

NOT FOR PUBLICATION



**Papers for a meeting of the
FINANCE & HR SUB-COMMITTEE**

**to be held at
EIFCA Offices, 6 North Lynn Business Village, Bergen Way,
King's Lynn, PE30 2JG
on
7th November 2023
at
1030 hours**

Vision

The Eastern Inshore Fisheries and Conservation Authority will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.



Meeting: **Finance and HR Sub-Committee**

Date: 7 November 2023

Time: 10.30 hours

Venue: Eastern IFCA, Unit 6 North Lynn Business Village, Bergen Way, King's Lynn
Norfolk, PE30 2JG

Revised Agenda

- 1 Welcome - *Chair*
- 2 Apologies for absence - *Chair*
- 3 Declaration of Members' interests - *Chair*

Action Items

- 4 Minutes of the Finance & Personnel Sub-Committee meeting on 1 August 2023 (pg 3)
- 5 Matters Arising - *Clerk*
- 6 Quarter 2 Payments and Receipts – *CEO / Joanne Sams (pg 8)*
- 7 Quarter 2 Management Accounts – *CEO / Joanne Sams (pg 11)*
- 8 Provisional budget 2024-25 and Budget Forecast to 2029 – *CEO / Joanne Sams (pg15)*
- 9 Asset Replacement (Vehicles) – *Hd Operations (pg24)*
- 10 *To resolve that, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for*
 - a. *Item 11 on the grounds that it involves the disclosure of information which is likely to reveal the identity of an individual which is exempt information as defined in paragraph 2 of Schedule 12A of the Act; and*
 - b. *Item 12 on the grounds that it involves the disclosure of Information relating to the financial or business affairs of any particular person (including the authority holding that information) which is exempt information as defined in Paragraph 3 of Schedule 12A of the Act.*

Information Items

- 11 HR Update – *Hd Operations (pg 26)*
- 12 New vessel build verbal update – *CEO*
- 13 Any other urgent business

To consider any other items which the Chair is of the opinion are matters of urgency by reason of special circumstances which must be specified.

Julian Gregory
Chief Executive Officer
Date: 23 October 2023

Vision

The Eastern Inshore Fisheries and Conservation Authority will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.



Finance & HR Sub-Committee

A meeting of the Finance & HR Sub-Committee took place at the EIFCA Offices, King's Lynn on 1st August 2023 at 1030 hours.

Members Present:

Cllr T FitzPatrick	Chair	Norfolk County Council
Cllr T Adams		Norfolk County Council
Cllr E Back		Suffolk County Council
Cllr M Chenery of Horsbrugh		Norfolk County Council
Cllr P Coupland		Lincolnshire County Council
Mr S Williamson		MMO Appointee

Eastern IFCA Officers Present:

J Butler	Head of Operations
J Gregory	CEO

Joanne Sams – Aston Shaw Accountants

FHR23/13 Welcome

The Chairman welcomed members to the meeting, and introduced Joanne Sams from Aston Shaw Accountants, who had taken on the role of accountant to the Authority.

The CEO circulated a copy of the Internal Auditors Report, which had been received the previous day. A key issue had been highlighted in that the report had not been published online by 1st July which was not something that had been flagged in previous years by the Internal Auditors. Consideration of the degree of complexity around the issue meant members may wish to change the recommendation for Item 8 to delegation to the Chair, Vice Chair and CEO

FHR23/14 Apologies for absence

Apologies for absence were received from Cllrs Skinner (LCC) & Vigo Di Gallidoro (SCC), and Ms Smith (MMO Appointee)

FHR23/15 Declarations of Members Interest.

No Declarations of Interest were received.

FHR23/16 Minutes of the Finance and Personnel Sub-committee meeting held on 2nd May 2023

Members Agreed to accept the Minutes as a true reflection of the meeting.

FHR23/17 Matters Arising

There were no matters arising.

FHR23/18 Quarter 1 Payments and Receipts

The CEO advised Members there had been some teething issues with the transition from the retired Head of Finance & HR to the external accountant, however he was very confident that moving forward with the full use of the software being implemented there would be no issues.

Ms Sams reiterated the same sentiment advising that full use of the software would also allow alternative reports to be produced depending on what information the Members would like presented. Cllr Coupland felt the current accounting reports gave sufficient overview of the accounts, but was happy to note that, if necessary, they could be adjusted in the future.

Cllr Coupland queried the increase in payments under the enforcement budget during month 3, this was due to the annual payment for bodycam tracker systems.

Referring to payments in/out the CEO reminded members that the additional funding from Defra that sat alongside New Burden funding was ongoing for the next 2 years but was linked to specific workstreams. Letters detailing the expected outputs for two of the workstreams were still awaited even though the full £150k had been received for 2022/23.

Members were advised that an additional £45k had been agreed in principle towards the purchase of a daughter vessel for the New Build (*FPV Protector IV*), and £225k capital funding towards the potting vessel to replace *FPV John Allen*.

The CEO suggested that having got the additional funding towards the capital assets, when EIFCA met with County Treasurers this year it would be possible to consider a reduction in the level of capital funding provided by the County Councils.

Members Agreed to Note the contents of the paper.

FHR23/19 Quarter 1 Management Accounts

Ms Sams advised that with respect to the budget there were some variances, particularly as the budget was divided into quarters for the report when in fact income largely came in the first quarter and insurances and annual

subscriptions paid in the first quarter would not be repeated through the rest of the year.

Members Agreed to Note the contents of the paper.

FHR23/20` Annual Statement of Accounts (Draft) for the year ending March 2023

The CEO advised this item was linked to the Internal Audit Report which was highlighted at the opening of the meeting. There was an issue with the publication of accounts online. The CEO suggested members consider the Report as included in the papers but suggested the recommendation be revised to delegate Authority to the Chair, Vice Chair and CEO to deal with the recommendations outside of this meeting.

It was Resolved that a revised recommendation be put forward to the effect that the proposed recommendations be considered at a later date with authority delegated the Chair, Vice-Chair and CEO.

Proposed: Cllr Chenery of Horsbrugh

Seconded: Mr Williamson

All Agreed

It was Resolved to delegate decision on the proposed recommendations in the supporting paper for Item 8 to the Chair, Vice Chair and CEO.

Proposed: Cllr Chenery of Horsbrugh

Seconded: Mr Williamson

All Agreed

Referring to the Audit report which had been circulated at the start of the meeting, Cllr Chenery of Horsbrugh felt there was a little bit of work to be done. The CEO acknowledged this and advised the required work would be done. It was apparent the process of not devaluing assets had been seen as an error, despite it having been the process followed historically. Ms Sams advised the new software would devalue assets to avoid this anomaly in the future. The timeframe for producing the accounts had also been highlighted as an issue, however, Ms Sams was confident this would not be an issue moving forward, the end of year accounts would be available by mid-April for discussion at the May meeting so they would meet the publication deadlines.

The only question raised was whether all the levies had been paid, which they had.

FHR23/21 Resolution

Members Resolved that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for items 10 & 11 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 2 &3, respectively, of Schedule 12A of the Act.

Proposed: Cllr FitzPatrick

Seconded: Cllr Chenery of Horsbrugh

All Agreed

FHR23/22 HR Update

Members were advised a new Marine Science Officer would be starting early in August.

The Head of Finance & HR had retired at the end of June, a review of the post would be carried out prior to any decisions being made regarding future recruitment. It was noted that accountancy support has now been outsourced.

There were no current vacancies, although advice from Defra was awaited to ascertain if the funding necessitated a new post or if it could be used towards an existing post. The uncertainty would slightly affect the Business Planning as it was not known if the resource was available to deliver the outcome. At this point it was anticipated the funding could be directed at Marine Licences or Fisheries Management Plans.

The Appeal against termination during probation was ongoing, consequently recruitment to this post was frozen pending the outcome.

Members Agreed to note the content of the report.

FHR23/23 New Vessels Update

The CEO verbally updated members on progress of the build of Protector IV. The project was moving along well, the yard was beginning to fit it out internally, it was anticipated the completion date would be end of September.

It was noted there had been some changes to the original plans, all of which fell within the 5% variation to the budget which was delegated to the CEO at the start of the project. Nonetheless, the CEO had sought the views of the Chair and Vice-Chair before authorising the latest agreed increase because it took the cumulative total close to the 5% variation in budget.

Variations included the identification of a safer method of carrying a RIB on board. Modification to the cabin roof, allowing a hatch up to the RIB had been made. Extensive investigation had resulted in an appropriately sized and weighted RIB to be carried on the cabin roof. Inclusion of guardrails meant access to the RIB would be much safer.

The CEO was confident the vessel would meet its design requirements and that EIFCA Officers saw it as a good step forward.

Members were advised the issues with bridge works at Breydon Water and Haven Bridge should also be completed by the end of September which would mean the vessel could complete sea trials and be ready to put into service.

Potentially the naming ceremony for this vessel would take place in the Autumn in Suffolk – although no plans would be made until closer to the completion date.

More detail on the purchase of the daughter vessel was provided. It was noted the vessel cost fell inside the Financial Regulation requirement to have three quotes rather than go down the Tendering process.

Three quotes had been received but only one of the designs met all the required specifications.

Following the sale of *FPV John Allen* consideration was given to what attributes were needed in a replacement vessel. It was identified that with the work in Cromer MCZ and ongoing issues relating to the whelk byelaw there would be a greater need to haul, inspect and possibly seize pots. Consequently, vessels with this capability were investigated. New Build quotes were gathered, and a second-hand 2-year-old vessel was also considered. Following a survey and independent valuation, despite needing some modifications the second-hand vessel still came within the price of the new vessel quotes, and with a much shorter lead time.

Members Agreed to note the verbal report.

FHR23/12 Any Other Business

No other urgent matters had been brought to the attention of the Chair.

There being no other matters to discuss the meeting closed at 1149 hours, the Chair thanked members for attending.

Vision

The Eastern Inshore Fisheries and Conservation Authority will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.



Action Item 6

Finance and HR sub-committee meeting

7 November 2023

Report by: Julian Gregory, CEO and Joanne Sams – Aston Shaw Accountants

Payments made and monies received during the period 1 July to 30 September 2023 (Quarter 2)

Recommendations

Members are asked to:

- **Note** the content of the paper.

Background

It is a requirement of the Authority's Constitution and Standing Orders that the Authority's payments and receipts are presented to Members of the Finance and HR sub-committee on a quarterly basis.

The report on Payments made and monies received during the period 1st July to 30th September 2023 are shown in the following tables.

The payments have been made in accordance with Eastern IFCA's Financial Regulations and the necessary processes and approvals have been carried out.

Background documents

There are no background documents to this paper.

**Responsible Finance Officer's Report on Payments Made and Monies Received
during the period 1 July to 30 September 2023**

Payments made during the period 1st July to 30th September 2023

	Month 4	Month 5	Month 6	Total	Last Year
	£	£	£	£	£
Transfers to EIFCA Salaries Account	75,000.00	75,000.00	80,000.00	230,000.00	350,000
Rent, Rates & Service Charges	2,527.04	2,150.34	12,041.97	16,719.35	16,766
General Establishment	9,920.13	,279.96	14,845.97	33,046.06	57,818
Legal Fees	565.50	4,277.15	1,254.10	6,096.75	1,223
Staff Travelling & Subsistence	1,901.09	637.83	1,150.25	3,689.17	1,335
Members' Allowances	-	99.92	-	99.92	118
Training				-	15,147
Moorings/Harbour Dues	478.30	-	190.91	669.21	10
Three Counties Operating Costs	6,025.41	1,555.76	4,770.95	12,352.12	31,888
FPVs ST & Sea Spray	8,524.53	6,368.07	10,814.63	25,707.23	3,570
Vehicle Operating Costs	3,537.23	2,442.32	1,055.17	7,034.72	13,645
Communication and Development	672.32	-	-	672.32	-
Insurance	-	-	-	-	-
Marine Science	506.40	14.22	845.86	1,366.48	6,250
Enforcement	3,041.99	883.50	479.35	4,404.84	6,708
WFO				-	3,083
Asset Purchases	400.00	-	675.00	1,075.00	-
VAT recoverable	5,675.25	3,450.07	7,201.56	16,326.88	17,206
Grant Funded Project				-	-
TOTAL PAYMENTS MADE	118,775.19	105,159.14	135,325.72	359,260.05	524,767

Monies received during the period 1st July to 30th September 2023

	Month 4	Month 5	Month 6	Total	Last Year
	£	£	£	£	£
Levies				-	1,100,685
Defra funding				-	394,145
Asset replacement				-	163,910
WFO - Permit				-	3,537
EMFF Grants				-	1,045
Whelk Licences		350.00	250.00	600.00	1,050
Shrimp Permit		2,000.00	200.00	2,200.00	-
Wash & North Norfolk Coast EMS				-	-
VAT			18,533.43	18,533.43	23,780
Fixed Penalty Fine				-	-
EHO Sampling	4,864.00			4,864.00	768
Lay Rents				-	2,193
Court Costs				-	-
Interest			6,406.02	6,406.02	3
Asset Sales				-	400
Refund Costs	60.00	184.82	1.50	246.32	-
Miscellaneous	20,220.70	15.00	210.00	20,445.70	-
TOTAL MONEY RECEIVED	25,144.70	2,549.82	25,600.95	53,295.47	1,691,516

Explanatory notes

Expenses

Legal (and professional) fees include payment for the annual audit and legal costs incurred as a consequence of a protracted HR matter.

Operating costs for Seaspray & ST include circa £6k for specialist reports relating to the procurement of a 'potting vessel.'

Income

Shrimp permit income a new addition following implementation of the permit scheme.

Vision

The Eastern Inshore Fisheries and Conservation Authority will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.



Action Item 7

Finance and HR sub-committee meeting

7 November 2023

Report by: Julian Gregory, CEO and Joanne Sams – Aston Shaw Accountants

Report on the Management Accounts for the 2nd Quarter of the 2023/24 financial year

Purpose of report

To provide 2nd Quarter Management Accounts for members to note.

Recommendations:

Members are asked to:

- **Note** the Management Accounts

Background

It is a requirement of the Authority's Constitution and Standing Orders that the quarterly accounts are presented to Members of the Finance and HR sub-committee on a quarterly basis.

The report on the management accounts up to the end of quarter 2 (30 September 2023) are shown in the following tables.

Report

The transition of accountancy support from in-house provision to an external provider has proved not to be as smooth as might have been hoped, due in part at least to differing accounting methods and the methodology of some elements of the budget for this year not being immediately clear to the new accountant.

The intention is to continue reporting within the parameters of the budget approved for the current financial year, but it is likely that some changes will be made from FY 2024-25 onwards.

During the preparation of the quarter 2 Management Accounts it was apparent that revenue funding of £100k from Defra for specific workstreams for 2022-23 had been paid during the current financial year, in May 2023. Although this funding was anticipated it had not been shown under debtors in the end of year accounts. Similarly, capital funding of £45k from Defra

for vessel purchase that was applied for during 2022-23 had also been received in May 2023 but had also not been shown under debtors in the end of year accounts.

In order to show this funding in accounts that are visible to members, the RFO requested that it be reflected in the quarter 2 management accounts in the Authority's reserves. It is anticipated that the capital sum (£45k) will be used for the purchase of a tender for FPV *Protector IV* and the £100k revenue sum will be held pending confirmation, by Defra, of the deliverables that are to be associated with the funding.

During the preparation of the provisional budget for 2024-25 (agenda item 8) it was identified that relatively minor errors had occurred in the projections for staff costs in both 2022-23 and 2023-24. The errors involved salary calculations for officers in receipt of the 7.5% 'plussage' for seagoing duties inasmuch as the fixed amounts received as cost of living pay rises were applied to the total of the pre-existing salary plus the 7.5% uplift instead of being first applied to the existing salary and the 7.5% uplift then being applied to the new salary amount.

This issue has been resolved for salary forecasts for the current and next financial years and officers have, in October 2023, received back-pay totalling £3,084. The impact moving forward equates to £12 per month per seagoing officer.

Background documents

There are no background documents to this paper.

Management Accounts Financial Year							
2023/24							
	ACTUAL	ACTUAL	TOTAL	BUDGET	VARIANCE	MEMO	
	Year to Date	Year to Date	Year to Date	YTD		Budget	
	Qtr 1	Qtr 2	Qtr 1 & 2	Qtr 1&2		For Year	
	£	£	£	£		£	
<u>SALARIES & WAGES</u>							
Staff Remuneration	223,556	214,913	438,469	457,000	18,531	914,000	
Pension	48,780	47,390	96,170	107,250	11,080	214,500	
National Insurance	23,727	22,030	45,757	44,500	- 1,257	89,000	
TOTAL	296,063	284,333	580,396	608,750	28,354	1,217,500	
<u>GENERAL EXPEND</u>							
Accommodation	14,940	16,719	31,659	36,650	4,991	73,300	
Insurance	-	-	-	5,450	5,450	10,900	
General Establishment	55,321	38,629	93,950	52,650	- 41,300	105,300	
Officers' Expenses	196	100	296	750	454	1,500	
Members' Travel	3,915	2,232	6,147	7,000	853	14,000	
Training	3,180	1,998	5,178	12,500	7,322	25,000	
TOTAL	77,551	59,678	137,230	115,000	- 22,230	230,000	
<u>Media & Comms</u>							
	330	672	1,002	375	- 627	750	
<u>Enforcement</u>							
	5,846	4,405	10,251	10,750	499	21,500	
<u>Marine Science</u>							
	3,680	1,366	5,047	9,000	3,953	18,000	
<u>VESSELS</u>							
		-			-		
Moorings/Harbour Dues	235	669	905	3,250	2,345	6,500	
<u>Vessel Operating Costs</u>							
		-			-		
Three Counties	7,518	12,352	19,870	27,500	7,630	55,000	
FPVs ST & Sea Spray	5,684	25,707	31,391	16,250	- 15,141	32,500	
Vessels Insurance	37,918	-	37,918	12,000	- 25,918	24,000	
TOTAL	61,212	45,172	106,384	79,125	- 27,259	158,250	
<u>VEHICLES</u>							
Operating Costs	6,095	7,035	13,130	20,750	7,620	41,500	
TOTAL	6,095	7,035	13,130	20,750	7,620	41,500	
Contingency	-	-	-	20,000	20,000	40,000	
TOTAL EXPENDITURE	440,921	396,218	837,139	843,625	6,486	1,687,250	

INCOME							
Levies	1,122,705	-	1,122,705	561,350	- 561,355	1,122,700	
Asset Replacement	168,827	-	168,827	84,414	- 84,414	168,827	
DEFRA 'New Burdens'	394,145	-	394,145	187,659	- 206,486	375,318	
DEFRA 'Work Streams'	100,000		100,000		- 100,000		
DEFRA 'Capital'	45,000		45,000		- 45,000		
Grants		-		-	-		
Cromer MCZ		20,000	20,000		- 20,000		
FAPs		-		-	-		
Miscellaneous Income	500	689	1,189	42,500	19,261	85,000	
WCMB Permits		-		-	-		
Whelk Licences	300	600	900	900	-		
Shrimp Permits			2,200	2,200	-		
Asset Sales		-		-	-		
EHO Sampling	4,608	4,864	9,472	9,472	-		
Lay Rents					-		
Bank Interest	3,072	6,406	9,478	9,478			
TOTAL INCOME	1,839,157	32,559	1,873,916	897,973	- 997,994	1,751,845	
New Vessel	-	-	-	-			
Asset Purchases	380,044	1,075	381,119	-			
Reserve Movement	1,018,193	- 364,734	655,659	54,348	-1,004,480	64,595	

Vision

The Eastern Inshore Fisheries and Conservation Authority will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.



Action Item 8

Finance & HR Sub-Committee

7 November 2023

Report by: Julian Gregory, CEO and Joanne Sams – Aston Shaw Accountants

Provisional Budget for the period 1 April 2024 to 31 March 2025 and Forecast to 2028/29

Purpose of report

To present the Draft Budget for the 2024/25 financial year along with the Forecast for the following 4 years to 2029. The estimates detailed below are for agreement and recommendation to the full Authority at their next Statutory meeting.

Recommendations

Members are asked to:

- **Note** the content of the report and that there may be relatively minor revisions to the budget and budget headings prior to consideration by the full Authority.
- **Approve and recommend** the Draft Budget 2024/25 to the full Authority at their next meeting on 13 December 2023.
- **Approve and recommend** the Levies for 2024/25 to the full Authority at their next meeting on 13 December 2023.
- **Approve** the Forecast for the following 4 years to 2028/29 for presentation to the full Authority at their next meeting on 13 December 2023.

Background

It is a requirement of the Authority's Constitution and Standing Orders (Financial Regulations) that detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared as directed each year by the Responsible Finance Officer (RFO). Proposals in respect of revenue services and capital projects in a rolling five-year forecast shall also be prepared as directed each year by the RFO.

It is the responsibility of the Finance and HR Sub-Committee to review the estimates and make a recommendation to the Authority not later than the end of December in each year on the precept to be levied for the ensuing financial year.

Report

It is noteworthy that this is the first budget that has been prepared by the RFO and officers in conjunction with the Authority's new accountant, whereas previously it would have been prepared by the Head of Finance & HR. As a consequence the process can be described as being 'under development' and it is likely that some amendments will be made prior to the final draft being put before the full Authority in December

2023. In particular it is intended to undertake a review of budget headings to address anomalies to provide clarity.

It should be noted that the introduction of new vessels means that there is not a firm evidence base upon which to project likely costs, so a degree of professional judgement is involved.

Development of the draft Estimates of Expenditure for the financial year 2024/2025 was informed by the annual meeting between officers and the Finance Directors, or their nominated representatives, held on 5 October 2023. At this meeting it was agreed that a 3% inflationary uplift on the general levy and the previously agreed annual uplift of 3% on the contribution to asset replacement was considered acceptable by each of the three funding county councils. The 3% uplift on the general levy is slightly higher than the previously agreed annual uplift of 2% but reflects a cut in real terms given that inflation rates are currently at least double the percentage increase.

As a consequence of this and pending potential changes in assets and staff structures it is proving difficult to provide a balanced budget and it may be necessary to draw upon reserves at year end. This is mitigated by the availability of additional revenue funding for last year received from Defra and placed in an Operational Reserve as covered at agenda item 7 (Q2 Management Accounts), the inclusion of a contingency fund of £40k and the relatively healthy state of reserves, which benefit from annual contributions from funding authorities for asset replacement. The latter can be viewed in the context that the replacement of the Authority's largest vessel is nearing completion and the planned procurement of a 'potting vessel' to replace FPV *John Allen* is likely to attract virtually full funding from Defra.

Draft estimates of expenditure for the financial year 2023-24 against budget and income are summarised under the main budget headings in Table 1. It should be noted that projections are based upon Quarter 2 expenditure being doubled to reflect the year, which doesn't necessarily reflect accurately the spend profile under various budget headings or account for one-off expenditure such as insurance policies. The final column in Table 1 shows the 2024-25 draft budget for expenditure under the main budget headings and anticipated income. More detailed expenditure for both 2023-24 and 2024-25 is shown in Table 2.

Assumptions

An amount described as Defra Base Funding (New Burdens Funding) has been included for 2024-25 and in the projections for subsequent years. Whilst future Government spending reviews might re-consider this funding it has long been argued by the IFCAs, and to date accepted by Defra, that the 'New Burdens' were a permanent addition of responsibility and that the funding should continue permanently. Additional funding for specific work streams has been confirmed for 2023/24 and is indicative (i.e. subject to confirmation) for 2024/25 and is included in the Draft Budget for next year. It is anticipated that the next spending review will consider whether similar funding should continue and it is likely that the Association of IFCAs will coordinate a bid for consideration at the time.

Table 1.

EXPENDITURE	2023/2024 Budget £	2023/2024 Projection £	2024/2025 Draft Budget £
Salaries & Wages	1,217,500	1,206,279	1,356,370
General Expenditure	230,000	268,522	288,291
Departmental Op Costs	40,250	35,000	40,500
Vessels	118,000	129,000	140,500
Vehicles	41,500	44,210	45,840
Contingency	40,000	0	40,000
TOTAL	1,687,250	1,723,011	1,911,501
INCOME			
Other income	85,000	41,830	112,000
Levies	1,122,700	1,122,700	1,156,380
Defra core funding	394,145	394,145	394,145
Defra workstream funding	150,000	150,000	150,000
TOTAL	1,751,845	1,708,675	1,812,525
SURPLUS / (SHORTFALL)	64,595	(14,366)	(98,976)

Notes on Expenditure and other income

Members may find the notes below helpful in relation to tables 1 and 2.

Salaries & Wages	
2023/2024 projection £11,221	2024/25 Draft Budget £138,870
The original budget estimate appears to have been insufficient had all posts been occupied all year but vacancies throughout the year are likely to result in a slight underspend. Projection based upon LGA pay rise being implemented.	All posts filled and accounted for with an estimated 3% cost of living pay rise. Includes provision for retention of third executive officer post.

General Expenditure	
2023/2024 Projection (£38,522)	2024/2025 Draft Budget £58,291
Higher expenditure than projected in rent (increased), electricity charges, legal and professional fees and uniform/equipment.	Outsourced payroll, accountancy, and HR support and inflationary increases.

Departmental Operational Costs	
2023/2024 Projection £5,250	2024/2025 Draft Budget £250
Likely underspend	Slight increase to reflect media expenditure

Vessels	
2023/2024 Projection (£11,000)	2024/2025 Draft Budget £22,500
Increased insurance and certification costs associated with new vessels	Introduction of two new vessels will result in fuel, maintenance and insurances increase partially offset by refit savings following disposal of RV <i>Three Counties</i>

Vehicles	
2023/2024 Projection (£2,710)	2024/2025 Draft Budget £4,340
Increases in insurance and vehicle tracking	Reflects inflationary costs

Income	
2023/2024 Projection (£43,170)	2024/2025 Draft Budget £27,000
WFO fees not realised due to expiry of the regulating order and delayed implementation of the new byelaw.	Inclusion of permit fees associated with the new Wash Cockle and Mussel Byelaw 2021 and the implementation of the Shrimp Permit Byelaw 2018

Inflation Contingency

An inflation contingency of £40,000 was included in the 2023/24 budget and is also included in the 2024-25 Draft Budget with a further £20,000 in the 2026/27 estimate.

Levies

As agreed with the County Councils' finance representatives, levies have been increased by 3% for 2024/25. The Levies on the constituent County Councils including the 3% increase and asset replacement funding for 2024/2025 are as follows:

	Norfolk County Council 38.5% £	Suffolk County Council 28.9% £	Lincolnshire County Council 32.6% £
County Council Levies	445,205	334,19	376,982
Asset replacement	66,948	50,255	56,689
Defra Funding (base)	151,746	113,908	128,491
Total Levy	663,901	498,357	562,160
Defra Workstream Funding*	150,000		

*Funding for MPA Management, Licensing/Consents/Permitting and Fisheries Management Plans. The current expectation is £50,000 per workstream with 2024-25 being the last of the three years for which this funding was approved.

Reserves

Although reserves are healthy the cost of the replacement of RV Three Counties is valued at c.£1.7million, with circa £1.3m in stage payments having been made. The reduced reserves will be further augmented by annual asset replacement contributions from the three funding Authorities. The amounts held in EIFCA's ear-marked reserves are based upon the figures as of 30 September 2023, with the additions identified in the paper for agenda item 7, and are set out below:

	£
Operational Reserve	100,000
ICT fund	10,000
Fixed Penalty Fund	22,500
Legal and Enforcement Fund	75,000
Office Improvement Fund	10,000
Moorings Fund	150,000
Research Fund	62,251
Vehicle Renewals	60,000
Environment Grants – called Defra grant last year	18,292
Vessel Replacement Fund	1,448,562
Wash Fishery Order Fund	85,429
ICT fund	10,000
TOTAL	2,052,034
<i>IVMS National Fund - held for national projects on behalf of all IFCA's so not available to Eastern IFCA.</i>	221,000

Table 2**Estimates of Expenditure 2023/2024 and Draft Budget**

	2023/2024 Budget	2023/2024 projection	2024/2025 Draft budget
<u>STAFF COSTS</u>			
Salaries	914,000	916,897	1,027,156
Pension	214,500	208,655	231,557
Employers NI	89,000	80,727	97,657
TOTAL	1,217,500	1,206,279	1,356,370
<u>GENERAL EXPENDITURE</u>			
Accommodation			
Rent	37,500	44,198	45,524
Rates	16,750	16,305	16,794
Electricity	6,000	10,000	10,500
Water	800	800	824
Service charges	3,750	4,000	4,120
Insurance unit A	1,250	1,250	1,288
Cleaning	1,000	1,000	1,030
Maintenance & redecoration	7,500	7,500	7,725
Insurance office & General	9,650	10,569	10,886
TOTAL	84,200	95,622	98,691
General establishment			
Advertising & Subscriptions	19,000	23,000	23,000
Recruitment	1,000	1,000	1,000
Legal & Professional fees	22,000	33,000	37,000
Telephones	7,500	16,000	16,000
Postage & Stationery	8,500	8,700	8,700
IT Support	35,000	35,200	37,800
Uniforms & Protective Clothing	8,000	16,000	8,400
Medical costs	1,800	1,200	1,200
Sundry costs (inc meeting costs)	2,500	5,000	5,000
TOTAL	105,300	139,100	138,100
Officers Travel & Subsistence			
General Travel – Fares, Taxis etc	5,000	5,000	5,000
Subsistence Payments	2,000	3,000	3,000
Overnight Subsistence	2,000	2,000	2,000
Hotel – Accommodation & Meals	5,000	7,300	5,000
TOTAL	14,000	17,300	15,000

Members expenses		1,500	1,500	1,500
Training		25,000	15,000	35,000
GENERAL EXPENDITURE	TOTAL	230,000	268,522	288,291
<u>OPERATIONAL COSTS</u>				
Media		750	1,500	1,000
Marine Science		18,000	12,000	18,000
Marine Protection		21,500	21,500	21,500
	TOTAL	40,250	35,000	40,500
<u>VESSELS</u>				
Mooring & Harbour Dues				
Rent - Sutton Bridge Moorings		-	-	-
Maintenance		500	500	500
Berthing & Harbour Dues		6,000	6,000	6,000
	TOTAL	6,500	6,500	6,500
Research Vessel				
Three Counties / P4				
Maintenance & Repairs		10,000	10,000	10,000
Refit		25,000	25,000	12,000
Insurance & certification (all vessels)		24,000	35,000	42,000
Fuel (all vessels)		27,500	27,500	40,000
	TOTAL	86,500	97,500	104,000
Enforcement Vessels - Ribs				
Maintenance & Repairs	TOTAL	25,000	25,000	30,000
VESSELS TOTAL	TOTAL	118,000	129,000	140,500
<u>VEHICLES</u>				
Insurance		13,000	14,370	16,000
Fuel & Sundries		23,000	23,000	23,000
Servicing		4,500	4,500	4,500
Vehicle tracking		1,000	2,340	2,340
	TOTAL	41,500	44,210	45,840
Contingency		40,000	40,000	40,000
<u>EXPENDITURE TOTAL</u>		1,687,250	1,723,011	1,911,501

Forecast to March 2029

The inflationary uplift in levies for 2024-25 is 3% on the previous year. Prior to this the agreement with funding authorities was for a 2% annual inflationary uplift and reversion to this agreement is assumed for the purposes of the projection. Similarly, 2% inflation on all expenditure is assumed based upon current Bank of England projections that their target of 2% inflation will be achieved by the first part of 2025.¹

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>
Income					
Levies	1,156,380	1,191,071	1,226,804	1,263,608	1,301,516
Defra Funding	544,145	394,145	394,145	394,145	394,145
Other	112,000	112,000	112,000	112,000	112,000
Total Income	1,812,525	1,697,216	1,732,949	1,769,753	1,807,661
Expenditure					
Staff cost	1,356,370	1,383,497	1,411,167	1,439,391	1,468,179
Administration	278,291	283,857	289,534	295,325	301,231
Operations	40,500	41,310	42,136	42,979	43,839
Vessels	140,500	143,310	146,176	149,100	152,082
Vehicles	45,840	46,757	47,692	48,646	49,619
Contingency	40,000	40,800	41,616	42,448	43,297
Total	1,911,501	1,939,531	1,978,322	2,017,888	2,058,246
Surplus/(Shortfall)	(98,976)	(242,315)	(245,373)	(248,135)	(250,585)

Forecasted Movement in Reserves to March 2029

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>
Opening	1,937,034	1,631,861	1,676,777	1,075,886	974,995	876,876
Revenue	370,000*	0	0	0	0	0
Asset rep	168,827	173,892	179,109	184,482	190,016	195,716
Utilised	(844,000)	(128,976)	(780,000)	(285,373)	(288,135)	(290,585)
Balance	1,631,861	1,676,777	1,075,886	974,995	876,876	782,007

*Includes £100k Defra revenue funding & £45k Defra vessel funding received and £225k Defra vessel funding anticipated

The projected expenditure from reserves includes the following:

- 2023-24 – ‘utilised’ includes final stage payments for *FPV Protector IV*, procurement of a ‘potting vessel’ replacement for *FPV John Allen*, the tender for *FPV Protector IV*, replacement vehicles and covering the projected insufficiency of the revenue budget.
- 2024 to 2029 ‘utilised’ includes addressing the projected insufficiency of the revenue budgets and £40k per year on vehicle replacement (likely to be an over-estimate).
- 2025-26 – ‘utilised’ additionally includes projected replacement of *FPV Sebastian Terelinck*. It is possible that a major refit may be undertaken instead, or a smaller cabin RIB procured with outboard motors, both of which would likely notably reduce expenditure.

¹[When will inflation in the UK come down? | Bank of England](#) 01/11/2023

The projection does not include revenue from the projected sale of *RV Three Counties* or vehicles.

Background documents

Eastern IFCA Constitution and Standing Orders

Vision

The Eastern Inshore Fisheries and Conservation Authority will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.



Information Item 9

Finance and HR Sub-Committee Meeting

07 November 2023

Asset disposal (vehicles)

Report by: Jon Butler (Head of Operations)

Purpose of Report

The purpose of this report is to seek approval from members to dispose of vehicle assets

Recommendations

It is recommended that members:

Note the contents of the report.

Approve disposal of vehicle assets in line with the Authority's Constitution and Standing Orders

Background

It was highlighted in the Authority's annual audit by Norfolk County Council that vehicle assets had been disposed of otherwise than in accordance with the Constitution and Standing Orders. The observation was made on the basis it is stated in Chapter 5 Section 13.2 'No asset exceeding the £10,000 de-minimis level recommended by District Audit shall be sold, leased or otherwise disposed of without the authority of the Finance & HR sub-committee'.

The value of vehicles within our fleet is published in the Annual Report but the value reported is the new vehicle replacement cost based on the original purchase price ex VAT and not the current market value. Moving forward the value reported will be current market value thus including depreciation.

Report

The Authority had previously adopted a 7-year rolling replacement of its vehicle fleet all of which are purchased outright. Disposal has either been via private sales or through vehicle purchasing companies such as 'We buy any car.' Sales prices have been influenced by this source to achieve reasonable market value. Disposal after 7 years is considered suitable as most vehicle warranties have expired and it is noticeable that costs for maintenance and servicing increase when vehicles reach this age.

Officers are seeking agreement from members to dispose of the following vehicles over the next 12 months and consider suitable replacements where required for which a vehicle reserve is budgeted for.

Vehicle details	Entered Service	Replacement Date	Estimated Replacement Cost
Ford Tuorneo bus	2016	2023	£18,000
Skoda Yeti 2.0 TDi	2017	2024	£18,000
Skoda Yeti 2.0 TDi	2017	2024	£16,000
Skoda Fabia	2017	2024	£11,000
Isuzu DMax Eiger	2015	2022	£20,000

Financial Implications

We currently have £60,000 budget in reserves for vehicle replacement and the amount available would be supplemented by any monies received from the sale of vehicles. It is not envisaged all vehicle would be replaced this financial year, but disposal and replacement would occur over two financial years.

Legal Implications

None

Appendices

None

Background Documents

None