

NWIFCA F&P Sub-Committee Meeting: 20th November 2025

**REPORT NO.
1(v2)**

2026/27 BUDGET AND LEVIES

Purpose: To approve the budget and associated council levies for 2026/27.

Recommendations: 1. Members vote in favour of the new budget headings.
2. Members vote in favour of the proposed 2026/27 budget and levies.

1. Proposed 2026/27 Budget

Table 1 – 2025/26 and 2026/27 Budget Comparison

<i>EXPENDITURE</i>	2025/26	2026/27	% Change
<u>Employees</u>			
Gross Pay	£863,725	£952,615	+10%
Unsocial Hours	£45,000	£30,000	-33%
Employer's NI	£119,809	£121,142	+1%
Employer's Pension	£172,658	£186,696	+8%
Expenses	£18,000	£18,000	0%
Training	£43,000	£33,000	-23%
Recruitment ¹	£3,500	NA	NA
Equipment and Uniform	£27,500	£22,000	-20%
TOTAL EMPLOYEES	£1,293,192	£1,363,453	+5%
<u>Estates</u>			
Estates Maintenance and Repairs	£40,000	£27,000	-33%

¹ Removed for 2026/27.

Utilities	£26,000	£18,000	-31%
Rents	£100,150	£117,648	+17%
Rates	£30,000	£27,000	-10%
Sundries	£8,000	£8,000	0%
TOTAL ESTATES	£204,150	£197,648	-3%
<u>Transport</u>			
Fuel	£65,000	£65,000	0%
Transport Maintenance and Repairs	£55,000	£60,000	+9%
Road Tax	£4,500	£4,500	0%
TOTAL TRANSPORT	£124,500	£129,500	+4%
<u>Capital Asset Replacement Fund (CARF)</u>			
CARF	£71,500	£150,000	+110%
TOTAL CARF	£71,500	£150,000	+110%
<u>Corporate</u>			
Pension Fund (Ex-Staff)	£8,616	£9,000	+4%
Professional Services	£77,000	£67,000	-13%
Insurance	£89,400	£95,000	+6%
General Admin	£13,000	£16,000	+23%
IT	£40,000	£60,000	+50%
Members' Expenses	£3,000	£3,000	0%
Events	£9,500	£10,000	+5%
Hotels	£6,500	£7,000	+8%
TOTAL CORPORATE	£247,016	£267,000	+8%
TOTAL GROSS EXPENDITURE	£1,940,358	£2,107,601	+9%

<i>INCOME</i>			
Permit Fees	£85,000	£85,000	0%
<i>Sampling</i> ²	NA	£10,000	NA
<i>Interest</i> ³	NA	£75,000	NA
TOTAL INCOME	£85,000	£170,000	100%
TOTAL NET EXPENDITURE	£1,855,358	£1,937,601	+4.4%

Table 2 – 2025/26 and 2026/27 Levy Comparison

Council	% of Total Levy	2025/26 Gross Levy	2026/27 Gross Levy
Blackpool Borough Council	1.65%	£30,613	£31,970
Cheshire West and Chester Council	7.30%	£135,441	£141,445
Cumberland Council	20.47%	£379,792	£396,627
Halton Borough Council	2.22%	£41,189	£43,015
Lancashire County Council	33.14%	£614,866	£642,121
Liverpool City Council	4.26%	£79,038	£82,542
Sefton Metropolitan Borough Council	5.09%	£94,438	£98,624
Westmorland and Furness Council	20.47%	£379,792	£396,627
Wirral Metropolitan Borough Council	5.40%	£100,189	£104,630
<i>TOTAL</i>	<i>100%</i>	<i>£1,855,358</i>	<i>£1,937,601</i>

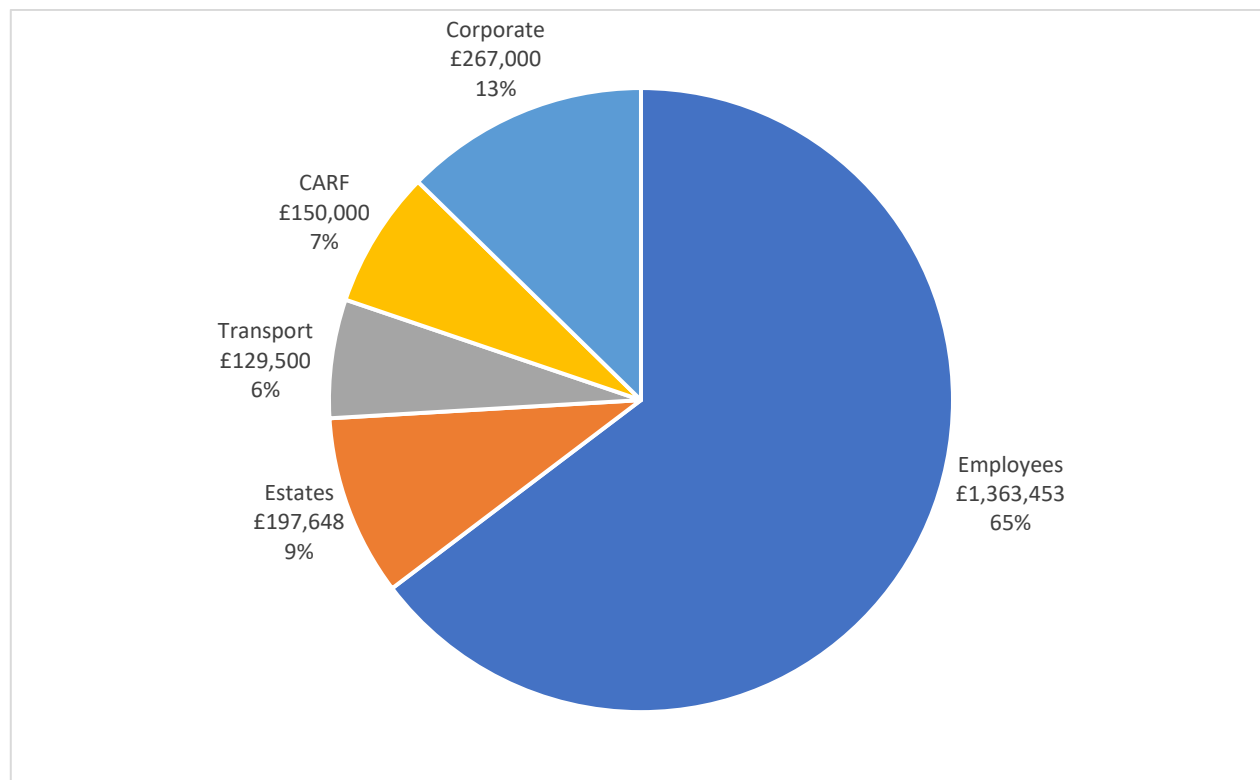
² New for 2026/27.

³ New for 2026/27.

Table 3 – Defra New Burdens Funding Proportions

Council	New Burdens Funding	2025/26 Net Levy	2026/27 Net Levy	Net Levy Increase
Blackpool Borough Council	£0	£30,613	£31,970	£1,357
Cheshire West and Chester Council	£89,131	£46,310	£52,314	£6,004
Cumberland Council	£0	£379,792	£396,627	£16,835
Halton Borough Council	£30,585	£10,604	£12,430	£1,826
Lancashire County Council	£201,857	£413,009	£440,264	£27,255
Liverpool City Council	£54,096	£24,942	£28,446	£3,504
Sefton Metropolitan Borough Council	£13,859	£80,579	£84,765	£4,186
Westmorland and Furness Council	£0	£379,792	£396,627	£16,835
Wirral Metropolitan Borough Council	£17,259	£82,930	£87,371	£4,441
TOTAL	£406,787	£1,448,571	£1,530,814	£82,243

Figure 1 – Cost Mix for proposed 2026/27 Expenditure



2. Narrative on Budget Increase

The recommendation on next year's budget structure is to broadly retain the more streamlined structure from 2025/26, with the removal of just one Expenditure sub-heading: Recruitment (see 2.1.7 below). This year, two Income sub-headings have been added, these being Sampling and Interest (see 2.6.2 and 2.6.3).

The 2026/27 budget requires a £82,243 (4.4%) increase in the levy funding from the Authority's nine constituent councils. Explanation of the change in amounts across each sub-heading from which the 4.4% levy increase is derived is set out in detail below.

Now that the Authority's operating budget has been returned to something akin to our actual operational needs, following a 21% levy increase in 2024/25 and 6% increase for 2025/26, increases for next year and beyond will be more reflective of usual, anticipated increases in costs derived from normal factors such as inflation and pay rises.

One additional factor for this budget however is that it includes the proposal to add an additional member of staff to our levy-funded operating budget. This member of staff is our current fixed-term, RDEL-funded Science Officer (Health and Safety), Robin Love. Robin is on a four-year fixed-term contract with us, which expires in July 2027 and fulfils a dual role within the Authority as a member of our Science Team as well as being our statutory Health and Safety 'Competent Person'.

Annual salary increases the Authority must defray are the most significant factor in our annual budget considerations. These increases are not only for the annual NJC Pay Award (which was 3.2% across the board this year and has been forecast at 3.5% for next year) but also the annual spinal column point (SCP) increment that all employees receive under the Authority's revised employment contractual arrangements. Even without the addition of Robin's Science Officer post, these salary increases for our pre-existing 20 permanent posts amount to around a 2.4% increase in the councils' levies from 2025/26, and *with* the additional role, it is a 4.6% increase. Therefore, members will note that, with a 4.4% levy increased being proposed, overall savings across all other areas, totalling 0.2%, have been found to justify the additional post.

Last year, the Authority's accountants implemented an accountancy software package called Xero, which provides a much more detailed overview of what is being spent across all the different budget sub-headings. This has again helped with the budget setting exercise for 2026/27, as it has enabled a more forensic examination of expenditure to-date (*i.e.* up to the end of October 2025) and better forward projection of what the likely 2025/26 final, year-end expenditure will be. This has helped improve forecasting for potential equivalent expenditure under each sub-heading in 2026/27, including where savings can be found.

It is always important to consider any proposed levy increases in the context of the 'New Burdens' funding which *most* of the constituent councils receive from Defra. Table 3 above sets out the New Burdens funding that six of the 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, 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 21% of the total proposed 2026/27 levy, and, in the cases of Cheshire West and Chester, Liverpool City and Halton Borough Councils, it covers 63%, 66% and 71% of their levies respectively. When taking into account each council's percentage contribution to the total levy, and their individual New Burdens funding from Defra, this year's proposed 4.4% amounts to the following increases in levies for each:

• Blackpool Borough Council	£1,357
• Cheshire West and Chester Council	£6,004
• Cumberland Council	£16,835
• Halton Borough Council	£1,826
• Lancashire County Council	£27,255
• Liverpool City Council	£3,504
• Sefton Metropolitan Borough Council	£4,186
• Westmorland and Furness Council	£16,835
• Wirral Metropolitan Borough Council	£4,441

2.1 Employees Budget

2.1.1 Gross Pay

Gross Pay is the Authority's single largest budget sub-heading, and for this year was set as £863,725. The 2026/27 budget for Gross Pay includes consideration of the contractual SCP increases each member of staff will receive, plus the annual NJC Pay Award, which the Authority always honours. Of course, at this stage we do not know what the Pay Award for next year will be, but it has been estimated at 3.5%. SCP increments and Pay Award alone would have accounted for a 4.8% increase in Gross Pay. However, it is also proposed to add an additional member of staff to this sub-heading as already described in Section 2 above. This takes the overall Gross Pay for 2026/27 to £952,614, an increase of 10.3% on this sub-heading from the current year.

Please note, that whilst next year's Pay Award has been estimated at 3.5%, a 1% change in this figure either way would only amount to a £12,000-13,000 difference in our total salary-based costs (with NI and pension on-costs included), which amounts to 0.6-0.7% of the overall levy. Therefore, the risk around the potential variance in this Pay Award estimate is modest.

2.1.2 Unsocial Hours

Unsocial Hours was introduced as a new sub-heading under Employees last year, in order to separate it from Gross Pay and keep better track of expenditure against it. Analysis of this year's unsocial hours expenditure to-date has concluded that, with ongoing monitoring of individual staff's working of unsocial hours, it can be reduced to £30,000 for next year, a reduction of £15,000 (-33.3%).

2.1.3 Employer's NI

With the associated increase in the Authority's Gross Pay as described in 2.1.1, our accountants have calculated that our NI contributions will increase to £121,142 in 2026/27.

2.1.4 Employer's Pension

Broadly in line with employees' pay increasing by 10.3% next year, which includes the addition of another post, it is expected that the Authority's pension contributions will increase commensurately. As such this sub-heading will go from £172,658 currently to £186,696, an increase of £14,038.

2.1.5 Expenses

Employee expenses for this year were set at £18,000, which is primarily to cover subsistence for employees when working away from the office, with a small amount of travel for those that use their own vehicles. Following a slight reduction from £20,000 in 2024/25, and following analysis of 2025/26 expenditure to-date, it is felt that this sub-heading should be kept at £18,000 for next year.

2.1.6 Training

There was a significant uplift in the Authority's staff training budget last year, from £25,000 in 2024/25, to £43,000 for the current year. For 2026/27, it is proposed to reduce this by £10,000 to £33,000. Much of this year's training expenditure has been focussed on mandatory training for future Workboat Code 3 compliance and other technical training for specialist roles with the staff cohort. Next year should see a return to more routine training, hence the proposed 23.3% reduction in this budget.

2.1.7 Recruitment - removed

It is proposed to remove this sub-heading under the Employees budget and therefore remove the associated £3,500 from the overall budget. The Authority has not had to engage in any staff recruitment for over two years now, and, with staff turnover rates now drastically down from previous years, any future costs associated with recruiting new staff are anticipated to be minimal and could be absorbed under the Professional Services sub-heading under the Corporate budget.

2.1.8 Equipment and Uniform

This sub-heading has been reduced by 20% to £22,000. Staff will be advised that equipment and uniform expenditure must be kept to essential items only, which is more than justifiable following significant equipment and uniform refreshes for Science and Enforcement officers in 2024/25 and this year.

2.2 Estates Budget

2.2.1 Estates Maintenance and Repairs

This budget can be reduced significantly to just £27,000, down 32.5% from 2025/26's £40,000. The Authority's estate is now in a much better state of repair than in previous years, with only routine expenditure and some minor improvement works anticipated for next year.

2.2.2 Utilities

This sub-heading is decreased from £26,000 currently to just £18,000. The current £26,000 was an increase on the previous year based on inflationary projections for utilities as well as anticipated moves to larger premises for Whitehaven and Carnforth office moves. Based on this year's to-date expenditure, lower-level inflation and a change in office move plans, this budget sub-heading has been reduced by 30.8%.

2.2.3 Rents

The Estates Rents budget will need to increase slightly next year, by £17,498 (17.5%) to £117,648. Whilst we have not incurred the increased property rents that we anticipated last year, as our plans for office moves have changed, we do need to budget for increased costs associated with vessel berths, with the anticipated procurement of two new vessels. These are estimated to be about £10,000 each per year but are offset slightly by some modest reductions in what is required for property rents due to changed plans for office moves.

2.2.4 Rates

The Rates budget can come down by 10% to £27,000 for 2026/27.

2.2.5 Sundries

This Sundries sub-heading is proposed to remain at £8,000 to cover cleaning and other costs associated with office- and lock-up-related items.

2.3 Transport Budget

2.3.1 Fuel

Fuel costs for vessels and vehicles can remain at the £65,000 set for the current year, reduced from the £95,000 set in 2024/25. Fuel costs have come down since then, and with a relatively standard operational year thus far in 2025/26, our fuel costs are expected to come in somewhere just under the £65,000 mark, meaning that, with a slight inflationary increase added, £65,000 is anticipated to be an appropriate fuel budget for 2026/27 even with the potential addition of one or two new vessels.

2.3.2 Transport Repairs and Maintenance

With the continued operation of North Western Protector, along with other vessel and vehicle costs, transport repairs and maintenance costs in 2025/26 remain high, although are coming down,

particularly as we continue to replace our vehicle fleet. For next year, a modest increase of £5,000 to £60,000 is proposed to ensure the Authority can continue to cover all associated costs and keep our vessel and vehicle fleet operational.

2.3.3 Road Tax

Road Tax can be kept at £4,500 for next year.

2.4 CARF Budget

Last year, it was proposed that the Authority kept its contributions to the Capital Asset Replacement Fund (CARF) at £144,151, the same as the previous year, despite an overall proposed levy increase of 10.2%. However, at the full Authority meeting in December 2024, members voted to reduce this budget sub-heading significantly to £71,500 so as to reduce the overall levy increase to 6%.

For 2026/27 it is proposed to return the Authority's CARF contributions to a level in line with previous years, and so it is set at £150,000, an increase of £78,500 on this year's contribution, but just £5,849 more than what was originally proposed, and what has been contributed to in previous recent years. Returning the CARF contributions to previous levels of around 7.5% of the overall annual budget is deemed to be prudent for the future financial security of the Authority in being able to hold enough ring-fenced funding in reserves to purchase future replacement vessels and vehicles over the coming decade and beyond.

Members should note that, whilst this is an additional £78,500 on next year's overall levy, it could be viewed as being offset by the inclusion of additional income into the budget, namely the anticipated interest earnings the Authority will make next year (see 2.6.3 below).

Restoring CARF to its previous levels amounts to a 4.2% increase on the levy. However, this is a one-off increase for councils to absorb and in future years, increases would likely only be inline for the overall increases in the levy.

2.5 Corporate Budget

2.5.1 Pension Fund (Ex-Staff)

A slight increase to £9,000 is proposed for this budget, which is set aside for three former employees being paid under the Authority's historic deferred pension scheme.

2.5.2 Professional Services

This budget sub-heading was created in 2024/25 to encapsulate the expenditure the Authority incurs on paying for external services to support its work. For this year it was set at £77,000 for the year, but can be reduced for 2026/27 to £67,000, a reduction of 13.0%. This is due to the removal of some external services, but also the reallocation of some costs into the IT budget sub-heading (see 2.5.5), which needs to be increased substantially.

2.5.3 Insurance

The Authority's insurance costs are anticipated to increase slightly in 2026/27 on account of anticipated inflation-related increases in premiums and the potential insuring of higher value assets in respect of any new vessels procured. The increase is from £89,400 currently to £95,000 (6.3%).

2.5.4 General Admin

With expenditure against this budget projected to go slightly over this year's £13,000, a budget of £16,000 is proposed for next year, to account for increased costs and inflation.

2.5.5 IT

IT was overspent in 2024/25 and is already overspent again in 2025/26. Accordingly, it is proposed to increase it by 50% from £40,000 this year to £60,000 next year. However, about half of this increase is for costs previously attributed to the Professional Services sub-heading (see 2.5.2 above), with the rest being inflation and a reflection of a move towards more IT-based systems and processes within the Authority, including digitisation of permit systems, enforcement records, intelligence recording and drone survey data, all of which bear associated hardware, software and licensing costs.

2.5.6 Members' Expenses

This can remain at £3,000.

2.5.7 Events

This sub-heading is primarily defrayed on venue bookings for Authority meetings. However, it is also used for face-to-face staff meetings when staff all meet outside of the Carnforth office three times a year, as well as for *ad hoc* stakeholder engagement events. A modest inflationary increase of £500 has been added for next year, taking the Events budget to £10,000.

2.5.8 Hotels

A modest £500 increase is proposed to this budget, taking it to £7,000 for 2026/27.

2.6 Income

In formulating next year's budget, a somewhat different approach to last year has been taken in relation to the Authority's income, in that other sources of income have been accounted for here, further reducing the overall levy required from the nine councils. This move reflects a return to previous years, when all potential income regarding Permit Fees, Sampling Charges and Interest have been taken into account, the latter two of which had been removed from budget considerations in the last couple of years due to their not being fully guaranteed sources of income. However, it is deemed prudent to include conservative estimates of these potential incomes for next year's budgeting, which enables the

Authority to request a lower percentage levy increase from its councils than it otherwise would have been able to.

2.6.1 Permit Fees

The Authority can reasonably expect to earn around £85,000 in permit fees next year; the same amount as budgeted for this year. This is primarily derived from our Byelaw 3 cockle and mussel hand-gathering permit fees, which total £75,000 per year, with the remaining £10,000 being the estimated income from Byelaw 4 potting permits.

2.6.2 Sampling Charges - new

This income sub-heading is new for 2026/27. Based on previous years' shellfish sampling activity, and a recently-implemented new charging regime, it is estimated that the Authority will bring in £10,000 of recharging income from the local authorities on whose behalf we carry out this work.

2.6.3 Interest – new

This sub-heading is also new for next year and is a conservative estimate of how much interest the Authority is likely to earn, based on anticipated reserves and interest rates. Members should note that interest earnings remain high for the Authority, due in part to the necessary funds held in reserve for various purposes, but also significant quantities of unallocated reserves (c.£1,000,000) that have presumably been accumulated through years of unreported under-expenditure leading to year-on-year substantial surplus budgets.

In future years, as reserve funds are invested in capital expenditure programmes previously agreed by this sub-committee, our associated interest earnings will come down. Therefore, this source of income cannot be wholly relied upon on current / recent levels in order to augment Authority funding and / or reduce councils' statutory levies in the long-term. That said, for next year, a conservative estimate of £75,000 of interest earnings has been included in the budget forecasting. This is based on projected earnings of close to £120,000 this year, but taking into account potentially falling interest rates and a reduction in our overall reserves due to the various pre-agreed reserve expenditure plans (e.g. new vessels and vehicles, office moves / refurb, continued RDEL-funded staff, Bangor University PhD, Dee Estuary Regulating Order application costs etc.).

Without the inclusion of this conservative estimate of 2026/27 interest income, the councils' levies would be increased by 8.5% rather than the proposed 4.4%.

In summary, all the aforementioned budget sub-headings for expenditure and income amount to an anticipated net spend of £1,937,601 for 2026/27, to be funded via the statutory levies paid by each of our nine constituent councils. This is an increase of £82,243 (4.4%) on last year's levy of £1,855,358.

Mark Taylor, North Western IFCA CEO, 10th November 2025.