

D&SIFCA 2020/2021 Budget Report

1. Purpose of the Report

The report considers setting the 2020/21 budget at £740,000.

The report provides a summary of the background to the D&S IFCA budget setting and considers the steps necessary to build a sustainable future funding model that avoids the probability of D&SIFCA being unable to fulfil its statutory duties.

2. Proposed Budget of £740,000 for 2020/21

A £776,800 budget option was put to the F&GP meeting on 19th November 2019. Elected Members could not support an increase in the base levy above £740,000 (2.2% increase) and agreed that in order to achieve a proposed budget of £776,800, £42,600 would have to be taken from General Reserves.

On reviewing the budget, the one-off costs that could be identified to be taken from General Reserves amounted to £11,300. It is clearly not responsible financial management to create a staff structure with its ongoing recurrent costs that in effect relies on using reserves to maintain it.

The proposed budget of £740,000 would not support a return to the March 2018 staff structure and could be achieved only by continuing to operate with one Deputy Chief Officer. The Authority has operated with this structure for the last 21 months and to continue to function in this way will be very challenging and places the Authority at danger of being unable to fulfil its statutory duties.

It should be also noted that returning to the March 2018 staff structure would not resolve the underlying operational difficulties that the Authority faces. It would just return the organisation to a slightly less precarious position than it finds itself currently.

At the end of December, the Finance and Administration Manager resigned and left after giving effectively two days' notice. The resignation highlighted a lack of resilience in the staff structure to cope with the prolonged illness or loss of a key member of staff and this needs to be addressed as soon as possible.

Currently D&S IFCA has two part time officers covering the Authority's administration and finance matters. The Finance and Administration Manager works 6.25 hours, four days a week and the Permitting Officer works 7.5 hours on three days a week. This means that by 1415hrs on Mondays and Wednesdays other officers have to cover the administration of the office, and any financial matters can only be actioned before 1415hrs Monday to Thursday and not on Fridays.

This situation is not sustainable, especially in the light of the Authority's volume of work being increased substantially, and now there is an opportunity to improve the situation by making the Finance and Administration Manager's position full-time. It also provides for the opportunity to properly reflect the work undertaken by the Permitting Officer and to extend the contract to adequately deputise for the Finance and Administration Manager, thereby creating the resilience that is currently lacking.

The proposed budget of £740,000 would support a decision to make the Finance and Administration Manager fulltime and upgrade the Permitting Officer post to reflect the postholder's increased responsibilities. The proposed budget would support a decision to increase the pay of the Acting Chief Officer or pay a permanent replacement at the same grade as the departing Chief Officer.

3. A future sustainable funding model for D&SIFCA

The Devon and Severn IFCA Order 2010 has significant structural weaknesses. The Order created a D&S IFCA District that covered Somerset, Bristol, and Gloucestershire Local Authorities (LA) for the first time and no account was made of what these councils would have contributed to an SFC in their districts.

This error has led to two key problems arising. The percentage levy set out in the Order that each LA pay to D&S IFCA is flawed. The percentage payments do not in any way reflect the amount of work that is undertaken in each of the LA's areas. The calculation was made on the length of coastline or estuary bank that each Council had and the number Band D properties in that Council. The use of such terrestrial criteria took no account of relevant marine criteria, such as extent of sea area, extent of Marine Protected Areas and the intensity of exploitation of sea fisheries resources, resulting in serious structural flaws in this funding model. The way that this issue has been mitigated is by Defra funding all the Severn LA's levy contributions since 2010/11 through 'New Burdens' funding.

Defra calculated that D&S IFCA required a budget in 2011/12 of £957,807 and that to achieve this figure Defra would need to contribute new burdens money, which Defra duly provided and have paid £409,297 every year to some of the LAs. As a result of the LAs insisting upon a D&S IFCA's budget set below the amount calculated by Defra, the Severn LAs actually receive more new burdens money than they are required to pay to D&SIFCA by the reduced budget. Instead of paying this 'surplus' new burdens monies to D&SIFCA, as intended by DEFRA, they have retained it and used it to support their other activities. Over the lifetime of D&SIFCA this retention of new burdens monies amounts to £583,846.

This is compounded further as the amounts paid to each LA do not reflect their relative contributions to the D&S IFCA budget. To demonstrate this point, Bristol CC receive £50,581 in new burdens each year. Bristol CC's levy contribution is 5.65%. If Bristol CC paid across all the new burdens money it receives it would require a D&S IFCA budget of £895,239, all the other Severn LAs new Burdens contributions would not cover the increase and Devon CC would have to pay an additional £80,636.

The matter was made worse when the Severn LAs vetoing the proposed 2011/12 budget of £941,000 and proposed an alternative budget of £591,000, only £8,400 more than Devon SFC's last budget. A compromise figure in the middle of these two figures was agreed and the first budget in 2011/12 was set at £736,000 and has bounced along at a similar level in subsequent years to reach a proposed £740,00 for the next financial year. In real terms this figure amounts to a substantial budget cut after accounting for annual inflation over the period 2011/12 to 2019/20.

The decision to set such a low budget in 2011/12 also benefitted the LAs that had been part of Devon Sea Fisheries Committee (DSFC). For the last DSFC budget, Devon CC paid £397,321, Plymouth CC paid £123,519 and Torbay Council paid £61,759. For the proposed £740,000 budget, Devon CC will pay £348,465 (inc £21,382 New Burdens), Plymouth CC will pay £34,780 and Torbay C will pay £25,826. These three LAs have reduced their contribution by £173,528.

Officers believe that unless these underlying issues that restrict D&SIFCA's ability to fulfil its statutory duties are addressed it is highly likely that D&SIFCA will be unable to fulfil those duties, placing it and possibly its funding LAs at risk from Judicial Review. The Chair has informed DEFRA of this assessment and DEFRA has informed the Chair that it is working closely with the Ministry of Housing & Local Government (MHCLG) and the Local Government Association (LGA) to find a route to resolution. No further details or a timescale is presently available.

No direct review of the work of D&S IFCA has been undertaken to consider whether an arbitrary budget of £740,000, £217,807 less than Defra's budget estimate in 2010 is fit for purpose or whether the contributions to the budget by the LAs set out in the 2010 Order fairly reflects the work undertaken by D&S IFCA on behalf of these authorities.

It is clear from the many benchmarking exercises and reviews of comparable metrics (see Annex 1) with other IFCA's that the current level of funding is not enough to mitigate the risks of D&S IFCA failing to meet its statutory duties to an acceptable level and ensure the health, safety and welfare of its officers.

The team of officers, with the considerable assistance from members of the Authority, have delivered amazing outcomes in pursuit of its statutory duties, but these have been achieved only through really (sometimes excessive) hard work and significant changes in the way the organisation operates. Despite these changes the amount of work expected of D&S IFCA only increases. The announcement of six Tranche 3 MCZs and the prospects in the near future of potential Highly Protected Marine Area designations in the District, on top of its ongoing duties relating to the other MPAs, requires considerable resourcing. Two new fisheries are emerging that will require management by D&S IFCA. The mussel fishery in the Taw and Torridge and the spiny lobster fishery. These are examples of outward facing challenges, but significant internal organisational risks are also evident.

The capacity of the staff to take on more work is exhausted and there is no residual staffing resource to cope with unforeseen work that requires D&S IFCA's attention. The recent EIR requests and licence applications for seaweed farms and dumping licences are further examples of additional work. The Authority's operational costs (boats and research) have been reduced from £294,829 in the 2011/12 budget to £40,100 in the proposed 2020/21 budget – a real terms cut of 86% in the budget for operational delivery.

D&SIFCA is not alone in its inability to take on more work due to budget pressure. This inability has been recognised by another IFCA which has notified Defra that it does not have sufficient funding to undertake the work necessary for Tranche 3 MCZs designated in its area.

D&S IFCA needs to develop a better understanding of the operating costs associated with running the organisation. An independent report commissioned by Defra reviewing the performance of IFCA's is due to be released soon. This may provide a valuable starting point for those discussions.

DEFRA's solution, when it emerges, may necessitate moving to a new levying system that aligns more closely with where D&S IFCA undertakes its work and new burden duties. Most of the fishing effort and consequential interactions with the Marine Protected Areas continues to occur along the south coast of Devon and dictates where most of the officers' work is focused.

Whatever happens, to achieve a significant uplift in D&S IFCA's budget, central funding through Defra will need to continue. All IFCA's rely on central government support through New Burdens funding to fulfil their duties and the Association of IFCA's has submitted a

business case which sets out why the current annual Defra contribution to IFCAs of £3M should rise to £6M.

In addition to Defra maintaining or increasing the level of funding to support IFCAs, Defra will need to change the way in which it administers the fund to the individual LAs in the D&SIFCA District. If Defra continue to support the LA levy contributions, then the allocated money should reflect their relative contributions to the budget and be ring-fenced so that it cannot be retained for other purposes by the constituent LAs.

An alternative approach would be for Defra to provide D&S IFCA with a grant (income) that would reduce the amount needed to be raised from the LAs. For example if the budget was set at £941,000 as originally proposed, and a grant of £409,297 had been paid by Defra the amount to be found by all 8 LAs would have been £531,703, which is £50,897 less than the three LAs contributed to the last DSFC budget.

4. 2020/21 Budget Recommendations

The Authority approves a budget of £740,000 for 2020/21;

The Authority considers whether to appoint a permanent Chief Officer or continue with an Acting Chief Officer;

The Authority creates a fulltime Finance and Administration Manager post;

The Authority upgrades the part-time Permitting Officer post (payment subject to JE outcome).

Report on Devon & Severn IFCA's Performance and Benchmarking

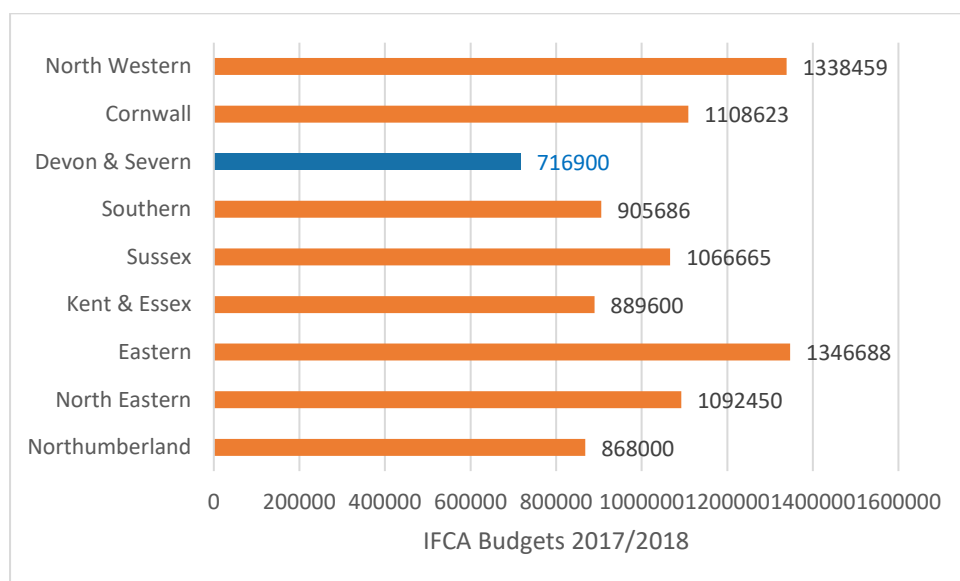
This report presents the metrics and reporting outputs of all mainland IFCAs and highlight D&S IFCA position in relation to other IFCAs. In this way the information produced provides a benchmark of D&S IFCA against the outputs of other IFCAs.

Benchmarking and Outputs

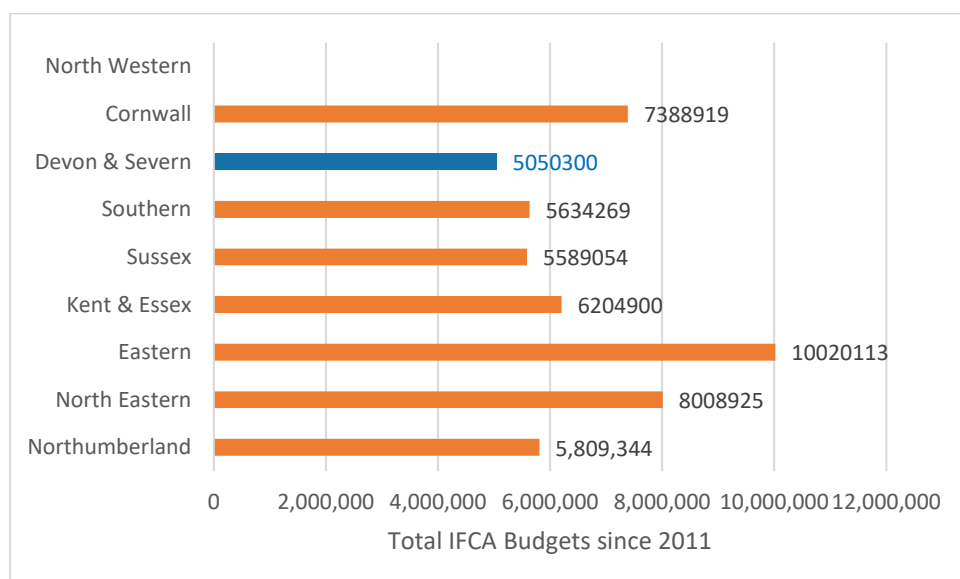
1. Budget

D&S IFCA's annual budget is the smallest of nine mainland IFCAs. Compared to some IFCAs it is almost half their budget, e.g. Eastern and North Western IFCAs, as seen in the graph for 2017/2018. Since IFCAs came into being D&S IFCA has the smallest total budget of all mainland IFCAs.

IFCA Budgets for 2017/2018



Total IFCAs' Budgets since 2011 to 2018



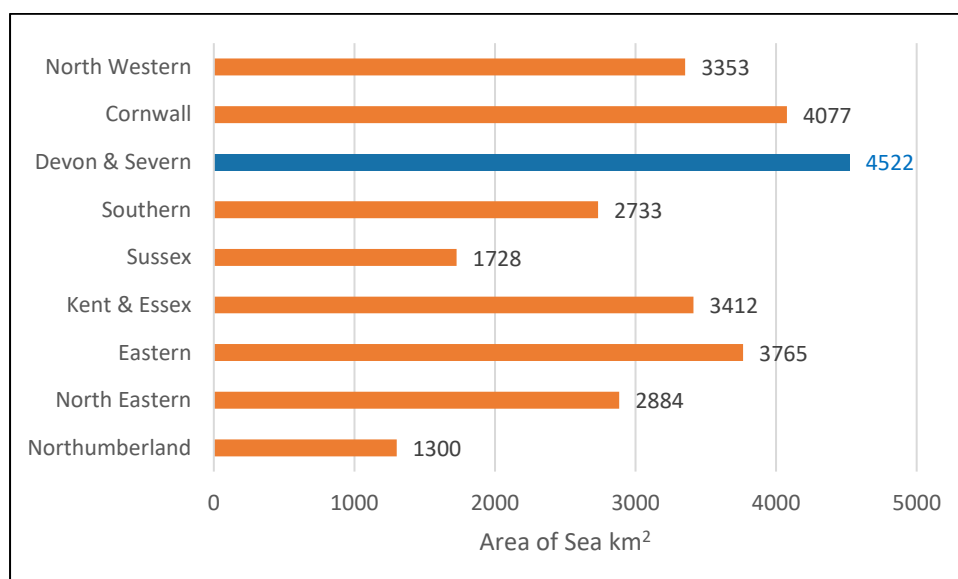
2. Staff Numbers 2017/2018

D&S IFCA has the lowest number of staff members than any other mainland IFCA. In fact, it has half the number of staff than Eastern IFCA.



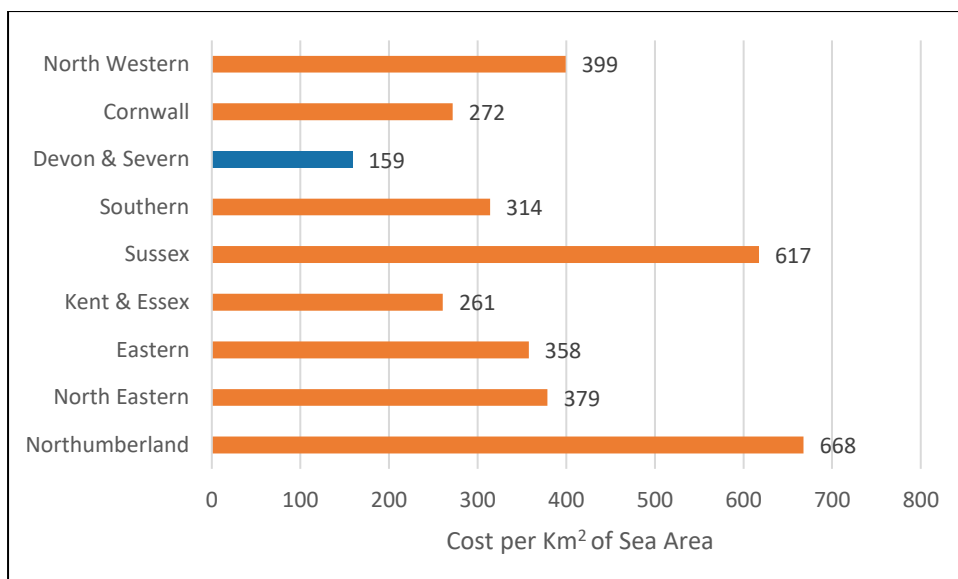
3. Sea Areas of IFCAs' Districts -

Whilst D&S IFCA has the lowest number of staff and the lowest budget of mainland IFCAs, its District consists of 4,522 km² of sea, which is the largest area of sea of all the IFCAs.



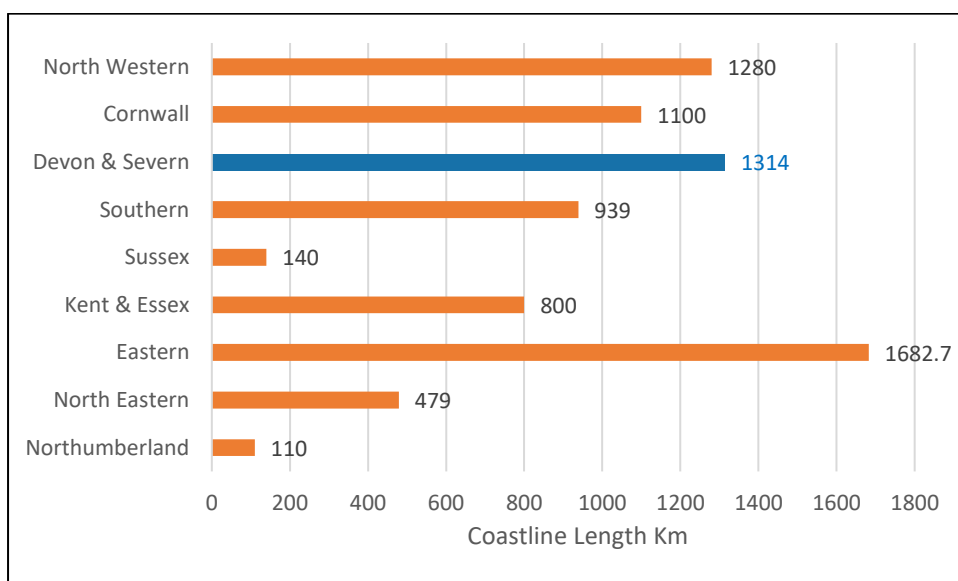
3.1 Budgetary Cost per Km² of IFCA Districts

When comparing the cost per km² of the marine area of the mainland IFCAs, D&S IFCA has the lowest budgetary cost per km². The cost is £159 per km² which is approximately 75% less than the Northumberland IFCA's cost per km² (the highest cost per km²) and more than £100 per km² less than the next lowest cost for Kent and Essex IFCA.



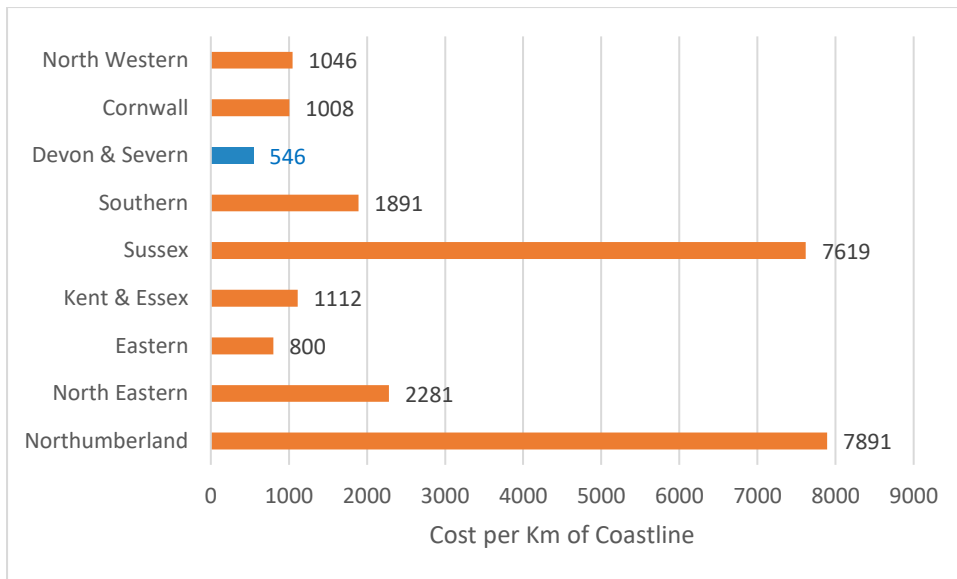
4. Length of Coastline of IFCAs' Districts

D&S IFCA's coastline is the second longest of all mainland IFCAs.



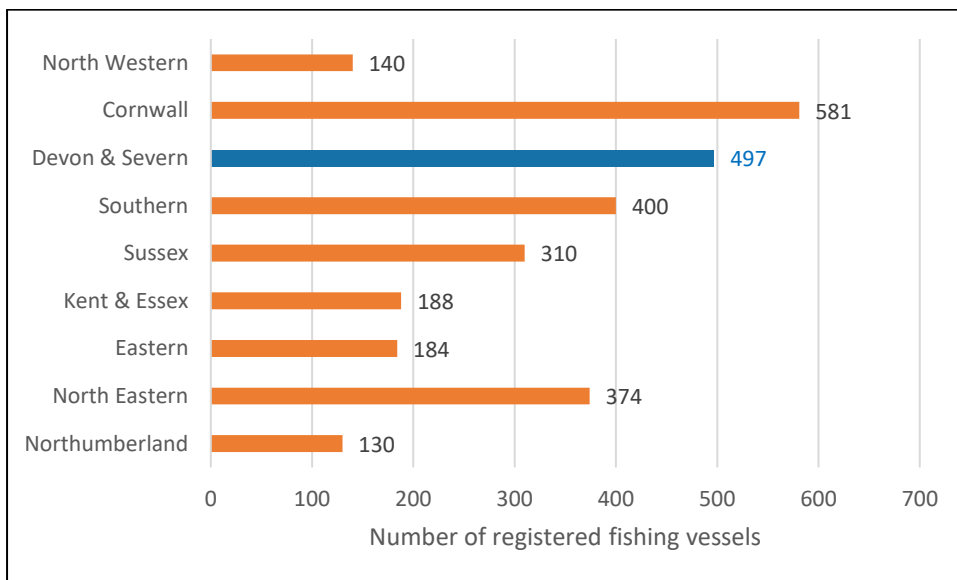
4.1 Budgetary Cost per Length of Coastline of IFCAs' Districts

Due to the D&S IFCA's budget being the lowest of the mainland IFCAs the cost per km of coastline is also the lowest of the IFCAs. Seven out of the nine mainland IFCAs have costs per km of over £1000 with two IFCA costs being over £7600 per km, which is over 14 times greater than D&S IFCA's cost per km.



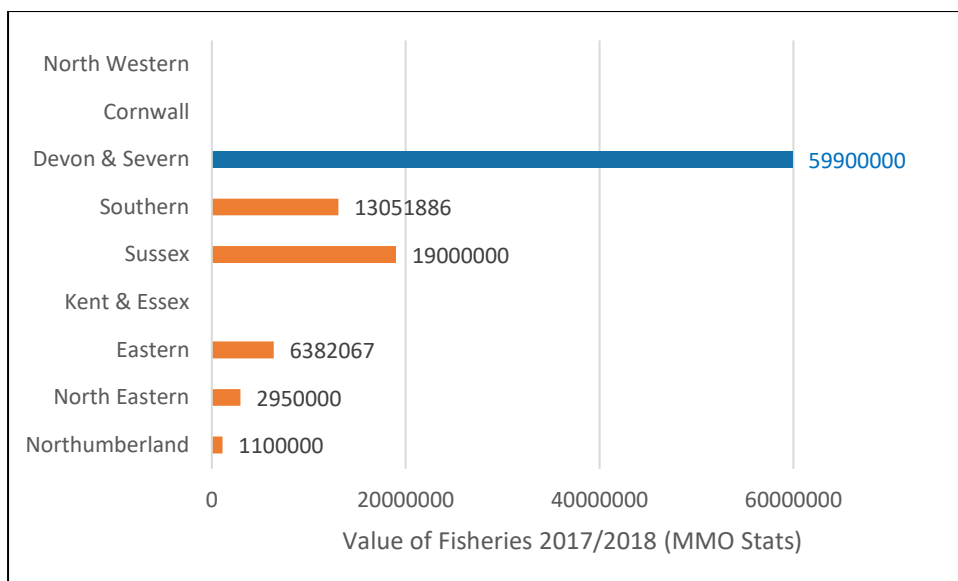
5. Number of Registered Fishing Vessels 2017/2018

D&S IFCA has the second largest number of registered vessels. Those recorded are those holding D&S IFCA's permits and therefore fishing within its District. In March 2019 the number of commercial licenced fishing vessels working in the D&S IFCA's District increased to 507. D&S IFCA has expansive recreational fisheries and has issued 637 Permits to recreational divers, potters, and netters.



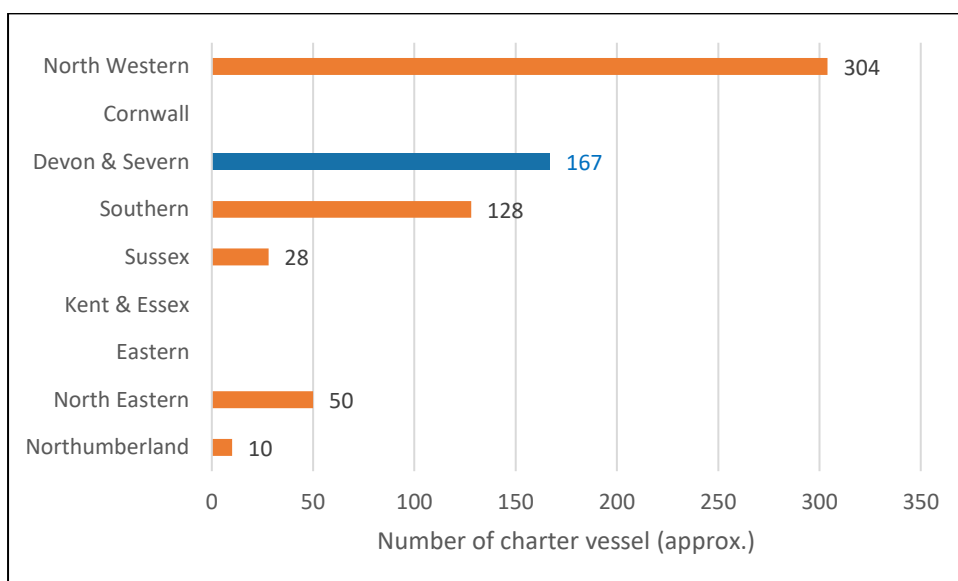
6. Value of Fisheries 2017/2018 (MMO Statistics)

D&S IFCA has two of the largest landing ports in England, Brixham and Plymouth, in terms of weight of fish landed and value of fish sold. D&S IFCA District has 20 registered landing ports in its District.



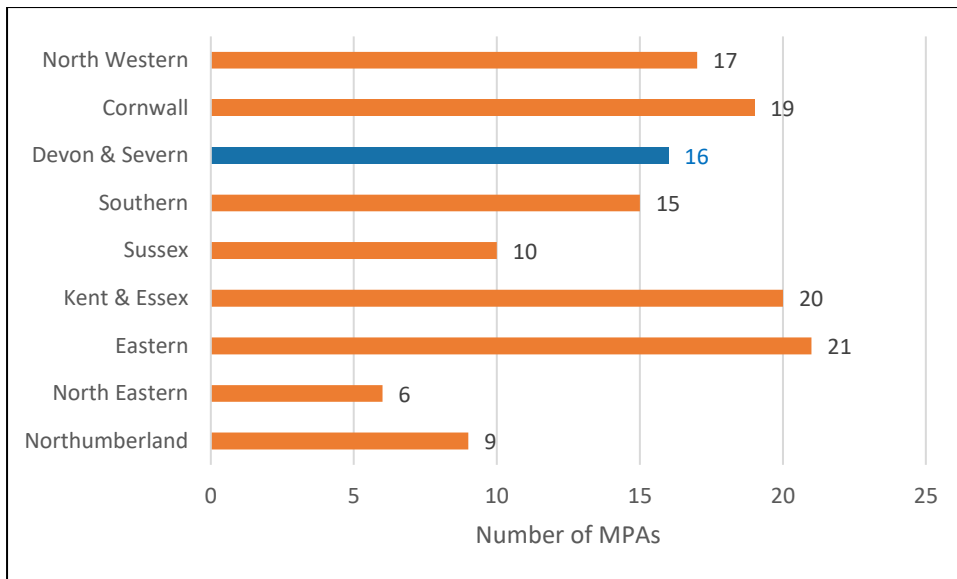
7. Estimated Number of Charter Vessels

Many of the IFCA's did not estimate the number of charter vessel operating in their Districts. Of those giving an approximate number D&S IFCA has the second largest fleet.



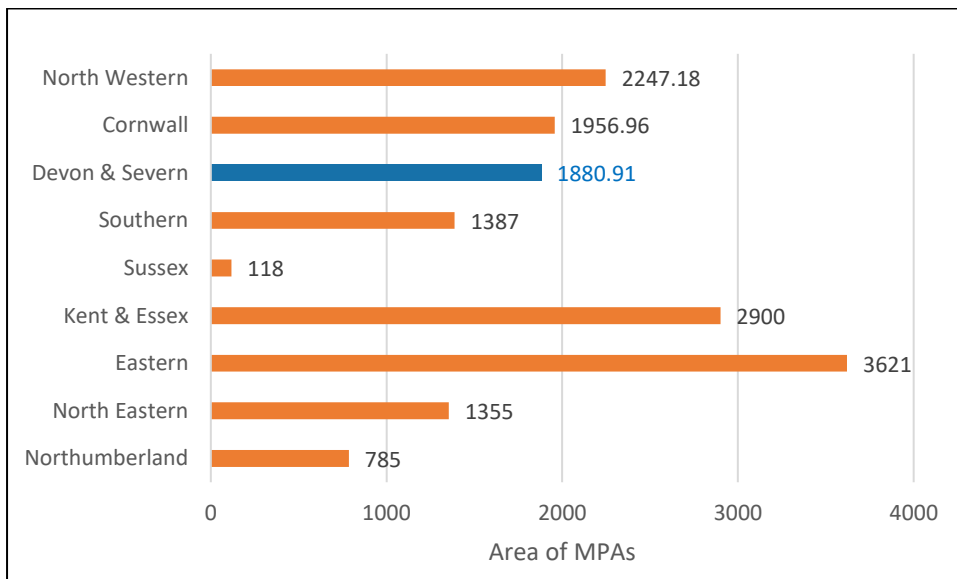
8. Number of MPAs in IFCA's Districts

D&S IFCA has 16 MPAs in its District. This is 5th largest number in the country and does not include designations such as Ramsar and Marine SSSI. Almost all estuaries in the District are SSSI, including Salcombe Estuary Marine SSSI. All European Marine Sites are co-located with SSSI, for e.g. the Severn Estuary EMS is collocated with multiple SSSI including Bridgewater Bay SSSI. The Severn Estuary and Exe Estuary are also Ramsar sites.



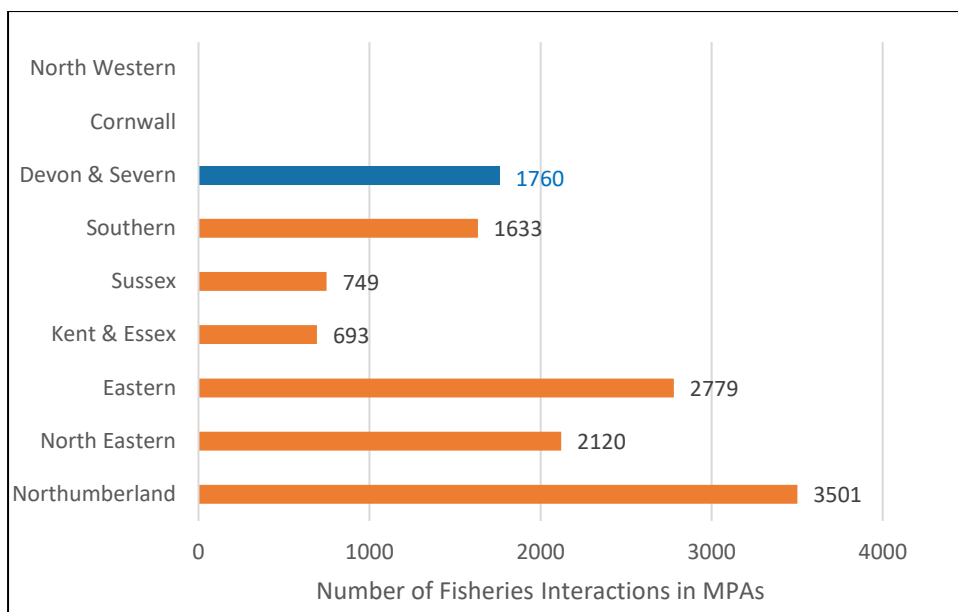
9. Area of MPAs in IFCA's Districts

The area of the D&S IFCA's District covered by MPAs is the fifth largest of the IFCAs accounting for 42% of the District. For D&S IFCA this is the actual area covered by the MPA with co-location being eliminated (i.e. areas of MPA have not been added together. Where MPAs co-located the area of co-location has been subtracted from the figures).



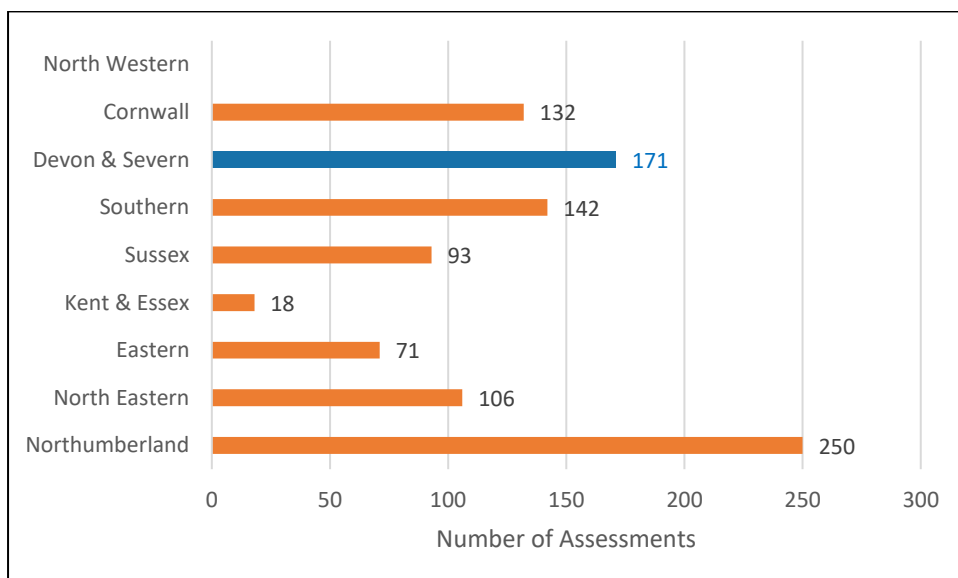
10. Number of Fisheries Interactions with Features in MPAs

Commercial fishing activities may interact with designated features (habitats or species) of MPAs. This graph shows the number of possible interactions that were assessed to determine the likely significant impacts of the fishing activities on the feature.



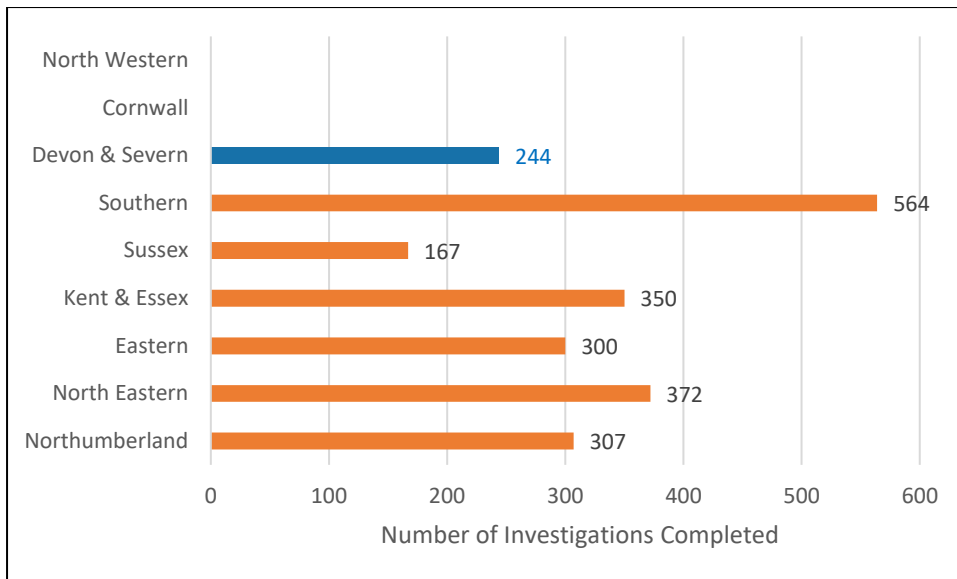
11. Number of MPA Assessments Undertaken

D&S IFCA has undertaken and completed 171 assessments of the gear feature interactions within MPAs, which is the second highest number of assessments of all the mainland IFCAs



12. Number of Investigations Completed

This graph show the number of investigations completed including those investigation files worked on and prosecutions undertaken. Since 2014 this level has increased significantly. This co-insides with the implementation of the Permitting Byelaws with the Mobile Fishing Permit Byelaw coming into operation in January 2014, and the Potting and Diving Permit Byelaw in 2015 and the Netting Permit Byelaw in 2017.



13. Number of Companies / Individuals Prosecuted

The number of prosecutions taken is the 4th highest of the mainland IFCAs. The number of prosecutions has gradually increased since 2013.

