

**LOWER MEDWAY INTERNAL DRAINAGE BOARD**



**MINUTES OF A MEETING of the FINANCE COMMITTEE (INCLUDING ESTIMATES)**  
held via **Zoom Conference call** on **Tuesday 6 October 2020 at 10am**

**Members of the Committee Present**

Chairman: S Mair  
S Batt  
D Dewar-Whalley  
J Lewis  
J Mair

In attendance

O Pantrey - Clerk  
L Carey - Finance Officer  
L Rowland - Office Manager

**1. APOLOGIES FOR ABSENCE**

Full attendance, no apologies for absence received.

**2. ITEMS OF INTEREST DECLARATION**

The Chairman declared an interest in an item he would be discussing later in Any Other Business regarding the potential new depot/office site.

**3. ESTIMATES**

**RECEIVED** the budget for 2021/22.

**(As attached to these Minutes - Appendix 1)**

The Clerk wanted to point out that the £38,000 figure on his Estimates Report for Leysdown Pumping Station repairs also included work on the sea defence, and he confirmed that we are expecting around £217,000 contributions back from the EA.

The Clerk continued by saying the Board is in a very strong position and continues to work towards the £1,500,000 capital reserve and this is in line with ADA's advice. He also suggested that once £1,500,000 was reached we then discuss whether we continue to save to allow for a potential Bells Pumping Station malfunction.

It was agreed this is something that could be discussed at a later date.

The Chairman said he would be more comfortable holding more than £1,500,000 and said we could justify this.

Members discussed the reserves in some detail and agreed to discuss this again in around a years' time.

The Clerk asked Members if they had any questions on the Estimates.

The Chairman said that he had picked up on a couple of items earlier with the Chairman of the Board and the Clerk prior to this meeting and the Clerk was able to explain his concerns. He said the first one was the Joint Services salaries, and his concern was that the budget for this year was £133,262 and the budget for next year was only £140,000. However, the Clerk had explained that this year's figure included the previous CEO's salary which was considerably higher than it would be going forward. The budget for next year therefore had room for employing a Technical Assistant which they hoped to put in place next year.

The Chairman's second point was there had been an oversight on the insurance figure as we had an actual spend of £6,286 and an allowance of £12,574, but only an allowance of £7,500 for next year which is an error and needs correcting/increasing to £12,500. He said the effect this will have is it will change the variance by £5,000 and go from a negative of £32,000 to £37,000.

The Clerk said that the insurance was an oversight on his behalf as he had assumed we paid our insurance in advance at the beginning of the year and agreed to look at this and adjust accordingly.

The Clerk also mentioned the variance had been discussed and it shows an unbalanced budget. He said it represents a budget that is working within tolerances of a few percent which was something that the councils will be happy with. He said the variance is done with a 3.5% increase and for councillors to request anything lower will increase that variance and start getting out of acceptable tolerances.

The Chairman said that just to clarify that variance is already allowing for the 3.5% increase proposed and any reduction on that will increase the variance, which we will strongly resist.

The Clerk said that we have a good justification for the 3.5% increase.

J Mair asked for some clarity on the plant costs and what was meant by the changed to £190,000 note.

The Chairman explained that this is just a note and is not intended for budget at this stage. He said if the Chairman of the Board and Clerk can agree on a reduction in the precept of £100,000 then that is where that will be allocated.

The Clerk added that the concern is any precept money that is not used, is returned to central funds and we potentially lose it. He added that our argument is we have the plans and means to spend it.

## LMIDB

J Lewis said that the figures on the Estimated Income Report did not add up and queried why the agricultural drainage rate has gone down from £50,743.02 to £46,251.78 when there should be an increase of £1,563.90.

The Clerk explained that currently there is no separation between demanded rates and overpayments which confuses these figures and looks as though we are collecting over 100% of the rates. He explained that the £46,251.78 is an increase of 3.5% from the estimated income in 2020/21 of £44,687.88.

The Clerk also said there currently is no provision for any aged debt collected. He confirmed that he and the Finance Officer would like to show a separation on what's coming in and what's owed from previous years to make things much clearer for us, as the way it is usually done is confusing.

D Dewar-Whalley agreed with this and questioned why we haven't already done this as it made sense.

A lengthy discussion took place and Members all agreed this was a good idea to change this.

The Chairman asked the Finance Officer if this is something she could work on.

The Finance Officer agreed and explained that she wants to put all of the rate payers on Sage to show exactly who's owes money from current and past years, as you cannot see this clearly in DRS.

J Lewis said he was concerned about the £55,000 legal and professional fees.

The Clerk confirmed that this figure was so high for this year as this includes consultancy work on the new depot.

J Lewis asked where any compensation we may have to pay out would appear?

The Clerk confirmed there was £30,000 marked down as "rainy day fund" in legal and professional fees for potential tribunal fees that will be jointly funded with the UMIDB.

The Clerk added that the legal and professional figure also included £20,000 WLMA consent fees.

J Lewis asked if we were still involved with Croners?

The Clerk confirmed we are currently to not complicate things until the tribunal issues have been resolved. He said that after these were concluded, we will look at alternatives.

D Dewar-Whalley asked how do we write off any bad debt that we are unlikely to collect?

The Clerk confirmed we currently do not write off any debt and this is why this causes us problems year on year.

A lengthy discussion took place regarding how to deal with bad debtors, writing debt off and taking legal action when necessary.

LMIDB

The Chairman suggested that himself, D Dewar-Whalley, the Clerk and the Finance Officer come up with a proposal for the Financial Committee. He said that a simple, straight forward policy/structure needs to be put in place.

The Chairman asked if there were any other budget comments?

No further comments were made.

On a proposition by The Chairman seconded by D Dewar-Whalley it was **AGREED** to accept the budget subject to the insurance change being made.

The Clerk thanked the Chairman of the Board for his help with the budgets.

**4. MINUTES**

**RESOLVED** that the Minutes of the Finance Committee Meeting held on 6 July 2020 are correctly recorded and that they be signed by the Chairman.

**(As attached to these Minutes - Appendix 2)**

**5. ACTION LIST & MATTERS ARISING FROM PREVIOUS MINUTES**

**RECEIVED** the Action List from the meeting held on 26 May 2020.

**(As attached to these Minutes - Appendix 3)**

The Clerk confirmed that Harty and Leysdown Pumping Stations were operational again and there has been talk of widening of the bars at Bells Pumping Station which he was reluctant to do as this is likely to cost a lot of money.

The Clerk also said that the Stantec proposal is ongoing and confirmed that there is a meeting with them, the EA and himself this week.

**6. BANK BALANCES**

The Bank Statements balances were confirmed as follows:

	<b><u>Date</u></b>	
Handelsbanken Paying In Account	30 September 2020	£298,258.72
Handelsbanken Paying Out Account	30 September 2020	£667,393.40
Handelsbanken Savings Account	30 September 2020	£204,072.78
HSBC Depot/Current Account	30 September 2020	£1,059,748.00
HSBC Office/Savings Account	30 September 2020	£4.80
<b>TOTAL</b>		<b>£2,229,477.70</b>

**7. RATES AND SPECIAL LEVY COLLECTION**

**REPORTED** that Rates and Special Levies collected as of 30 September 2020 amounted to £755,550.99, which represents 51% of the total due for the year. Outstanding balance £729,273.39.

The Chairman asked when the outstanding balance for the special levies were due?

The Clerk confirmed we are expecting them anytime now.

## **8. FINANCIAL POSITION REPORT.**

**RECEIVED** The Finance Officer's Financial Position Report.

**(As attached to these Minutes - Appendix 4)**

The Chairman thanked the Finance Officer for her report and asked Members if they had any comments.

D Dewar-Whalley said that it was an excellent report.

The Clerk said they were keen to show not only the problems but to also highlight work that had been done and it was a positive step.

## **9. RECHARGEABLE WORKS**

**REPORTED** that **£147,534 including VAT** for rechargeable works have been invoiced to LMIDB since April 2020:

**REPORTED** that **£3,399 including VAT** for rechargeable works have been invoiced from LMIDB to UMIDB since April 2020:

The Chairman asked the Finance Officer if the rechargeable works were all up to date?

The Finance Officer confirmed they were all up to date.

J Lewis asked if there had been a typo on the figures as he felt the rechargeable works for LMIDB from UMIDB were high and asked what UMIDB were recharging for?

The Chairman of the Board said that a large chunk of the recharge work from the UMIDB was because the previous Finance Officer had not recharged the LMIDB half of the settlement and pension figure for the ex-finance employee and that's why it was a much larger figure than usual.

The Clerk confirmed the figures were correct and added that the recharges from LMIDB to UMIDB were going to increase as the LMIDB were doing a lot of work in the UMIDB area at the moment.

J Lewis mentioned that he had raised before that he did not agree with the UMIDB charging VAT to LMIDB on things like national insurance.

The Finance Officer confirmed that VAT was no longer being charged from the Upper to Lower Board on those type of items.

## 10. ANY OTHER BUSINESS

### a) Pumping Station Repair Costs

**RECEIVED** The Pumping Station Repair Costs for Harty, Rushenden and Leysdown.

**(As attached to these Minutes - Appendix 5)**

The Chairman thanked the Works Supervisor and Finance Officer for putting together the repair costs and commented that they were very clear.

### b) Tribunal

The Chairman updated Members on the possible tribunal case. He explained that a £100 per hour expenses fee had been agreed with M Watson and this was inclusive of all expenses and a cap of 10 hours had been put on time preparing for the tribunal and this fee would be split with the Upper Board and would not exceed £2,600 in total between Boards.

The Chairman asked if everyone was happy with the approach?

Members discussed the possible tribunal, and it was **AGREED** that all Members were happy with the approach and it was commercially the right way to proceed.

### c) Potential New Depot/Office site

The Chairman explained that he was now speaking on behalf of George Webb Finn as a Consultant to the LMIDB. He said that when he was first instructed by the ex-CEO his instruction was to provide an alternative site assessment which has been completed. His remit then was to open negotiations with the Ashby's and now they are having to look at a CPO. He explained the original remit did not allow for anything regarding a CPO and that it would be charged for separately.

He said the original budget was a fee of £10,000 of which £5,000 had already been invoiced, with a £5,000 invoice to follow. He said he would now like to invoice £3,000 for the CPO work that had been carried out. He said it was recommended that the Board make a further allowance for an additional £3,000 for ongoing matters with Brachers. He said this would be a shared cost with the Upper Board as it was within the £30,000 investigation costs that have been agreed. It was put to the Members if there were happy with this?

The Chairman of the Board said he was more than happy with GWF's professional approach.

All Members **AGREED** with the approach.

**c) Setting the Penny Rate**

On a proposition by J Lewis seconded by D Dewar-Whalley it was **AGREED** to make a recommendation to the Board to set the penny rate at 6.4118, which equates to a 3.5% increase.

All Members were in favour.

**11. CLOSURE**

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