

**LOWER MEDWAY INTERNAL DRAINAGE BOARD**



**MINUTES OF A MEETING OF THE FINANCE COMMITTEE  
HELD AT 13 CONQUEROR COURT, SITTINGBOURNE  
ON MONDAY 24 JULY 2023 AT 12PM**

**Members of the Committee Present**

Chairman: J Mair  
Cllr G Etheridge (remotely)  
J Lewis  
S Mair  
P Marchington

**In attendance**

P Haselhurst - Clerk  
C Longden - Finance Officer  
L Rowland - Office Manager

J Charles, CCLA Investments (part of the meeting)

**1. APOLOGIES FOR ABSENCE**

Apologies were received from G Fulton.

**2. ITEMS OF INTEREST DECLARATION**

S Mair confirmed 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 12 June 2023.

It was **AGREED** that the Minutes of 12 June 2023 were correctly recorded and should be considered officially approved, circulated to the full Board and added to the website.

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

**RECEIVED (Appendix 2)** a copy of the Action List of the Committee held on 12 June 2023.

The Clerk talked through the outstanding items and updated Members as follows:

**Public Works Loan** – still in progress and more details will follow later in the agenda under Item 7.

**Savings Accounts** – looking to bring proposal to the Committee in October and there is also a presentation today under Item 9 from Jamie Charters from CCLA. He will be talking about public sector investment opportunities.

**Change of Clerk's Authorisation Limits** – limit has been reduced for the debit card, but the authorisation limit still currently stands at £100,000.

**Flail bot** – Works Manager still looking into options.

S Mair said that we had been discussing having a flail bot for some time and asked whether we should move forward on this, rather than delay the benefits of having one. He asked how much we could be looking at?

The Clerk confirmed that we had two options, a £60,000 one or a smaller one for £50,000.

The Committee discussed the flail bot at some length and came to the conclusion that next steps should be to request a demonstration, ideally when some Members of the Committee can attend.

The Clerk confirmed that she will come back with exact costs and justification and confirmed she would work out the cost per metre to compare it to our tractors.

#### 5. **BANK BALANCES**

Bank balances were confirmed and noted as follows as of 30 June 2023:

Handelsbanken Paying In Account	£234,188.01
Handelsbanken Savings Account (Plant Only)	£3,136,638.83
HSBC Current Account	£4.88
HSBC Deposit Account	£3.67
NatWest Special Interest Bearing Account	£9.70
<b>TOTAL</b>	<b>£3,370,845.09</b>

#### 6. **BUDGET MONITORING**

**RECEIVED (Appendix 3a)** Quarter 1 Budget Monitoring Report and documents for 2023-2024.

The Clerk shared the Quarter 1 Budget Monitoring Report on screen and asked if Members had any questions.

J Lewis asked about the £335,000 Precept to the EA and said historically was paid in 2 parts.

The Finance Officer confirmed that we have received one invoice of £335,000 and she does pay this in two parts, one part in July 2023 and the other in January 2024.

J Lewis asked about the -£9,500 PSCA works figure in the budget remaining column.

The Finance Officer confirmed this was a payment made by the EA for the North Kent Marshes IDB for the Snakey Lane project, which she has now transferred to the North Kent Marshes IDB bank account.

J Lewis referred to the reserves breakdown section of the report and asked why we had £5,000 under Asset Fund (Bells Generator Replacement), as the generator replacement had been cancelled.

The Clerk confirmed this should read just Bells Pump Station, for general maintenance and she would update this for future reports.

G Etheridge raised software subscriptions and asked if we have a schedule when the subscriptions are due and any potential updates that could affect these systems.

The Clerk confirmed we do.

The Finance Committee noted the Quarter 1 Budget Monitoring report.

**RECEIVED (Appendix 3b)** Quarter 1 Bank Reconciliation documents for 2023-2024.

The Clerk shared the Quarter 1 Bank Reconciliation documents on screen and asked if Members had any questions?

J Lewis noted that the credit card statement was being addressed to L Carey.

The Clerk confirmed she was already in the process of getting this updated.

The Finance Committee noted the Quarter 1 Bank Reconciliation documents.

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

The Clerk confirmed we are currently awaiting a quotation for the pumps. She said the design is almost complete and we are due to have a meeting with Stantec next week to finalise the design and we also need a schedule of costs for the construction element. She confirmed once she has the schedule of costs she can contact DEFRA and work out the best way to draw down on the public works loan, whether that's the full amount in one go or in bits as we go. She said we may need planning permission from Swale BC and we also need a flood risk activity permit.

S Mair asked about Natural England.

The Clerk confirmed that Natural England are happy because we have done ecological studies, so we shouldn't have an issue there.

## 8. GOVERNANCE

**RECEIVED (Appendix 4a)** the Capital Financing and Reserves Policy.

The Clerk displayed section 5.19 of the Capital Financing and Reserves Policy and reminded the Committee that at the recent Board meeting it was requested for the Finance Committee to decide on the wording for this section that relates to the freehold value of the Board's office.

A detailed discussion took place.

On a proposition by S Mair seconded by G Etheridge it was **AGREED** to leave the wording of section 5.19 of the Capital Financing and Reserves Policy as it currently reads.

All Members were in agreement.

**RECEIVED (Appendix 4b)** the Rechargeable Works Policy.

The Clerk displayed the draft Rechargeable Works Policy on screen for the Committee's review and talked through the main areas of the policy. She asked if Members had any questions?

G Etheridge asked how this would interact with the EA's Isle of Grain policy unit, the Thames Estuary 2100 (TE 2100)? He asked If we do work on other people's behalf, would we still have to pay for it and try and claim the money back or would this be escalated to the Environment Agency?

The Clerk confirmed that for any works done under a Public Sector Corporation Agreement (PSCA), we would use our contract costings as a basis for working out how much we are costing per hour. That would all be agreed under the relevant schedule of the PSCA to make sure we are not doing works for free ultimately. She said in terms of doing any works around the TE 2100, at the moment we are sticking to any main river maintenance that needs doing whilst we are in the area. This is to make it more efficient for both parties, as opposed to doing any coastal defence work, which is more bespoke and is not something she would feel comfortable doing at the moment as it is out of our area of expertise.

On a proposition by S Mair seconded by J Lewis it was **AGREED** to recommend to the Board to approve the Rechargeable Works Policy.

All Members were in agreement.

The Clerk confirmed the Capital Financing and Reserves Policy and Rechargeable Works Policy will need to go back to the Board in November for their approval.

**RECEIVED (Appendix 4c)** the draft Investment Strategy.

The Clerk explained this document was for the Committee's information at this stage, and it is to set the scene for when she comes back to them with more detail in the October meeting. She displayed the draft Investment Strategy on screen and talked through some key areas.

The Clerk referred to item 3.3, investment restrictions and highlighted that it should be noted that the government guarantee of £50,000 which applies to private investors does not apply to bodies such as the Board.

G Etheridge suggested approaching the councils to see what investment portfolios they have in place, to gauge what might be a secure investment for us.

The Clerk agreed this was a good idea and she will come back with this as well as all other information in October.

The Chairman asked if ADA have a strategy on this?

The Clerk confirmed that they do, and she has been working with the ADA Board on their investments and it is the CCLA they are investing with, who will be giving a presentation on the next item are also used by ADA.

J Lewis spotted that 7.1 should read Finance Committee rather than Executive Committee.

## **9. INVESTMENT OPPORTUNITIES**

### **RECEIVED (Appendix 5) Public Sector Deposit Fund Factsheet from CCLA.**

J Charters from CCLA joined the meeting and gave an in-depth presentation on the Public Sector Deposit Fund investment opportunity. The following key points were noted:

- CCLA (Churches, Charities, Local Authorities) are the largest UK charity fund manager and have assets under management of £14 billion, £3 billion of that local authority/public sector and 36,000 clients, ranging from very small charities to parish councils.
- The Public Sector Deposit Fund (PSDF) was launched in May 2011 and managed with the priorities of security, liquidity and yield. The ultimate objective is security and not chasing yield.
- The PSDF itself is not covered by the Financial Services Compensation Scheme, however, it has a AAA credit rating with the Fitch Credit Rating Agency, which is the highest possible credit rating and CCLA were reassessed in February 2023, and maintained that credit rating.
- They only invest money with A- or above Fitch money rated banks/building societies and this is monitored daily with banks/building societies being able to be added or removed instantly if necessary.
- They do not hold any Russian, Belarusian, Chinese, Middle Eastern banks.
- £25,000 minimum investment required.
- Any money invested has instant access with money accessible on the same day.
- There are no transaction fees with monthly paid interest.
- Current yield as of today is 4.92%, which is net of fees.
- CCLA annual management fees are 0.08%, which is not charged to the client and is deducted from the gross income of the fund.

J Charters asked if anyone had any questions?

S Mair asked for some more information on the charging structure.

J Charters confirmed that the 0.08% charge would not be charged to us, it's taken from the gross income they earn from the fund. We would receive 4.92% net of all fees. He also confirmed there are no buying or selling charges because this is a short-term money market fund, there is no buying or selling of stocks and shares.

The Chairman asked if they are investing capital with banks?

J Charters confirmed yes, with well rated banks and building societies.

S Mair asked about the timeframe of opening an account?

J Charters confirmed once the form was completed it can usually be opened within 24 hours.

J Charters confirmed current clients that use PSDF include Maidstone BC, Snodland Town Council, Tunbridge and Malling BC, Dover Town Council, Canterbury City Council etc. He said that Kent County Council are also a client, but they invest in a longer-term fund.

The Clerk asked J Charters to talk about risk.

J Charters said that there is risk with any investment, however, they only invest money with banks and building societies that have a credit rate limit of at least A-. They have 35 to 40 banks/building societies to choose from and they only invest up to 10% per bank/building society at one time.

The Clerk asked what A- means?

J Charters confirmed AAA is the highest possible rating, AA+/AA- are high quality and A-/A+ is classed as upper medium grade. He confirmed he would send some further information surrounding the ratings by email.

The Chairman thanked J Charters for his presentation and J Charters left the meeting.

Members were in agreement that the fund looked interesting and is worth considering and can be discussed in more detail in the next meeting in October.

## **10. ANY OTHER BUSINESS**

### **Office Roof Repair**

The Clerk explained that the office recently had a water leak causing damage to the stairwell area of the building and this could be due to a leak from the roof. She also explained we also have an issue with the slanted roof at the front of building where some wooden slats are loose, and this requires repair.

S Mair said that we currently do not have any budget set aside for building maintenance and we should include something in future budgeting.

Insurance was discussed and while wear and tear would not be covered by insurance, any internal damage should be, and we should check our excess for that.

On a proposition by G Etheridge seconded by J Lewis it was **AGREED** to approve for the amount of £12,000 to be spent on repairs as necessary.

All Members were in agreement.

### **Penny Rate Rise**

G Etheridge said that he wanted to record that we have been justified in putting forward the penny rate rise that we did. He said the Board should be brought up to date in terms of what other Board's higher increases have been and how we have been extremely realistic in what was put forward. He recommended a background task for Clerk and staff to look at expenses throughout the year against the rise to ensure we have made the right decision, and then when it comes to the recommendation for next year, we have some history to look back on.

J Lewis said that in the Summer 2023 edition of the ADA Gazette, on page 11 there is an article on the Government announcing £3 Million support to local authorities with IDB levies. He highlighted the following important information from the article as follows:

- The 15 local authorities in scope are those whose IDB levies account for over 3% of their average Core Spending Power over five years.
- Following a year of soaring fuel and electricity costs, IDBs budgeting for the forthcoming financial year set drainage rates and special levies averaging in the region of twelve percent higher across the country.

J Lewis said that our increase of five percent was good housekeeping. He also said that he thought it would be useful when we put forward our calculations in the future that we include how much extra that will be for the councils.

The Clerk said that when we did the estimates, we did work out how much extra it would cost each council above the council tax, so they would be aware of what would come out of reserves. She said that for Swale BC, the major contributor this was about £20,000 extra, which they couldn't put onto the council tax because of the cap. She confirmed she will make sure this is done again for the next estimates and also include looking at last years costs and assess what increases there are likely to be, energy being a key one, which we are tracking very closely so we can give the best possible estimate.

### **11. DATE OF NEXT MEETING**

The date of the next/Q2 Finance meeting was confirmed for Monday 9 October 2023 at 12pm.

G Etheridge confirmed he would have to send his apologies for the meeting in October.

### **12. PRIVATE & CONFIDENTIAL MATTERS**

There were no private and confidential matters to discuss.

**13. CLOSURE**

There being no further business the Chairman thanked Members for their attendance and declared the meeting closed at 13.47.