

**UPPER MEDWAY INTERNAL DRAINAGE BOARD**



**MINUTES OF A MEETING** of the **Finance Committee** held via  
**Zoom Conference Call**  
on Tuesday 22 June 2021 at 10am.

**Members of the Committee Present**

Mr D Goff - Chairman

Mr S Highwood (most of the meeting)  
Cllr H Rogers

In attendance

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

**1. APOLOGIES FOR ABSENCE**

Apologies received from P Harper and C Wheeler.

**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. MINUTES**

**RECEIVED** a copy of the Minutes of Finance Committee on 8 December 2021.

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

These minutes were circulated to Members via email on 8 January 2021 with a request for any amendments to be advised by 12 February 2021.

**AGREED** by all Members present that the Minutes of 8 December 2021 were correctly recorded and should be considered as approved.

#### **4. ACTION LIST & MATTERS ARISING FROM PREVIOUS MINUTES**

**RECEIVED** the Action List of the meeting held on 8 December 2020.

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

The Clerk confirmed that the only item on the action list was to remove some of the bank accounts.

A discussion took place regarding the options.

On a proposition by The Chairman of the Board seconded by S Highwood it was **AGREED** to retain the Handelsbanken Paying In Account and move all payments from the Handelsbanken Paying Out Account to the Paying in Account and then close the Handelsbanken Paying Out Account. It was also **AGREED** to keep the Handelsbanken Savings Account and to open 2 new savings accounts.

#### **5. INTERNAL AUDIT**

**RECEIVED** Mid Kent Audit's end of year internal audit report carried out on 25 May 2021.

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

The Finance Officer confirmed that the audit was rough going to start with as Mid Kent Audit do not have Sage and everything had to be done on spreadsheets and this had taken a lot of time. She confirmed that it will be much easier going forward now that Mid Kent Audit have a better understanding of how an IDB works.

The Clerk said that it had been a learning curve for both us and the new auditors because of the difference auditing a council and an IDB. He said we had inherited a difficult situation, but we are now at a stage of significant improvement.

The Chairman of Finance asked Members if they had any questions the on report or had any observations they wished to make.

The Chairman of the Board commented that the report seemed very comprehensive and well prepared. He asked that we run through the 3 red points.

The Clerk explained that the no for budgetary controls which was to do with our internal departmental budgeting which has also now been resolved and we are now tracking this more accurately.

The Finance Officer said that the note regarding salaries and expenses was to do with Lincolnshire salary scales and confirmed this has since been corrected.

A detailed discussion took place regarding pay scales.

The Chairman of Finance said that we need to revisit salary scales.

The Clerk said the final no regarding public rights was due to the fact that we had failed to submit the AGAR on time because we were not aware of the deadline, and this will be resolved going forward.

The Chairman of Finance thanked the Finance Officer for her work and said hopefully this means we will be in a better position for next year.

The Clerk said that we are already in a better position, and we expect all green for the next audit.

The Clerk said there was also an issue with the minimum bank balance and said that we do not state clearly enough that the Upper Board retains 3 months expenditure, and we need to state this more clearly. He said this would be made clearer in the monthly bills from now on displaying the savings for plant and minimum bank balance of £350,000 separately.

The Finance Officer confirmed that she will also be producing management accounts going forward.

## **6. INTERNAL CONTROLS – YEAR ENDING MARCH 2020**

**RECEIVED** a copy of the Boards Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2021.

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

The Chairman of Finance asked Members if they had any comments on the Statement of Accounting Policies and the Statement of Internal Control documents.

No Comments were made.

All Members in attendance **AGREED** that the Chairman of Finance should approve the Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2021.

## **7. ANNUAL GOVERNANCE STATEMENT – YEAR ENDING MARCH 2021**

**RECEIVED** the Annual Governance Statement as required by the amended Accounts and Audit Regulations 2015.

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

All Members in attendance **AGREED** that the Chairman of the Board should sign the Annual Governance Statement.

## **8. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2021**

**RECEIVED** the End of Year Accounts for the year ending 31 March 2021 produced for information only.

**(As attached to these Minutes - Appendix 6)**

The Chairman of Finance asked if there was anything that they needed to be aware of.

The Finance Officer said that the End of Year Accounts will have changed slightly after the required AGAR corrections, and she would be doing journals to correct this. She said that the AGAR should agree back to the balance sheet, but unfortunately the previous years had never agreed. She explained as she could not get them to agree she approached Sallyanne at the WLMA for some guidance on how to rectify the problem. She said Sallyanne kindly offered to look at our accounts and during this process it was found the accounts to be incorrect dating back to 2016. She explained that as we could only go back to 2019/2020 on Sage, we agreed to get the figures from there correct, so that this year's figures 2020/2021 will be submitted on the AGAR correctly and give us a good basis for moving forward.

The Clerk confirmed that Sallyanne has now set up a system to get this right going forward and that the WLMA have offered to do a dry external audit for us in the future before we submit our AGAR to ensure we are getting this right. He added that we should have been submitting an audit pack along with our AGAR which wasn't being done and this has now also been resolved.

Members **NOTED** the End of Year Accounts.

The Chairman of Finance thanked the Finance Officer for her work in sorting out the End of Year Accounts

## **9. ANNUAL RETURN (AGAR) – YEAR ENDING MARCH 2021**

The Clerk displayed the IDB Annual Return for the year ending 31 March 2021 on the screen and he explained that we had to restate figures and Sallyanne from the WLMA has put a pack together explaining the reasons for this.

**REPORTED** that the Annual Return is issued to Local Councils, Internal Drainage Boards and other Smaller Authorities in England.

All Members present **RESOLVED** that the Chairman of Finance should sign and date Section 2 of the Annual Return.

**REPORTED** that Section 3 relates to the External Auditor Report and Certificate and the Annual Internal Audit Report 2020/2021.

**REPORTED** that PKF LittleJohn LLP will complete the first page of Section 3 and this is where any comments on their findings will be made.

**REPORTED** that Mid Kent Audit, the Boards Internal Auditor completed the second page of Section 3 on 9 June 2021.

## **10. FINANCIAL RISK ASSESSMENT**

**RECEIVED** updated Financial Risk Assessment for approval.

**(Copy attached – Appendix 7)**

The Clerk explained at the recommendation of the internal auditor he has updated the Financial Risk Assessment to improve it accordingly. He read through parts of the

Financial Risk Assessment paying particular attention to the Findings and Conclusion and Recommendations sections on page 6 and 7.

The Clerk highlighted the issue of the Upper Depot and said that although this was not a decision for now, we have to consider moving the depot in the future as we cannot access the site when flooded and we have had this issue for the last 3 years.

The Chairman of the Board and S Highwood said we need to put a strategy in place to move the plant when we are aware there is likely to be a potential flooding issue.

The Chairman of Finance asked as a short-term solution that we investigate where we can put our equipment and then we can look at something else for a long-term solution.

The Clerk raised the issue of either taking back water control structures that we gave up or removing them so that they are not a problem in the future.

A detailed discussion was held regarding water control structures and it was agreed that some structures were obviously more important than others.

The Chairman of Finance requested an interim report which identifies the most critical ones.

The Clerk confirmed that he has a meeting coming up with Carol Donaldson and he would discuss this with her and would get a rough idea of price. He said that he expected it to be around £10,000 to £15,000 a year for the survey.

The Chairman of Finance asked whether the Works Supervisor already had a list.

The Clerk confirmed that he was advised by the previous Clerk that this was not needed and he was also told a works plan was not required.

The Clerk confirmed that some of the structures were already in our new app as we were starting to identify them.

The Chairman of Finance said that we do need to consider budgeting, also that John's departure is looming, and these are risks we need to deal with.

The Clerk said that the Lower Board had just taken the decision to set up a small committee to look to replace some culverts/take back some water control structures on Sheppey so it may be a good idea for the Upper to hold fire to see what sort of costs are involved and then make a decision on how we want to approach this.

The Clerk said that he would like some sort of commitment from the Board that we will take them back and will start investigating this.

The Office Manager said that the Lower Board had requested that the recommendations from the Financial Risk Register were provided at every future Finance Meeting and asked the Committee if they wished to do the same.

The Chairman of Finance confirmed they would also like to do this.

The Chairman of the Board asked if the Financial Risk Assessment would also be going to the main Board.

The Office Manager confirmed that the Financial Risk Assessment will be presented to the Board once a year, at the last meeting of the year.

On a proposition by S Highwood seconded by D Goff it was **AGREED** to take the decision of approving the Financial Risk Assessment to the Board, and this would be added to the agenda of the November 2021 meeting.

## 11. **BANK BALANCES**

The Bank Statements balances were confirmed as follows:

|                                  | <u>Balance – 31 March 2021</u> | <u>Balance – 31 March 2020</u> |
|----------------------------------|--------------------------------|--------------------------------|
| Handelsbanken Paying In Account  | £2,359.72                      | £70,957.80                     |
| Handelsbanken Paying Out Account | £43,862.50                     | £55,703.62                     |
| Handelsbanken Savings Account    | £712,108.28                    | £656,291.38                    |
| NatWest Drainage Account         | £6,055.85                      | £3,721.14                      |
| <b>TOTAL</b>                     | <b>£764,386.35</b>             | <b>£786,673.94</b>             |

The Finance Officer confirmed that all councils first instalments had now been received and we had received around 80% of the ratepayer's payments. She confirmed the current overall bank balance was now just over £1,100,000.

The Clerk confirmed that we have not paid the EA precept and £45,000 would be paid in July.

The Clerk said that at year end we were close to our minimum bank policy as £350,000 of the balance shown is plant savings and we must balance the budget next year.

The Chairman of the Board asked where the £160,000 that was put aside for the new office was.

The Clerk confirmed this was in the Lower Board's bank account. He explained that around £12,000 of this had been spent. He said a fair chunk of this money should come back to the Upper Board and a discussion would need to take place with the Lower Board regarding this and he anticipated they may want to hold onto the money to guarantee 4 years rent for example.

The Chairman of the Board said that this was the Upper Board's money, and it shouldn't appear in the Lower Board accounts and this was a discussion that needed to be had with the Lower Board.

The Chairman of Finance agreed.

S Highwood felt that the Lower Board would not hand he money back until we agree with their proposal regarding rental of the new office and sale of Albion Place.

The Chairman of Finance asked if the £12,000 spent was the total spend or was this half of the spend that Lower were liable for.

The Clerk confirmed that £24,000 had been spent and the £12,000 was the Lower Board's half.

It was **AGREED** to discuss terms of the new office further under item 13.

## **12. FINANCIAL POSITION REPORT**

The Finance Officer said that she had covered this earlier in the meeting and just wanted to say that the bank accounts are quite healthy and that currently she is moving everything apart from £500 from the Paying In Account to the Paying Out Account on a monthly basis.

The Clerk confirmed this would stop when we close the Paying Out Account as previously agreed.

The Finance Officer confirmed that they had already discussed opening 2 further savings accounts and the £700,000 savings would then be split across the 3 accounts.

The Clerk confirmed that £350,000 minimum bank balance would be kept in one account and the depreciation money would be split elsewhere.

The Chairman of Finance asked about what had happened to the rate payers that had owed the small amounts for a number of years.

The Finance Officer confirmed that quite a lot these amounts had been written off as agreed. She confirmed that she had also got a lot of money in by chasing some of the larger debts and this had come to around £5,000. She said that previously there had not been a follow-up on debtors, but this year there was a plan in place to tackle this.

## **13. NEW DEPOT/OFFICE UPDATE**

**RECEIVED** Sibley Pares Marketing Report, April 2021.

**(Copy attached – Appendix 8)**

The Clerk gave an update by saying the purchase of 13 Conqueror Court in Sittingbourne had now been finalised and he was meeting with an office fitting company, Rap Interiors on Thursday to discuss the interior design and he will also be speaking to our IT company, Pantec to discuss moving the server and the installation of the computers/telephones. He confirmed that the Upper Board have agreed to pay the running costs for half of one floor and the second floor is likely to be rented out. He said this was an unknown figure at the moment, however the Lower Board had suggested £40,000 per year rent and this was similar to what the Upper Board are paying for the running of Albion Place at the moment.

A detailed discussion was held regarding the new offices at Conqueror Court.

The Chairman of the Board said that we need a written agreement/contract.

Members discussed that an offer from the Lower Board was needed in writing to include rental terms and this should also include details of the terms of building repairs/maintenance and that it would be a good idea to do our own investigation with regards to comparable office rentals so that we know if the Lower's proposal is a good deal or not.

The Clerk said he felt that the Upper Board were not in a very strong position to negotiate and said that a conversation with the Lower Board needed to take place sooner rather than later so that terms could be agreed in advance of the office move which was looking to be in around 6 to 8 weeks' time.

The Clerk put up on screen a similar rental property and the Committee discussed the various costs involved. It was of the general opinion that £40,000 did look like a reasonable rental figure.

The Chairman of the Board suggested that we use Mark Davies' expertise when setting up the licence agreement and there would likely be a charge for these services.

Members **AGREED** this would be a good idea and the Chairman of the Board said he would speak to Mark regarding this.

The Clerk confirmed the guide price for Albion Place in the Sibley Pare's report was £300,000 and he felt it was the best option for the Upper Board to agree to put the building up for sale via public auction.

The Chairman of the Board said that was a reflection of a conversation that was had at the recent Chairs meeting and said rather than looking at making any money out of the sale that the best thing was to sell Albion Place via auction.

The Clerk said it had been suggested that it be put up for £300,000, with a reserve of £280,000 and to give the auctioneer 5% discretion on the sale so the worst case scenario would be a sale price of £265,000. He confirmed the auction would likely take place in September.

The Chairman of the Board said that another discussion that was had at the recent Chairs meeting was if there was any benefit in applying for permission to transfer from business to domestic occupation and the advice that was given was that there was no benefit in doing that in advance of auction.

The Clerk said that the return was not significant enough for us to waste time in doing that.

S Highwood agreed and said the advantage of selling in public auction was that once it was sold the building was no longer our responsibility.

On a proposition by The Chairman of the Board seconded by D Goff it was **AGREED** to put Albion Place into public auction.

#### **14. INSURANCE REVIEW**

**RECEIVED** Insurance Review Report.

**(As attached to these Minutes - Appendix 9)**

The Office Manager explained that an insurance comparison had not been carried out for a number of years, so we had engaged Fenton Group to provide a quotation for us. She explained that Fenton Group's quotes appeared to be cheaper overall, but they had additional charges that NFU did not charge, and their excess was of £2,500 was

a lot higher than NFU. She confirmed that the decision had been taken to renew with NFU with the view to reengaging Fenton Group at a later date.

The Office Manager said that it was brought to our attention that other IDBs all have a Group Personal Accident Policy in place, and this was something currently being looked into, and we were currently waiting on some additional information from NFU regarding this so a proper comparison of quotations could be made.

The Chairman of Finance said he was happy to leave this with the Office Manager and for her to let the Board know the outcome.

The Clerk confirmed at the Lower Finance meeting it was suggested that a review should take place every 2 years, starting with a fresh review for 2022.

## **15. EXCAVATOR**

**RECEIVED** Work Supervisor's Excavator Report.

**(As attached to these Minutes – Appendix 10)**

The Clerk said that we are now at a point where we need to sell our excavator and we need to decide whether to replace it with a machine that was around 3-4 years old or whether to rent a machine but have the risk of not being able to get the machine in winter when needed. He confirmed that he would prefer to buy a machine and the Board already has money set aside for this. He concluded by saying that the Works Supervisor has given 5 reports on this now and a decision needs to be made.

The Chairman noticed that there were 2 lots of figures for 2019 on the report.

The Clerk confirmed that the 2020 figures must have been duplicated in error.

The Clerk said we could purchase a smaller machine than we currently have and save money.

A discussion was had about the possibility of renting a machine and it was agreed that although this was likely to be cheaper, contractors would require guarantees whether we use the machine or not and we would also risk not having availability of a machine when required.

S Highwood felt that we should buy a replacement machine and said that because new machines had moved on that a smaller machine would be sufficient.

The Chairman of the Board felt it would have been useful to have an understanding of the number of hours for use of the excavator, but generally felt we should purchase a second hand machine and modify it to our requirements.

The Chairman of Finance agreed with buying a machine and said that we could hire a bigger machine for specific jobs if necessary.

The advantages of buying a machine below 13 tonne was discussed, and this included being able to use Skeltons to move the machine, who are very competitive in price. It

was also suggested that we might be able to purchase a trailer and tow it ourselves. It was also discussed that a smaller machine would probably fit inside the depot.

On a proposition by The Chairman of the Board seconded by S Highwood it was **AGREED** to sell the current excavator and to purchase a suitably sized second hand machine to the value of around £50,000.

The Clerk confirmed after the Works Supervisor has decided on the best machine to purchase, the exact details of the machine and cost will be circulated to the Finance Committee by email before the purchase is finalised. He also confirmed that the sale of the current excavator is likely to be around £10,000.

## **16. BOARD AMALGAMATION**

**RECEIVED** the Medway IDB Amalgamation document.

**(As attached to these Minutes - Appendix 11)**

The Charman of Finance asked Members for their thoughts on amalgamation.

A very detailed discussion took place regarding the potential of the Lower and Upper Board amalgamating.

The Chairman of the Board felt this was not a decision the Committee could make, and they should pass on a recommendation to the main Board. He said he could see lots of benefits of amalgamation, however, he felt the big issue would be the rate and this could be a big problem. He also thought that rate payers in the Upper area contributing to the pumping out costs at Sheppey for example were an issue and he was struggling how to conserve that to his council.

The Clerk said that the recommendation to the Board was critical and confirmed that ADA's recommendation was for a single rate. He said he felt that by having a differential rate would continue the division of the Boards. He also said that he didn't feel the location of rate payers should be used as an argument.

The Clerk said that the rate would definitely have to increase, the question would be by how much. He suggested that a compromise might be that the Upper Board could increase by 50% and Lower Board reduce slightly. He said we could come to some middle ground. He said that the Upper Board's current budget is not made with long term projects in mind and it needs to consider how it pays to fund things like Carol Donaldson's work. He suggested their rate would have to increase to accommodate this regardless, if the Board wished to improve ecologically. He said it would be a hard sell to DEFRA and the EA to say that the Upper Board do not want to amalgamate because their rate would have to increase though.

S Highwood felt that the Boards were 2 very different entities. He felt on the administration side this made sense but for controlling water/maintaining water levels the Boards are not the same organisations.

The Chairman of Finance said the problem that we have is that the Upper Board are on the back foot and said if we do not amalgamate the Lower Board will take over the

office staff and we will be left with the depot and 4 workmen and how do we manage that.

The Chairman of the Board said at that point you would bring in ADA and DEFRA as the Upper Board's operations would be untenable.

The Clerk confirmed that if the Upper Board were not willing to take steps to look into amalgamation the Lower Board wanted to proceed to take steps to separate from the Joint Services agreement and they are willing to offer the office staff the same contracts that they currently have.

S Highwood felt that was bullying and did not see enough advantages to do it because of the differences in the Boards and did not see the hurry of an amalgamation.

The Clerk said that we were at a position where decisions were being made by one Board that the other Board could do nothing about and he felt that the basic work, aside from the pumping stations was the same. He said this must be resolved.

The liability of the Lower Board's pumping stations was also a concern of the Committee and was discussed.

The Chairman of Finance said we must move forward together or separate and said we are having our hand forced and we are where we are at because of the decisions made in 2017. He asked the Committee what are we going to recommend?

The Chairman of the Board said he was not sure that this decision could be made at next week's Board meeting but felt the recommendation should be to amalgamate despite the obvious reservations.

The Chairman of Finance said that C Wheeler thought amalgamation was a good idea and doesn't see a problem in general terms, but his problem was also with the rate as he wouldn't want to see the rate increase.

The Office Manager asked if we had received any thoughts from P Harper.

The Clerk confirmed that we had not heard from him.

The Chairman of Finance said that he wanted the best solution for the Board and he felt if we did not amalgamate where would the Board be. He said he suspected that the Board will throw this out next week and his concern was what will happen then.

The Chairman of the Board said we would need to have DEFRA's opinion if the Lower Board did decide to go alone.

On a proposition by The Chairman of the Board seconded by D Goff it was **AGREED** to recommend amalgamation to the main Board subject to further discussions including rates, reconstitution, reserves policy and assets.

S Highwood left the meeting as he had another meeting to attend.

## **17. ANY OTHER BUSINESS**

### **Staffing Levels**

The Clerk said that the Works Supervisor's replacement was required now and confirmed this would be sourced internally initially and then put out externally if required.

The Clerk also raised the requirement for a Compliance Officer.

The Chairman of Finance said that it was not right for the 2 Members left at the meeting to make this decision and requested this to be left on hold.

### **Medway Valley Countryside Partnership Contribution**

The Clerk explained that the Medway Valley Countryside Partnership do our invasive species works and currently the IDB only contributes via the EA precept indirectly and he would like to make a contribution directly.

The Chairman of the Board agreed this was a useful resource to have and by using them we are saving money on chemicals and not having the necessary licence.

On a proposition by The Chairman of the Board seconded by D Goff it was **AGREED** to make an annual contribution of £2,000 to the Medway Valley Countryside Partnership.

## **18. DATE OF NEXT MEETING**

The date of the next Finance Committee/Estimates meeting was confirmed for Tuesday 19 October 2021 at 10am.

## **19. PRIVATE & CONFIDENTIAL MATTERS**

There were no private and confidential matters to discuss.

## **20. CLOSURE**

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