

LMIDB  
LOWER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING** of the **Finance Committee** held at  
**17 Albion Place, Maidstone**  
on **Monday 25 October 2021 at 10am**

**Members of the Committee Present**

J Mair (Chairman of Finance)  
Ald D Dewar-Whalley  
G Fulton  
J Lewis  
S Mair

In attendance

O Pantrey – Clerk  
L Carey – Finance Officer  
J Davis – Works Supervisor  
P Haselhurst – Incoming Clerk

**1. APOLOGIES FOR ABSENCE**

No apologies received. All members present.

The Chairman welcomed G Fulton to his first full meeting of the Finance Committee.

**2. ITEMS OF INTEREST DECLARATION**

S Mair declared an interest in the Axminster site as he was the Site's Managing Agent. He informed the members he would be acting on behalf of the owners and not as a Board member on that subject.

On request by Ald D Dewar-Whalley and agreed by all present, the agenda was altered to a more efficient running order.

**3. MINUTES OF THE PREVIOUS MEETINGS**

**RECEIVED** a copy of the Minutes of Finance Committee on 21 June, 23 August, 31 August 2021.

The Clerk explained to the Incoming Clerk that minutes are issued to members and then a month is given to provide additions, subtractions, or comments. From that point the minutes are considered approved in principle and posted to the website for public consumption. They are then officially approved at the next meeting of the Board.

On Proposal from S Mair and Seconded by Ald D Dewar-Whalley, it was **AGREED** that the minutes of the previous meetings were correct and approved.

#### 4. **ACTION LIST AND MATTERS ARISING**

**RECEIVED** a copy of the action list

There was a proposal to move the minimum reserve balance from £1,600,00 to £3,200,000. The Clerk said as long as there was justification for the move from a year's expenditure. He said that it was important that the Board owned the balance change and that a recommendation should go to the Board and then this committee can work on how to achieve that going forward.

A discussion took place about the justification and how it could be drafted into medium term strategy.

It was **AGREED** this would be covered later in the meeting and that the budget should be considered against the current minimum bank balance policy.

The next element was regarding reducing the number of bank accounts the Board operated. S Mair said he and the Finance Officer had a meeting with Steve Keast at Handelsbanken and they would be moving from two current accounts to one current account (known as the paying in account).

The Clerk said this included advice that if money was moved from Handelsbanken as part of the financial security recommendation from previous meetings that the Board may incur charges.

The insurance review was discussed and agreed that it would be moved to 2023, although this was likely to come sooner due to the separation of policies after the joint service split.

**Action:** Office Manager to review insurance at the renewal in 2022 after the separation of the Boards.

There was a proposal from Stantec for 'stage 3' of the Harty and Leysdown pumping station replacement. The Clerk said this hadn't been put to the members because it came in late and would have confused the meeting. He said this would be sent out after the meeting.

**Action:** Clerk to send Stantec proposal to members.

The widening of weed screen bars at Bells Pumping station was discussed and it was agreed that the offcuts could be donated to Hull University for their secondary project.

**Action:** Additional safety signs to be purchased and installed at Bells Creek.

The resignation of Stephen Batt was discussed and in case it had not been previously minuted, it was agreed that this should represent the official minute of his resignation and his removal from the banking system.

**Action:** Finance Officer to inform Handelsbanken of official minute of S Batt resignation from July main meeting/this meeting.

#### 5. **ESTIMATES AND BUDGET 2022/23**

**RECEIVED** a copy of the estimates for 2022/23

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The Clerk said that the proposal weathers the separation and provides a prudent approach to the installation of a new Clerk. He said the proposal of 3.5% was relative to inflation but also took into account the additional liability the board had taken on.

There was a question about where insurance was placed in the budget. The Finance Officer confirmed that unlisted insurance was under professional fees.

There was a question about investment policy. The Clerk said it tied into long term strategy and the Board didn't have one, so it should be made a priority.

The Clerk confirmed the fit out of Conqueror Court would have to come from this year's reserves and was not to be budgeted into next year.

There was a discussion about all the itemised elements of the submitted estimates.

The new generator for Bells was discussed and while it was agreed the estimated £100,000 cost should come from reserves, it was necessary to depreciate and make savings against it.

It was **AGREED** by all to place £5,000 extra into capital savings to cover a replacement generator.

A question about Channel Maintenance came up. It was explained that this and the Vehicle Fuel nominal code was previously used as a dumping ground for unknown costs and that is why there are big changes in figures from last year, as these had now been accurately attributed.

There was a question about the hiring of new ground staff. The Clerk said that the vacancy should go on the website immediately.

**Action:** Operator job vacancy to be placed on the website by the Clerk as soon as possible.

There was concern about the resignation of another member of the workforce and it was discussed about how they might be recruited. The Clerk said he would look at expanding the search via TalentFinder as before.

The Works Supervisor said it might be worth holding on and putting this out later in the financial year.

All **AGREED** that taking the workforce to five immediately was not in the interest of the Board and should be budgeted but the advert deferred.

There was a discussion about the renting out of the additional floor at Conqueror Court.

The Clerk said that it was prudent to not assume a tenant or income from Conqueror Court until it had actually occurred.

The Clerk said that the running cost has increased since the separation and represents liability that the Board incurred as a result. He said this was important to make transparent to the Board how the future looked and that they would need to accept the current estimated costs.

There was a question about contingency provision. The Clerk said that the reserve was the contingency and that with access to public works loan board loans it was unnecessary to provision anything else.

S Mair said it was important for everyone to know that he was the named person on the company credit/debit card and not the outgoing Clerk. As of December 1<sup>st</sup>, P Haselhurst would become the named and financially responsible person.

It was requested that a nominal bad debt figure was placed into the budget.

All **AGREED** that £5,000 should be placed in the budget as a nominal cover against non-payment of rates.

The Incoming Clerk requested that technology for improved hybrid meetings was installed at Conqueror Court and that it should be budgeted.

The Clerk said that putting one-off payments onto the levy would lead to issues with justification into the future and advised against this.

All **AGREED** this should be incorporated into the fit out this year and not put onto the levy.

**Action:** Request 'Owl' meeting aid is installed as part of fit-out or IT installation at Conqueror Court.

There was a question about £50,000 in depot savings. The Clerk said this was part of a 10-year plan he had to raise £500,000 and build a new depot that was owned by the Board.

All **AGREED** this should remain.

There was a discussion over the figure for Biodiversity work. The Clerk explained this covered the work of Carol Donaldson and work to implement the plans that she suggests. It was suggested that this should be set out in contract and tendered against by more than just one party.

It was **AGREED** to leave the cost in the budget as it would be needed regardless of who held the contract.

**Action:** Two further quotes to be received against the work proposed by Carol Donaldson.

The Works Supervisor was brought back into the meeting to discuss a list of one off purchases he felt were necessary.

A discussion was held over one off purchases and works regarding Bells Pumping Station, plant, and tooling.

All **AGREED** that £4,000 should be added to the budget for ongoing maintenance costs.

**Action:** £4,000 for maintenance and inspections at pump stations to be added to the estimate as an ongoing cost.

**Action:** Works Supervisor to advise BNC Engineering to commence work on the weed screen.

**Action:** Recommend to the Board that roughly £120,000 is provisioned from reserves to purchase a generator at Bells Pumping Station and install safety elements.

**Action:** Works Supervisor to arrange meeting with the EA over improvements to Bells and the funding involved.

The Works Supervisor gave an update on the vibration problem at Bells. He said that ACE were sourcing the parts required and this would be fixed shortly.

It was **AGREED** that plant requests from the Works Supervisor for a 1.5m weed cutter, 3m weed cutter with trailer, towable lighting totalling approximately £36,000 should be recommended to the Board as part of the wider capital projects list.

**Action:** Create a list of one-off purchases for Board approval in November.

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There was a discussion over the rate to be recommended. The Clerk suggested that we should avoid talking in terms of penny rate change and instead look at absolutes. The Clerk said the difference between 4.5% and 3.5% was negligible and would not be worth arguing with members in this budget. He said that the 3.5% discussed reflected a slight increase over inflation and covered against the costs of separation.

On Proposal by Ald D Dewar-Whalley and Seconded by J Lewis it was **AGREED** by all members that the recommendation to the Board from this committee would be for an increase in the penny rate of 3.5% for the financial year 2022/23.

### 6. **BANK BALANCE UPDATE**

Bank balances were given as of Friday 22<sup>nd</sup> October:

Handelsbanken Paying In:	£1,504,023.76
Handelsbanken Paying Out:	£132,885.52
Handelsbanken Savings:	£814,199.28

Total in Handelsbanken: £2,451,108.56

This included second precept payments from Medway Council and Swale Borough Council.

Once special levy was in there would be around £13,000 outstanding to be collected on the agricultural rate which she would look into.

### 7. **FINANCIAL POSITION REPORT**

The Finance Officer gave a report on the current situation of the Board's finances. She said that we would be closing the paying out account to go down to a single current account after a meeting with Handelsbanken.

After a discussion with Claire at Handelsbanken it became apparent that authorising signatories on the bank accounts can set up and execute payments up to £10,000 for finance members and £30,000 for the Clerk. This was an oversight that she recommended was altered to prevent this.

On proposal by S Mair and Seconded by G Fulton it was **AGREED** by all members that Handelsbanken should change the existing provision regarding setting up and signing of transactions so that any inputted transaction cannot be authorised by the same person.

The Clerk said it was vital that now this loophole was identified and closed, that this was communicated to the Board.

It was asked how it was proved this had not been abused. The Clerk said the Bills Committee carried out monthly checks on expenditure and this was the safeguard.

**Action:** Finance Officer to send letter to Handelsbanken requesting alteration as per these minutes.

### 8. **MINIMUM BANK BALANCE**

On proposal by S Mair and Seconded by G Fulton it was **AGREED** by all members to recommend to the Board a new minimum bank balance of £3,200,000, up from £1,600,000.

**Action:** Recommend an increase in minimum bank balance from £1,600,000 to £3,200,000 at the next main meeting.

### 9. EXTERNAL AUDIT PART 3

**RECEIVED** a copy of the external audit 2020/21

The Clerk said this was for information, but it was important to acknowledge that the future AGAR must be not only seen but a minute of approval must be received by the full Board.

The Clerk said that the other comments were from the Internal Auditor regarding internal budgeting, remuneration, and publication of public notice. He said these had all now been actioned, but he felt that remuneration was the responsibility of the Board and that recommendations for increase should be with the Board and not following ADA.

All **AGREED** that while the remuneration should be structured, the Board would retain the control of increases and not, as the internal auditor suggests, follow the ADA recommendation.

### 10. IDB1 2021

**RECEIVED** a copy of the IDB1 2020/21

It was noted that there was a tick missing regarding the website in the IDB1. The Clerk said he would acknowledge this and amend if it was returned by DEFRA.

### 11. FINANCIAL RISK ASSESSMENT

**RECEIVED** a copy of the Financial Risk Assessment

The Clerk said that the UMIDB was adding a section into the risk assessment regarding separation and would the LMIDB like to add this also to cover the demonstration of mitigations that had been put in place.

All **AGREED** that this should be added.

**Action:** Clerk to add section in relation to separation from joint service to the financial risk assessment.

The Clerk then requested that the anniversary of the approval of the Financial Risk Assessment be moved to November, ahead of the internal audit.

All **AGREED** that this Financial Risk Assessment should be submitted to the Board for approval, with a note that this should be unique to each Board for the 2023/24 financial year.

**Action:** Financial Risk Assessment to be added to main Board meeting agenda for approval in November.

### 12. NEW OFFICE / DEPOT UPDATE

S Mair gave an update on Stickfast Farm, saying the depot would be available shortly but we are under a tenancy at will while this lease was resolved. This allowed the Board to move in but did have limitations on what we could and could not do in the interim.

He said the fitout was well advanced and was likely to be ready for moving in mid-November.

It was confirmed that the next Board meeting would likely be held at Conqueror Court.

A question was raised over parking spaces in the event of a tenant on the first floor. A discussion took place, and it was deemed that not enough was known about the terms of a tenancy to make a comment at this time.

### **13. ANY OTHER BUSINESS**

#### **Pumping Station Update**

The Clerk explained that Bells work was due to be completed shortly to resolve an issue with the braking on Pump 1. He said that the proposal for Harty and Leysdown needed further exploration and explanation by Stantec, and that the tender for the pump station replacement at Rushenden was now out by Swale BC and that it was noted it would be adopted by the IDB on completion.

#### **PSCA Update**

The Clerk explained the works were now completed at Spitend, Elmley Reserve for the PSCA with the EA. He thanked the Technical Assistant, the Works Supervisor and the contractor Elmley Conservation Trust for their excellent work. He noted that the EA had said they were very happy with the work done.

#### **Adoption of SWDC in line with WLMA as of April 2022**

The Clerk explained that we were not on the same tariff as the WLMA because we hadn't agreed to increase annually with inflation as they did. He said we should agree to go with their recommendation as we didn't have the expertise to make our own recommendation.

All **AGREED** that we should go with WLMA recommendations for inflationary increases to the SWDC going forward and that this could be reviewed annually.

**Action:** Clerk to let WLMA know we would be following their tariff for SWDC going forward.

#### **Approval of Biodiversity survey work**

**RECEIVED** a copy of the quote from Carol Donaldson

All **AGREED** this should be delayed until further quotes were received.

#### **Pumping Station Generator Purchase**

It was **AGREED** that this was covered previously as part of the estimates discussion.

#### **Purchase of small tools amounting to £4,000 by the Works Supervisor**

All **AGREED** this should be done now.

#### **Works at Stickfast Farm to install power sockets**

All **AGREED** this should be actioned immediately.

**Action:** Works Supervisor to arrange for a suitable contractor to install additional sockets at Stickfast Farm.

### **14. PRIVATE AND CONFIDENTIAL**

The Clerk left the room, and a discussion took place regarding handling of HR files.

**15. DATE OF NEXT MEETING**

It was **AGREED** that this was to be confirmed after the calendar for 2022 was approved.

**16. CLOSE**

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