

D&S IFCA Funding Structure Review

Officers' Recommendation

That Members agree that the Chair writes to the Fisheries Minister to set out D&S IFCA's funding crisis and request urgent support.

Background

Much has been reported about the financial crisis that D&S IFCA faces. The funding formula for D&S IFCA is the root cause of the crisis. D&S IFCA's funding structure is set out in The Devon and Severn Inshore Fisheries and Conservation Order 2010 (the Order). Defra's also provides all IFCAs with varying amounts of New Burdens Funding in recognition of the additional duties that IFCAs were statutorily expected to deliver. Defra's administration of the New Burdens Funding for D&S IFCA has contributed further to D&S IFCA operating on the lowest Revenue Budget of the nine-mainland based IFCAs.

Since 2018, the Chair of D&S IFCA has worked intensively with the Chief Officer to address the funding crisis. The Chair notified the Secretary of State in March 2021 regarding the funding challenge faced by D&S IFCA. The Chair had subsequent correspondence with Minister Prentis in May 2021, and this led to the Chair and the Chief Officer engaging in further discussions with Defra.

Defra identified that making changes to the Order would be a medium to long term commitment and focussed initially on reviewing how Defra administered the New Burden Money to Local Authorities. This was in recognition that Defra has provided a surplus of New Burden Funding to the five Somerset and Severn Local Authorities every year since 2010/11. A total surplus of £47,059 will be provided to these Local Authorities in 2023/24. Unfortunately, after Defra made enquiries with other Departments, the Chair and Chief Officer understand that Defra is not able to address the payment of surplus New Burdens Money due to the funding not being ring fenced.

In September 2022, at Defra's request, D&S IFCA held a meeting with its funding Local Authorities to consider options for restructuring the funding of the organisation. The independent facilitator worked through the options for change proposed by the Chief Officer with the representatives of the Local Authorities. Despite constructive engagement, the Local Authorities' representatives could not reach agreement. Defra officials attended the meeting virtually as non-participatory observers and the Chief Officer provided Defra with a report of the meeting on 26th October 2022.

Latest developments

The Chair and the Chief Officer wrote to Defra on 4th April 2023 seeking an update on what actions Defra had taken since the meeting in September 2022. Defra was reminded that it had committed to engaging directly with the Local Authorities following the September meeting. The options paper, approved by Defra, including the following;

'Defra has requested that D&S IFCA, with its funding Local Authorities, explores options for a new funding formula and would prefer that change is achieved through this process. Defra has indicated that it recognises that change is required, and that Defra would introduce its own option if agreement cannot be achieved.'

On 19th May 2023, over two years since the Chair's letter to the Secretary of State, Defra wrote to the Chair to inform them that no meaningful progress had been made.

Defra explained that it had focused its limited resources on delivering project support to all IFCA's through funding available from the 2021 Spending Review.

The additional support that Defra highlighted to IFCA's, annual payments of £150,000 to IFCA's and to the Association of IFCA's for 2022/23 and 2023/24, was to enable them to deliver further key national workstreams. Unlike most IFCA's and the Association, D&S IFCA was not in a position to employ additional staff or allocate additional resource to deliver this work, because all additional funding was used to offset the deficit between the base budget and the operational Revenue Budget. D&S IFCA's existing staff will thus be expected to deliver these additional workstreams.

In effect the additional funding has bought Defra and the Local Authorities another 12 months to address the underlying funding issues. However, Defra's letter sets out that it intends to undertake informal engagement with the Local Authorities this summer and formal consultation would not start until 2024.

The Chair and the Chief Officer feel that far more urgency is needed by Defra to address the funding crisis that D&S IFCA is in. The Chair and Chief Officer believe that the Chair should write to the Fisheries Minister to raise the matter again and provide an update on the impact that the lack of progress in the last five years has meant to D&S IFCA and request that the Minister direct Defra officials to prioritise the delivery of the restructuring of D&S IFCA's finances.

Background Papers

Defra letter to the Chair, dated 19th May 2023

Chair letter to Defra, dated 4th April 2022

D&S IFCA summary report to Defra on the Local Authorities meeting on 30th September 2022.

End.