

# NWIFCA Quarterly Meeting:

## 7<sup>th</sup> December 2023

### AGENDA ITEM 6

#### FINANCIAL REPORT

**Purpose:** To approve the budget and levies for 2024/25.  
To present the Budget Review to 30 September 2023

**Recommendations:** That the budget and levies for 2024/25 is approved.  
That the Budget Review to 30 September 2023 is approved.

#### 1. NWIFCA Budget and Levy for 2024-25

After consideration by the Finance Sub-Committee at 11.00 a.m. on 1 December 2023, the full Authority is asked to record approval of the Budget and Levy for 2024-25.

Table 1 – 2023/24 and 2024/25 Budget Comparison<sup>1</sup>

EXPENDITURE	2023/24	2024/25
Employees	£1,022,103	£1,184,401
Estates	£74,139	£214,000
Transport	£246,990	£124,000
Capital Asset Replacement Fund	£121,151	£144,151
Supplies and services	£58,000	NA
Corporate	£42,500	£168,720
<b>TOTAL EXPENDITURE</b>	<b>£1,564,883</b>	<b>£1,835,273</b>

<sup>1</sup> Struck through heading with 'NA' in 2024/25 are removed for next year.

INCOME		
Interest	£9,006	NA

Permit Fees	£90,000	£85,000		
Sampling	£19,000	NA		
TOTAL INCOME	£118,006	£85,000	£ Change	% Change
<b>TOTAL NET EXPENDITURE</b>	<b>£1,446,877</b>	<b>£1,750,273</b>	<b>£303,396</b>	<b>21.0%</b>

*Table 2 – 2023/24 and 2024/25 Levy Comparison*

<b>Council</b>	<b>% of Total Levy</b>	<b>2023/24 Levy</b>	<b>2024/25 Levy</b>	<b>Levy Increase</b>
Blackpool Borough Council	1.65%	£23,873	£28,880	£5,007
Cheshire West and Cheshire Council	7.30%	£105,622	£127,770	£22,148
Cumberland Council	20.47%	£296,176	£358,281	£62,105
Halton Borough Council	2.22%	£32,121	£38,856	£6,735
Lancashire County Council	33.14%	£479,495	£580,040	£100,545
Liverpool City Council	4.26%	£61,637	£74,562	£12,925
Sefton Metropolitan Borough Council	5.09%	£73,646	£89,089	£15,443
Westmorland and Furness Council	20.47%	£296,176	£358,281	£62,105
Wirral Metropolitan Borough Council	5.40%	£78,131	£94,515	£16,384
<b>TOTAL</b>	<b>100%</b>	<b>£1,446,877</b>	<b>£1,750,274</b>	<b>£303,397</b>

*Table 3 – Defra New Burdens Funding Proportions*

<b>Council</b>	<b>2024/25 Levy</b>	<b>New Burdens Funding</b>	<b>% New Burdens</b>	<b>Net Levy</b>
Blackpool Borough Council	£28,880	£0	0%	£28,880
Cheshire West and Cheshire Council	£127,770	£89,131	70%	£38,639
Cumberland Council	£358,281	£0	0%	£358,281
Halton Borough Council	£38,856	£30,585	79%	£8,271
Lancashire County Council	£580,040	£201,857	35%	£378,183
Liverpool City Council	£74,562	£54,096	73%	£20,466
Sefton Metropolitan Borough Council	£89,089	£13,859	16%	£75,230
Westmorland and Furness Council	£358,281	£0	0%	£358,281
Wirral Metropolitan Borough Council	£94,515	£17,259	18%	£77,256
<b>TOTAL</b>	<b>£1,750,274</b>	<b>£406,787</b>	<b>23%</b>	<b>£1,343,487</b>

## 1. Narrative on Budget Heading Changes and Budget Increase

There are 43 budget sub-headings across six budget categories currently. Many of these sub-headings were for small / insignificant amounts relative to the overall budget and could be logically bundled together under new sub-heading names. The new budget for 2024/25 reduces the number of sub-headings from 43 to 23 across five (rather than six<sup>2</sup>) budget categories. This will allow for a more manageable budgetary monitoring and reporting process for the Authority going forward.

The 2024/25 budget requires a £303,396 (21.0%) increase in the levy funding from our nine constituent councils.

Explanation of the change / reallocation of sub-headings and the 21% levy increase is set out in detail below.

I understand from officers and members that, in most (if not all) previous years, the levy increase agreed with the councils has routinely been around 3%. This has enabled the Authority to absorb some costs associated with inflationary increases. However, it is likely that, in the last few years at least, a 3% year-on-year budgetary increase has amounted to a real-terms budgetary cut for the Authority. Considering costs across our budget headers, there are numerous areas where we would expect to see inflationary increases on things such as fuel, rents, rates, insurance, supplies and professional services; members will of course be aware that inflation was at double-digit percentage points in 2022, and whilst, it has eased off this year, it remains at around 4-5%.

One should also factor in the annual salary increases the Authority has to defray. This is not only the annual NJC Pay Award (which has been £1,925 per employee for the last two years) but also the annual spinal column point (SCP) increment that all employees receive under the pre-existing custom and practice within the Authority. I have calculated that these salary increases amount to around a 4.0-4.5% increase in our overall budget year-on-year. Therefore, even before taking into account inflation being at well above 3% for the last two years, a 3% levy increase has indeed acted as a real terms pay cut for the Authority.

This proposal for a 21% levy increase for 2024/25 is put forward to act as a 'reset' for the Authority's annual operating budget, to mitigate the effects of the previous years' 3% increases. If agreed, we will be able to continue to operate with a full employee cohort under the new pay and grading structure which came about because of the pay review directed by members. It will also allow us to rectify legacy issues of neglect with our estates and to return onto a fully operational footing with respect to the deployment of our officers, vessels, and vehicles. Thereafter, I do not anticipate having to request anything like such a large levy increase for 2025/26 and beyond. Indeed, I have drawn up a preliminary budget for 2025/26 and 2026/27 and have estimated that, if we were to agree to a 21% uplift for next year, we would be looking for around 2.6% and 3.5% in the following two years, helped by an inflation rate which is forecast to continue to fall. This further demonstrates that the levy increase for 2024/25 is primarily targeted at resetting the Authority's annual operating budget to where it should have already been and, in that respect, can be viewed as a one off, exceptional budget.

It is also important to consider this levy increase in the context of the 'New Burdens' funding which some of the constituent councils receive from Defra. Table 3 above sets out the New Burdens funding that six of our nine councils receive to contribute towards their levies (the three others don't receive any). These figures were set back in 2011 as part of the New Burdens assessments Defra conducted when IFCA's were created. They were essentially set based on the difference between what individual councils were paying to the relevant predecessor Sea Fisheries Committee (SFC) and what they would *initially* be paying to their newly created IFCA. For example, the difference between what Lancashire County Council paid North Western and North Wales SFC and what it initially paid the Authority back in 2011 was £201,857. Therefore, for every year since, Lancashire County Council has received £201,857 from Defra to contribute towards its statutory levy to the Authority. It is noted that this New Burdens funding has never increased in line with levy increases,

---

<sup>2</sup> Supplies / Services budget category effectively removed, with sub-headings merged into more relevant sub-headings within the Employees and Corporate budgets.

and so year-on-year, as levies have increased, it has decreased as an overall proportion of the levy paid to the Authority. However, overall, the Defra New Burdens funding still covers 23% of the proposed 2024/25 levy, and, in the cases of Cheshire West and Chester, Liverpool City and Halton Borough Councils, it covers over 70% of their levies (70%, 73% and 79% respectively).

## 2. Budget Review and 1 April – 30 September 2023

<b>Expenditure</b>	<b>Budget</b>	<b>Budget to date</b>	<b>Actual</b>	<b>Better +/worse - than budget</b>	<b>Notes</b>
Employees	1,022,103	511,052	439,275	71,776	
Buildings	74,139	37,070	38,742	- 1,672	
Garaging	85,000	42,500	30,374	12,126	
Moorings	11,000	5,500	4,676	824	
Transport	150,990	55,495	41,114	14,381	
Capital Asset Replacement	121,151	60,576	60,576	-	
Supplies/services	58,000	29,000	43,269	- 14,269	
Corporate	<b>42,500</b>	<b>21,250</b>	7,139	14,111	
Depreciation			51,010	N/A	
<b>Total Expenditure</b>	<b>1,564,883</b>	<b>762,442</b>	<b>716,174</b>	<b>97,277</b>	
<b>Income</b>					
Levy	1,446,877	723,439	723,439	0	
Shellfish sampling	19,000	9,500	10,866	1,366	
Permit Fees	90,000	85,500	85,640	140	
Interest received	9,006	6,000	44,077	38,077	
<b>Total Income</b>	<b>1,564,883</b>	<b>824,439</b>	<b>864,022</b>	<b>39,583</b>	

### **Capital and Reserves**

Capital Asset Replacement Fund	851,357.24
Current Year Earnings	148,125.53
General Reserves 25% ops	360,933.01
Other reserves	1,104,364.74
RDEL	175,000.00
<b>Total Capital and Reserves</b>	<b>2,639,780.52</b>

Rushtons Accountants 23rd  
November 2023

