

UMIDB
UPPER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF THE MEETING of the BOARD
held at 17 Albion Place Maidstone
on **Tuesday 23 January 2018.**

Members of the Board Present

M Dobson - Chairman

D Aikman
T Reader
H Rogers
J Scholey
C Stewart
G Swift
R Thomas
C Wheeler

In attendance

M D Watson - Chief Executive
P Bush - Technical Engineer
L Collins - Office Administrator
L Rowland - Administration Assistant

1. APOLOGIES

Apologies received from J Cannon, D Cooley, P Harper, S Highwood, M Round.

2. ITEMS OF INTEREST DECLARATION

None of the Members present declared a pecuniary and/or non pecuniary interest in any of the items to be discussed on the Agenda.

3. DECLARATION OF BOARD MEMBERS INTEREST 2017/2018

REPORTED that D Cooley, S McLeod and R Young have not yet completed their Declaration of Board Members Interest form for the year 2017/18.

Members were reminded that this form should be completed by ALL Board Members at the start of each financial year and amended as necessary during the year. Any staff

member who has a significant interest should also complete a form. Forms should be completed at your earliest convenience and then returned to the office.

The Chief Executive **REPORTED** that P Harper from Maidstone Borough Council had been elected as a new Board Member. However, we are waiting for a contact address from Mr Harper to be able to send his new starter pack, which includes a Declaration of Board Members Interest Form which needs to be signed and returned as soon as possible.

The Chief Executive also informed Members that R H Lewis wrote to the Chief Executive and tendered his resignation. We will work on finding a replacement in due course for the Headcorn/Staplehurst area.

4. PRIVATE & CONFIDENTIAL MATTERS

Members were reminded that all matters discussed relating to employees of the Board should at all times be treated as confidential. Members were reminded once again that there could be implications for the Board under Data Protection and Employment Law if matters discussed were disclosed to others.

5. MINUTES

RECEIVED a copy of the Minutes of the Meetings of the Board held on 21 November 2017.

(As attached to these Minutes)

AGREED by all Members present that the Minutes are correctly recorded and that they be signed by the Chairman.

6. FINANCE COMMITTEE MINUTES

RECEIVED the Minutes of the Finance Committee Meeting held on 21 November 2017.

(As attached to these Minutes)

7. MATTERS ARISING FROM PREVIOUS MINUTES

Minutes of meeting 21 March 2017

Item 18 - Environment Agency Precept 2017/2018

An appeal to withhold payment until a sufficient report and explanation is forthcoming from the Environment Agency has been submitted to DEFRA.

A presentation was given by the EA during the meeting on 21 November 2017 to hopefully resolve this issue.

The Chief Executive explained that a report had been received from the EA, and has been emailed to Members for information/comment.

Minutes of meeting 1 August 2017

Item 13 - Engineers Report

A request by D Aikman for Officers to look at the additional costs due to Landowners not allowing the IDB to carry out the necessary works efficiently, which affects the rates they pay.

The Chief Executive explained that he has not yet managed to look at this – ongoing.

Minutes of meeting 1 August 2017

Item 20 - Any Other Business, New Office and Lower Depot combined facility

Investigations to be carried out, with the findings and proposals to be reported to the Board.

The Chief Executive **REPORTED** that a valuation was carried out and the Albion Place building was valued at £240,000 in its current state.

Minutes of meeting 21 November 2017

Item 16 - EA Update

Precept report not available. Payment on hold until sufficient report is forthcoming. UMIDB to consider and work out a plan for PSCA direct with EA for precept money from April 2019 onwards.

REPORTED that a new precept report was emailed from the Chief Executive to Members asking if payment can now be released. It was **AGREED** that Members were content for payment to be released.

Minutes of meeting 21 November 2017

Item 18 - Special Levies not agreed

Meeting to be arranged to discuss following M Watson and P Bush meeting with Council Finance Members.

REPORTED that a meeting went ahead on 10 January 2018, see item 8. – Update on Council Finance Meeting.

8. UPDATE ON COUNCIL FINANCE MEETING

The Technical Engineer updated Members on the meeting with Council Finance Members on 10 January 2018. Councils that attended were TMBC, Sevenoaks DC, MBC and Tunbridge Wells BC. A general discussion on possible alternatives to funding took place and it was agreed that the plans are sound and there has been a shortfall in funding to the UMIDB. All persons present agreed that the Board's minimal bank balance policy was pivotal to the way forward and Council Representatives confirmed that for political and financial reasons they cannot accept 20%, and would be looking to "spread" the burden over 3 years'. It was also agreed that the minimal bank balance was the most important issue to be solved.

The Technical Engineer gave a brief presentation on the key points of that meeting which indicated in the Officers opinion the reason for the suggested 20% increase was because of the underfunding to the UMIDB over the last 9 years’.

9. MINIMAL BANK BALANCES POLICY

RECEIVED a copy of the Chief Executives Report.

(As attached to these Minutes)

The Chief Executive asked members if they should have a policy and what should they set the minimum balance at. The Chief Executive recommended that he thinks the Board should run with a minimum of 7 months’ operating costs as our minimal bank balance.

Members discussed at length the reasons for having a minimal bank balance policy in place. Looking into leasing equipment and using an overdraft of borrowing facility was also discussed with differing opinions whether this was the best route to take. It was **AGREED** a minimal bank policy should be put in place.

J Scholey thought we had sanction to borrow/permission to take out a public works loan for £100,000 already in place. The Chief Executive and Technical Engineer explained this was not the case.

J Scholey suggested a combination of minimal bank balance and an overdraft facility to cover late payers and requested looking at depreciation as a separate matter.

C Stewart felt that keeping reserves high was a priority and wanted to take into account the seasonal work the UMIDB carry out and also the unpredictability that could lie ahead. C Stewart felt a year’s reserves was more realistic and was against using an overdraft facility.

H Rogers asked what 7 months’ operating costs would be. The Chief Executive confirmed that 7 months’ operating costs would equate to £509,425.

D Aikman informed Members that many schools/councils he has worked with have a least 1 year of operating costs in reserves. He said if things do go wrong, they can go wrong very quickly.

J Scholey asked what our extra contractors had cost when we last had a bad winter. The Chief Executive confirmed that year 2000 was our worst year and extra contractor costs came in just under £100,000.

The Technical Engineer made Members aware of the £881,000 pension liability the Board currently has which needs to be considered in conjunction with the future plans.

The Chief Executive pointed out that should the Board get into financial difficulties this liability will be realised so consideration should be given over this liability.

J Scholey commented that with an ageing population this liability may get worse in future years with people living longer.

The Technical Engineer explained to Members that once we have a solid plan in place, the risks would be reduced and the plan can be adjusted as necessary. The plan is in place to reduce financial risk, but the risks will be there until the plans take force each year. The risk is only reduced when the plan is fully implemented. Consideration on bank balances could be given at a point later in the plan which will give a more accurate feel of where we are financially. The decision on bank balances is being made as if the plan is in place, and the Board will be open to risk in the first few years.

The Technical Engineer continued by explaining that in trying to adapt to technical progress the equipment suggested has the potential to give efficiency savings. Once in place there may be a possibility of having less plant but this will not be known until we try the equipment. This again will be adjusted which will change expenditure as we work through the plan. In addition, the cooperation and use of both Board's equipment will alter the amount of equipment needed. It was reminded that the suggestion of taking back precept from the EA under a PCSA agreement to carry out essential works in the district would need efficient equipment and process to carry this out.

The Technical Engineer further explained that both the Asset Plan and Health and Safety Plan have been agreed, but the Health and Safety Plan has risks within it which are financial. As the plan is a review these risks are unknown and need to be considered in conjunction with the Asset Plan when deciding Board finances.

The Technical Engineer also mentioned that Members need to be mindful of any statutory sentencing guidelines should HSE fine the Board for any breaches.

H Rogers suggested that it shouldn't be an issue because the Board can insure itself against that.

The Technical Engineer informed Members that this is not the case and a fine would need to be paid immediately. J Scholey agreed with this comment.

The Chief Executive confirmed that enquiries had been made with the banks in the past, to see how much they would be willing to lend us. Previously Handelsbanken were willing to lend on our assets of £90,000. It was **AGREED** that Officers should look further into a lending option.

The Office Administrator confirmed that special levies for last year were £480,779.

J Scholey suggested 6 months' worth of bank balances (£240,000) plus £100,000 should be enough.

A proposal was made to set the minimal bank balances at £350,000.

A recorded vote took place. 5 Members were in favour (H Rogers, J Scholey, R Thomas, G Swift, C Wheeler), 3 Members were against (D Aikman, T Reader, C Stewart).

On a proposition by J Scholey, seconded by H Rogers it was **AGREED** to set the minimal bank balances at £350,000.

10. FINANCIAL / ASSET PLAN

RECEIVED a copy of the Board's Financial / Asset Plan.

(As attached to these Minutes)

The Technical Engineer asked Members if they were still happy with the approved Asset Plan.

Members **AGREED** they were happy with Asset Plan.

11. MEMBERS RESPONSIBILITIES AND LIABILITIES

The Chairman and Chief Executive reminded Members of their responsibilities whilst setting the Agricultural Drainage Rates and Special Levies for the UMIDB.

Members were asked if they wished to view the Guidance Note – Liability of IDB Board Members again. Members did not wish to do so.

The Chief Executive reminded Members they have responsibility/accountability for the overall control of the IDB's finances and therefore certain financial/fiduciary duties, breach of which could render them personally liable. These duties can be summarised as an obligation, in the context of this document, to act responsibly and with reasonable care in respect of the IDB's finances and to properly and fully consider the implications of the IDB's financial position. These rules are set by Government to make sure that no unacceptable risks are taken with public money. It is therefore very important that Members exercise independent judgment and proper care and diligence.

J Scholey commented that he knew his responsibilities and did not need reminding of them. He was happy that due diligence has been taken. H Rogers and R Thomas agreed with J Scholey.

H Rogers commented that he believes that it is achievable to implement both plans and it will not cause financial risk to the Board.

Members were also notified by The Technical Engineer that there will be a recorded vote taken over setting the Agricultural Drainage Rates and Special Levies 2018/19.

Members were asked whether they had any questions.

No questions asked.

12. ESTIMATES AND SPECIAL LEVIES

Members were reminded that the Finance Committee's recommendation is to increase the penny rate to 4.0200 for the next year, a 20% increase.

RECEIVED a copy of the Board's Estimates for the 2018 / 2019 financial year.

(As attached to these Minutes)

UMIDB

The Technical Engineer explained to Members that there is a need to agree the plan as proposed by Officers and the plan proposed is about putting the UMIDB right, to give a sustainable plan, and to ensure no further issues arise in again the future.

A lengthy debate took place over the Board's plant and equipment and whether leasing could be a viable option.

The Technical Engineer explained to Members that this was always going to be part of the process when procurement of equipment takes place and will be reviewed prior to the orders being placed.

J Scholey felt a 6% increase with looking into hire purchase in the future and spreading outgoings was the way forward.

R Thomas felt we should be realistic with what we can do now and 5% would be acceptable.

After further discussions J Scholey then suggested a 7% increase would be acceptable with instruction to the Officers to look at finance packages.

C Wheeler felt 5% was the absolute maximum increase.

C Stewart disagreed with a lower percentage increase because maybe unlike other Members, she is painfully aware of the important work the IDB does to ensure Paddock Wood doesn't flood. She would hate to see the risk of the Board going out of business or a reduction in service. She felt a 12% increase for this year, with potentially 10% the year after, followed by 8% the year after that was more responsible. C Stewart also agreed rentals should be looked into.

C Stewart commented that it was concerning that no one was taking the Engineer's opinions into account when making these important decisions.

The Technical Engineer commented that he was nervous over these decisions and concerned as there were too many unknowns with the discussions that have taken place. That information was not known and had not been considered at this point.

H Rogers didn't agree with an increase as high as 12% and felt 6-7% would be more realistic and also wanted an alternative to outright purchase of plant to be considered.

After further discussion R Thomas said he would agree to 6%.

D Aikman reminded Members that the levy we decide to set, Councils have no choice but to pay and was more comfortable with a higher percentage increase.

H Rogers asked about the £120,000 figure each Board would receive from the sale of the office. He felt this was a low valuation. The Technical Engineer explained this valuation was for the office in its current state, without any planning permission, as had been previously requested by Members. There are a number of maintenance issues within the office which has been pointed out by Officers to Members which has affected the valuation.

The Technical Engineer further explained that the Board doesn't have to buy its equipment, there are other options available, however, in his opinion the other options

would still commit the Board to financial liabilities. Amendments to the plan can be made each year, as Members see fit. The yard cost of £70,000 is something that could be reconsidered if necessary.

On a proposition by H Rogers, seconded by J Scholey Members **REFUSED** a 7% increase.

A recorded vote took place and the majority of Members were against.

On a proposition by C Stewart, seconded by D Aikman Members **REFUSED** a 12% increase.

A recorded vote took place and the majority of Members were against

A proposal was made to set the penny rate at 3.5510 – 6% increase.

A recorded vote took place. 5 Members were in favour, (M Dobson, H Rogers, J Scholey, R Thomas, C Wheeler), 4 Members were against (D Aikman, T Reader, C Stewart, G Swift).

On a proposition by J Scholey, seconded by C Wheeler it was **AGREED** to set the penny rate at 3.5510 and that the Chief Executive and the Chairman should sign the Drainage Rates & Special Levies Certificate.

13. **ANY OTHER BUSINESS**

a) **GDPR**

H Rogers asked if the UMIDB were aware of the General Data Protection Regulation (GDPR) coming into force in May 2018 by Europe. This is a law we must abide by in the way we communicate (via emails and website content) and fines would be enforced if rules are broken. The Chief Executive confirmed he was aware of this coming into force, however, he was not fully aware all of the implications. It was **AGREED** advice should be taken from the ADA on this matter.

b) **Credit Card Limit**

The Chief Executive explained that recently a situation had occurred where our current £1,500 credit card limit was not sufficient. Due to a supplier not accepting cheques and us not wanting to wait for the lengthy process of a cheque to be cleared, The Chief Executive requested the limit be increased to £5,000.

C Wheeler asked if a BACS payment could be used instead. The Technical Engineer explained that we do not have electronic banking in place at this time, as the Board have not agreed for any internet banking. The only method of payment currently available are credit cards and cheques.

It was **AGREED** the credit card limit could be increased to £5,000 and the credit card policy should be changed to reflect this.

14. CLOSURE

There being no further business the Chairman declared the meeting closed and thanked the Board for their attendance.