

From: Chelsea Green, Financial Advisor, KEIFCA  
To: KEIFCA Committee Meeting, 25<sup>th</sup> May 2021.  
Subject: **2020-21 Final Budget Monitoring Outturn Report and Annual Return**

Classification: Unrestricted

**Summary:** This report gives the financial position for the Authority as at 31<sup>st</sup> March 2021. 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.

It also contains the Annual Return for the year which is to be reviewed by external auditors, PKF Littlejohn.

**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 £53,675.20 to the General Reserve;
2. The Authority is asked to review and approve the Annual Return and Governance Statement for submission to the external auditors, PKF Littlejohn; and
3. The Authority is asked to review and approve the 2021/22 Annual Internal Audit Plan

## **1. Introduction**

- 1.1. This report shows the final revenue outturn for the 2020-21 financial year. As well as providing a report showing the outturn against budget with variances and explanations of the £53,675.20 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 31<sup>st</sup> March 2021.
- 1.4. Appendix 4 shows the balances on the Reserves, assuming recommendations are accepted.
- 1.5. Appendix 5 is the Annual Return that will be submitted to the external auditors, PKF Littlejohn for their review.

## 2. Revenue Outturn 2020-21

2.1 The Revenue Outturn for the year is an underspend of £53,675. The underspend can be split between additional income of £25,115 and an underspend to budget of £28,560. The underspend has mainly arisen due to:

- Decrease in the amount of travel between Kent and Essex due to the COVID 19 guidelines during the year.
- Reduction in sea patrols has led to a large decrease in the amount of fuel and oil needed for vessels.
- Large reduction in training and research that has been able to be carried out.
- Authority meetings have all been held virtually
- Income from MMO for Brexit Patrols carried out by Tamesis, a grant from EMFF for Vigilant and an increase in interest payments on the investment account monies held by KCC.

This underspend has partly been offset by additional expenditure in the year which was not originally anticipated such as the purchase of 2 new vans, various repairs to Nerissa, a new IT Server (which originally was going to be funded from reserves).

2.2 The main variances for the £53,675.20 underspend against 2020-21 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	Recruitment of Lead Scientific Officer and IFC officer postponed due to COVID-19 with posts not filled until May & June 2020.	-3,888	
Travel and Subsistence	Less travelling between Kent & Essex due to social distancing and COVID 19.	-10,325	

<b>Budget Heading</b>	<b>Reason(s) for Variation</b>	<b>Amount (variation from budget) £</b>	<b>Amount (generated revenue and proceeds) £</b>
Other Vehicle Costs	Purchase of two new VW vans due to social distancing and COVID-19 guidelines meaning that staff do not have to share vehicles.	+27,803	
Vessels – Equipment, Repairs & Maintenance	8 new batteries, 2 prop shafts and rubber bearings needed for Nerissa. New plotter and radar for Tamesis.	+26,446	
Vessels – Fuel & Oil	Fewer sea patrols were carried out. Nerissa was not in use between April-July 2020 due to COVID-19 H&S issues and was out of service whilst repairs were undertaken (limited dry dock availability).	-27,108	
Equipment (IT)	New IT server has been installed (which was originally going to be financed from reserves). This has also incurred higher data storage costs during the year.	+14,961	
Uniforms	Reduced need for new uniform this year due to less general wear.	-1,528	
Premises – Energy Costs	Reduction in use of the offices this year has led to reduced energy costs.	-1,977	
Premises - Cleaning	Reduced use of offices has led to decreased cleaning.	-927	
Income – Hire of Vessels	Income from MMO for the hire of Tamesis for Brexit Patrols.		-2,982
General/Other	Employees not travelling to meetings as they are virtual and no overnight stays.	-4,308	
Legal Fees	Reduction in necessity for legal advice and prosecutions.	-11,165	
Hire of Rooms & refreshments	Authority meetings were held virtually all year.	-2,020	
Members' Travel and Subsistence Allowances	No travel costs for members as meetings were all held virtually.	-2,500	

<b>Budget Heading</b>	<b>Reason(s) for Variation</b>	<b>Amount (variation from budget) £</b>	<b>Amount (generated revenue and proceeds) £</b>
Advertising By-Laws	Budget usually covers two by-laws per year however, only advertised one this year.	-3,751	
Authority Costs – 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.	-17,218	
Authority Costs - Training Programme	For the majority of the year training was only able to be delivered online.	-13,511	
Cockle Surveys	Majority of underspend due to decision made not to use Succorfish tracking on cockle dredges this year.	-10,840	
Contributions 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.	+21,642	-21,000
Interest & Investment Income	Interest for the year is higher than was anticipated.		-1,133
Communication and Engagement	£2,662.80 additional expenditure on Zoom subscription for virtual meetings and upgrade to website costs. Fish local costs of £53,854.20 have been financed from the general reserve.	+56,517	
Transfer from General Reserve	The only transfer from reserves needed this year was £53,854.20 explained above.	+107,643	
Transfer from Renewals Reserve	The refurbishment of Tamesis has been postponed and drawdown was not required.	-170,000	
Other	Other minor variances	-2,506	
<b>Sub-Total</b>		<b>-28,560</b>	<b>-25,115</b>
<b>Total</b>		<b>-53,675</b>	

2.3 It is recommended that the underspend of £53,675.20 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.

As anticipated, there was no contribution made to the Renewals Reserve during the year.

### **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.

£13,600.00 was spent on two quad bikes with the expenditure partly funded through the renewals reserve. £27,328.64 was spent on two additional vans during the year. Although this was not budgeted for, it was necessary expenditure which allowed staff to continue to carry out their jobs whilst adhering to COVID 19 social distancing guidelines which were in place for much of the financial year.

### **4. KEIFCA Balance Sheet as at 31<sup>st</sup> March 2021**

4.1 Appendix 3 shows the Authority's balance sheet as at 31<sup>st</sup> March 2021.

Headline figures are outlined below, with full summary in Appendix 3.

- Fixed Asset Net Book Values have decreased by -£159,176 due to depreciation charges for 2020-21 and the sale of Blue Jacket, offset by capitalisation of costs of new quad bikes and two new vans.
- Current Assets have increased by +£729,330 due to the transfer of 2020-21 levies to the Investment Account.
- Creditors increased by -£706,517, predominantly due to cash owed by KEIFCA to KCC.
- Long Term liabilities have increased by -£557,205, due to a moderate increase in pension liability.

The balance sheet continues to show a healthy position for the Authority.

## **5. Balances on Reserves and their Utilisation for 2020-21**

5.1 Appendix 4 shows the position of the reserves for the Authority as at 31<sup>st</sup> March 2021 if the recommendation of transferring the full 2020-21 underspend of £53,675.20 to the General Reserve is approved.

As per the budget there has been no transfer to the Renewals Reserve this year. There was a drawdown from the General Reserves during the year to fund various expenditure which related to Fish Local. This totalled £53,854.20. The total balance on the General and Specific Reserves including the transfer of the full underspend, if approved, would total £853,344.

## **6. Annual Return and Governance Statement**

6.1 Appendix 5 is the Annual Return and Governance Statement for the Authority. This will be sent to the external auditors for their review. It contains all the information presented in the Final Monitoring Outturn Report and the Balance Sheet but is presented in a different format. This return has already been reviewed by Kent County Council's Internal Audit Team and is now ready for the Authority's review and approval. *Please note, we are waiting for this document to be provided by Internal Audit and will be forwarded separately to you*

## **7. End of Year Audit Report - Internal Audit**

7.1 KCC's Internal Audit Team visited on 20<sup>th</sup> April 2021 and carried out tests on the following areas:

Progress on Previous Issues Raised, Expenditure, Risk Assessments, Budget Reporting, Income, Purchase Cards, Fuel Card, Petty Cash, Salaries and Wages, Bank Reconciliations and VAT.

Much of the audit work was carried out by sample testing a sufficient number of transactions to provide assurance that the systems of financial control work effectively and provide accurate information to support the Council's activities. Appendix 6 confirms all systems and controls were found to be in order and details the proposed audit plan for 2021/22

## **8. Recommendation:**

8.1 The Authority is asked to review the final revenue outturn and associated financial statements for the year 2019-20 and to approve the transferring of the underspend of £53,675.20 to the General Reserve.

8.2 The Authority is also asked to review and approve the Annual Return and Governance Statement for its submission to PKF Littlejohn.

8.3 The Authority is asked to review and approve the 2021/22 Annual Internal Audit Plan

## **9. Contact Details**

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