

# Lower Severn IDB

## MISSION STATEMENT

We provide land drainage, flood risk management and surface water management to achieve safe, prosperous communities that enjoy the amenity and biodiversity benefits of the water environment.

## Finance Committee (Executive Committee in Attendance)

### Draft Minutes

#### Mr J Hore (Chair)

Ald N Barton, Mr J Cornock, Cllr S Milestone, Mr J Nichols (v. Chair)  
Cllr M Riddle, Ald M Sykes, R Godwin

**NB The quorum for this meeting is 3 Members**

**Wednesday 20<sup>th</sup> May 2026 @ 10:30am, Lower Severn IDB Offices/Hybrid**

Item	
1.	<b>Apologies/Welcome</b> Chairman JH opened the meeting and welcomed Mr J Nichols (v. Chair) Cllr M Riddle, R Godwin, Glenn Taute, James Thomas and Ald N Barton, to the meeting.  Apologies were received from Mr John Cornock, Mary Sykes and Sue Milestone.
2.	<b>Chair's Announcements</b> JH welcome RG to his first Finance Committee meeting. JH noted that GS will give an overview of how payments are processed during the pump replacement programme.
3.	<b>Declaration of Members' Interests</b> RG declared an interest due to land at Lapperditch.
4.	<b>Minutes of the last committee meeting for approval</b> JH read through each page for approval.  All in favour; minutes accepted.
5.	<b>Comments on Actions brought forward</b> <b>JT presented the following:</b> <ul style="list-style-type: none"><li>JT reported that approximately four to five outstanding Avonmouth invoices remain under review, with around three currently being finalised as part of a wider agreement with a developer.</li></ul>

	<ul style="list-style-type: none"> <li>• The agreement includes an Area-Wide Charge Payment, used where developers are unable to provide the drainage infrastructure normally required due to site constraints. Instead, a financial contribution is made towards future maintenance and strategic drainage improvements undertaken by the Board.</li> <li>• The total value of the agreement is expected to be approximately £80,000, including around £25,000 for outstanding invoicing, with the remainder comprising the area-wide charge and transfer of drainage assets for future maintenance.</li> <li>• Members were advised that maintenance costs are calculated using a 30-year multiplier, consistent with approaches used by the Highway Authority.</li> </ul> <p><b>Hallen Culvert and Drainage Restoration</b></p> <ul style="list-style-type: none"> <li>• An update was provided on the ongoing drainage issue at Hallen. Plans for reinstatement of the culvert and drainage channel are being developed, although progress by the developer has been slower than anticipated.</li> <li>• In the interim, additional cross-connections and drainage improvements have been installed, significantly reducing water levels and improving system performance.</li> <li>• The reinstatement scheme involves approximately 300 metres of drainage channel and presents technical challenges due to the presence of high-voltage cables and a major water main.</li> <li>• The original developer has since sold the site on several occasions. The current owner has accepted responsibility for reinstating the drainage channel as part of the site acquisition.</li> <li>• The Board is working with the developer and consultants to agree a suitable design, including a siphon arrangement beneath the water main.</li> <li>• Previous concerns regarding water levels affecting a nearby industrial facility have largely been mitigated through the interim drainage works completed by the Board.</li> <li>• The developer intends to undertake the reinstatement works during the current summer period.</li> </ul> <p><b>Other updates:</b></p> <ul style="list-style-type: none"> <li>• RG is proposed as a Finance Committee member, with election planned for Full Board in June.</li> </ul>
6.	<p><b>Internal Audit Report for Noting</b></p> <p>GT reported that the Internal Audit demonstrate that everything is under control and offered the Committee the opportunity again to look through it.</p>
7.	<p><b>Financials to March 2026, full year 2025/26</b></p> <p>GT delivered the financial report for the year ending 31 March 2026. Members were referred to the income statements comparing actual year-end figures against both the approved budget and the latest forecast.</p> <p>It was reported that, overall, the year-end position was broadly in line with expectations. Variations between actual expenditure and budget were explained, with the most significant difference relating to payroll costs due to changes in programme allocations and project timelines. Members noted that payroll expenditure remained in line with the revised forecast.</p> <p>Maintenance expenditure was reported as favourable against both budget and forecast, reflecting efficient delivery of works during the year. Administration costs were slightly above budget, while</p>

professional fees exceeded forecast due to recruitment costs associated with the appointment of new staff. Members were advised that recruitment fees paid to the employment agency amounted 14% of annual salaries for successful candidates. The additional expenditure related primarily to the recruitment of Denise and Ramsey.

Depreciation costs were slightly lower than forecast following year-end adjustments, while loan interest remained in line with expectations. Minor variances were also reported in bank charges.

Members noted that additional grant funding had been secured late in the financial year, resulting in a more favourable year-end position than previously forecast. Total grant funding received during the year amounted to approximately £4.75 million, contributing towards a total programme value of approximately £6.2 million.

In discussing treasury management, members considered whether surplus funds should be placed on fixed-term deposits to secure higher rates of interest. It was noted that whilst interest rates of around 4% may be achievable, there remained uncertainty regarding future cash flow requirements and loan drawdowns. GT advised that it would be premature to commit significant funds to fixed deposits until a detailed cash flow forecast had been completed.

Members were informed that a revised cash flow forecast would be prepared in July, providing a clearer picture of funding requirements over the next two to three years and informing decisions regarding future borrowing and investment of reserves. It was noted that approximately £3 million remained available for the programme in the short term.

Members discussed the Committee's role in overseeing treasury matters and investments. It was noted that treasury management had historically formed part of the Committee's remit but was not currently identified as a separate agenda item.

The Committee received and noted the Balance Sheet as at 31 March 2026.

Members were advised that fixed assets had increased significantly as a result of ongoing investment in the Pump Programme. The value of assets under construction and completed programme works stood at approximately £6.9 million at 31 March 2026, compared with £2.7 million in the previous year, reflecting the Board's continued capital investment.

The position on debtors was explained, with officers noting that the year-end figure was influenced by Bristol City Council having paid its annual drainage rates in full before the year end, consistent with the previous year.

The Committee noted that total cash holdings at 31 March 2026 amounted to approximately £4.8 million, comprising around £1.5 million held in bank accounts and £3.3 million invested in a short-term deposit account with BlackRock. Officers confirmed that the cash position remained in line with forecasts.

Members were advised that fluctuations in creditors and accruals during the year were largely attributable to the Pump Programme. Significant payments had been deferred pending delivery and completion of works, including pump installations received during September and October.

The Committee noted that the outstanding balance on the Public Works Loan Board borrowing had reduced from approximately £2.0 million to £1.9 million during the year, reflecting scheduled loan repayments of £100,000.

An update was also provided on the Local Government Pension Scheme valuation. Following the latest actuarial assessment at 31 March 2026, the pension fund surplus had increased to approximately £2.8 million.

Members were informed that, as a result of the strong funding position of the pension scheme, the actuaries had advised that no employer pension deficit contributions would be required for the next three years. Employee pension contributions would continue as normal. The Committee welcomed the anticipated reduction in employer pension costs and noted the positive impact this would have on future salary-related expenditure.

Members discussed the reported pension fund surplus and JN sought further information on the factors contributing to the increase. It was noted that a range of factors could influence the valuation, including investment performance, inflation assumptions and actuarial assessments of future liabilities. Members requested further detail on the actuarial calculations underpinning the valuation.

The Committee received an update on reserve movements and noted that a capital reserve had been established following a previous Board decision. Members were advised that the reserve structure now distinguishes between the accumulated reserve, representing pre-programme balances, and a capital reserve intended to offset expenditure associated with the Pump Programme.

It was explained that any future surpluses would be allocated to the capital reserve and utilised to support programme expenditure as required. Once programme commitments have been met, any remaining balances would return to the general reserve.

Members noted that the Board's overall balance sheet position remained strong, with healthy reserves and a positive financial outlook. The Committee welcomed the favourable financial position and noted the report.

**8. AGAR report 2025/26 for recommendation for Board approval**

GT presented the Annual Governance and Accountability Return (AGAR) documentation for the year ending 31 March 2026.

Members noted the schedule of variances included within the AGAR submission, which reflected the same significant movements previously discussed in relation to the year-end income and expenditure accounts. GT advised that the variance analysis had been included following a request made at a previous Board meeting and would form part of the information submitted to the external auditors as part of the annual audit process.

The Committee also received an update on the financial position of the Pump Programme. Members noted that the Board's total lifetime investment in the programme had reached approximately £6.9 million. Of this total, approximately £4.9 million represented construction costs incurred through the principal contractor, with the remaining expenditure relating to associated project costs, equipment, professional services and programme delivery.

It was reported that overall programme expenditure represented approximately 67% of the approved budget, while construction expenditure alone represented approximately 60% of the construction budget. Members discussed the level of expenditure completed to date and the remaining costs required to complete the programme.

GS advised that major equipment purchases, including pumps and weed screens, had largely been completed. However, significant works remained outstanding, including installation, electrical systems, telemetry equipment, commissioning and associated civil engineering works. Members noted that progress at the Marshfield and Lapperditch pumping stations was advanced and that both schemes were expected to be substantially complete by the end of July.

GS provided an update on the Pump Programme and advised that the Board continued to work towards completion of all programme elements by the end of 2027. Current programme milestones indicated completion of the Oldbury scheme by May 2027 and Wicks Green by December 2027, although timescales remained challenging.

Members were advised that the Marshfield and Lapperditch pumping station upgrades, together with the Elmore improvements, were expected to be completed by the end of July 2026, enabling all three schemes to become operational.

Members discussed the procurement of weed screens and associated equipment. Concerns were raised regarding the ability of manufacturers to meet increasing national demand and the potential financial implications should suppliers encounter difficulties. GS advised that the weed screens were procured through the principal contractor, Jacksons Civil Engineering, and that the Board had sought assurances regarding delivery times and programme commitments. It was confirmed that the Board had not made advance payments for outstanding equipment and that the remaining screens were expected to be delivered in accordance with the agreed programme.

JH requested clarification on the FastDraft process and the personnel involved in overseeing and verifying project delivery, expenditure and contractual matters. GS explained that FastDraft forms part of the project management and contract administration arrangements used to monitor programme progress, costs, contractual matters and project risks. Regular project meetings are held to review progress, assess issues arising from the works and ensure that expenditure and programme delivery remain consistent with contractual requirements.

Members were advised that a number of specialist personnel are involved in the process, representing both the Board and the principal contractor.

GS advised that regular project meetings are held, typically on a weekly basis, involving representatives from Jackson Civil Engineering, Motion and the Board. These meetings review programme progress, design development, costs, contractual matters, safety issues and emerging risks to ensure that the Pump Programme remains on track and that appropriate governance arrangements are maintained throughout project delivery.

The Board noted the explanation and the governance arrangements in place for monitoring project delivery and expenditure.

In response to questions regarding contractor insolvency risk, GS explained that the Board's contractual relationship was with Jackson Civil Engineering, who remained responsible for the management of subcontractors. GS noted that, whilst any contractor failure could have programme implications, extensive due diligence had been undertaken during procurement to assess the contractor's financial standing, experience, organisational structure and delivery capability.

Members were informed that weed screens for the Marshfield and Lapperditch schemes had already been delivered and were ready for installation, with only a small number of screens remaining to be supplied for later phases of the programme.

GS also provided Members with an overview of the contract management arrangements operating under the NEC4 Engineering and Construction Contract. It was explained that the contract contains

	<p>formal mechanisms for managing risks, changes and unforeseen circumstances through the use of Early Warning Notices and Compensation Events.</p> <p>Members noted that both the Board and the contractor are required to raise Early Warning Notices where a potential issue may affect cost, programme or delivery. Where such issues subsequently result in a contractual change, a Compensation Event may be raised and assessed in accordance with the contract. It was explained that Compensation Events can relate to both financial costs and programme delays.</p> <p>As an example, GS referred to the sheet piling works originally proposed during the project. Following further investigation commissioned by the Board, it was determined that the extent of sheet piling initially recommended was not required. The Board subsequently amended the scope of works, resulting in a significant reduction in costs compared with the original proposal. Members noted that the change was managed through the Compensation Event process in accordance with the NEC4 contract provisions.</p> <p>The Board noted the update and welcomed the progress being made across the Pump Programme.</p> <p>GS explained that the original contract covered the Marshfield and Lapperditch schemes and that subsequent works at Oldbury and Wicks Green had been incorporated into the existing contract rather than procured separately. This approach had avoided significant procurement and contract set-up costs and enabled efficiencies through the continued use of established project teams and arrangements.</p> <p>Members noted the explanation of how costs were monitored and controlled through the contract management process and were satisfied that appropriate mechanisms were in place to oversee expenditure and programme delivery.</p> <p>The Committee reviewed the Internal Auditor's Report and the AGAR governance assertions.</p> <p>MR queried why certain boxes within the Internal Auditor's Report had not been marked as compliant. GT advised that one item was not applicable to the Board's circumstances and that the relevant section had been completed by the Internal Auditor. It was noted that similar observations had been made in previous years.</p> <p>MR requested clarification regarding the auditor's comments against specific governance assertions and asked that further information be obtained to explain the position before the matter was considered by the Full Board.</p> <p>Having considered the documentation, the Committee was satisfied that the AGAR and supporting financial information accurately reflected the Board's financial position.</p> <p><b>Resolved: That the Committee recommend approval of the Annual Governance and Accountability Return (AGAR) and supporting documentation to the Board.</b></p>
<p>9.</p>	<p><b>Payments to be Noted</b></p> <p>Members reviewed the schedule of payments for the period January to March. During discussion, a question was raised regarding electricity costs. Officers advised that the Board currently pays approximately 27 pence per kWh, with standing charges ranging from £50 to £300 per month per pumping station. It was noted that the Board uses an energy broker to negotiate electricity contracts.</p>

	<p>Members noted that a number of queries raised on the payments schedule had already been addressed through earlier agenda items and the additional background information provided regarding project governance and financial controls.</p> <p>Members also noted the monthly Management Reports circulated to the Committee. It was reported that these reports are issued each month and provide regular operational and financial information. No questions were raised on the reports.</p> <p><b>Resolved: That the payments schedule be noted and approved.</b></p>
10.	<p><b>Any Questions on Management Reports, circulated in May 2026</b></p> <p>Members received the monthly Management Reports and were invited to raise any questions. No substantive questions were raised.</p> <p>The Committee reviewed the schedule of policy reviews and noted that seven policies had been identified for review and update during 2026. It was reported that these policies had been moved into the "in progress" category and that there were currently no overdue policy reviews. Updated policies would be presented to the Board for approval at the November Board meeting.</p> <p>Members discussed flood risk classifications and the implications of the Environment Agency's updated flood risk modelling. It was noted that the new mapping provides more detailed, property-specific information, including likely flood depths and the source of flooding, whether surface water or fluvial flooding.</p> <p>Concern was expressed regarding increasing flood risk nationally and the potential implications for property owners, including insurance availability and premiums. Members noted that a significant number of additional properties had recently been classified within higher flood risk categories under the revised modelling.</p> <p>Discussion also took place regarding the capacity of the drainage network and whether increased pumping capacity alone would be sufficient if water could not be discharged efficiently from the system. Officers advised that an Environment Agency report concerning the riverbank and associated assets was expected within the coming months and would provide further information. A copy of the report would be circulated to Members when available.</p> <p>Members discussed the Board's treasury management arrangements and the visibility of investment and deposit management within Committee agendas.</p> <p>It was noted that previous committee structures had included a greater focus on investments and treasury matters. Members considered that, given the level of funds currently being managed through the Pump Programme, treasury matters should remain subject to regular scrutiny.</p> <p>Officers clarified that treasury management formed part of the Committee's financial responsibilities and that any significant investment decisions, including deposits with institutions such as BlackRock, would continue to be reported to the Committee.</p> <p><b>It was resolved by Members that Treasury should be included as a separate standing agenda item at future meetings to ensure regular consideration of cash holdings, deposit security and interest returns.</b></p>

11.	<p><b>Policy Review Schedule for noting</b></p> <p>The Committee reviewed the policy review schedule. GT reported that seven policies had been identified for review during 2026 and had been moved to the "in progress" category.</p> <p>It was noted that procedures had been increased or strengthened in relation to dealing with applications and consents, largely in response to increased development pressures, particularly at Avonmouth and other development sites.</p>
12.	<p><b>Risk Register update for Review</b></p> <p><b>Risk 4.1 – Inability to retain or recruit staff</b>  Members noted that recruitment had improved and the quality of candidates had increased. The risk score had been reduced and the item moved to a lower risk category as a result of successful recruitment activity.</p> <p><b>Risk 5.1 – Disaster at the office or IT failure</b>  Members noted that business continuity arrangements remain robust. All IT systems are backed up off-site and staff are able to work remotely if required. Existing disaster recovery procedures would allow operations to continue from an alternative location if the office or workshop became unusable.</p> <p><b>Cyber Security Policy</b>  Following a recent email security incident, Members were advised that additional cyber-security measures were being implemented. Multi-factor authentication (Microsoft Authenticator) would be introduced to strengthen security and prevent unauthorised access to systems. Guidance would be provided to Members and staff on implementing the new authentication procedures.</p> <p><b>Risk 6.1 – Impact of Climate Change</b></p> <ul style="list-style-type: none"> <li>• Members noted that the Board's drainage network has significant capacity and that new pumping stations will strengthen resilience.</li> <li>• The risk remains under review.</li> </ul> <p><b>Risk 6.3 – Long-Term Climate Change Impact</b></p> <ul style="list-style-type: none"> <li>• Members were advised that long-term climate change adaptation forms part of the Board's objectives and Strategic Plan.</li> <li>• Further work will be undertaken once resources become available to assess future impacts and develop longer-term responses.</li> <li>• Discussion took place regarding the Environment Agency's revised flood risk mapping and the potential implications for the Board's future responsibilities and operational area.</li> <li>• It was agreed that the impact of the revised flood risk zones should be investigated further.</li> </ul>

	<p><b>Communications / Media Policy</b></p> <p><b>Risk 7.1 – Negative Public Perception</b></p> <ul style="list-style-type: none"> <li>Members noted that the Board had adopted a lower public profile following a period of increased publicity associated with the Pump Programme.</li> <li>It was reported that designated spokespersons had recently received media training and would continue to manage communications on behalf of the Board.</li> </ul> <p><b>Legal and Governance Risk</b></p> <p><b>Risk 7.3 – Legal disputes with landowners and local authorities</b></p> <p>The risk was reviewed as part of the Risk Register, with no specific changes reported</p>
13.	<p><b>Confirmation of Actions</b></p> <ul style="list-style-type: none"> <li>GT to circulate the actuarial report and provide further information on the factors contributing to the pension fund surplus.</li> <li>GT to seek clarification regarding the Internal Auditor's comments and the governance assertions marked as non-compliant or not applicable within the AGAR documentation, namely line "L".</li> <li>Investigate the implications of the Environment Agency's revised flood risk zones and report on any impacts for the Board.</li> <li>Introduce Treasury as a standing agenda item for future meetings.</li> </ul>
14.	<p><b>Any Other Item Which the Chair or CEO Decides is Urgent</b></p> <p><b>Member Question – WECA Boundary Changes and Internal Drainage Board Arrangements</b></p> <p><b>Question (Councillor Nikki Barton):</b></p> <p>NB asked whether the recent boundary changes agreed by the West of England Combined Authority (WECA), which would bring North Somerset into the WECA area, would have any impact on Internal Drainage Board responsibilities. Specifically, she queried whether areas currently administered by the Somerset Internal Drainage Board would transfer to another drainage board as a result of the governance changes.</p> <p><b>Response (Matthew Riddle):</b></p> <p>MR advised that the boundary changes would have no impact on Internal Drainage Board boundaries, operations or governance arrangements. He explained that the North Somerset Internal Drainage Board would continue to operate as part of the existing South West drainage board arrangements and would remain a member of the relevant regional ADA group.</p> <p>Members were informed that both North Somerset IDB and Lower Severn IDB are members of the South West ADA group, SWADA, (LSIDB are also a member of MARCHES) and that the governance</p>

	<p>changes associated with WECA membership do not affect drainage board boundaries or operational responsibilities.</p> <p>MR further advised that North Somerset IDB would continue to participate in its existing operational consortium arrangements covering the historic Somerset area and would not transfer to another drainage board or consortium as a result of the boundary changes.</p> <p>The Board noted the clarification.</p>
<b>15.</b>	<b>Date of Next Meeting: 2 December 2026</b>
	<b>Close</b>

DRAFT