

**LOWER MEDWAY INTERNAL DRAINAGE BOARD**



**MINUTES OF A MEETING OF THE FINANCE COMMITTEE  
HELD AT 13 CONQUEROR COURT, SITTINGBOURNE  
ON MONDAY 14 OCTOBER 2024 AT 12PM**

**Members of the Committee Present**

Chairman: J Mair  
G Fulton  
S Mair  
P Marchington

**In attendance**

P Haselhurst - Clerk  
C Longden - Finance Officer  
L Rowland - Office Manager  
W Smith – Works Manager (part of the meeting)

**1. APOLOGIES FOR ABSENCE**

Apologies were received from G Etheridge.

**2. ITEMS OF INTEREST DECLARATION**

S Mair declared that the catering for today's meetings had been supplied by his wife's company, Sarah Serves.

**3. MINUTES**

**RECEIVED (Appendix 1)** the Minutes of the Finance Committee held on 22 July 2024.

It was **AGREED** that the Minutes of 22 July 2024 were correctly recorded and should be considered officially approved.

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

**RECEIVED (Appendix 2)** a copy of the Action List of the Board held on 22 July 2024.

The Clerk gave an update on the following actions:

- Savings Accounts – ongoing, still going through the CCLA investment process, which should be in place shortly.
- Display of Historic Minutes – outstanding, not priority.
- Protect our Coastline Presentation – outstanding, not priority.
- Review of insurance – will be done after amalgamation.

## 5. **BANK BALANCES**

Bank balances were confirmed as follows as of 30 September 2024:

Handelsbanken Paying In Account	£15,220.99
Handelsbanken Savings Account	£3,094,794.51
HSBC Current Account	£4.88
HSBC Deposit Account	£3.67
NatWest Special Interest Bearing Account	£9.70
<b>TOTAL</b>	<b>£3,110,033.75</b>

## 6. **DEBTORS**

Debtors confirmed on 30 September 2024 as follows:

Drainage Rates	£14,426.08
Special Levies	£816,062.45
<b>TOTAL</b>	<b>£830,488.53</b>

S Mair asked if there was a big individual debtor.

The Clerk confirmed that we were tackling the big debtors, and the outstanding amount was spread over several accounts. She also confirmed that we now have a process in place should court proceedings be required.

## 7. **BUDGET MONITORING/BANK RECONCILIATION**

**RECEIVED (Appendix 3)** Quarter 2 budget monitoring spreadsheet for 2024-2025.

**RECEIVED (Appendix 3a)** Quarter 2 budget forecast for 2024-2025.

**RECEIVED (Appendix 3b)** Quarter 2 bank reconciliation documents for 2024-2025.

The Clerk displayed the budget monitoring spreadsheet on the screen. The following overspends were highlighted as follows:

- Rushenden Pump Station – because this has been used when Twyford was out of action, which wasn't budgeted for.
- Internal/external audit fees.

The Clerk displayed the budget forecast spreadsheet on the screen. Increases for energy costs, salaries, depot (security), vehicle insurance and software subscriptions (GIS and DRS) were highlighted.

On a proposition by S Mair seconded by P Marchington it was **AGREED** that the Committee noted the Q2 budget monitoring to date including projected overspends and agree in principle the projected overspends in principle to end March 2025.

On a proposition by S Mair seconded by P Marchington it was **AGREED** that the Committee noted the expected budget position and balances expected at the end of the financial year and confirmed their approval of Quarter 2 bank reconciliation documents for 2024-2025.

## **8. ELECTRICITY REPORT**

**RECEIVED (Appendix 4)** Office Manager's Electricity Report including estimates for 2025-2026.

The increase in energy costs was discussed, along with the possibility that we may lose our current contracts come amalgamation if the suppliers do not permit a novation agreement.

The Chairman suggested that the Board look into becoming a member of a buying group (Southern Farmers), which could help with reduced energy, fuel, and supplies costs etc.

**Action** – The Chairman to send buying group information through and for this to be investigated.

## **9. ESTIMATES FOR 2025-2026**

**RECEIVED (Appendix 5 & 5a)** Estimates budget for 2025-2026.

The Clerk displayed on screen the estimates spreadsheet and following points were highlighted:

- During the external audit process, an error was identified in the calculation of our reserves. While this did not impact the year-end accounts, it has affected the reported reserves and available operational balance. This was due to a coding discrepancy for the plant reserve and has since been corrected.
- Estimates have been put together on an income and expenditure basis and are included at Appendix 5a. Note that they do not include the income from the first-floor rent, or any corresponding savings in Business Rates. This is prudent to ensure that there are no budget pressures to the Board during periods when the first floor is not occupied.
- Any savings to the budget resulting from the ongoing tenancy will be directly contributed to the General, or other Reserves as appropriate. Savings may be reflected in the following years Penny Rate increases if the agreed Reserves can be met. Based on the estimations put forward, the General Reserve threshold would be one years' worth of operational costs in line with the Association of Drainage Authorities Good Governance Guidance. This should be considered against the remaining earmarked reserves.
- Given the forthcoming amalgamation of the Boards, a key consideration is the relative Penny Rates of each board which currently differ by around 10% with North

Kent Marshes IDB rate currently at 8.059 and Lower Medway IDB at 7.316 for 2024-2025.

- The estimates for Lower Medway IDB include a proposed 3% rate increase, broadly in line with inflation. Coupled with the 6.48% reduction in Penny Rate for the North Kent Marshes IDB, this will equalise the current 10% difference between the two boards without detriment to either, ensuring a fair and balanced financial outcome for all stakeholders.
- The Clerk referred to the special levy increases part of the report as follows:

<b>Estimated Increases</b>	<b>3%</b>
Canterbury City Council	£366
Medway Council	£13,760
Swale Borough Council	£30,000 (+ £6,427)
Tonbridge and Malling Borough Council	£7,152
Agricultural Ratepayers	£1,578

- Note that actual additional costs to Special Levy paying Councils would be any costs over the agreed Council Tax cap for each respective authority.
- During a recent review and consolidation of accounts within our Drainage Rating System (DRS), we identified some errors related to land transfers that were added to the system before the current staff's tenure. These errors have resulted in an undercharge on the Special Levies for land transferred to Swale Borough Council since 2019. Over the last six years (2019-2025), this undercharge totalled £33,604.
- The issue stems from human error with an incorrect annual value being applied at the point of transfer. Special Levies require a higher hectare value compared to agricultural land, but this rate was not updated properly when the land classification was changed. This is a sensitive matter, both politically and financially, and given that the mistake was due to human error, we have made the decision not to backdate the undercharged amounts.
- The agreed salary and wage increases for 2024-2025 will be made available to the wider IDB community at the end of October 2024. The Clerk will then engage with the Chairman and Vice Chairman of the Board to agree on the inflationary salary increases and any pay progression recommendations, in accordance with the agreed Scheme of Delegation. A conservative best estimate has been made for the purposes of setting the salary estimates for the Boards consideration.
- The Environment Agency is introducing a phased increase to our precept payment in order to contribute to the Medway Estuary and Swale Strategy projects benefitting the area, and we will be negotiating as much money back for PSCA, invasive species works, Harty and Leysdown Pump Station, Bells Pump Station (increased electricity) etc. They will be given a wish list, and a meeting will take place before the November board meeting to finalise this.
- General expenses are up significantly which includes costs to migrate to DRS Online as our current DRS system support will be ceasing. There will be a meeting later this week with other local IDBs to negotiate the fees as a consortium.
- Professional fees now include costs that don't sit in with capital projects.
- The biodiversity budget has increased due to the identification of projects by the Sustainable Development Officer. This includes pennywort removal using biological control (weevils), an eel project, a water vole project, and ecological surveys.

The Clerk invited any questions from Members.

S Mair noted the reduction in machinery costs and mileage claims.

The Clerk confirmed these had been reduced due to previous overestimation.

G Fulton noted there were no increases for subs, office cleaning, and channel maintenance.

The Clerk reported that she did not expect increases under these items.

The Clerk referred to the projects section of the Estimates and talked through an intention to put in a Business Case to undertake an updated Water Level Management Plan across the District that focuses on climate change adaptation. She explained that North Kent Marshes IDB were working in partnership with RSPB on something similar and that she had also applied for grant funding from DEFRA as part of their Tranche 2 funding, but wanted to ensure that the Board could go ahead with this if they were unsuccessful. She added that she would be putting in a formal Business Case at the November meeting.

Members discussed the estimates in general and were of the opinion that the Water Level Management figure should be increased from £100,000 to £150,000.

On a proposition by S Mair seconded by P Marchington it was **AGREED** to approve the estimates and to increase the Water Level Management to £150,000.

All Members present were in agreement.

On a proposition by S Mair seconded by P Marchington it was **AGREED** to make a recommendation to the Board to increase the penny rate by 3%.

All Members present were in agreement.

## **10. EXTERNAL AUDIT (COMPLETED AGAR)**

**RECEIVED (Appendix 6)** Conclusion of external audit 2023-2024.

The Clerk confirmed a few minor things had been highlighted as not being provided as follows:

- The AGAR has not been signed in accordance with the Accounts and Audit Regulations. This was because the AGAR had been signed off in the wrong order and this has been corrected for next year.
- An explanation as to why reserves breakdown does not match the Section 2, Box 7 figure, we understand the Board is taking action to address this.
- Year end bank statements to support the bank reconciliation to Section 2, Box 8 for 3 accounts where the total balances included in Section 2, Box 8 amounted to £18.25.
- An adequate explanation for the difference between the values in boxes 7 and 8 in Section 2.

The Committee noted the completed AGAR.

## **11.IDB1 FORM**

**RECEIVED (Appendix 7)** IDB1 form for 2023-2024.

The Clerk confirmed that ADA had made some subtle changes to the IDB1 form this year.

The Committee noted the IDB1 form.

## **12.HARTY & LEYSDOWN PUMP REPLACEMENT**

The Clerk displayed on screen the latest figures for the cost of the Harty and Leysdown project. She confirmed that the project was almost complete, and we are waiting for the electric meter to be installed. She explained that when the electronics were hooked up UKPN required the ducting to be upgraded, which has cost an additional £20,000 and delayed the works.

The Clerk confirmed that we were currently at a £1,000 overspend and she requested another £20,000 buffer which would be funded via reserves.

S Mair suggested that the buffer should be £25,000.

On a proposition by S Mair seconded by P Marchington it was **AGREED** to allocate a further £25,000 towards the Harty and Leysdown project from reserves.

The Clerk added that this project was an innovative one and was the first in the UK that had used pre-cast concrete headwalls.

S Mair asked when we expected the completion date to be.

The Clerk confirmed this should be in the next couple of weeks, subject to the electric meter installation.

G Fulton asked what the retention value was for defects?

The Clerk advised it was 5%.

S Mair said that we should make a diary note for an inspection to be made.

The Clerk advised that the works would be inspected immediately after construction to pick up any snagging and defects, and then again at 6 weeks.

**Action** – The Clerk to arrange an inspection of Harty and Leysdown Pump Station around 4-5 months after completion.

### **13. PLANT PROCUREMENT**

**RECEIVED (Appendix 8)** Works Manager's Plant Procurement Report/Quotations to purchase Robotic Mower Side Arm.

The Works Manager joined the meeting and introduced his report.

He requested that the Finance Committee consider the purchase of a side arm attachment for the robotic flail mower (£15,450) to allow the cutting of watercourse banks where tractors are unable to access. This would remove tractors from public footpaths entirely and increase the scope of IDB contracting works. He confirmed this purchase would be made using plant reserve.

He also requested approval to purchase a spike track (£5,400), which would reduce the robotic mower slipping and increase safety.

The Committee discussed the new robotic mower and the benefits of purchasing the additional items.

On a proposition by G Fulton seconded by S Mair it was **AGREED** to purchase a robotic mower sidearm attachment and spike track at a total cost of £20,850.

All Members were in agreement.

The Works Manager thanked the Committee and left the meeting.

### **14. INVESTMENTS UPDATE**

The Clerk confirmed this was covered earlier under Item 4, Action List and Matters Arising from Previous Minutes.

### **15. RISK REGISTER**

**RECEIVED (Appendix 9)** Risk Register.

The Clerk displayed the Risk Register onscreen with tracked changes and highlighted the following changes:

- The Clerk gave an overview of the purpose of the Risk Register.
- Document was previously called Finance Risk Register but has now been renamed to Corporate Risk Register and this should be noted in the Board meeting.
- New sections have been added for Governance, IT Failure, Tenancy, Contracted Out Work and Reputational Risk.

The Clerk confirmed the Risk Register will be taken to the Board for discussion in November.

Members noted the proposed new sections to the Risk Register.

## **16. ANY OTHER BUSINESS**

### **Twyford Pump Station**

The Clerk explained that Twyford Pump Station had still not been adopted by us as we are unable to maintain it due to a design flaw, and we are still waiting for Homes England's latest response.

The Committee discussed the issue in detail including using the emergency pumps if necessary.

**Action** – Clerk to engage with a consultant to get advice on the potential works needed to enable maintenance of the pump station, and the costs associated with that. The suggestion was made for a response/resolution from Homes England by the end of November.

### **Conqueror Court Tenancy**

The Clerk confirmed that so far there had not been any takers for the first-floor office rental space. She confirmed that she had benchmarked the rent against another site in Conqueror Court and other sites across the southeast and the charge is similar and felt that the limited parking could be preventing interest.

The Committee discussed reducing the rent and agreed to decrease it to a minimum of £25,000 per annum for the first year.

**Action** – The Clerk to speak to Harrisons regarding reducing the rent.

## **17. DATE OF NEXT MEETING**

The date of the next/Q3 Finance meeting and all meetings for 2026 will be approved in the November 2024 Board meeting.

## **18. PRIVATE & CONFIDENTIAL MATTERS**

There were no private and confidential matters to discuss.

## **19. CLOSURE**

There being no further business the Chairman thanked Members for their attendance and declared the meeting closed at 14.15.