

**NWIFCA Annual Meeting**  
**28<sup>th</sup> June 2018: 11.00 a.m.**

**AGENDA**  
**ITEM NO.**  
**8**

**INSTALLATION OF INSHORE VESSEL MONITORING SYSTEMS (IVMS)**  
**ON UNDER 12M VESSELS**

**Purpose:** To consider requirement for all IFCA to assist and fund installation of iVMS on all under 12m inshore vessels in their Districts.

**Recommendations:**

1. **The Authority submits an application to EMFF for funding for iVMS units for u12m vessels in the District.**

**Summary**

1. An earlier version of this paper was considered by TSB on May. Members were concerned about uncertainties and referred the financial risks to the Finance Committee which will meet before the quarterly on 28<sup>th</sup> June. A verbal report will be given to members at the full meeting.
2. Further concerns about the iVMS project came to light at AIFCA on 5<sup>th</sup> June as detailed in Annex A. Nevertheless the Minister is keen the project goes ahead and in order to keep it alive, all IFCA must submit a funding application to EMFF by end June 2018. Applications may be withdrawn later if the project is not able to proceed or if members decline to engage with the project. The application must be submitted by 28<sup>th</sup> June 2018 to ensure it is received in time. It is therefore being prepared before the meeting and will be submitted as soon as possible. A verbal update will be given at the meeting.

**Background**

3. VMS with 2 hourly reporting using satellite technology is a legal requirement on all over 12m vessels in the EU. In December 2012 Defra asked MMO to investigate the potential for using iVMS to manage certain inshore fisheries in sensitive marine areas (MPAs). iVMS with a much shorter reporting interval would generate accurate data on fishing activity showing location, tracks, speed, identity of all vessels
4. In August 2016 devices from three suppliers achieved 'type approved' status for their iVMS units, namely AST, Succorfish and Marine Instruments. Marine Instruments has since withdrawn leaving vessel owners with a choice of 2 type approved systems.
5. Both systems will take data from iVMS units on vessels, via the EU Galileo satellite to mobile telephony networks. Reporting intervals may be adjusted to meet requirements from a maximum frequency of every minute.
6. Data should be transmitted to the UKFA data hub operated by MMO for UK and Devolved Administrations. It will then be available in real time on line together with VMS and VMS+ data to IFCA on the global vista website.
7. 3 trials of iVMS in England using the prototype systems are taking place: Devon & Severn IFCA for mobile gears, Eastern IFCA for fisheries in the Wash and Southern IFCA for the clam and cockle fishery in Poole Harbour. While some useful experience has been generated by these trials, they have not yet fully reported.

8. iVMS would transform fisheries management by raising vessel monitoring to a much higher level of accuracy and detail. MMO are confident the system will have capacity to handle the large volumes of data which will be generated although systems have not been tested at a national scale.

### **iVMS implementation**

9. In late 2017, Defra informed MMO and IFCA's that an SI was under consideration requiring use of iVMS on all commercial fishing vessels under 12m. Defra informed AIFCA in June that publication of the SI will be soon but at time of writing it has not been released.
10. The reasons for installing iVMS on small vessels are in summary:
  - I. iVMS data will facilitate better regulation of fisheries leading to increased sustainability of fish stocks.
  - II. iVMS data may be required for catch certification after UK leaves EU.
11. These reasons may be queried. EU wants increased traceability of fish sold in Europe and increased requirements for catch certification are expected to apply to UK after Brexit but the nature of the data which will be required is not yet known. The MMO report that many countries use satellite based VMS systems reporting at 1-2 hour intervals however iVMS systems are not in place elsewhere in Europe at a national scale. It is unlikely that very detailed data on all small boats will be required Europe wide. Apart from the 3 small scale trial iVMS systems in England, there are no phone based iVMS systems operating nationally. The level of accuracy and detail which the proposed English systems will provide exceeds any other known VMS system.
12. In early 2018, the funding model for implementation of iVMS was changed. IFCA's are now asked to use reserves to purchase and install iVMS units on all vessels in their Districts. At the same time IFCA's are advised they can apply to EMFF for reimbursement of the costs. However EMFF grants can only cover 90% of the costs of units. Defra has provided funds lodged with Eastern IFCA to cover the 10% shortfall.
13. As yet a technical solution is not available for installation of tamper proof systems on small vessels which do not have an independent power supply to run an iVMS unit. If a solution is not developed in time for this project, Defra have indicated that the smallest vessels will be excluded from the SI.
14. MMO have supplied lists of registered under 12m vessels for each IFCA District. In the NWIFCA District 104 vessels may require iVMS. Units will be installed over 3 years in 3 size categories:
  - I. First year 9-12m;
  - II. Second year 6-9m;
  - III. Third year under 6 m.
15. The Galileo satellite navigation system used by iVMS is a risk for the project because it is developed by the EU as part of close security co-operation as an alternative to the US military GPS system. A threat remains that UK will be locked out of Galileo after Brexit. The EU is relocating a backup Galileo control center from Britain to Spain.
16. If iVMS goes ahead IFCA's will all have to make a further byelaw to require over 12m vessels operating within 6nm of the coast (i.e. IFCA districts) to have iVMS. Defra will therefore advise MMO to draft a template byelaw which each IFCA will have to implement.
17. The project must meet a tight deadline. Treasury will only guarantee funding after Brexit if EMFF funding applications by all 10 IFCA are submitted by 30<sup>th</sup> June 2018. Partially complete EMFF application templates were supplied by MMO for each IFCA on 18<sup>th</sup> June. At time of writing the work required by IFCA to complete these applications is not yet clear.

18. The work required in each IFCA to operate the iVMS project will be significant and will include the following:
- I. Appoint an internal iVMS Liaison Officer to work with MMO project team. In NWIFCA this will be the Operations Manager in Whitehaven;
  - II. Submit EMFF Funding Application by end June 2018, make EMFF reimbursement applications, arrange iVMS installation on patrol vessels
  - III. Securely store units owned by IFCA prior to installation and make arrangements with vessels for work to be done.
  - IV. Review, Sign off and operate iVMS Support Contracts: A template may be supplied by MMO for local completion.
  - V. Make the template' byelaw: for 10minute reporting of VMS by over 12m vessels in district.
19. As yet there has been no formal consultation with industry by Defra or MMO about iVMS, and the content of the proposed SI has not been released.

### Financial implications

20. The unit cost quoted of iVMS purchase and installation: £1,464  
 Total cost to NWIFCA of 104 units over 3 years: £152,256  
 Annual costs of iVMS units estimated
- |        |            |         |
|--------|------------|---------|
| year 1 | 28 vessels | £40,992 |
| year 2 | 38 vessels | £55,633 |
| year 3 | 37 vessels | £54,158 |
21. There will be administration costs to the IFCA of operating the iVMS project. The main work will be preparing and submitting the EMFF application and operating the logistics of procurement and fitting of iVMS units. The costs to NWIFCA are estimated at £12,000 per year. In the absence of any opportunity to bid for EMFF funds for this work, the Authority must absorb the costs in running costs
22. Costs of making the over 12m reporting byelaw for the NWIFCA District have not been estimated. These costs must also be absorbed into running costs.

<b>Table 1 NWIFCA RESERVES 2018-19</b>			
	<b>2018-19</b>	<b>2017-18</b>	
Capital Replacement Reserve	£219,551.00	£219,551.00	
Capital reserve	£80,593.69	£80,593.69	
Revenue Reserve	£1,461,339.29	£1,237,880.96	
		£223,458.33	P&L Account
<b>TOTAL RESERVES</b>	<b>£1,761,483.98</b>		
Less cost of NW Protector	-£1,040,000.00		
	<b>£721,483.98</b>		
LESS retain Quarter Levy*	-£321,289.50		
Remaining Reserves	£400,194.48		
LESS VAT payable on vessel^	-£208,000.00		
Avail. Reserves pending VAT refund	£192,194.00		
 <i>LEVY 2018-19</i>	 <i>£1,285,158.00</i>		
<i>*NOTES: Auditors recommend retain at least one-quarter annual costs for contingency. Reserves are for funding of future patrol vessels. ^VAT is payable on the vessel. Reimbursement expected November 2018</i>			

23. NWIFCA reserves for 2018-19 are shown in Table 1 as £410,194.48 after deduction of 3 months running costs as recommended by Auditors. VAT is payable on the vessel but should be recovered before the end of the financial year.

24. In 2018-19, the new vessel running costs are less predictable. The Authority may wish to maintain reserves of more than 3 months until a pattern of spending on the vessel has emerged

## **Risks**

25. If costs overrun the project budget for any reason, application could be made for a further grant from EMFF. Any grant can only cover up to 90% of costs therefore if Defra or Treasury were unwilling to pay a shortfall each IFCA will be liable for 1% of any overspend.
26. In the event of unexpected demands on NWIFCA reserves, iVMS costs theoretically could reduce IFCA reserves to below the recommended 25% of running costs. In the unlikely event this happened it should be only a temporary reduction pending reimbursement of iVMS costs. If reserves were seriously reduced NWIFCA may consider it has to pull out of the iVMS project. Given the position of NWIFCA reserves and the scheduling of the iVMS installations over 3 years, this is not a major risk.
27. IFCA's will become EMFF applicants for the iVMS units and will be owners of units and responsible for compliance with grant terms and conditions. In mitigation, vessel owners will be required to sign transfer of ownership agreements to themselves following installation. A risk remains that owners may apply to IFCA for repairs or reimbursement in the event of units failing or being lost, damaged or stolen. While this could generate considerable additional work for IFCA to help resolve owners difficulties the NWIFCA should not be liable for these risks.
28. MMO legal advice is that although ownership of units can be transferred from IFCA to vessel owners, the terms and conditions of the grants cannot be legally transferred. Liabilities for iVMS units may remain with IFCA but the nature of these liabilities has not yet been determined. The AIFCA has resolved to seek its own legal advice to address this question.
29. Leaving EU is a risk because it is scheduled to occur during the project. Treasury will underwrite the project if applications are submitted by end June 2018 and all 10 IFCA engage with the project.
30. MMO as EMFF operator in UK can decline payment applications. This most commonly occurs if there is a fault in the documents or terms and conditions of the grant have been broken. If reimbursement is declined the applicant becomes liable. Mitigation is management in the IFCA which fully complies with all the terms and conditions. Managers of other EMFF projects including some IFCA's have experienced failures and long delays by MMO to process EMFF payments through inadvertently failing to fully comply with over complex rules. There is significant risk that NWIFCA will not recover payment through lack of expertise in managing EU projects.
31. There will be costs (officer time and advertising) associated with introducing a byelaw to require >12m vessels to comply with 10-minute reporting rates when with the district. It is intended to mitigate this by utilizing a template byelaw and Impact Assessment that will be drafted by the MMO.

**CEO**  
**19<sup>th</sup> June 2018**