



# **Financial Restructuring Options for Devon and Severn Inshore Fisheries and Conservation Authority**

**September 2022**

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## Version Control

Date	Version	Comments
15 <sup>th</sup> August 2022	0.1	MM first draft
31 <sup>st</sup> August 2022	0.2	Reviewed by MM, SC and NT
1 <sup>st</sup> September 2022	0.3	SC formatting
3 <sup>rd</sup> September 2022	0.4	Reviewed by Chair and Vice Chair
12 <sup>th</sup> September 2022	0.5	DCC Finance review (calculations and figures quoted only)
16 <sup>th</sup> September 2022	0.6	Defra reviewed
20 <sup>th</sup> September 2022	1.0	Final version

## 1. Aims

Devon and Severn Inshore Fisheries and Conservation Authority (D&S IFCA) has faced financial difficulties since its inception in 2011 and now has reached crisis point. The Chair and Chief Officer and Defra officials have met regularly to discuss the challenges and way forward. Defra is accountable for the New Burdens Funding it provides to all IFCAs. In light of increased oversight from Cabinet Office Defra must consider the issues in Devon and Severn, such as the retention of a significant proportion of New Burdens Funding by Somerset and Severn Local Authorities. In addition, Defra recognises that the funding contributions laid out in the 2010 do not reflect the activities of the IFCA and has called upon D&S IFCA and the Local Authorities to reach agreement on a new funding structure that provides greater financial stability and address the issues raised by the Severn Local Authorities.

This report explores ways:

- to resolve the long-standing structural funding issues in Devon and Severn IFCA;
- to provide D&S IFCA with medium- term financial stability;
- to deliver annually a Revenue Budget equivalent in current values to £959,259, that provides sufficient resources for D&S IFCA to meet its Statutory duties;
- to review the proportion of Levy each Local Authority provides;
- to maximise central funding support provided by Defra; to minimise increased financial burden on local taxpayers and
- to devise a revised funding formula agreed by all Local Authorities that can be recommended by D&SIFCA to Defra

## 2. Overview

The Financial and Operational Assessment of Devon and Severn Inshore Fisheries and Conservation Authority report, made available to Members to Devon and Severn Inshore Fisheries and Conservation Authority (D&S IFCA) and sent to the Secretary of State for the Environment, Food and Rural Affairs, the Rt Hon George Eustice on 19<sup>th</sup> March 2021, details the history of the financial challenges that D&S IFCA has faced over the first ten years of operation. Defra acknowledge that the standard funding formula does not meet the unique circumstances in D&S IFCA, the Local Authorities in Devon and Severn have the option of agreeing a new set of levy contributions.

The Chair and Chief Officer have been discussing with Defra officials the financial crisis that D&S IFCA faces, and Defra has agreed to the review of the current funding structure. ***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.***

D&S IFCA agreed a Revenue Budget of £827,700 for 2022/23. However, General Reserves of £65,500 were identified for use to meet the shortfall in the Local Authorities' contributions, (£762,200). The use of General Reserves (12.32% of £531,517 at 1<sup>st</sup> April 2022) is not sustainable long term, and the overall budget is below that needed to properly structure D&S IFCA to meet its Statutory Duties. **Reserves are projected to be just over £400,000 at 31<sup>st</sup> March 2023.** D&S IFCA's Reserve Policy requires a minimum General Reserve equivalent to 25% of the Revenue Budget in any year. Based on the current Revenue Budget of £762,200, General Reserves cannot fall below £190,550. If General Reserves were used at the current rate, the available funds would be exhausted in approximately three to five years.

### 3. Funding Structure

The Devon and Severn Fisheries and Conservation Order 2010 <sup>1</sup>(the Order) stipulates the percentage contributions that each constituent funding Local Authority pays towards the Revenue Budget of D&S IFCA.

Plymouth City Council	4.70%
North Somerset District Council	4.63%
Somerset County Council	15.89%
Bristol City Council	5.65%
Devon County Council	47.09%
Torbay Council	3.49%
South Gloucestershire Council	4.08%
Gloucestershire County Council	14.47%

### Defra Commitment & Funding

Defra is committed to the New Burdens doctrine; that government as a whole will ensure that New Burdens falling on local authorities are fully funded. Defra has provided the financial support required to pay for these new duties of IFCAs since the IFCAs were established. Since 2010/11, Defra has provided IFCAs with £3M of New Burdens Funding (NBF) as part of each Spending Review settlement with Treasury and D&S IFCA has been allocated £409,297 of NBF each year. In respect of the nine other IFCAs, NBF was provided in recognition of the new conservation duties that arose from the introduction of the Marine and Coastal Access Act<sup>2</sup>. When the IFCA's were created nine new Local Authorities were

<sup>1</sup> [The Devon and Severn Inshore fisheries and Conservation Order 2010](#)

<sup>2</sup> [Marine and Coastal Access Act 2009](#)

brought into the membership of a number of IFCA's. Five of these Local Authorities are within the Devon and Severn district; North Somerset Council, Somerset County Council, Bristol City Council, South Gloucestershire Council, Gloucestershire County Council.

Defra has confirmed that it is willing to make parliamentary time available to amend the Devon and Severn Order to update the levy percentages that each Council pay to fund DSIFCA.

If the Somerset and Severn Local Authorities were provided with the exact amount of NBF to meet their levy contributions ***in 2022/23, there would have been a surplus allocation of £47,059 of NBF that could have been redistributed.***

Defra has indicated that it has secured £3 million in New Burdens funding for 2022/2023 and indicatively for 2023/2024, 2024/2025. In light of new policy areas additional funding support for IFCA's through the Spending Review period of 2022-2025 has also indicated that ***each IFCA could receive an additional £150,000 to support delivery of three key priorities arising from the Fisheries Act 2020<sup>3</sup> and the Environment Act 2021<sup>4</sup>***. These are;

- Fisheries Management Plans (FMPs);
- Marine Protected Areas (MPA) and Good Environmental Status (GES) monitoring and management; and
- Responding to marine planning, consents and licences.

Defra recognises that Local Authority annual budgets were agreed in March and that any new tasks or expectations need to be funded outside of the existing New Burdens funding. As a result, any SR21 allocation to support the above key priorities will be provided to each IFCA directly via lead Local Authorities. Defra is expected to set out its delivery expectations when it writes a 'Chair's' letter to each IFCA.

It is expected that for ***Financial Years 2022/23, 2023/24 and 2024/25, D&S IFCA will continue to be allocated an annual total of £409,297 of central funding support, with an additional f £150,000 to support key priorities and deliverables.***

It is understood that Defra cannot make long-term funding commitments due to the way in which it receives its money (Treasury Spending Reviews). However, Defra has given its confirmation that it is committed to funding new burdens on Local Authorities and the drivers are long-term commitments through 25 Year Environment Plan and relevant legislation which IFCA's help deliver. It is therefore reasonable to assume that central funding of IFCA's will continue in the medium to long-term.

#### **4. Current Funding Structure Weaknesses**

Sea Fisheries Committee's preceded IFCA's and Devon Sea Fisheries Committee (DSFC) was replaced by D&S IFCA in 2010. To deliver the Devon Sea Fisheries Committee's (DSFC) duties and responsibilities the three Devon Local Authorities (Devon County Council, Plymouth City Council and Torbay Council) contributed a total of £582,599 in 2010/2011. ***For the 2022/23 D&S IFCA's Revenue Budget, these three Local***

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<sup>3</sup> [Fisheries Act 2020](#)

<sup>4</sup> [Environment Act 2021](#)

**Authorities contributed £399,962 of local taxpayers' money, a reduction of 31.3%**, shown in Table 1, despite a significant increase in the worked required to be undertaken in Devon by D&S IFCA compared to DSFC.

94.8% of current NBF is provided to the Somerset and Severn Local Authorities, only 5.2% being provided to the Devon County Council. In seven other IFCAs, all the NBF is provided to support the new duties of the Local Authorities that had previously been part of the Sea Fisheries Committees. NBF to new Local Authorities represented 42.7% and 22.7% of the respective total NBF provided to the remaining two IFCAs<sup>5</sup>.

In its allocation of NBF, Defra acknowledges that there is an administrative burden on the new Local Authorities, and Local Authorities can use up to £5,000 of NBF to offset this cost. According to Defra's figures, the Somerset and Severn Local Authorities were the only Local Authorities that had not passed on all the NBF to their relevant IFCA in 2022/2023.

**In 2022/23, all other 'Local Authorities (including 'new' ones) contributed some local taxpayers' money to the Revenue Budget of their respective IFCAs.**

**Table 1**

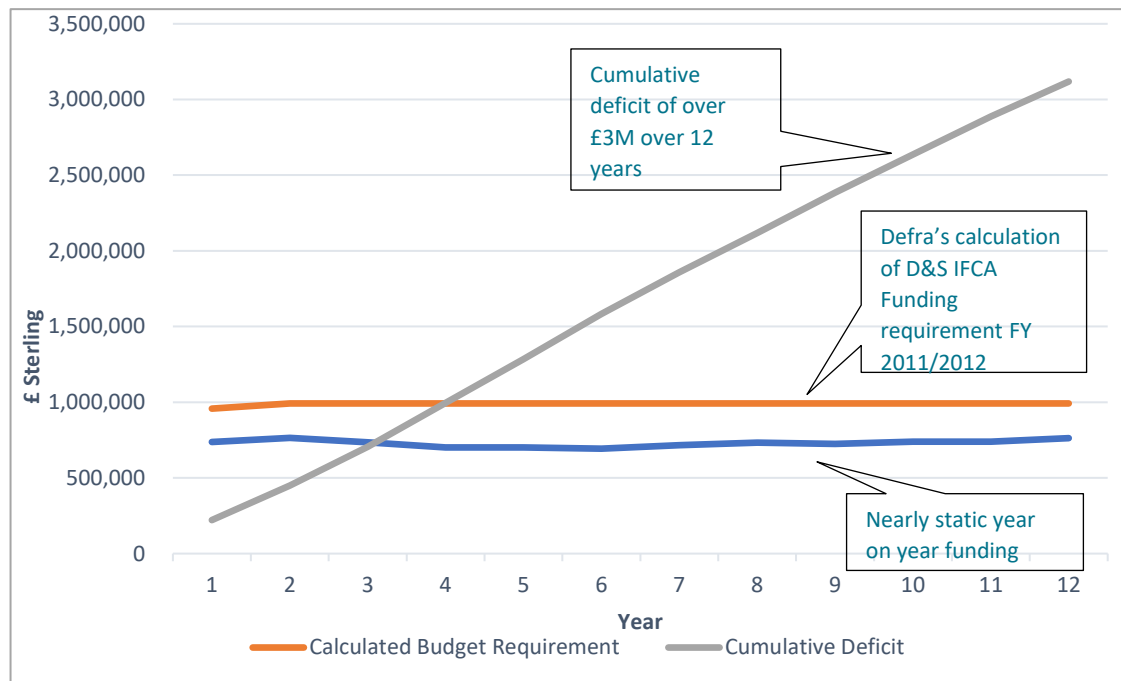
Funding Council	Contribution to DSFC Budget (2010/2011)	% Local Taxpayers' contribution to DSFC Budget	Contribution to D&S IFCA Budget (2022/2023)	Local Taxpayers' contribution to D&S IFCA (2022/2023)	NBF Contribution	% Local Taxpayers' contribution to D&S IFCA (2022/2023)
Devon County Council	£397,321.00	68.20	£358,920.00	£337,538.00	£21,382.00	44.28
Plymouth City Council	£123,519.00	21.20	£35,823.00	£35,823.00	£0.00	4.70
Torbay Council	£61,759.00	10.60	£26,601.00	£26,601.00	£0.00	3.49
Gloucestershire County Council	£0.00	0.00	£110,290.00	£0.00	£122,428.00	0.00
S. Gloucestershire Council	£0.00	0.00	£31,098.00	£0.00	£38,110.00	0.00
Bristol City Council	£0.00	0.00	£43,064.00	£0.00	£50,851.00	0.00
North Somerset Council	£0.00	0.00	£35,290.00	£0.00	£42,574.00	0.00
Somerset County Council	£0.00	0.00	£121,114.00	£0.00	£133,952.00	0.00
<b>Total</b>	<b>£582,599.00</b>	<b>100.00</b>	<b>£762,200.00</b>	<b>£399,962.00</b>	<b>£409,297.00</b>	<b>52.47</b>

<sup>5</sup> Table of NBF across IFCAs, created by DSIFCA using data provided by IFCAs and Defra 2022

### Shortfall in Available Funding for D&S IFCA

**D&S IFCA could have had an operational annual Revenue Budget of £991,896 for each of the last twelve years** based on the following:

- Somerset and the Severn Local Authorities had paid nothing toward D&S IFCA's Revenue Budget (taxpayers' money or New Burdens Funding); and
- the Devon Local Authorities had continued to contribute the same level of funds that they did to the last Devon Sea Fisheries Committee's Revenue Budget; and
- Defra had provided the New Burdens Funding to the Devon Local Authorities.



**Instead, D&S IFCA has received an average Revenue Budget of only £729,175 over the same period, which equates to a total lost potential revenue of £3,152,652 (Table 2).**

**Over the last 12 years, despite how it is widely reported, taxpayers from the Somerset and Severn Local Authorities have not had to pay anything to D&S IFCA. Defra has provided all NBF to Somerset and Severn LA's; a surplus of £741,935 has not been passed on by these Local Authorities to D&S IFCA. (Table 2)**

**Over the last 12 years the Devon Local Authorities have paid £2,410,717 less than they paid toward the last Devon SFC Revenue Budget.**

Table 2 D&S IFCA Budget History 2011/12 – 2020/21

## Reported Underspend

Much comment has been made regarding the underspend of the Revenue Budget in many of the years of operation.<sup>6</sup> Gloucestershire County Council and most of the other Local Authorities highlight the underspend as clear evidence that D&S IFCA is provided with enough money and the Revenue Budget is too high. This is a distortion of the situation. Due to the excessive workloads, consequent poor morale and poor wages, D&S IFCA experiences a continuous turnover of staff (50% staff turnover in last two years, (2020/21 and 2021/22). It takes many months to recruit replacement officers and each month an officer is not in employment, D&S IFCA is saving considerable amounts of money relative to its overall budget.

The 2021/2022 Revenue Budget is reported to have been another underspend, however D&S IFCA's expenditure was higher than the base levy from the Local Authorities and income was higher than expected. The reported underspend was a result of not having to transfer as much General Reserve to balance the expenditure, and therefore was not a true underspend.

So, the situation that persists is that D&S IFCA, the largest IFCA by size, the IFCA with the largest mobile fishing fleet operating in its waters, an IFCA with significant Marine Protected Area network and one of the biggest static gear fleets, has the second lowest budget and second lowest number of staff of the nine mainland IFCAs.

## 5. Budget Requirements

- Defra calculated that D&S IFCA required a Revenue Budget of £811,530 for FY 2011/12<sup>7</sup>.
- ***In 2023, Officers have determined that a Revenue Budget of £959,259 would help support the retention of staff and is a significant step towards D&S IFCA meeting its Statutory Duties.***
- A Revenue Budget of £959,259 has been calculated from the base budget contribution from the Devon Local Authorities 2022/23 and full use of NBF support of £409,297 and receiving the maximum additional support of £150,000

A Revenue Budget of £959,259 would allow D&S IFCA to financially restructure, employ two additional staff and increase the vessel operational budget to deliver the new work identified in the Fisheries and Environment Acts, ***whilst still being the second lowest funded mainland IFCA.*** Defra is committed to providing D&S IFCA with £409,297 but recognises that where new burdens arise that additional funding will be considered.

## 6. Five Principles of Change

D&S IFCA has reported to Members consistently that it is under resourced to deliver all its Statutory Duties. In December 2021 D&S IFCA notified the Secretary of State which current duties it is not able to perform within existing budgets, which duties it is able to partially and fully meet. It is recognised that it is difficult to enable the uplift in finances required to achieve the optimum staff structure, and in view of the present, and likely

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<sup>6</sup> Senior Officer Statement by Gloucestershire County Council on D&S IFCA finances

<sup>7</sup> 2011 - Government response to the Allocating New Burdens Funding to Inshore Fisheries and Conservation Authorities and their Funding Local Authorities - Defra Report 2<sup>nd</sup> December 2010.



persistent, pressure on the cost of living and public finances, generating more money from local taxpayers though increasing the base levy on Local Authorities would be particularly challenging.

To break the funding impasse displayed in Table 2, and to maximise the benefit of Defra's funding to D&S IFCA, the Local Authorities are asked to adopt the following Principles of Change:

- 1. Local Authorities accept, that D&S IFCA is a significant outlier compared to other IFCA's when it comes to funding and workloads and requires a significant increase in its Revenue Budget;**
- 2. The Local Authorities' contributions reflect where D&S IFCA resources have to be directed;**
- 3. Somerset and Severn Local Authorities accept that the amount of NBF they receive will change to reflect any change in the percentage contributions to the Levy;**
- 4. Somerset and Severn Local Authorities agree to waive the £5,000 of NBF for their D&S IFCA related administration costs;**
- 5. In future years, all Local Authorities agree to use their taxpayers' money to support any shortfall between NBF and Levy contributions, as is the case in all other IFCA's.**

## **7. Levying Options**

As reported in Officers' papers and recognised by Authority Members, the past twelve years have shown that that majority of D&S IFCA's work is focussed on the south coast of Devon. The work of D&S IFCA is concentrated on managing and monitoring activity in Marine Protected Areas. Devon has the largest fleet of mobile gear vessels (of all IFCA's) operating inshore and 38.5% of the sea on the south coast of Devon is prohibited to these vessels to protect sensitive habitats and species.

The conservation remit of D&S IFCA and its duty to manage all interests, including recreational fishing and mariculture, in the exploitation of sea fisheries resources means that D&S IFCA has a management role in the Somerset and Severn areas of its District, but by its very limited nature it is not as extensive as its role in Devon.

There are occasions when the focus does fall on the Somerset and Severn Areas, such as with D&S IFCA's involvement with Hinkley C Nuclear Power Station<sup>8</sup> (including participation in the public Inquiry and significant involvement in the Marine Licence Application to deposit dredge materials off Portishead) and development of recreational sea angling zones.

Byelaws and management measures developed by D&S IFCA apply to all areas of the District.

The Severn Estuary SAC is the largest SAC in England and has important *Sabellaria* (Ross worm) reef features designated within the site. Consequently, any development, aggregate dredging, pipeline etc would require an assessment and response from D&S IFCA.

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<sup>8</sup> D&S IFCA's Presentation HPC Permit Appeal 2020; D&S IFCA Appeal Representation June 2021

Further analysis of officers' work and use of vessels could be undertaken to refine the figures outlined below in Table 3, but this was deemed unnecessary at this stage as it is important to establish principles of change. Officers are confident that a Levy based on where resources are used is accurately represented by the proposed adjusted contributions to the Levy.

#### **Option 1 Do nothing**

Defra has acknowledged that a restructuring of D&S IFCA's funding is required. ***The outcome of this option would be that Defra determines the future funding structure.***

#### **Option 2 Meet the Principles of Change 1-5**

***Change the levy percentages in the Order, maximise NBF to D&S IFCA, fix NBF allocations to Local Authorities at 2023/24 levels.***

It is proposed to reduce the percentage levies on the Somerset and Severn Local Authorities reflecting the criteria of the sea area, commercial fishing and recreational activity, environmental research and assessments (Table 3).

**Please note that this paper is NOT part of the annual budget setting process. For illustration, to aid understanding, figures for a hypothetical 2023/24 Revenue Budget are used but the actual budget setting process for 2023/24 will be conducted separately later this year.**

**Table 3**

Local Authority	Levy Allocation in an amended Statutory Order
Somerset County Council	5.00%
North Somerset District Council	2.00%
Bristol City Council	1.00%
South Gloucestershire Council	1.00%
Gloucestershire County Council	1.00%

Gloucestershire County Council, South Gloucestershire Council and Bristol City Council have a combined sea area of 2.36% and little exploitation of sea fisheries resources, (mainly recreational sea angling) occurs in this area.

North Somerset District Council and Somerset County Council account for 4% and 13.6% of D&S IFCA's sea area respectively and have significant recreational fishing activity from the shore and out of harbours, such as Minehead and Watchet. Some commercial net fishing is

undertaken in their sea areas and illegal netting is reported each year. In addition, intertidal surveys are undertaken in Bridgwater Bay and Hinkley Power Station is situated in Somerset County Council's area.

***In 2023/24:***

- ***The Somerset and Severn Local Authorities would receive enough NBF to meet their Levy contributions to D&S IFCA***
- ***The Somerset and Severn Local Authorities' taxpayers would not contribute to D&S IFCA Revenue Budget.***

The sea areas of Plymouth City Council and Torbay Council are relatively small (0.45% and 1.25%) but significant commercial fleets operate from Plymouth, Torquay and Brixham. Both Councils' sea areas are designated as Special Areas of Conservation, Plymouth entirely, Torbay partially, and Torbay has a designated Tranche 1 Marine Conservation Zone. Torbay has existing mariculture sites and further mariculture development is proposed. Plymouth has the first National Marine Park and the work D&S IFCA conducts within the site monitors the fisheries and materially underpins the conservation importance of the site which merits its status as a National Marine Park.

Devon County Council has the greatest sea area (78.34%) and estuaries such as the Taw Torridge (not managed under DSFC), Dart, Teign, Exe and Salcombe. Devon County Council's sea area contains a total of 16 Marine Protected Areas (6 European Marine Sites and 10 MCZs including Lyme Bay part of the Lyme Bay to Torbay SAC, a large part of the Start Point to Plymouth and Eddystone SAC and Lundy SAC.) Skerries Bank and Surrounds MCZ in South Devon is the largest MCZ in the D&S IFCA's District. As well as the largest fleet of Mobile gear vessels, significant commercial static gear vessels operate from the ports of Salcombe, Dartmouth, Teignmouth, Axmouth, Plymouth, Brixham and Ilfracombe in Devon County Council's waters.

***In 2023/24 (for example):***

- ***The Devon Local Authorities would significantly increase their percentage contributions to D&S IFCA's Revenue Budget in the Order***
- ***The Devon Local Authorities' taxpayers would not see an increase in their contribution to D&S IFCA Revenue Budget.***
- ***Devon County Council, Plymouth City Council and Torbay Council taxpayers would pay £182,637 less than their contributions to DSFC in 2010/11.***

The figures set out in Table 4 are calculated using the amounts taxpayers of Devon County Council, Plymouth City Council and Torbay Council paid in 2022/23 and sharing the remaining NBF £328,372 (£409,297- £80,925 Somerset and Severn NBF) according to their percentage contributions paid to DSFC.

The redistribution of NBF has the effect of increasing the contributions of Plymouth City Council to 13.03% and Torbay Council to 7.59%. Devon County Council's contribution to the overall Levy increases slightly on its proportion of payments made to DSFC from 68.2% to 69.38%. Officers believe that the increase in contributions better reflects the work undertaken in these Local Authority areas compared to the other Local Authorities.

Table 4, for example, shows that to achieve a Revenue Budget of £809,259 in 2023/24, there is no increase in the amount that local taxpayers of Devon County Council, Plymouth City Council and Torbay Council pay, and the Somerset and Severn local taxpayers pay nothing.

**Table 4**

Local Authority	2022/23 Local taxpayers' contribution	2023/24 Local taxpayers' contribution	Increase in local taxpayers' contribution	NBF	2023/24 Levy	Allocation in amended Order
Devon	£337,538.00	£337,538.00	£0.00	£223,925.00	£561,463.00	69.38%
Plymouth	£35,823.00	£35,823.00	£0.00	£69,623.00	£105,446.00	13.03%
Torbay	£26,601.00	£26,601.00	£0.00	£34,822.00	£61,423.00	7.59%
<b>Devon LAs</b>	<b>£399,962.00</b>	<b>£399,962.00</b>	<b>£0.00</b>	<b>£328,370.00</b>	<b>£728,332.00</b>	<b>90.00%</b>
Gloucestershire	£0.00	£0.00	£0.00	£8,093.00	£8,093.00	1.00%
S. Gloucestershire	£0.00	£0.00	£0.00	£8,093.00	£8,093.00	1.00%
Bristol	£0.00	£0.00	£0.00	£8,093.00	£8,093.00	1.00%
N. Somerset	£0.00	£0.00	£0.00	£16,185.00	£16,185.00	2.00%
Somerset	£0.00	£0.00	£0.00	£40,463.00	£40,463.00	5.00%
<b>Severn LAs</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£80,927.00</b>	<b>£80,927.00</b>	<b>10.00%</b>
<b>Totals for all LAs</b>	<b>£399,962.00</b>	<b>£399,962.00</b>	<b>£0.00</b>	<b>£409,297.00</b>	<b>£809,259.00</b>	<b>100.00%</b>

Table 5 shows, for example, how Somerset and Severn Local Authorities would begin to support D&S IFCA by contributing local taxpayers' money to offset the difference between NBF contributions and the overall Revenue Budget. In 2024/25 Gloucestershire County Council would

contribute £162 rising to £327 in 2025/26. Somerset County Council would provide £810 rising to £1,634 in 2025/26. In total the Somerset and Severn councils' taxpayers would contribute £3,269 towards D&S IFCA's Revenue Budget.

By contributing towards D&S IFCA's Revenue Budget, the Somerset and Severn Councils lessen the impact of having fixed NBF from Defra and be in line with other Local Authorities in that they provide some local taxpayers money in addition to the NBF that they receive. In subsequent years the contributions by the Somerset and Severn Councils will build.

**Table 5**

Local Authority	2022/23 % Local taxpayers' contribution D&S IFCA	2022/23 Local taxpayers' contribution D&S IFCA	2023/24 % Local taxpayers' contribution D&S IFCA	2023/24 Local taxpayers' contribution D&S IFCA	2024/25 % Local taxpayers' contribution D&S IFCA based on 2% increase	2024/25 Local taxpayers' contribution D&S IFCA based on 2% increase	2025/26 % Local taxpayers' contribution D&S IFCA based on 2% increase	2025/26 Local taxpayers' contribution D&S IFCA based on 2% increase
Devon	44.28	£337,538.00	41.71	£337,538.00	42.25	£348,750.00	42.78	£360,204.00
Plymouth	4.70	£35,823.00	4.42	£35,823.00	4.60	£37,936.00	4.76	£40,088.00
Torbay	3.49	£26,601.00	3.29	£26,601.00	3.37	£27,841.00	3.46	£29,095.00
<b>Total Devon LAs</b>	<b>52.47</b>	<b>£399,962.00</b>	<b>49.42</b>	<b>£399,962.00</b>	<b>50.22</b>	<b>£414,527.00</b>	<b>51.00</b>	<b>£429,387.00</b>
Gloucestershire	0.00	£0.00	0.00	£0.00	0.02	£162.00	0.04	£327.00
S. Gloucestershire	0.00	£0.00	0.00	£0.00	0.02	£162.00	0.04	£327.00
Bristol	0.00	£0.00	0.00	£0.00	0.02	£162.00	0.04	£327.00
N. Somerset	0.00	£0.00	0.00	£0.00	0.04	£324.00	0.08	£654.00
Somerset	0.00	£0.00	0.00	£0.00	0.10	£810.00	0.19	£1,634.00
<b>Total Severn LAs</b>	<b>0.00</b>	<b>£0</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.20</b>	<b>£1,620.00</b>	<b>0.39</b>	<b>£3,269.00</b>
<b>NBF</b>	<b>47.53</b>	<b>£362,238.00</b>	<b>50.58</b>	<b>£409,297.00</b>	<b>49.58</b>	<b>£409,297.00</b>	<b>48.61</b>	<b>£409,297.00</b>
<b>Total Levy</b>		<b>£762,200</b>		<b>£809,259.00</b>		<b>£825,444.00</b>		<b>£841,953.00</b>

### Option 3 Meet the Principles of Change 1-4

**Reduce the levy percentage of Somerset and Severn Local Authorities and maximise NBF but continue with no local taxpayers' money from Somerset and Severn in 2024/25 and beyond.**

Table 6, for example, shows the impact of Somerset and Severn Local Authorities' taxpayers continuing to pay nothing towards D&S IFCA's Revenue Budget. This will result in an increase in the amounts Devon County Council's, Plymouth City Council's and Torbay Council's taxpayers contribute. The increases are based on 2% increases in 2024/25 and 2025/26 so the rises may be higher than those represented. **Based on the figures in Table 6, Devon County Council's, Plymouth City Council's and Torbay Council's taxpayers would still be contributing £150,943 less than they did to the last DSFC Revenue Budget in 2009/2010.**

**By not contributing any local taxpayer's money to D&S IFCA's Revenue Budget, the Somerset and Severn Local Authorities would be acting differently to all other IFCA's Local Authorities that receive NBF.**

**Table 6**

Local Authority	2022/23 % Local taxpayers' contribution D&S IFCA	2022/23 Local taxpayers' contribution D&S IFCA	2023/24 % Local taxpayers' contribution D&S IFCA	2023/24 Local taxpayers' contribution D&S IFCA	2024/25 % Local taxpayers' contribution D&S IFCA based on 2% increase	2024/25 Local taxpayers' contribution D&S IFCA based on 2% increase	2025/26 % Local taxpayers' contribution D&S IFCA based on 2% increase	2025/26 Local taxpayers' contribution D&S IFCA based on 2% increase
Devon	44.28	£337,538.00	41.71	£337,538.00	42.38	£349,855.00	43.05	£362,434.00
Plymouth	4.70	£35,823.00	4.42	£35,823.00	4.64	£38,279.00	4.84	£40,781.00
Torbay	3.49	£26,601.00	3.29	£26,601.00	3.39	£28,013.00	3.50	£29,441.00
<b>Total Devon LAs</b>	<b>52.47</b>	<b>£399,962.00</b>	<b>49.42</b>	<b>£399,962.00</b>	<b>50.41</b>	<b>£416,147.00</b>	<b>51.39</b>	<b>£432,656.00</b>
Gloucestershire	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
S. Gloucestershire	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Bristol	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
N. Somerset	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Somerset	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
<b>Total Severn LAs</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.00</b>	<b>£0.00</b>
<b>NBF</b>	<b>47.53</b>	<b>£362,238.00</b>	<b>50.58</b>	<b>£409,297.00</b>	<b>49.59</b>	<b>£409,297.00</b>	<b>48.61</b>	<b>£409,297.00</b>
<b>Total Levy</b>		<b>£762,200.00</b>		<b>£809,259.00</b>		<b>£825,444.00</b>		<b>£841,953.00</b>

It is likely Defra's administrative costs of changing annually the amount of the NBF paid to each Local Authority would mirror or outweigh the additional contribution to the Local Authorities.

#### Option 4 Meet the Principles of Change 1-3

***Reduce the levy percentage of Somerset and Severn Local Authorities but continue with no taxpayers' money from Somerset and Severn in future years and Somerset and Severn Local Authorities retain £5,000 towards administration.***

Table 7 below shows that by retaining a total of £25,000 of NBF, the amount of NBF available to offset the local taxpayers' contributions from Devon County Council, Plymouth City Council and Torbay Council is reduced further. Compared to Option 2, these local taxpayers would be paying an additional £28,269 in 2025/26. Devon County Council, which receives NBF of £21,382, does not retain funding to offset their administration costs.

**Table 7**

Local Authority	2022/23 % Local taxpayers' contribution D&S IFCA	2022/23 Local taxpayers' contribution D&S IFCA	2023/24 % Local taxpayers' contribution D&S IFCA	2023/24 Local taxpayers' contribution D&S IFCA	2024/25 % Local taxpayers' contribution D&S IFCA based on 2% increase	2024/25 Local taxpayers' contribution D&S IFCA based on 2% increase	2025/26 % Local taxpayers' contribution D&S IFCA based on 2% increase	2025/26 Local taxpayers' contribution D&S IFCA based on 2% increase
Devon	44.28	£337,538.00	43.81	£354,570.00	44.45	£366,903.00	45.07	£379,483.00
Plymouth	4.70	£35,823.00	5.08	£41,128.00	5.28	£43,580.00	5.47	£46,081.00
Torbay	3.49	£26,601.00	3.62	£29,264.00	3.71	£30,664.00	3.82	£32,092.00
<b>Total Devon LAs</b>	<b>52.47</b>	<b>£399,962.00</b>	<b>52.51</b>	<b>£424,962.00</b>	<b>53.44</b>	<b>£441,147.00</b>	<b>54.36</b>	<b>£457,656.00</b>
Gloucestershire	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
S. Gloucestershire	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Bristol	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
N. Somerset	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
Somerset	0.00	£0.00	0.00	£0.00	0.00	£0.00	0.00	£0.00
<b>Total Severn LAs</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.00</b>	<b>£0.00</b>	<b>0.00</b>	<b>£0.00</b>
NBF	47.53	£362,238.00	47.49	£384,297.00	46.56	£384,297.00	45.64	£384,297.00
<b>Total Levy</b>		<b>£762,200.00</b>		<b>£809,259.00</b>		<b>£825,444.00</b>		<b>£841,953.00</b>

***By retaining NBF to offset the administrative burden, the Somerset and Severn Local Authorities would be acting differently to all other IFCA's Local Authorities that receive NBF.***

## Summary

***Defra has indicated that it recognises that change to D&S IFCA's present funding formula is required and that Defra would introduce its own option if agreement between D&S IFCA's funding Local Authorities cannot be achieved.***

Defra has demonstrated its commitment to IFCA's by providing year on year New Burdens funding support to meet new duties emerging from the Marine and Coastal Access Act (2009). More recently Defra has bid for additional funding to support the implementation of priorities laid out in the Fisheries Act and the Environment Act, such as the designation of Highly Protected Marine Areas and Fisheries Management Plans.

***Defra is willing to change its administration of NBF if that would enable the Local Authorities to agree an alternative funding structure for D&S IFCA.***

The additional funding support from Defra provides an opportunity for D&S IFCA to demonstrate nationally why it and the other IFCA's are important in delivering the ambitions in the new Acts and continue to deliver the expectations of the Marine and Coastal Access Act. The tables in the report show that Defra's NBF and additional central funding (if confirmed) would represent the largest contribution to D&S IFCA's budget in 2025/26 (between 53.86% and 56.38% depending on options). This would represent the largest proportion of central government support to any mainland IFCA Revenue Budget. Officers believe that this is appropriate given the necessity to prioritise delivering national objectives, in particular ongoing management and monitoring of Marine Protected Areas and evidence and regulatory support needed for Fisheries Management Plans.

Officers believe that, for example, an increase in the Revenue Budget to £959,259 in 2023/24 does represent an operational budget that will mean that D&S IFCA is likely to be able to meet its current Statutory duties and additional expected delivery under the Fisheries Act and Environment Act. Officers believe that this is achievable despite D&S IFCA continuing to operate on the third lowest of all IFCA's Revenue Budget.

This paper identifies that the potential additional national support of £150,000 and redistribution of the available NBF of £47,059 to the Local Authorities, delivers a potential increase of £197,059 to D&S IFCA's Revenue Budget. This level of uplift is significant and is one that some D&S IFCA members and the Chief Officer have been calling for over the last twelve years. It is very likely that such an uplift through raising local taxpayers' contributions would not have been possible. Inevitably such an increase will, in time, increase the burden on local taxpayers but initially the proposed Revenue Budget in 2023/24 would effectively be a 0% increase to all local taxpayers.

Defra's funding support also provides the opportunity to review the funding structure of D&S IFCA. Officers have considered where D&S IFCA's resources are focussed and have reflected this in the proposed changes to the Levy percentages. Somerset and Severn Local Authorities have



consistently identified that the current share of the Revenue Budget identified in the Order is not appropriate. The options in this paper reduces the total contribution from these Local Authorities from 44.72% to 10.0%.

In many respects the proportion of the levy provided by the Somerset and Severn Councils is irrelevant if these Local Authorities continue to expect Defra to provide them with all the money required to meet their financial obligations to D&S IFCA. The proposed reduction in the levy percentages would provide these Local Authorities with confidence that their level of exposure to financial risk has reduced significantly.

The proposed changes in the Levy percentages significantly increases the contributions from Devon County Council, Plymouth City Council and Torbay Council in the Order. However, the paper identifies that the actual level of funding required by local taxpayers remains significantly below what they contributed to DSFC 12 years ago.