

**Response to Defra following announcement of spending review 2019****(originally sent as an email on 21<sup>st</sup> August 2019)**

Hi Martina

Thank you for notifying D&SIFCA that HMT intend to have a more focused SR19, which is likely to lead to continuation of New Burdens funding to IFCAs at the current level for at least one more year. If funding support at the current level is the confirmed outcome of SR19 it may not be sufficient to enable D&SIFCA to fulfil its statutory duties or deal with the immediate financial crisis it will face in 2020/21.

The funding challenges faced by D&SIFCA have been referenced in two reports from the Environmental Audit Committee (*MPAs Revisited*, April 2017, para 77; and *Sustainable Seas*, January 2019, para 27), in Defra's 2014-2018 report into the Conduct and Operation of IFCAs (December 2018), and in Mr Eustice's letter dated 1<sup>st</sup> February 2019 to Mr John Flannigan of North Somerset Council.

I attach the financial paper that was presented to D&SIFCA members at the March 2019 Quarterly meeting. It shows that if the Authority returned to the same staffing structure it had in March 2018 before the Chief Officer went on secondment to Defra, the Authority's 2019/20 budget would need to increase by 12.9% or £93,400 (£78,920 total employment costs for CO).

As you will see from the attached metrics, D&SIFCA receives the smallest mainland IFCA budget but has the largest sea area to manage with the smallest staff resource among the mainland IFCAs. In effect D&SIFCA is being required to do the most work with the least resources. Although the budget forecasting report sets out a further scenario which would allow the Authority to operate with its current staffing structure, this is not sustainable, and officers are already being expected to operate beyond their current job descriptions and pay grades in order to try to achieve D&SIFCA's Annual plan commitments this year.

To emphasise the severity of the situation, D&SIFCA metrics and Defra's 2010 report calculating the funding requirements for IFCAs demonstrates that the current enforcement team of four officers falls way below the estimated 25 officers required. This underlines the shortfall in current funding levels.

It is also an immediate concern that D&SIFCA does not receive the maximum benefit of New Burdens funding because of the way Defra currently administers this money. In summary Defra allocated D&SIFCA £409,000 for 2019/20, but D&SIFCA only received £345,155 from those Local Authorities that received New Burdens money – a difference of £63,845. Included in D&SIFCA's submission to the Environment Audit Committee EAC in 2017 was a table (attached) that showed how much New Burdens money D&SIFCA had not received since 2011 – now updated to include 2018/19.

The fundamental problem with the current arrangements is that the LAs receiving New Burdens money do not receive the level of funding in line with their contributions set out in The Devon and Severn Inshore Fisheries and Conservation Order 2010. This means that if Bristol CC paid over all of the money it received from Defra, all the other LAs' contributions would have to increase in line with the requirement of the Order and would mean all of the other LAs receiving central funding would have to top up their contributions using local taxpayers' money for the first time. This situation would be inconceivable for all LAs. Whilst considering the budget for 2019/20 it was the position of the majority of LAs that an increase in D&SIFCA's budget was not acceptable.

The second issue is because the LAs continue to agree a budget (£724,000 for 2019/20), well below that identified in Defra's 2010 report and the first proposed budget £932,278 in 2010/11 (which was vetoed by LAs), the LAs are receiving more central funding support than they are required to pay to D&SIFCA, this equates to £63,845 set out above.

We acknowledge that part of the New Burdens money to LAs was intended to cover their administration and participation in scrutiny and oversight of D&SIFCA business, and we are aware that that some LAs represented on other IFCA's allocate and retain £5,000 of New Burdens money to cover these expenses. The level of engagement from the constituent LAs within D&SIFCA District is variable, with no representation from Bristol CC at any of the Authority's meetings since 2014.

D&SIFCA has offered a way forward but has never received a formal response. To address the very real prospect that D&SIFCA will not be able to set a budget for 2020/21 and would have to notify the Secretary of State that it could no longer fulfil its statutory functions D&SIFCA proposes that it would notify Defra, once the D&SIFCA budget is set, how much each LA would need to pay under the current Order. Defra would forward this amount plus an additional amount to cover administration costs of the LA. The remaining money (i.e. the difference between the allocation of central funding to D&SIFCA and that paid to the LAs) could be paid to Devon CC as the lead LA to fund the additional statutory duties that D&SIFCA is required to undertake. If this mechanism is not possible for any reason then alternatively D&SIFCA proposes that DEFRA pay the remaining money directly to D&SIFCA as a 'grant', DEFRA having previously paid monies to D&SIFCA in the form of a grant.

If Defra adopted either of these approaches, the additional money received by D&SIFCA would go some way to meeting the forecast deficit for 2020/21. However, without the required change in Defra's administration of central funding and a consequent increase in the overall funding that D&SIFCA receives, there is a real risk that the D&SIFCA will not be able to fulfil its statutory duties. It is for that reason, D&SIFCA will be requesting a meeting with the Minister to seek his support in delivering the necessary changes.

Regards

Mat

Mat Mander

Acting Chief Officer

Devon and Severn Inshore Fisheries and Conservation Authority