



Finance & General Purposes Sub- Committee Meeting

Draft Minutes from 7th
December 2020

Version 0.1

Version Control and Drafting

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Minutes of the Finance and General Purposes Sub-Committee Meeting
Held virtually on 7th December 2020 on Zoom

Present:

Chair: Professor Mike Williams

Councillors: Rufus Gilbert, Stuart Hughes (Devon), Terry Napper (Somerset)

General Members: James Marsden, Rachel Irish

Devon County Finance Team: Angela Stirland, Jess Maunder

D&S IFCA: Mat Mander (Chief Officer), Sarah Clark (Deputy Chief Officer),
Neil Townsend (Principal Policy Officer), Olga Pepper (Finance & Administration Manager).

Public: None

1. Election of Chair

Chief Officer (CO) Mander briefly welcomed everyone to the meeting. All members were invited to volunteer themselves or nominate others for the role of Chair. Members determined that they would prefer the current Chair, Professor Mike Williams, to continue with this role. Professor Mike Williams thanked members for their support and confirmed that he would accept the role of Chair.

That Professor Mike Williams is to continue in the role of Chair for the Finance and General Purposes Sub-Committee.

Proposed: **Cllr Gilbert** **Seconded: Cllr Napper**

To save time, it was suggested that all non-contentious items would be taken as all in favour unless anyone wished to vote against or abstain.

In favour: **All**

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2. Welcome & Apologies for Absence

The re-appointed Chair now formally welcomed members to the virtual meeting and thanked them for their attendance. It was noted no public were present at the meeting. The Chair asked Finance and Administration Manager (F&AM) Olga Pepper to read out the list of apologies that she had received prior to the meeting which were as follows:

Cllr Pam Buchan (Plymouth City Council), Cllr Jonathan Hawkins (Devon County Council) and Simon Toms.

Cllr Hughes, who had been in contact with Simon Pollentine recently, explained to members that he had been under the impression that his membership term for D&S IFCA had expired. If this was not the case, Simon Pollentine would still prefer to be replaced as a Marine Management Organisation (MMO) appointed member. The Chair commented that membership had been extended; however, if Simon Pollentine wished to resign then it would be beneficial to receive this notice in writing. The MMO would then be notified and add this vacancy to the recruitment process. Cllr Hughes said that he would inform Simon Pollentine of the suggested course of action.

3. Declarations of Interest

Before the main proceedings, the Chair asked if there were any declarations of interest. Cllr Napper explained that due to the nature of discussions relating to the financial interests of his local Authority, this would be his declaration of interest. The Chair recognised this issue and commented that it would obviously be the same for all attending Councillors. This was accepted as being inevitable but would not exclude members from discussing and voting on the issues at hand. Other than this conflict of interests, no specific declarations of interest were highlighted.

CO Mander commented that although no requests were made from the public to attend (log on to) this meeting, it was still considered to be a public meeting. Unless the content was determined to be a Part II discussion, with implementation of the required procedure to exclude the public from proceedings, the advice from DCC is that the meeting papers and subsequent minutes of the meeting should be available to the public in full. This was recognised and accepted by members.

4. Election of Vice Chair

The Chair explained that although it was unlikely that the role would be overly burdensome for another member, preferably he would like the position filled. Cllr Gilbert suggested that Cllr Napper would be his preferred choice. Cllr Napper commented that it may be advantageous for a general member to take up this position. Due to a lack of general members at the meeting, Cllr Napper suggested that the decision be deferred to the Authority meeting scheduled for 17th December 2020. CO Mander suggested that a decision at this F&GPSC meeting would reduce additional discussion at the Authority meeting and unless unavoidable the correct process would be for the F&GPSC to elect their own Chair and Vice-Chair. Cllr Napper therefore said he would take up this responsibility subject to the vote that followed.

That Cllr Terry Napper takes the role of Vice-Chair for the F&GPSC.

Proposed: Cllr Gilbert **Seconded:** Rachel Irish

It was suggested that it would be taken as all in favour unless anyone wished to vote against or abstain.

In favour: All

5. Minutes of the F&GPSC Meeting held on 14th November 2019

The minutes from 14th November 2019 were examined page by page. Some suggested single word changes on pages two and three were highlighted by the Chair and noted by Officers. James Marsden commented that he would abstain from the vote for accuracy as he had not been present at this meeting.

That the minutes (as amended) from 14th November 2019 are a true and accurate record.

Proposed: Cllr Gilbert **Seconded:** Cllr Hughes

In favour: 5

Abstain: 1

James Marsden commented that there was no agenda item for “matters arising” from the minutes. CO Mander explained that it was not an omission; rather it reflects advice from DCC that matters arising should be tabled in advance of the meeting, so the opportunity exists for them to become agenda items. James

Marsden acknowledged the protocol and explained that the points he wished to raise also relate to agenda items 6a and 6b, so would raise them at this time instead.

6. Budget Setting 2021-2022

CO Mander explained that this agenda item consisted of two separate, but related papers as follows:

- a) Officers' report
- b) DCC prepared report

CO Mander began by providing an overview of the Officers' report and explained that for clarity during the discussions, and to discuss the financial impacts, the budget had been defined as consisting of three separate elements:

- Revenue – generated by levying the Local Authorities (including New Burdens Funding)
- Reserves – a reviewed reserves policy will be provided to the Full Authority at the December meeting.
- External funding and partnership work

CO Mander said that the current and future financial difficulties faced by Local and Central Government are recognised and that report 6a reflects the initial view of the Local Authorities that anything other than a £740K revenue budget would not be supported. That said, the officers' report was intended to provide an overview of the impacts and risks associated with setting a revenue budget at a standstill level of £740K for 2021-22.

In terms of process, CO Mander highlighted that members could examine both reports, discuss the issues and consider the recommendations set out within report 6a. CO Mander informed members that officers were aware that elements of the current paper could be strengthened. It was envisaged that F&GPSC discussions (*and requested actions*) would inform the content and level of detail in a subsequent officers' paper that would be provided at the Authority meeting scheduled for 17th December 2020. It would be at this meeting where a decision would be taken regarding the setting of a revenue budget.

CO Mander reported that during its entire history D&S IFCA had faced financial difficulty. A revenue budget set at £740K is a real term cut. This level is insufficient to fund even a 1% increase in staff salaries which can now only be achieved by identifying additional cuts, or asset reduction. CO Mander highlighted that staff resignation and subsequent recruitment was becoming far more frequent and this distorts budgetary headline figures. CO Mander asked that members recognise the following key points from the officers' report:

- The suggested revenue budget is only £4000 more than the amount secured in 2011-12
- Current resourcing is not adequate to complete tasks set out in Annual Plans
- D&S IFCA has approximately half the number of staff that it should have in Defra's assessments
- The Defra commissioned IFCA evaluation report will show that D&S IFCA remains as a significant outlier in terms of its funding and workforce compared to other IFCAs
- Asset reduction and a lack of investment has been evident since D&S IFCA was created
- A £740K revenue budget means that D&S IFCA must change its approach to research work
- Using general reserves is not a solution in the medium to long term
- A stand still revenue budget will potentially lead to staff redundancy over time.

CO Mander explained that there were no more efficiencies to find. Regarding D&S IFCA's operational budget, CO Mander wanted to raise an inaccuracy in the officers' report and clarified that it had not fallen by 86% as stated. Angela Stirland informed members that it had fallen by 63% from £107,600 down to £40,000. The revenue budget of £740K is based on the forecast that boat operating costs will be reduced in 2021-22 to £25,100. The reduction in operational expenditure to date has been achieved by changing the Authority's approach to enforcement. CO Mander informed members that it will now be necessary to change the Authority's approach to research and explained that the survey vessel Black Jack would not be used at all in 2021-22 and it is recommended that the vessel is sold. The Chair thanked CO Mander for the overview of the reports and asked members for comments and questions.

James Marsden thanked officers for the reports and as summary papers for the F&GPSC he felt they contained the sufficient level of detail. Regarding decision making at the Authority meeting scheduled for 17th December, this was not the case. James Marsden asked the DCC Finance team (Angela Stirland & Jess Maunder) a series of questions with a view to them becoming actions. A request was made for more detail regarding the impact of inflation (*RPI but changed in discussions with Angela Stirland to CPI*) on a base figure of £740K since vesting. James Marsden said that the Authority must know the extent of this impact in today's climate as compared to almost ten years ago. A second point was the potential to model this projection forward using an appropriate inflation rate over the next four to five years. The projection will help inform what level of financial assistance will be required from the reserves and highlight when available funds will diminish to the point where staff redundancy will arise. James Marsden ended his questioning by stating that he and all Authority members have duty of care for all staff and stated that he would not support a revenue budget of £740 as a recommendation to the Authority as it was not acceptable to be effectively planning for staff redundancy.

The Chair thanked James Marsden and asked Angela Stirland if the suggested actions raised by James Marsden were possible for presentation to Authority members on 17th December 2020. Angela Stirland confirmed that she (and Jess Maunder) would do all they can to prepare the information for presentation and this was noted as actions.

Actions

1	DCC Finance Team	To prepare information relating to the impact of CPI on a base level of £740K as set in 2010/2011 (IFCA vesting)
2	DCC Finance Team	To prepare information relating to the impact of CPI on a stand still revenue budget of £740K projected over the next 4 to 5 years.

CO Mander informed members that although the agenda suggested that each report (6a and 6b) were separate discussion items, it would be beneficial to study both reports before proceeding to the recommendations set out in report 6a. The Chair agreed and invited more questions and comments related to both papers.

Cllr Gilbert commented that financial difficulties exist across all Local Government Authorities and D&S IFCA must live within its means. For this reason, he would not support anything other than the recommendation to set a revenue budget of £740k. Cllr Napper echoed the comments of Cllr Gilbert and explained that whilst he recognised the funding crisis for D&S IFCA, for Local Authorities it becomes an issue with prioritising limited resources. Schools and offering support to those impacted by Covid-19 are unfortunately more of a priority.

The Chair asked both Angela Stirland and Jess Maunder to guide members through the detail regarding the DCC Budget Report (6b). Angela Stirland took the lead and explained that the report had been prepared knowing that no Local Authorities would have the appetite for any increases in revenue budget. Each section and the Annex were explained in detail before the Chair invited questions and comments.

Cllr Napper enquired about past court costs and how expensive it is to prosecute. Angela Stirland explained that it is hard to predict overall costs associated with court action and in the past, this has varied from £17K to around £60K for high court cases. Angela Stirland provided an average cost of £24,000 to £30,000. Fines go to the treasury and this is commonplace amongst prosecuting authorities. Cllr Napper commented that in this case there is not an incentive to prosecute. CO Mander commented that D&S IFCA seeks reimbursement of legal fees, which can take time to accumulate. Regarding the requirement to prosecute, when appropriate, it was explained that this is the duty of D&S IFCA.

James Marsden commented on new burdens funding as set out in part 3 of the DCC report. CO Mander confirmed that the variances evident in the table (3) are one of many complications that exist regarding D&S IFCA's finances. It was explained that all Local Authorities have benefitted from the funding model now employed and excluding those in the Severn area of the District, are contributing approximately £150K less than they would have to support the predecessor organisation, Devon Sea Fisheries.

James Marsden insisted that "the operational cost" for D&S IFCA should be made explicit to all members and the public and requested for this to "be noted on the record and in the minutes". James Marsden stated he did not accept the risks as set out in the paper and the officer paper prepared for the Authority meeting on 17th December needs to reflect this and include legal risks as well as those relating to the threat of redundancies. Angela Stirland agreed to provide additional detail to inform members on the 17th of December. Regarding presentation of an officers' paper at the next Authority meeting, CO Mander explained that it was his intention that the paper or report would be a factual and balanced account of the funding crisis.

James Marsden made it clear that he wished to make an amendment to the first proposal in the Officers' Paper (6a recommendation to set a £740K revenue budget) based around some key considerations. James Marsden once again highlighted risks associated with redundancy and failing to meet statutory duties. With clear signs that any amendments would not be accepted by the Councillors present at the meeting, James Marsden withdrew his intention to offer wording to form an amended proposal but warned others that they may be held accountable for their decision making. Cllr Rufus suggested that the first recommendation be put to the vote and proposed the motion as follows:

That a revenue budget of £740,000 is recommended to the Full Authority.

Proposed: Cllr Gilbert Seconded: Cllr Hughes

In favour: 5

Against: 1

Research Vessel Black Jack – Sale of Vessel

Having considered the information presented a motion was put to the vote as follows:

That the sale of SV Black Jack is recommended to the Full Authority.

Proposed: Cllr Gilbert Seconded: Cllr Napper

In favour: All

Matters Arising from Minutes

James Marsden explained that this was now the opportunity for him to raise some issues relating to the minutes from the November 2019 F&GPSC meeting. It was his view that members should reflect on those minutes and ask Defra for an update on their position regarding IFCA funding. Ideally this update can then inform Authority members at the forthcoming meeting on 17th December 2020. It was the view of James Marsden that some members may be under the impression that Defra will solve D&S IFCA's funding issues within the next 2-3 years. In his experience this will be unlikely, and it is further complicated as it will involve two separate Government Departments. Without intervention James Marsden expressed his concerns about where this will leave D&S IFCA. The Chair reported that he could provide an update immediately; however, the answers may not be satisfactory to all. The Chair reported that Defra are not available for discussion with him at this time due to Brexit; however, the AIFCA have also approached Defra and have a meeting set for 8th December. The Chair explained that the outcome of this meeting will be reported at the next Authority meeting and in addition; he had not lost sight of his intention to write to the Secretary of State. Regardless of AIFCA involvement, the Chair reassured James Marsden, that he will be raising D&S IFCA's funding issues independently if required. In response to other questions regarding new burdens funding, CO Mander was able to clarify that this had not increased in line with inflation. CO Mander further explained that at this time it was unknown how successful the bid has been within the Spending Review.

Governance Working Group

Members were informed about the purpose of the Governance Working Group (GWG) with longer term aims to develop a five-year strategy for the organisation. More immediate aims including producing a Reserves Policy (to clarify accessible available reserves) and to establish Schemes of Delegation (to authorise spending). James Marsden, a member of the GWG, explained that a CO with authority to use no more than £5K independently of Authority approval is not an acceptable position for the 21st century and not in keeping with the aims and needs of a five-year strategy. A vote was taken to demonstrate support for the GWG as follows:

That the F&GPSC support the work of the Governance Working Group set out in this report.

Proposed: *Cllr Gilbert* **Seconded:** *Cllr Hughes*

In favour: *All*

7. 2020-2021 Budget Monitoring Report (Month Seven)

Angela Stirland presented this report and explained the details behind each budget line. It was reported that the General Reserves had increased by £24K to £556,966. Cllr Gilbert asked why the reserves were so high. Angela Stirland explained that approximately £500K of the reserves had been gifted by the predecessor organisation Devon Sea Fisheries Committee. Angela Stirland reported that the underspend of £24,800 was mostly due to the Covid 19 pandemic which influenced expenditure on support services. Court cases were on hold, and other savings had been made in the cost of travel and the reduced vessel fuel usage. The appointment of a Chief Officer and Enforcement costs due to a transition to a different IVMS hub also impacted the budget lines. James Marsden asked Angela Stirland to state that the definite reason for the underspend is the Covid -19 pandemic during her presentation on the 17th of December. Angela Stirland agreed.

CO Mander informed members that underspends are typically due to staffing issues. Members were informed that following a resignation earlier in 2020 by an Enforcement Officer, Yolanda Barnes had been recruited but unfortunately another Enforcement Officer, Kelly Hobson had now offered her resignation. A recruitment process will now be followed; however, this does leave D&S IFCA short of staff and impacts on budget headlines. CO Mander and the Chair added that Kelly Hobson was ex-police, had a lot of experience, and would be difficult to replace. James Marsden again raised his concerns about a duty of care to staff. He insisted that the increasing pressures on staff, across the whole organisation, coupled with D&S IFCA's exposure to the risks associated with staff retention and expectations on work delivery be made clear to the Authority in December 2020.

Close of Meeting

As the Chair brought the meeting to a close, Cllr Napper informed members that he would not be able to attend the Authority meeting on 17th December 2020. His apologies were noted by officers. The Chair thanked everyone for their attendance and the meeting was ended.

End.

DRAFT