

D&SIFCA FY 2022/23 Revenue Budget Summary Report

1. Purpose of the Report

This report is intended to provide a summary of the background to the D&S IFCA's Revenue Budget setting for FY 2022/23.

The report considers the Revenue Budget proposal of £827,700 for FY 2022/23; which requires a 3% increase in levy and provisional use of £65,500 from General Reserves.

2 Background

Discussions with Defra have revealed that they have no current intentions to review the percentage contributions of Local Authorities to the Revenue Budget of D&S IFCA that are set out in the Devon and Severn Inshore Fisheries and Conservation Order 2010.

Further discussions with Defra are ongoing to identify if New Burdens Funding can be increased or another funding mechanism is available to support D&S IFCA. The Association of IFCAs submitted a paper to Defra ahead of the Spending Review 21 in which it identified reasons for increasing annual New Burdens Funding support from £3.3M to £6M. In the Autumn Budget, the Chancellor announced that all Government Departments would see an increase in their budgets over the next three years and it is hoped that this translates to an overall increase in the funding available to IFCAs. In order for D&S IFCA to benefit from any increase, Defra would need to review how it allocates New Burdens Funding to D&S IFCA's funding Local Authorities.

It is important to note that the Revenue Budget proposals for FY2022/23 use the same level of New Burdens Funding that has been provided to D&S IFCA since FY2010/11. Defra has indicated that a decision on the level of New Burdens Funding over the next three years will be announced in January 2022.

Officers' understanding is that New Burdens Funding was to meet two Government Principles;

- 1st Principle - New Burdens Funding would cover all 'New' Local Authorities' Revenue Budget contributions.
- 2nd Principle - New Burdens Funding would support D&S IFCA's delivery of new national duties arising from the Marine and Coastal Access Act 2009.

D&S IFCA is comprised of three Devon Local Authorities and five 'New' Local Authorities. The number and size of the New Local Authorities is not replicated across any of the other IFCAs. Consequently, almost all of the New Burdens Funding allocated to D&S IFCA is used to meet Principle 1 and only approximately 2% of the allocated New Burdens Funding is available to meet Principle 2. New Burdens Funding for Principle 2 amongst other mainland IFCAs is between 20% and 30%.

Defra has now published its report 'Evaluation of the Inshore Fisheries and Conservation Authorities' 18th May 2021. The Chief Officer believes that the report highlights that D&S IFCA is a significant outlier relative to other eight mainland IFCAs on most key metrics including funding. The data used in the report are from FY2017/18. Since then, the financial gap between the other mainland IFCAs and D&S IFCA has widened. For example, the total Revenue Budget for Eastern IFCA (third largest by District) for FY2021/22 was £1,713,086 -

£973,086 more than D&S IFCA's (largest IFCA by District) Revenue Budget of £740,000. In 2017/18 the financial gap between Eastern IFCA (£1,391,070) and D&S IFCA (£716,900) was £674,170.

To meet the Revenue Budgets since 2010 significant changes in the way D&S IFCA operates have been necessary including selling the main patrol vessel, selling the research vessel, and making a senior Officer post redundant. It means that D&S IFCA has the smallest number (2) and the smallest size of vessels (7.8m) and continues to have the lowest number of employees (12) across all mainland IFCAs.

As agreed by Members at the Quarterly meeting, held on 16th September 2021, the Chair wrote to all the funding Local Authorities (Members and Officers) requesting that each Local Authority indicated what level of financial support could be made available to D&S IFCA for the next financial year (2022-2023). Despite reminding the Local Authorities, only three out of eight responded. Devon County Council indicated that they would be able to support an increase of 3% to the current Revenue Budget of £740,000 whilst Gloucestershire County Council and South Gloucestershire Council reported that they did not support any increase in the Revenue Budget.

D&S IFCA's main Statutory duties are set out in Sections 153 and 154 of the Marine and Coastal Access Act. D&S IFCA continues to innovate and explore better ways to monitor and manage marine fisheries and protect the marine environment.

Despite this, D&S IFCA Officers had prepared a summary, Annex A, that was forwarded to Defra on 21st October 2021 that identified the Statutory duties Officers believe:

- a) can be delivered,
- b) can be partially delivered, and
- c) will not be delivered

Annex A was based on the presumption of an inflation only increase (3%) in the revenue budget (£762,200) which would have meant operating at the same staffing level next year. Section 4 of this report sets out how the proposed increase in the budget to £827,700 would be used to improve D&S IFCA's delivery of its Statutory duties.

As with all other services provided by Local Authorities, the ability to deliver is fundamentally linked to available resources and Defra and the Local Authorities need to determine what level of delivery against D&S IFCA's Statutory duties is acceptable. This will be reflected in D&S IFCA's Annual Plan for 2022-23, which Members will approve in March 2022.

3 Revenue Budget of £827,700 for FY 2022/23

There was an expectation that the agreement of a standstill Revenue Budget of £740,000 for FY 2021/22 would provide a more constructive backdrop for discussions between Defra, the Department for Levelling-up Housing and Communities (DLUHC) (formerly Ministry of Housing, Community and Local Government (MHCLG)) and the funding Local Authorities during 2021, to properly address the financial crisis faced by D&S IFCA. From discussions to date with Defra officials, the Chair and the Chief Officer are unable to determine whether any meaningful progress has been made.

The Revenue Budget paper prepared by the Treasurer and the Chief Officer identifies how a budget of £827,700 can be achieved. It does require a 3% increase in the base budget to £762,200 and then utilises General Reserves of £65,500 to achieve the total Revenue Budget of £827,700.

Table 3 in the report (Agenda 9b) shows that if a 3% increase in the base budget was agreed, the 'New' Authorities would still receive a combined surplus of £47,059 of New Burdens Funding from Defra. Plymouth's and Torbay's contributions in monetary terms are modest with Devon County Council having to contribute the most.

4 Revenue Budget of £827,700 – Organisational Structure, Delivery and Risks

Although the Chief Officer's opinion is that the Revenue Budget of £827,700 is not sufficient to meet all of its Statutory duties, the proposed budget does allow increased staffing to better meet the pressures that it is facing. The Officers' paper – 'Organisational Restructuring', presented to the Full Authority meeting in September 2021, identified the necessary resources that are needed to deliver a fully functional organisation.

The Organisational Restructuring paper identified that D&S IFCA would need to secure increased funding in the region of £320,000 to operate effectively, including the retention of all current staff and the recruitment of five new full-time employees (3 Enforcement Officers and 2 Environment Officers). The total Revenue Budget would exceed £1M.

However, in the absence of additional support from Central Government, and the reluctance of Local Authorities to increase the levy, **it is the view of the Chief Officer that the proposed Revenue Budget of £827,700 represents the best that can potentially be achieved at this time.** The innovative approach to the proposed budget setting this year (by making greater use of General Reserves and adding to Volatile Risks) does not represent a medium or long-term solution, but it would provide Defra and the Local Authorities with a further 12 months to secure the appropriate level of funding for D&S IFCA.

Using the additional resources, the Chief Officer proposes that three additional permanent posts are created. Two additional Enforcement Officers would be recruited and a new position of Permitting and Marine Development Officer.

The two additional Enforcement Officers would increase the monitoring and enforcement capability by a third and would increase the ability to undertake more shore and sea patrols and inspections. Officers believe that this would improve D&S IFCA's ability to meet more of its Statutory duties as set out in Annex A, in respect of monitoring more of the recreational fishing activity and commercial shellfisheries in the District.

D&S IFCA was not successful in finding a suitable replacement for the Permitting Officer during the last recruitment phase. The Chief Officer believes that it may be easier to attract the right person by making the position a full-time post of Permitting and Marine Development Officer and combining the Permitting role with duties that cover marine licence applications and byelaw exemptions. The added responsibility for this mixed role, would be reflected in the salary offered for the role.

Officers believe that this additional recruitment would improve D&S IFCA's ability to meet more of its Statutory duties as set out in Annex A in regard to responding to marine licence applications and supporting sustainable development in the District.

The Volatile Budget Risks Register identifies that any increases in staff costs associated with the agreed Job Evaluation process could not be found within the proposed budget for 2022/23. It is identified that any increase in salaries recommended by the review does not necessarily need to be found, but if this approach was taken it would further damage morale and potentially make staff retention even more volatile as the risk suggests.

Background Papers

[Minutes of the Quarterly meeting held on 17th December 2020](#)

'Allocating New Burdens Funding to Inshore Fisheries and Conservation Authorities and their Funding Local Authorities' 2nd December 2010 Defra

'Evaluation of the Inshore Fisheries and Conservation Authorities' 18th May 2021.RPA ABP Mer report for Defra

[Agenda Item 8 \(September Authority Meeting\) – Organisational Restructuring](#)