

UPPER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING of the Finance Committee (Estimates) held via
Zoom Conference Call
on Tuesday 20 October 2020 at 9am.**

Members of the Committee Present

D Goff - Chairman

P Harper
H Rogers
C Wheeler (part of the meeting)

In attendance

O Pantrey - Clerk
L Carey – Finance Officer

1. APOLOGIES FOR ABSENCE

No response received from M Round.

2. ESTIMATES

RECEIVED the revised budget report for 2021/22.

(As attached to these Minutes - Appendix 1)

The Chairman welcomed the Members to the meeting and highlighted that the Clerk was asked to produce figures to the Board after changes were made to the submitted budget the previous week.

The Clerk said that he wanted to make a formal apology for an error in the figures that showed predicted balances being lower than were likely. He said this was a slight Excel error but that he owned the mistake entirely and was sorry for the confusion.

The Clerk then explained that following the meeting last week he had made the changes suggested and the new estimates, including the large reduction in several areas of the budget, showed a loss was likely to be around £85,000 in the event of no increases. He also said that the new figures retained depreciation as this allowed us to keep options open if we wished to renew plant in the same cycle as the Lower Board as was planned.

The Chairman of the Board said he was happy with this decision and it was a case of us looking deep into where we could reduce spending and at the time it did offer an area that could be sacrificed. He said keeping it in would help our relationship with the Lower Board.

P Harper said he agreed that now the reductions had been inputted to the budget it was a good idea to retain this.

The Chairman said that renewing at the same time as the Lower did offer good reductions in prices of plant and that this was the right decision.

The Clerk said that C Wheeler's comment last week that replacing plant so often was a luxury was a valid point, but it was important to say that it isn't just based on vanity and was a financially beneficially decision. He added that including depreciation retained the option, even if we decided not to renew, to discuss it further.

The Chairman asked if there were any other major talking points.

The Clerk said that depreciation was the main one and he had put all other suggested reductions into the budget submitted today.

The discussion then moved to the rate increase to be put to the Board. The Clerk said that after the heavy deductions were made the loss of £85,000 was reasonable but not unmanageable. However, because the deductions made this year were so high, he said we still needed to keep an eye on income versus expenditure going forward. He said we would not need to discuss extreme rises such as 20% due to the current situation in the country, but we would need to think what we want to achieve in the future. He said this depended on whether we wanted to borrow through Capital Works Loans or self-fund projects going forward such as a new excavator.

He added that he recognised the Board didn't want large amounts of money sat in the accounts, but we still needed to consider how we might finance capital purchases in the coming years.

The Chairman said that it appeared the day for decision making had come and we could no longer avoid an increase. He said we had cut very hard this year and we still needed to make a rise to avoid having this conversation next year. He said we need to increase the rate a reasonable amount this year.

The Chairman of the Board said his feelings mirrored the Chairman's and that we had got to the point where we had pushed back several times previously and although everyone in the public sector was hurting, we could not afford to make it any worse next year. He said the rise would need to be at 5% as a minimum but he could be persuaded to go higher.

P Harper said that he was thinking 3% would be sufficient to stay above the reserve minimum but would still signal that were looking to make rises going forward to get our income and expenditure closer. He said this would be roughly in line with inflation and 5% would possibly be frowned upon. He said we didn't want to go through the situation we had last year and 5% risked people pushing back.

The Clerk said it was a good point about how it was presented going forward. He said he would be inclined to work with 3% this year due to the situation in the country as it

sent the right message without going too high too fast. He added that it wasn't the rise we wanted but would be better to get something positive.

The Chairman said we need to remember this was not coming from the coffers of Maidstone Borough Council.

P Harper said that it was a difficult to say that it wouldn't be a talking point if it went too high as the vast majority of people in Maidstone Borough were not affected but it would be put on their council tax.

The Clerk said 3% does keep us well above the £350,000 reserve and would give us room in the future to put further rises in.

The Chairman of the Board said he could still be persuaded to go higher than 3% and 5% even though he understood local authorities were being cut hard themselves. He said we didn't need to worry about upsetting councils at this point. He said he didn't agree with P Harper's comment about works not being relevant that were carried out in the Weald.

He added that all councils were having work done and work was spread fairly evenly.

C Wheeler joined the meeting.

The Chairman of the Board highlighted that the authorities did act as a collector and were not taxed directly. He said that as it was not itemised separately this caused an issue with maximum amounts allowed to be charged by councils. He said that we had been under the cap level for many years and that this was a contributing factor to why we need now to act.

He said we should be venturing towards 5% to ease the rise next year.

The Clerk asked does the fact that a large rise would be subject to extra scrutiny by the Board? Perhaps 3% would be more palatable overall?

C Wheeler said he concurred with what he had been discussed and that the figure should reflect the situation in the country.

He asked how much the reserve was needed and did it need to be so high? He also asked what level the Lower Board was at with reserves?

The Clerk said they were aiming for a year's expenditure in reserve, but the situation was different as they had pumping stations.

The Chairman said we needed to get onto a decision and asked for proposals.

He said he had heard about 3% and 5% but that we are in situation that requires room to improve and provide a better service. He said the increases have been minimal and unless we put the brakes on small increases we would continue to spiral down. He said he would prefer to see a rise of 10%.

He added that the number of people affected by flooding was huge as it included indirect effects such as transport disruption.

The Chairman of the Board said he felt we should not use flooding within our conversations as we were based around drainage and not flooding. He said we should not emphasise that we prevent floods. He said we had a duty to protect where possible but more of a duty to provide agricultural drainage to aid the production of food.

The Chairman said it was a fair comment, but the Board would certainly start to play a bigger part as we moved forward. He added that the IDB ditches used to be used to move water around the villages but now we only operate a single sluice.

C Wheeler said that he concurred and that we should be doing the work we were originally doing.

The Chairman said he would like proposals.

P Harper said that he would propose a 3% increase and also look at our reserve policy next year.

The Chairman said we had to look at how we work in the future and not just what our reserves were. He said these future projects needed funding.

P Harper said that we could use biodiversity studies done by other authorities to save money and utilise them ourselves.

The Chairman asked for a seconder to the proposal from P Harper.

C Wheeler said he would second.

The Chairman of the Board said he would instead propose 5% to continue to offer suitable rises to salaries of staff. He said an inflation proof rise would offer better scope looking forward and avoid falling foul to suppliers that increased prices above inflation.

The Chairman said we should go to a higher figure.

C Wheeler asked if a point was made by the Clerk that the committee could set the rate and it would be the final say?

The Clerk said that was not the case as the Board set the rate, but the Finance Committee had been delegated responsibility to deal with financial affairs. He suggested that whatever rate was recommended by this committee should not be up completely dissected by the Board as the committee had the luxury of meetings to really discuss the figures that the other members did not.

He added that this committee should give the recommendation of a rate required for the financial stability of the Board and strongly insist it is followed. He said that the Board should follow the recommendation of the committee. If the Board was unwilling to follow the committee then it questioned whether there was a point in having the committee at all.

The Chairman said we had not really gone into last year's meeting with an agreed figure and that this year we should all be united on the recommendation.

The Chairman of the Board said we should determine a figure, and all agree. He suggested it should be 5%.

On proposition by H Rogers and Seconded by C Wheeler it was **AGREED** unanimously that the recommendation of this committee to the Board would be to increase the current rate by 5%.

The Chairman said that documents that are put to the Board should clearly define this increase and explain the situation of the Board and that it needs to look to the future.

P Harper said that this year's budget did in fact get trimmed significantly from what was proposed originally and that this should be communicated to the Board.

3. ANY OTHER BUSINESS

There was no AOB to discuss.

4. CLOSURE

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