCSS data base no longer being charged at £1,050 each.	-3,956	
Vehicles - Fuel & Oil	Increase in shore patrols due to reduction in sea patrols. Two additional vehicles purchased to allow employees to travel separately to patrols resulting in an increase in fuel, maintenance and insurance (offset by savings in mileage claims)	+3,601	

<b>Budget Heading</b>	<b>Reason(s) for Variation</b>	<b>Amount (variation from budget) £</b>	<b>Amount (generated revenue &amp; proceeds) £</b>
Equipment (IT)	New IT server has been installed (which was originally going to be financed from reserves). This also incurs higher data storage costs.	+2,261	
General/Other	Employees not travelling to meetings as they are virtual and no overnight stays.	-3,525	
Legal Fees	Anticipated reduction in legal fees due to reduction in fishing activity.	-7,000	
Hire of Rooms & refreshments	Authority meetings are currently being held virtually.	-3,700	
Members' Travel and Subsistence	No travel costs for members as meetings are being held virtually.	-2,500	
Advertising By-Laws	Budget usually covers two by-laws per year however, only expecting to advertise one this year.	-5,000	
Research Fund	PhD planned to start in 2020 with a staff member now will be undertaken by a student appointed by & mentored by Essex University resulting in a reduction in costs	-14,541	
Training Programme	Advanced and Competent Officer training course predicted to not go ahead amongst others. Online courses only at present.	-13,021	
Licences and Fees	Currently shows income from new whelk permit holders for 20/21 – due to financial constraints caused by COVID-19 existing whelk permit holders have had a freeze placed on payment request.	+6,297	
Contribution and Grants	Reduced spend on SUMARiS project has resulted in a reduced claim for grant income. Grant income of £21,000 for Vigilant has been received from EMFF.	+17,700	-21,000
Other	Other Minor Variances	+172	
<b>Sub-Total</b>		<b>-66,732</b>	<b>-21,000</b>
<b>Total</b>		<b>-87,732</b>	

2.3 The RIB Blue Jacket has been sold through a broker which netted the Authority £14,080. This sum has been transferred directly to capital receipts.

2.4 Kent County Council, together with other Local Authorities, will be in the process of reviewing their budgets. With the events that have already taken place this financial year and with the level of uncertainty over the next quarter, for most Local Authorities, it has been necessary to draw down money from reserves which inevitably will need to be replenished over the coming years. Although KEIFCA understand from these Local Authorities that the contribution made by them make up far from a significant part of their budgets, we accept that in the current financial climate it would be inappropriate to ask for the increases in contributions which were originally put forward to members during the January meeting. However, it is necessary to be mindful of the Brexit duties that the authority may have to carry out as of the next financial year. Members should note that the predicted savings are unexpected and would not be present had COVID-19 not occurred. Indeed, there would probably have been little or no underspend. Officers will continue to monitor the position and update members accordingly.

### **3. Recommendation:**

3.1 The Authority is asked to review and approve the forecast underspend for the year of £87,732. This underspend is indicative at the present time and is likely to change throughout the year.

### **4. Contact Details**

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