

UPPER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF THE MEETING of the Finance Committee
held on **Tuesday 6 March 2018** at 17 Albion Place

Members of the Committee Present

D Aikman - Chairman

M Dobson
T J Reader
C Wheeler

In attendance

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

1. APOLOGIES FOR ABSENCE

No apologies for absence received.

2. MINUTES

AGREED that the Minutes of the Finance Committee Meeting held on 21 November 2017 are correctly recorded and that they be signed by the Chairman.

(As attached to these minutes)

3. MATTERS ARISING FROM PREVIOUS MINUTES

Minutes of meeting 18 March 2017

Item 9 – Financial Risk Assessment

Members were informed at the last meeting that all documents will be fully reviewed once both Boards have made the relevant comments/amendments required and the Internal Audit Sub Committee has reviewed at their meeting in December 2017.

REPORTED that the Internal Audit Sub Committee decided at their meeting that the respective Finance Committees should review and carry out the proposed amendments, then the revised document be represented to the Internal Audit Sub Committee for comment.

RECEIVED the relevant pages of the Internal Audit Sub Committee Minutes where the Boards Risk Register/Financial Risk Assessment was discussed.

(As attached to these minutes)

RECEIVED the Boards Financial Risk Register/Financial Risk Assessment.

(As attached to these minutes)

REPORTED that Members agreed at a previous meeting to review this document twice a year in conjunction with the Lower Medway IDB.

Members were reminded that any changes made within the Financial Risk Assessment may also affect the wording of the Financial Regulations. Other documents such as the Standing Orders may need cross-referencing too as a result.

REPORTED that these other documents will be reviewed once the Financial Risk Assessment has been approved by both Boards.

REPORTED that the Internal Audit Sub Committee has also made comments regarding the Boards Financial Regulations. Once the Financial Risk Register/Financial Risk Assessment has been agreed, this document will be discussed and reviewed at the next meeting.

REPORTED that the Chief Executive recommends that as this is a Board document, it should be the Board that ultimately approves it and as such this item has been included on the main Board Agenda.

Members were asked whether they had any comments to make.

Members **AGREED** they were happy with the Internal Audit Sub Committees recommendation of removing the sentence "Cost of insurance is reviewed periodically" under the Subject of Insurances.

Members discussed the content of this document.

The Office Administrator informed Members that at the last Board Meeting it was agreed to increase the limit of the credit card from £1,500 to £5,000 to cover any emergency purchases, where suppliers will not accept a cheque. Therefore, the credit card limit requires amending under the Subject of Credit Cards. Members **AGREED** with this change.

The Chairman asked about the sentence "Make provision in Estimates for bad debts" under the Subject of Income. He felt this should be more specific.

A lengthy discussion was held between Members and Officers about the Boards Risk of bad debt and what provision should be made.

Members asked the Office Administrator how much is usually written off each year.

The Office Administrator explained that currently only rating accounts with an annual bill of less than 50p per year are written off. This equates to approximately £20 per year.

REPORTED that we do have some ratepayers who do not always pay their bill each year, but they are chased for payment and if payment is not forthcoming, then Court proceedings are issued to recover the debt.

REPORTED that there has been the odd case where land has been sold and the previous occupier/owner has gone missing without trace. If all our searches to find the individual have not been successful, then Members may be asked for permission to write off any arrears. These are usually less than £50.

Members **AGREED** that a £2,000 provision should be made for bad debt, as this should only relate to ratepayers.

These recommendations are to be presented to the Board at their meeting for approval.

Minutes of meeting 21 November 2017

Item 6 – Rate and Special Levy Collection

Members were informed at the last meeting that Maidstone Borough Council had not made their second instalment of the Special Levy payment £54,432.53 that was due on 1 November 2017.

The Office Administrator had chased the outstanding balance and had been told that Maidstone Borough Council would try and make payment on Friday 24 November 2017.

REPORTED that this payment finally reached the Boards account on 24 November 2017.

Minutes of meeting 21 November 2017

Item 7 – Review of Expenditure

At the last meeting members were informed that emergency lighting was required at the depot, as a result of the IECR 5 year fixed electrical testing being carried out and the fact that Legislation has recently changed which states that any building with an upstairs area must have an emergency lighting system.

The Technical Engineer had obtained one quote for £4,000 and informed members that he would try and obtain further quotes for cost comparison.

REPORTED that the Technical Engineer emailed quotes to members on 12 December 2017, but only one response was received from M Dobson.

The Technical Engineer explained that this matter has not moved forward. The additional quotes received were for £4,700 and £6,413. However, the quotes will need to be refreshed as they are now 3 months old.

Members **AGREED** to accept the cheapest quote.

Members were also informed at the last meeting that the Environment Agency (EA) Precept Payment had been marked ** on the report. This was to highlight that a cheque had been raised and signed via the Bills Committee, however, it had not been posted to the EA due to the Board objecting to paying the Precept payment

until an adequate report had been received on how and where the money is going to be spent.

The EA produced a report which was presented to members at the extra ordinary Board Meeting on 23 January 2018 and members present at that meeting were content for the payment to be released.

REPORTED that the original cheque issued to the EA during the April 2017 Bills Committee Meeting for a sum of £59,711.50 had expired its 6 month validity. A replacement cheque had been presented for the Chairman to sign. The original cheque has been cancelled.

Minutes of meeting 21 November 2017

Item 10 – Any Other Business – NatWest Banking

At the last meeting Members were informed that there had been a review of the Boards current banking requirements. Autopay (the Boards current method of paying employees) is being phased out, so consideration needs to be given to an alternative method of paying employees.

Also, currently the Board has enjoyed the benefits of free banking for many years and NatWest advised that this will have to come to an end.

REPORTED that this matter was also reported to members at the Lower Board Finance Committee meeting held on 27 November 2017.

One Board Member explained that his company had experienced a similar situation and as a result had made a decision to switch their banking requirements to Handelsbanken. The transfer happened seamlessly, he is very happy with the service provided and suggested that the Board may wish to consider Handelsbanken as an option.

A meeting took place with a representative from Handelsbanken on 17 January 2018 to provide them with an understanding of our banking requirements, in order that a proposal could be put together.

A further meeting was held with NatWest on 25 January 2018 when costings were provided which would apply to the Board with effect from 1 April 2018.

RECEIVED a report detailing the costings from both banks.

(Copy attached – Appendix 4)

REPORTED that NatWest are pushing for the Board to move towards electronic banking only and are able to offer the Board online banking facilities which can be as complicated or as basic as members require.

REPORTED that Handelsbanken has explained that they can be flexible towards the Boards banking requirements. They are happy to issue cheque books and paying in books in order for the Board to continue operating as it currently does. However, there is online banking facilities available which could be set up for viewing accounts and/or transferring funds between internal accounts, or to make electronic payments in line with the Boards Bank Mandates.

In both electronic banking options, Bills Committee Members and Officers will be issued with independent login details.

REPORTED that as a result of the Board making a decision at the last Meeting held on 23 January 2018 to hold considerably lower reserves of £350,000 in the future, Handelsbanken may review their charges and interest rates quoted.

The Office Administrator explained that she had spoken to Handelsbanken about this matter and they have agreed to honour their proposal for the next 12 months. However, they will review the costs again in 12 months time.

Members held a lengthy discussion.

The Office Administrator confirmed that they had branches in Maidstone and Chatham and were one of the highest rated – financially stable banks.

Members **AGREED** that in view of the charges that would be applicable from 1 April 2018 with NatWest Bank, the Board should consider moving its banking requirements to Handelsbanken.

This recommendation is to be presented to the Board at their meeting for approval.

Minutes of meeting 21 November 2017

Item 10 – Any Other Business – Drainage Rates

At the last meeting Members agreed that the Office Administrator should write off two accounts (UM-7154-9 and UM-7173-9) totalling £38.65.

REPORTED that both write offs have been carried out by the Office Administrator.

4. BILLS COMMITTEE

RECEIVED the Minutes of the Bills Committee Meetings held on 29 November, 18 December 2017 and 29 January 2018.

(As attached to these minutes)

5. BANK BALANCES

The Bank statements were produced for the Chairman to sign and showed the following balances as at 30 January 2018:

NatWest Streamline Account	£692.23
NatWest Treasurers Account	£165,936.08
NatWest Imprest Account	£64,795.50
NatWest Special Interest Account	£652,260.09
Lloyds TSB Current Account	£184,801.45
Santander	£189,876.39
TOTAL	£1,258,361.74

6. RATE AND SPECIAL LEVY COLLECTION

REPORTED that the Rates and Special Levies collected as at 30 January 2018 amounted to £480,158.48 which represents 99.87% of the total due for the year.

RECEIVED a draft copy of the 2018/2019 Newsletter before it is issued with the rating demands during April 2018.

(As attached to these minutes)

Members **AGREED** they were happy with the content of the Newsletter.

7. REVIEW OF EXPENDITURE

Members **RECEIVED** and reviewed details of the Boards expenditure to date.

(As attached to these minutes)

The Office Administrator explained that there were currently 8 areas of overspend, of which 4 have already been reported.

REPORTED Training Course Fees is £452 over budget. This is due to the Tractor NVQ and Streetworks training courses for all the workforce and the works supervisor. However, £1,476.20 has been recharged to the Lower Board, as this training related to their employees.

REPORTED Light Plant & Equipment is £216 over budget. This is due to the purchase of a boost battery jump pack at a cost of £720. However, this piece of equipment is going to be shared by both Boards, so £360 has been recharged to the Lower Board.

REPORTED Depot Yard and Maintenance is £2,860 over budget. This overspend has already been reported and is due to the remedial works requiring attention following the IECR 5 year fixed electrical testing. The actual testing itself cost £704 and the remedial repairs required including the installation of 110v cost £1655.

REPORTED Equipment Supplies & Maintenance is £5,640 over budget. This overspend has already been reported and is due to the purchase of a fridge, table & chairs for the depot mess room at a cost of £261, the purchase of a drying cabinet at a cost of £670 and the purchase of a lifting gantry at a cost of £4,589.10.

REPORTED J/A Office Costs Insurance is £82 over budget. This overspend has already been reported and is due to increasing the level of cover in place for the office computers and laptop, along with business interruption cover. Subsidence cover has also been added to the Boards policy, in light of the new buildings that are being built close by.

REPORTED J/A Office Costs Cleaning & Materials is currently £34 over budget. Under estimated the expenditure when compiling the estimates/budgets.

REPORTED J/A Office Costs Equipment & Supplies Rentals is currently £1,151 over budget. Under estimated the expenditure when compiling the estimates/budgets. Reported that last year renewal of the Drainage Rate System was £710, this year

cost £850. Renewal of the Access Accounts & Payroll last year was £1,066, this year cost £1,304.

REPORTED J/A Administration Costs Publications currently £23 over budget. This overspend has already been reported and is due to the fee incurred for the IAS19 report (pension liability report). Last years report cost £418. This years report cost £473. Such an increase was not expected at the time of setting the budgets.

8. RECHARGEABLE WORKS

REPORTED that the following amounts for rechargeable work have been invoiced since the last meeting:

LMIDB	£126.00	LMIDB	£1,742.50
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REPORTED that the following amounts for rechargeable work have been received since the last meeting:

LMIDB	£126.00	LMIDB	£1,742.50
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Members were informed that the LMIDB Bills Committee signed the cheque for £1,742.50 on 5 March 2018. The signing of the cheques had been delayed due to the snow.

9. ANY OTHER BUSINESS

Estimates Meeting

The Technical Engineer had explained at the last Estimates Meeting that most businesses carry out their estimates/budgets with 34 weeks worth of costs to compare trend.

REPORTED that 34 weeks in to the year is week ending 24 November 2018.

Members were reminded that the Board is scheduled to approve the Annual Estimates and set the penny rate on 13 November 2018.

As a result of the agreed expenditure at the last Board meeting and the effect it will have on the Boards bank balances in the months/years to come, members may wish to consider rearranging the Estimates Meeting currently scheduled on 16 October 2018 and recommend to reschedule the Board Meeting date.

REPORTED that there would only be 22 weeks worth of costs available to work to these timelines. Last years Estimates were compiled using 21 weeks worth of costs. Members had a lengthy discussion on this matter and felt it would be sensible to delay the Estimates Meeting and Board Meeting in order to compile more accurate estimates.

The Chairman asked whether there were any deadlines the Board had to adhere to.

The Chief Executive explained that legally the Board has until 15 February of each year to notify the Local Authorities of the Special Levies agreed penny rate set. However, a few years ago, the Local Authorities asked the Board to bring this date forward to December, to assist them with setting their estimates/budgets.

Members were informed that the Board agreed to this in order to assist the Local Authorities. However, now that the Board has made a decision moving forward to have considerably lower bank balances, it is critical that the Estimates produced are more accurate.

Members **AGREED** that the Estimates Meeting should be postponed until mid December and either the 13 November Board Meeting be postponed until mid January, or arrange an additional Board Meeting for mid January to agree and set the penny rate.

This recommendation is to be presented to the Board at their meeting for approval.

10. CLOSURE

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