



Authority Meeting

Final Minutes from 17th December 2020

Version Control and Drafting

Version & Date	Comments
Version 0.1 8 th January 2021	1 st Draft of minutes completed for circulation to officer's present at the meeting for potential internal amendment and or additions.
Version 0.2 22 nd January 2021	Internal comments and changes recognised and applied to the draft minutes.
Version 0.3 22 nd February 2021	Feedback provided by members (James Marsden & Cllr Buchan) applied to draft minutes V 0.3
Final Version 1.0 23 rd March 2021	Minor amendments applied, following meeting held on 18 th March 2021.

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Minutes of the Authority Meeting

Held virtually on 17th December 2020 on Zoom (start at 13.00 hrs)

Present:

Professor Mike Williams (Chair)

Cllrs:

Rufus Gilbert (Devon), Ian Hall (Devon), Linda Hellyer (Devon), Stuart Hughes (Devon), Robert Griffin*, Afzal Shah (Bristol City Council)**, Cllr Bridget Petty*** (N. Somerset) Nicole Amil (Torbay), Pam Buchan (Plymouth), (South Gloucestershire), Cllr Paul Crabb (Devon – substitute for Jonathan Hawkins)

General Members/Statutory Members:

Jon Dornom, James Marsden, David Morgan, David Murphy, Jim Portus (MBE), Felicity Sylvester, Andrew Wray, Jim Masters, Rachel Irish, Sangeeta McNair, Simon Toms, Dave Saunders.

Officers:

Angela Stirland, Jessica Maunder, Stephen Dury, Simon Excell, Adam Parnell****, Martyn Hutchings, Sarah Jackson (substitute for Kathy Derrick)

D&S IFCA:

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

Public:

None

Notes:

- * Cllr Robert Griffin joined at 13.15hrs
- ** Cllr Afzal Shah joined at 13.25hrs
- *** Cllr Petty left the meeting during Agenda Item 8.
- **** Adam Parnell joined at 14.10hrs

1. Welcome and Apologies for Absence

The Chair formally welcomed members to the virtual meeting and thanked them for their attendance. It was noted that some attendees were attending their first meeting as substitutes or replacements for other members. Cllr Crabb and Sarah Jackson introduced themselves to the other attendees. Cllr Buchan informed members that Kaja Curry (Plymouth City Council) had taken early retirement from her role and members would be informed in due course regarding her replacement. Chief Officer (CO) Mander added that he would circulate details of her replacement in due course. Cllr Buchan was joined by other members in thanking Kaja Curry for her work including her involvement with the Authority. Jim Portus raised some concern regarding the attendance record of members, with some frequently absent from Authority meetings. CO Mander reported that names of attendees and non-attendees were recorded in the minutes of meetings and that this and other potential issues can be raised during annual appraisals for members. CO Mander also cited the Standing Orders which specify attendance requirements and the process regarding potential termination of membership. A minimum attendance requirement is stated within the Standing Orders along with the potential process the Chair can follow if it is deemed necessary for an appointing organisation to reconsider the appointment of any member.

The Chair asked Finance and Administration Manager (F&AM) Olga Pepper to read out the list of apologies provided in advance of the meeting which were noted as follows:

Cllr Jonathan Hawkins (Devon), Cllr Will Windsor-Clive, Cllr Terry Napper, Jessica Bishop, Kaja Curry, Natasha Bradshaw

Absentees were noted as:

Brian Glasson, Kathy Derrick, John Flannigan, Stephen Gledhill, Simon Pollentine

2. Declarations of Interest

There were no declarations of interest.

Action Items:

3. Minutes of the Full Authority Meeting (AGM) held on 19th October 2020

The draft minutes from 19th October 2020 were examined page by page. The Chair questioned the spelling of Mandelai Wolfe (Blue Marine Foundation) and CO Mander confirmed that it was correct as presented. No other errors or required changes to the draft minutes were highlighted by members.

That the minutes from 19th October 2020 are a true and accurate record.

Proposed: **Cllr Hall** **Seconded: Rachel Irish**

It was suggested that it would be taken as all in favour unless anyone wished to vote against or abstain. Members that were not present at the meeting held on 19th October did not vote.

In favour: **All**

4. Matters Requiring Urgent Attention

CO Mander informed members that there was nothing to report.

5. Questions from the Public

CO Mander reported that there were no questions from the public to consider.

6. Minutes of the Finance and General Purposes Sub-Committee Meeting held on 7th December 2020

The Chair informed members that the draft Finance and General Purposes Sub-Committee minutes had been presented as a “report” to the Authority and not for the purposes of considering their accuracy. The vote for accuracy would be a task for the Finance and General Purposes Sub-Committee (F&GPSC) when they next meet in 2021. The Chair explained that the contents of the draft minutes helps to inform all members regarding the financial issues facing D&S IFCA and that the discussions at the F&GPSC meeting had influenced the papers that were now set to be presented to all members. When invited by the Chair for comments or questions there were none and the Chair asked that the draft F&GPSC minutes be taken as read.

7. Review of the Authority's Reserves Policy

The Chair asked that members refer to two separate documents for the discussion.

Errors on the Papers

One document was marked Agenda Item 7 and the other was marked Agenda Item 13. CO Mander attempted to remove any confusion and explained that the officers' paper marked "Agenda Item 13 – Reserves" was due to it being presented at a previous Authority meeting in 2015. CO Mander added that the time pressure to finalise and circulate Authority papers for the 17th December, so soon after the F&GPSC meeting on 7th December had resulted in some unfortunate presentational errors.

CO Mander apologised for the errors and explained that unfortunately mistakes of this kind are often a result of high volumes of work undertaken by minimal numbers of staff on tight deadlines leading to work being produced that is not always at the desired standard. James Marsden commented that he was aware that papers for the meeting had been finalised and circulated in late evening on 9th December to meet the required notice period of the Local Government Act. Whilst not being critical of the presentation of papers, James Marsden commented that the errors demonstrate some of the pressures faced by D&S IFCA staff which, in his view, is no longer acceptable.

Presentation

CO Mander informed members that the level of current "total" reserves (approximately £580K) had been highlighted at numerous Authority meetings by local authority representatives as being too high with the expectation that it should be significantly reduced. The level of reserves had been a discussion item in 2015 and therefore the previous officer paper (marked Agenda Item 13) had been re-presented to provide additional background and some context for new discussions. In terms of a minimum level of reserves, it had been an Authority decision to agree to the recommendations of the past Chief Officer and the Treasurer to set it at 25% of the revenue budget. The 25% figure was based on different considerations and risks including the inability of D&S IFCA to borrow money. CO Mander explained that the officer paper (marked Agenda Item 7) hopefully clarifies how reserves (General and Capital) have been accumulated, with the majority of it gifted by the predecessor organisation Devon Sea Fisheries Committee. Significant changes in capital reserves over the last ten years were highlighted by CO Mander. During the last decade, the 22-metre patrol vessel (Drumbeat of Devon) was sold and then a significant amount of the proceeds from the sale were reinvested with the purchase and refitting of a second hand eight metre research vessel (Blackjack) and payments towards a new fisheries patrol vessel (David Rowe – Rigid Inflatable Boat) which was supported with EEMF funding for 90% of the cost. Purchases of fleet vehicles, rather than lease, and other expenditure such as the Inshore Vessel Monitoring (IVMS) projects has produced an overall expenditure from the Capital Receipts Reserves of £244,807. Although it was recommended that £10,000 per annum should be added each year from 2016 onwards to the reserves, CO Mander confirmed that this had not taken place. CO Mander concluded the background presentation by explaining that during the same ten-year period the General Reserves element of the total reserves had seen an increase, however if the £10,000 per year had been allocated within the revenue budget each year, to inflate the Capital Reserves, underspends of budgets would have been less frequent.

Review by the Governance Working Group

CO Mander explained that a review of the Reserves Policy had been one of the first tasks for the newly formed Governance Working Group (GWG), established by the Authority in October 2020. Meetings of the GWG, including the involvement of Angela Stirland (Devon County Council Finance) have contributed to the review. In terms of financial risks, CO Mander informed members that many risks remain as relevant today as set out in 2015 and D&S IFCA can still not legally borrow money. Some risks have increased including

potential outlay on future legal costs and adequate monies must be preserved for upfront costs such as externally funded projects. CO Mander explained that assessing financial risk on an annual basis was a key conclusion of the GWG and that a risk assessment of volatile budgets and the reserves policy is therefore one of the recommendations set out in the officers' paper. Regarding a minimum level of total reserves, CO Mander informed members that after discussions and consideration, the GWG concluded that a percentage of the Revenue Budget remains as a suitable foundation for a revised Reserves Policy as it offers some flexibility as opposed to other options that may overly restrict D&S IFCA's use of total reserves. CO Mander confirmed that in the view of the GWG, 25% of the Revenue Budget covers unavoidable, known, large items of future expenditure and areas of risk which cost might be incurred in the future and this figure of 25% is therefore reflected within the recommendations.

To end his presentation, CO Mander highlighted that the use of reserves will, if supported by members, be linked into Annual Planning and a Five -Year Strategy; however, it should be fully recognised that the reserves will begin to diminish within a relatively short time period unless alternative funding solutions are found. CO Mander added that immediate issues operating on a potential budget of £740K (yet to be discussed and finalised) are to be covered in agenda item 8; however, the need to sell the research vessel, and consider future asset replacements is reflected in the recommendation that a new Capital Asset Replacement Programme is put into place by 2022/23.

The Chair thanked CO Mander for the presentation and Angela Stirland for her input into the financial aspects of the reserves policy review. The Chair asked members to raise any comments or ask questions which would be best answered by CO Mander and/or Angela Stirland.

Comments, Questions and Answers

James Marsden asked a series of questions including seeking some clarity on using reserves to employ permanent staff. Angela Stirland confirmed that this would not be possible as it would lead to forced redundancy when funds are depleted; however reserve funds could potentially be used to employ fixed term staff for specific shorter-term working. Whilst recognising limitations on staff appointments from reserve funds, Jim Portus enquired if any short-term appointments could be made permanent if the financial situation changed. CO Mander confirmed that this would be possible in theory.

Regarding the presented officers' paper on the Reserves Policy, James Marsden highlighted an absence of an additional percentage contingency (10%) for the Capital Receipts Programme and a lack of modelling to demonstrate how the total reserves would be used over a specific time frame. CO Mander explained that several of the points made by James Marsden would be more suitable for discussion in Agenda Item 8. Cllr Petty asked if other IFCA's had adopted the 25% minimum and asked for some more detail regarding what is sound financial practice. The Chair quoted Section 179 (3) of MaCAA and Angela Stirland commented that this makes it clear that is not possible for D&S IFCA to borrow money. Angela Stirland commented that it would be counterproductive to have too much detail within a reserves policy as the aim is to enable as much flexibility as possible with the finances available. Generally, there is a lack of guidance on how to develop a detailed reserves policy and this had been recognised by the GWG. Rachel Irish and Sangeeta McNair highlighted the level of reserves held by other IFCA's and that when comparisons are made, D&S IFCA's reserves are not abnormal. It was reported that the reserves held by Cornwall IFCA (CIFCA) were approximately £680K and that Cornwall County Council had recently added to CIFCA's finances to recognise the potential demands on that Authority due to the Fisheries Act and other delivery challenges and risks. James Marsden brought it to the attention of members that six months contingency for D&S IFCA's staff would require approximately £150K to be held back and obviously more should be reserved to recognise other risks and for future considerations. CO Mander highlighted some of these other financial risks including the expectation that legal costs will rise when D&S IFCA's prosecuting solicitor ends his working relationship with D&S IFCA. CO Mander explained that D&S IFCA will continue to seek best value for legal services via

a tendering process; however, members should be aware that current arrangement is already very good value for money with legal expertise being provided for investigations and byelaw development. Other risks cited by CO Mander included having sufficient reserves to benefit from potential EEMF funding opportunities where up-front costs are incurred.

Cllr Buchan explained that when the GWG had examined a range of information and risks, 25% of the revenue budget, subject to an annual review, was a suitable starting point. In the short term it will provide emergency funding, will mitigate risks and this is reflected in the recommendations set out for consideration.

Decision Making

The Chair asked for proposals relating to the officers' paper.

That the total Reserves fund should not fall below 25% of Revenue Budget in any financial year.

Proposed: Cllr Hall **Seconded:** Cllr Gilbert

In favour: All

That the Risk Assessment of Volatile Budgets and Reserves Policy is reviewed annually.

Proposed: Cllr Hall **Seconded:** Cllr Gilbert

In favour: All

Before voting on the third recommendation, Cllr Crabb asked if the term "Full Authority" included the separate meeting of the Finance and General Purposes Sub-Committee. The Chair explained that it did not and authorisation for use of reserves would be exclusive to members attending the full meeting of Authority Members.

That Reserves can only be used following agreement by the Full Authority.

Proposed: Cllr Buchan **Seconded:** Cllr Shah

In favour: All

That a new Capital Asset Replacement programme is put in place by 2022/23.

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

In favour: All

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8. Revenue Budget and Capital Programme for 2021/22

The Chair asked that members refer to two separate documents for the discussion, a Joint Report of the Chief Officer and Treasurer and an officers' paper providing background information on the budget including three recommendations.

Errors on the Papers

It was explained that one of the officers' papers for Agenda Item 8 was incorrectly marked as Agenda Item 6a instead of 8b. Another error was highlighted regarding underspend information and it was clarified that the figure on page 2 (~£40,00), should have read (~£40,000).

Presentation

The Chair highlighted that item 8a was a presentation paper providing a detailed account of the revenue budget based on approval of a revenue budget of £740,000. The 2nd paper (marked 6a), is the report from the Chief Officer which explores how the suggested revenue budget has been established and how approval of the £740,000 revenue budget will impact the work of D&S IFCA, including consideration regarding asset reduction. The second paper also included three recommendations that could be proposed or potentially amended for formal voting. The Chair highlighted Section 180 (4) of the Marine and Coastal Access Act, explaining that members of the Local Authorities (LA's) had the right to veto a budget and if this was likely the Authority meeting could be suspended so it could be discussed further. The Chair suggested that the remainder of the presentation be conducted by Angela Stirland and CO Mander.

CO Mander highlighted the importance of analysing both papers but wanted members to recognise that the suggested revenue budget of £740,000 had been reached by working closely with the treasurer Mary Davies and recognises several factors. CO Mander emphasised that it equates to the amount of money that the LA's would be prepared to provide D&S IFCA in the current financial climate, at a time when their own resources are extremely restricted.

Angela Stirland went through the formal budget summary section by section, reporting that inflation, where relevant, had been applied. It was explained that the tables as set out, including line by line accounting (Appendix A), provided a detailed summary of how the suggested revenue budget of £740,000 had been formulated. Angela Stirland highlighted the reasons for budget adjustments which in some cases had amounted to savings as well as highlighting the level of staffing remaining constant at 12.83 Full Time Equivalent, the requirements of continued New Burdens funding and detailed the level of General and Capital Reserves and its 2021/22 projection. To end her presentation, Angela Stirland highlighted the risk assessment of volatile budgets (Appendix B), with documented risks linked strongly to potential use of reserves as a form of mitigation.

CO Mander continued with the presentation and explained for clarity, that it is easier to consider the budget of comprising of three elements as set out in the report:

- Revenue – generated by levying the LAs (including NBF)
- Reserves – a reviewed Reserves policy framework is set out in Agenda Item 7
- External funding and partnership work

CO Mander highlighted that a revenue budget of £740,000 is not sufficient to run the organisation properly; however it is possible for D&S IFCA to continue functioning subject to selling the research vessel "Blackjack", and ending the lease arrangements for the Somerset office space, on-going support at historic levels from Defra (new burdens funding), and is based on the Treasury's announcement that public sector staff (with few exceptions) will not receive a pay rise in 2021/22. CO Mander explained to members that any consideration regarding potential increases to the revenue budget in the region of £20K or £30K, would do very little to solve the financial crisis facing the Authority. CO Mander emphasised that in order to achieve a budget of £740K for 2020/21 the Authority made one of the Deputy Chief Officer Posts redundant and re-structuring of staff positions had been required. Members were informed that D&S IFCA is a significant outlier when compared to other IFCA's and has less than half the number of staff that was expected upon vesting. CO Mander added that the enforcement team consists of four officers¹ to police a huge area and in general the low staff levels and the wellbeing of D&S IFCA staff remains as a serious issue.

¹ Will consist of 4 officers when a vacant post is filled in 2021

CO Mander said that he was hopeful the information presented in the report clearly demonstrates to members that it was impossible for D&S IFCA to make further savings without the heightened risk that the organisation would effectively collapse. CO Mander stated that, in his view, Central Government assistance provides the only realistic prospect to produce meaningful change to the Authority's financial crisis and with that in mind recommendations to explore future funding options formed part of the report.

Comments, Questions and Answers

The Chair thanked CO Mander and Angela Stirland for their presentations and invited observations and questions from members.

Whilst recognising the larger financial issue, Jim Portus suggested that a relatively small saving could be made by ending the subscription to the Fishing News, which in his view was not an essential publication for D&S IFCA staff to read. Returning to the formal budget paper (line 43 - Appendix A), Jim Portus questioned the statement of CO Mander regarding an increase in legal fees, whereas the report suggested a slight fall in costs. CO Mander responded by explaining that there is currently a back log of court cases, but over time it is inevitable that legal fees will rise, and the reserves will have to be used to meet additional costs.

Cllr Hall commented that the financial difficulties facing Local Government are significant and extend to the support of all services, with D&S IFCA as no exception. In his view, and in light of the information presented, it would be beneficial to combine two of the recommendations for a vote which would then read "that a revenue budget of £740,000 is agreed for 2021/22 and the Authority's research vessel 'BlackJack' is sold". Cllr Gilbert said that he would support this motion and the Chair said it would be noted and members could return to it after more discussion on the reports.

James Marsden continued the questioning and focussed on two issues:

- Staffing Concerns
- Modelling of CPI Impacts on revenue budget over ten years and future projections

Firstly, James Marsden raised concern about D&S IFCA's staffing levels and a repeating cycle of resignation and then recruitment, which for him clearly demonstrated a lack of resilience for the organisation. CO Mander confirmed that over one third of the workforce had resigned in the last twelve months and although they have been (or will be) replaced via recruitment processes, this is unsettling to a small team and has other implications such as loss of skills and knowledge and additional training costs. Regarding redundancy, CO Mander explained that the secondment of the previous Chief Officer to Defra resulted in eventual employment with Defra and therefore a resignation from D&S IFCA. CO Mander explained that he had subsequently been promoted to fill this vacant position; however insufficient funds resulted in one of the Deputy Chief Officer posts being lost completely from the staff structure.

Regarding CPI impacts, and referring to the officers' report, James Marsden said it was alarming that D&S IFCA's proposed revenue budget of £740K did not reflect increases in inflation over many years. James Marsden informed members that inflationary impacts and projection of future impacts had been discussed at the recent Finance and General Purposes Sub-Committee meeting. Although he accepted that Angela Stirland had not had time to prepare the presentational information he had requested for all members as "actioned" in that meeting, James Marsden did think that these impacts should be made completely clear to all members.

James Marsden emphasised that a failure to apply CPI adjustments over the last ten years to D&S IFCA formulated budgets, coupled with lost new burdens funding, had resulted in a loss in real term revenue of approximately £1 Million. With assets stripped away, including vessels, a relinquishing of office space in Somerset, in-sufficient recruitment and redundancy, there is nothing left to save with the result being

increased pressures on staff that have no prospect of any pay awards. Angela Stirland explained that it was the Treasury that had announced that there would be no pay awards. Cllr Petty stated that it was her understanding that anyone in the public sector earning under £24K would receive an increase in salary in the coming year. Angela Stirland informed members that two D&S IFCA staff members fall within this salary bracket and added that inflationary costs for existing staff had been considered in the revenue budget.

CO Mander reported that the comparison metrics for all IFCA's demonstrate that D&S IFCA is a significant outlier in terms of its funding and workforce as compared to other IFCA's; however CO Mander commented that all IFCA's are reporting difficulties in delivering aspects of their work which has been vocalised at Association of IFCA (AIFCA) meetings. Regarding D&S IFCA's specific issues, CO Mander commented that, although it was not likely to be approved, one of the future funding options would be for the Local Authorities to consider a five-year financial commitment to increase levies to meet future increases in staff costs due to inflation. Notwithstanding this potential option, CO Mander did highlight that modest increases in the revenue budget, although welcome, would still not address the larger issue that D&S IFCA would remain completely underfunded to function properly as an organisation.

The Chair thanked James Marsden for his financial observations regarding CPI and new burdens funding and commented that D&S IFCA's financial weakness, in part, stems from the establishment of the first budget when D&S IFCA was vested. CO Mander referred to the officers' report and confirmed that the financial structuring developed by Defra for D&S IFCA, as compared to that provided for the financing of Devon Sea Fisheries had been problematic with the current levy, ten years on, now only £3,500 more than the amount secured in 2011/12. CO Mander added that since vesting all LA's had benefitted from reduced payments as compared to what would have (in theory) been provided to Devon Sea Fisheries to the tune of approximately £2.3 Million.

James Marsden returned to the potential to use reserves in the short term to assist D&S IFCA's delivery of essential working, but again emphasised that it was likely that within three years accessing a diminishing revenue stream, D&S IFCA would exhaust the available finds. James Marsden stated that he was considering putting forward an amendment to seek an increase in the revenue budget for 2021/22 and, although he accepted that it would more than likely be subjected to veto by the LA's, in his view this would potentially be the catalyst for more timely Defra intervention. James Marsden sought the views of the Chair and other members on forming a consensus of how best to proceed.

The Chair reported that to date communication with Defra had been challenging, but every attempt would be made to raise the issue with the Secretary of State. The Chair explained that although the AIFCA were sympathetic regarding D&S IFCA's funding difficulties, there was no real appetite for funding structure changes for other IFCAs. The Chair informed members that D&S IFCA would be better to raise the issue once again, independently of the AIFCA.

Cllr Buchan informed members that the Governance Working Group could develop a draft letter for the Secretary of State and that this approach would be a better option rather than effectively a "forced" veto of the revenue budget. The latter would undoubtedly cause the Chief Officer difficulties in planning work for 2021/22. Cllr Buchan explained that Plymouth City Council had already approached Defra with the view that the on-going funding issues are addressed and suggested that other LAs consider doing the same. This is both a financial and political issue and Cllr Buchan suggested that there is also the potential to lobby Members of Parliament to further highlight the problems.

David Morgan asked James Marsden in what form his proposed amendment would take and James Marsden responded by stating that it would be for a revenue budget of £740K, plus CPI for 2021/22. Angela Stirland advised members that inflation had already been accounted for and savings had been made on items such as transport and venue hire. James Marsden said he would withdraw his potential amendment but confirmed

