

**NWIFCA Quarterly Meeting:
11th December 2015: 11.00 a.m.**

**AGENDA
ITEM NO.
6**

FINANCIAL REPORT

Purpose of Report

- To present the Budget Review to 31st October 2015
- To complete the annual review of Risk Assessment
- To approve the Budget and Levy for 2016-17

Recommendations

- That the Budget Review to 31st October 2015 is approved
- That the Risk Assessment is reviewed and approved
- That the Budget and Levy for 2016-17 is approved

1. Budget Review to 31st October 2015 (Annex A)

The statement for 7 months of the current financial year is attached (Annex A).

Expenditure is well within budget.

2. Risk Assessment Review (Annex B)

The Risk Assessment covering general risks to the organisation and financial risks is at Annex B for annual review by the Authority.

3. Budget and Levy for 2016-17 (Annex C and D)

After consideration of the Budget and Levy by the Finance Sub-Committee at 10.00 a.m. on 11th December 2015, NWIFCA are asked to record approval of the Budget and Levy for 2016-17.

Note: The 2% proposed increase is to raise finance for the new Patrol Vessel. This annual percentage increase in Levy was approved in principle by the Authority in December 2013 for the 5 financial years from 2014-15 until 2018-19 in order to build up an amount for future financing of a vessel.

4. Completion of Members' Expenses Claims

From 11th December 2015 onwards, could Members claiming mileage expenses please include a VAT itemised fuel receipt from the fuelling prior to the claim, as well as providing details of the fuel type and the capacity of their vehicle in cc. Auditors have advised that this is needed for NWIFCA to reclaim VAT on the fuel element of the mileage claim.

**Finance Officer
1st December 2015**

ANNEX A: BUDGET REVIEW TO 31ST OCTOBER 2015

ANNEX A

NORTH WESTERN INSHORE FISHERIES AND CONSERVATION AUTHORITY (NWIFCA)

BUDGET REVIEW TO 31ST OCTOBER 2015

	01 April - 31 October 2015			
	Annual Budget £	Year to Date Budget £	Year to Date Actual £	Better(+) or Worse(-) than Budget £
EXPENDITURE				
Employees	876,237	511,386	437,755	73,631
Premises	52,850	39,604	37,902	1,702
Transport	309,346	137,589	108,960	28,629
Supplies/Services	61,300	41,837	32,620	9,217
Corporate	30,300	12,862	9,721	3,141
Total Expenditure	1,330,033	743,278	626,958	116,320
INCOME				
Levy	1,211,033	1,211,033	1,211,033	0
Shellfish sampling	15,000	0	0	0
Miscellaneous Income	0	0	0	0
Byelaw 3 Permit Fees	100,000	67,500	51,000	-16,500
Interest	4,000	0	0	0
Total Income	1,330,033	1,278,533	1,262,033	-16,500
Operating Surplus/-Deficit				99,820

ANNEX B: REVIEW OF RISK ASSESSMENT

Part 1: Financial Risks to NWIFCA (H=High, M=Medium, L=Low)

	RISK IDENTIFIED		MANAGEMENT OF RISK	STAFF ACTION
Levy	Not submitted	L	Full Minute –FO follow up	Diary
	Not paid by council	L	Confirm receipt	Diary
	Adequacy of precept	H	Monthly review of budget to actual	Diary
Other Income	Cash handling & banking	L	Avoid cash handling– income comes as cheques or BACS	Review annually
	Sampling income	L	Check sampling records to invoices	FO verify
Grants	Claim when due	M	FO check claims procedure as required	Diary
Funding for Vessel	Need large extra levy or source of income	H	Levy 2% increases for 5 years agreed to build funding into annual budget	Review annually
Permit Fees	Unreliable source of income in first years	H	Keep in reserves for first year. Budget on items which can be cut back in future.	Review annually
Investment Income	Received on withdrawal	L	FO check as required	Diary
	Surplus funds	L	Review levels and investment annually	Diary
Reserves-General	Adequacy	L	Consider at Budget setting. Keep minimum of 3 months running costs.	FO/Audit advice
Reserves – Earmarked	Adequacy	L	Consider at Budget and review of final accounts	FO/Auditor advice
	Unidentified Earmarked	L	Keep most reserves in General	FO/Auditor advice
Assets	Loss, Damage etc.	M	Annual inspection, update insurance and asset registers	Diary
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance	Diary
Staff	Loss of key personnel	L	Assess & manage hours, health, stress, training, long term sick, early departure	FO/Personnel
	Fraud by staff	L	Fidelity Guarantee value appropriately set	Review annually
Loss	Consequential loss due to critical damage or third party performance	L	Review adequacy of insurance cover	Diary
Maintenance	Reduced value of assets or amenities-loss of performance	M	Annual maintenance inspection	Diary
Legal powers	Illegal activity or payment	M	Educate officers as to their legal powers	Diary
Financial Records	Inadequate records	L	FO check regularly + internal audit review advice followed	Diary/Auditor
Minutes	Accurate and legal	L	Review at following meeting	Diary
Members interests	Conflict of interest	M	Declarations of interest at NWIFCA meetings minuted/standing orders	Diary
Salaries	Wrong salary/hours /rate paid	M	Check salary, hours and rate to contract. Internal Auditor checks.	FO/Auditor
	Wrong deductions-NI and Income Tax	M	Check to PAYE calculations. Internal Auditor checks.	FO/Auditor
Direct Costs and overhead expenses	Goods not supplied	M	Follow up on all orders	Approval check
	Invoice incorrectly calculated or recorded	L	Check arithmetic on Invoices and perform bank reconciliation on monthly basis	FO/CEO verify
	Cheque payable is excessive/wrong payee	M	2 Signatories/initial stub	Approval check/Auditor
VAT	VAT analysis incorrect	M	All items checked on Sage	FO/Auditor
	VAT purchases/sales	L	Check Sage/quarterly VAT reconciliation	FO/Auditor
	Claimed by time limits	M	Returns submitted by HMRC deadline	FO/Auditor

Key: CEO Chief Executive Officer, FO Finance Officer, IFCO Inshore Fisheries & Conservation Officer

Part 2: General Risks to NWIFCA

	RISK IDENTIFIED	HIGH/ M /LOW	MANAGEMENT OF RISK	STAFF ACTION OR OTHER SUPPLIER
Carnforth Office	Loss or damage	L	Building Insurance through Landlord	Landlord/annual review
	Loss of contents	M	Contents insurance	Zurich Municipal review
	Security of building	H	Alarm, monitoring, security camera	Clerk
Whitehaven Office	Loss or damage	L	Buildings Insurance	Zurich Municipal/review
	Loss of contents	M	Contents insurance	Zurich Municipal/review
Public Liability	Damage caused to third party by NWIFCA	M	Public Liability Insurance	Zurich Municipal/annual review
Legal Action	Third party action against NWIFCA staff	M	Libel and slander cover added to insurance	Zurich Municipal
	Legal action by permit holders	H	Keep rigorous, transparent and fair systems for permit issue/HOE checks	Clerk/Head of Enforcement
	Staff time lost in case preparation	H	Keep detailed records of any problems/HOE manage cases	CEO/Clerk/Head of Enforcement
	Legal challenge to byelaws	M	Ensure good consultation and sound legal basis	CEO engage specialist legal advice
	Legal defence expenses incurred	M	Legal expenses cover added to insurance/inform insurer early	Zurich Municipal
	Prosecution expenses/problems	H	Costs not fully reimbursed/defendants raise complex defence on legal aid	CEO review choice of solicitors
	FOI requests for extensive information	H	Reduce time and costs to staff and organisation	Training in FOI/Data Protection
Insurance Providers	Adequacy and robustness	L	Consider annually	Use national reputable insurers
Patrol Vessel and other marine vessels	Main patrol vessel increasingly old	H	Replacement assistance Lancashire County Council procurement team	LancsCC/CEO/ Authority
	Lack of vessel cover for whole district	L	Solway Protector kept in good order by skilled Engineer. Use of 3 large RIBS across district.	Hire from EA could be considered
	Unexpected repairs	H	Reserve kept for repairs	FO
	Loss or damage	L	Adequate marine insurance	Gallagher Heath/annual review
Motor Vehicles	Loss, Damage etc.	M	Adequate insurance cover	Zurich Municipal/ review annually
	Risk or damage to third party property or individuals	M	Adequate insurance cover	Zurich Municipal/ review annually
	Maintenance	H	Regular checks by officers/servicing	IFCO officers/HOE
Staff	Injured in course of duties	M	Employer's Indemnity Insurance	Annual review of Zurich Municipal cover-FO
	Key personnel leave and service suffers	M	Ensure that records are well kept and work could be transferred to new staff	Good management and communications/CEO
	Staff threatened by fishers	H	Avoid lone working /call police to arrest/review protective clothing	Head of Enforcement
	Threats by fishers not pursued by police	H	Meet with police to discuss better support for IFCOs	Head of Enforcement
	Performance and adequacy for duties	M	Staff appraisal system in place and training offered where required	CEO/FO
Minutes of Authority Meetings	Proper documentation	L	Minutes promptly prepared,/pages numbered/ master copy signed by Chair	Clerk to the Authority
Members interests	Corruption or self interest	H	Declaration signed at each Authority meeting by anyone with a financial interest in an item – may not vote	Chair/Clerk to the Authority
	Lobbying of members by groups	H	Members must maintain independence and work for equal good of all sectors	Chair of NWIFCA
Procedures to deal with public	Proper service and complaints handling not achieved	M	Procedures detailed in annual plan	CEO
Procedures for Authority	Inadequate safeguards	M	Standing orders in place to regulate meetings	Chair/CEO/ Clerk to the Authority

Key: CEO Chief Executive Officer, FO Finance Officer, IFCO Inshore Fisheries & Conservation Officer

ANNEX C:

NWIFCA BUDGET 2016-17 2% LEVY INCREASE TO FINANCE PATROL VESSEL

EXPENDITURE	2015-16	2016-17
Employees	£876,237	£892,417
Premises	£52,850	£55,150
Transport	£309,346	£276,587
Supplies & Services	£61,300	£57,800
Corporate	£30,300	£30,300
TOTAL EXPENDITURE	£1,330,033	£1,312,254

INCOME

7151 Levy 2% Increase	£1,211,033	£1,235,254
7251 Shellfish Sampling	£15,000	£15,000
7257 Permit Fees	£100,000	£58,000
7351 Interest	£4,000	£4,000
TOTAL INCOME	£1,330,033	£1,312,254

Surplus/Deficit Nil Nil

ANNEX D:

NWIFCA LEVY 2016-17

2% INCREASE TO FINANCE PATROL VESSEL (Year 3 - Agreed in principle for 5 years) To Be Approved at NWIFCA Meeting 11 December 2015

Council	Levy 2016-17 2% Increase	% of NWIFCA Total Levy	Levy 2015-16 2% Increase	Levy 2014-15 2% Increase	Levy 2013-14
Blackpool Borough Council	£20,382	1.65%	£19,982	£19,590	£19,206
Cheshire West and Chester Council	£90,173	7.30%	£88,405	£86,672	£84,973
Cumbria County Council	£505,713	40.94%	£495,797	£486,075	£476,544
Halton Borough Council	£27,423	2.22%	£26,885	£26,358	£25,841
Lancashire County Council	£409,363	33.14%	£401,336	£393,467	£385,752
Liverpool City Council	£52,622	4.26%	£51,590	£50,578	£49,587
Sefton Council	£62,874	5.09%	£61,642	£60,433	£59,248
Wirral Metropolitan Borough Council	£66,704	5.40%	£65,396	£64,114	£62,856
TOTAL	£1,235,254	100.00%	£1,211,033	£1,187,287	£1,164,007