

LOWER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING OF THE FINANCE COMMITTEE
HELD AT 13 CONQUEROR COURT, SITTINGBOURNE
ON MONDAY 12 JUNE 2023 AT 11AM**

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

1. APOLOGIES FOR ABSENCE

G Fulton unable to attend.

2. ITEMS OF INTEREST DECLARATION

S Mair declared an interest as his company, George Webb Finn are the managing agents of the depot that the Board rents at Stickfast Farm, Howt Green, Bobbing. He also 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 30 January 2023.

These minutes were circulated to all Finance Committee Members via email on 23 February 2023 with a request for any amendments to be advised by 24 March 2023. They were then circulated to the full Board on 27 March 2023 and added to the website.

It was **AGREED** that the Minutes of 30 January 2023 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 30 January 2023.

G Etheridge requested that end dates are included on the action list.

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

Depreciation Policy – said that we probably do not need a Depreciation Policy as this is already part of our accounts and this item will be cancelled as agreed by Members.

Investment Policy – still outstanding and confirmed this will be looked at the end of June. She raised the £85,000 cover that is in place should there be any problems with Handelsbanken, and she still wants to look into another savings account to spread the risk and also look into some investment options.

J Lewis raised that if we divided up our funds into £85,000 pots that would be a lot of bank accounts.

S Mair said that we need to manage our risk and explained that banks have various ratings and Handelsbanken have a very good rating in terms of how secure they are.

On a proposition by S Mair seconded by P Marchington it was **AGREED** to look into banking options in more detail and for the Clerk to report back to the Committee in the October Finance meeting.

IT Policy – confirmed she would like to come back to the Board in the November Board meeting with this policy along with some other governance documents.

S Mair raised the subject of intellectual property and requested this is referenced in the IT Policy and all employment contracts.

The Clerk confirmed that this is covered in new employment contracts and confirmed this will be referenced in the IT Policy.

PSCA Work with the EA – confirmed this is ongoing action, however she would like to shut this action off as they the EA have issues with their framework, and they haven't been proactive with us and therefore nothing can come out of this at this point. She also confirmed that she would like to have a discussion with G Fulton outside of the meeting with regards to coastal defence works.

S Mair asked how the team feel about this and if we have the time.

The Clerk confirmed that we do but we would have to look at this on a case by case basis.

Change of Clerks Authorisation Limits – still outstanding.

S Mair confirmed that Stephen Keast from Handelsbanken is relocating from Chatham to the Ashford branch and Jane will pick up his duties.

Flailbot – still outstanding.

Public Works Loan – in progress, we have gained the first stage of approval, which is the most important one with the Environment Agency. We are now at the point that we have to advise DEFRA when we would like the money and exactly how much. They then do a second authorisation which is a rubber stamping exercise following the initial in depth application with the EA.

Transparency Code Recommendation – now complete, included in the annual management accounts report which has been included with the papers for today's meeting, which satisfies the Transparency Code.

J Lewis commented that it was the first time he has been unable to read all of the documents right through for today's meetings because of the volume of paperwork, policies in particular. He also said that he felt he was none the wiser after reading the bank reconciliation document.

The Clerk said since joining she noticed there is some gaps in our governance and policies, and she agrees that can be tedious, but at the same time they are necessary. She referenced the Annual Management Accounts report and said that she appreciates this is a very long document. She explained that the monthly bills committee has been replaced with quarterly budget monitoring, of which the bank reconciliation process sits alongside that. She said that each quarter there is an update on where we are with our approved budget, some figures alongside that and the bank reconciliation to show that our internal accounting system matches the bank statements. She confirmed the intention was to streamline the budget monitoring process and we also have the internal purchase order system/policy running alongside this, that has a two tier approval system.

The Chairman felt that what we have in place was sufficient and asked the Committee if they were happy to continue on the current basis.

The Committee agreed.

5. ANNUAL MANAGEMENT ACCOUNTS REPORT

RECEIVED (Appendix 3) a copy of the Annual Management Accounts Report for year end March 2023.

The Clerk displayed the report on the screen and confirmed this report was to do with the Transparency Code and she has researched what the requirements were for us and also has benchmarked us against the WLMA who a very good example of a well-run IDB in the country. She explained that because we only have a limited assurance review, we are not obliged to publish our annual accounts. However, it's considered good practice under the Transparency Code to be transparent with our figures. The WLMA publish end of year accounts instead to demonstrate their transparency and she would like to follow suit.

The Clerk gave an overview of the report and confirmed that it includes the Statement of Internal Control, Statement of Accounts and Statement of Accounting Policies, so these are now all in one place, instead of separately.

The Clerk explained that the Finance Officer and herself have done a lot of work on the reserves section and the report includes a clear and detailed breakdown of our reserves. She thanked the Finance Officer for working with the Technical Officer, so we now have a record how much we have received over the past couple of years from Surface Water Development Contributions, which had previously not been recorded.

P Marchington asked about time periods with regards to our audit.

The Clerk confirmed that the internal audit is carried out in May to June annually and the external audit is submitted during July, and they come back to us in August/September time.

G Etheridge wanted to record thanks to the Clerk and the staff for all the background work involved with this report.

The Clerk asked the Committee for permission to put the report on the website.

All Members were in favour.

6. INTERNAL AUDIT

RECEIVED (emailed separately) Mid Kent Audit's end of year internal audit report for 2022-2023.

The Clerk shared the internal audit report on the screen and confirmed that a meeting had took place with Mid Kent Audit the week before last. She thanked the Finance Officer for her work that she had done on this. She confirmed that the findings were that our governance and processes are sound, there was one medium priority highlighted with regards to bank reconciliations being seen by both the Finance Committee and the main Board. She confirmed this has already been dealt with and will be looked at under Item 9 of the agenda and is also on the agenda for the Board meeting later today. Lastly, she confirmed that there were a number of items that were low priority/advisory items which will be reviewed, improved, and corrected as time goes on.

The Finance Committee noted the internal audit report.

7. ANNUAL RETURN (AGAR) – YEAR ENDING MARCH 2023

RECEIVED (emailed separately) the Annual Return for the year ending March 2023.

The Clerk displayed the AGAR on screen and pointed them to Section 2 – Accounting Statements.

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

The Clerk confirmed that the Board Chairman will be asked to sign Section 1 of the Annual Return in the Board meeting later today.

REPORTED that Section 3 relates to the External Auditor Report and Certificate and the Annual Internal Audit Report 2022/2023.

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 30 May 2023.

8. **BANK BALANCES**

Bank balances were confirmed as follows as of 31 May 2023:

Handelsbanken Paying In Account	£263,312.24
Handelsbanken Savings Account (Plant Only)	£3,080,473.19
HSBC Current Account	£4.88
HSBC Deposit Account	£3.67
NatWest Special Interest Bearing Account	£9.70
TOTAL	£3,343,803.38

9. **BUDGET MONITORING**

RECEIVED (Appendix 4) Quarter 4 budget monitoring report and documents for 2022-2023.

RECEIVED (emailed separately) Quarter 4 bank reconciliation documents for 2022-2023.

The Clerk displayed the budget monitoring report on screen, highlighting the budget savings of £77,294. She said this was really good considering there were some unbudgeted items.

The Clerk referred to the recommendations section of the report which listed the following:

- The Finance Committee are requested to note the budget underspends and overspends for Q4 2022-2023.
- The Finance Committee are requested to note the End of Year budget position and balances as of 5 June 2023.
- That the Finance Committee note the £15,848 diversion of budgets which will require reporting to the Board.
- That the Finance Committee consider the threshold included within the Financial Regulations and consider and agree clarity in terms of the delegation between the Committee and the Clerk for recommendation to the Board.

The Clerk, highlighted the following overspends and reasons as follows:

- Channel maintenance overspend £33,331 - £20,000 of this was due to a change in cost codes, so it's not as bad as it seems. The actual overspend was £13,000 due to underbudgeting.
- General Office overspend £32,517 – general office expenses including professional fees and a few items that have been underbudgeted and reported on throughout the year.

The Clerk highlighted the savings on direct expenses, compensations, staff and workmen costs, office and depot and vehicle and plant costs which gives an overall saving of £77,294 for the budget as a whole.

The Clerk asked if there were any questions?

The Clerk referred to the Q4 bank reconciliation. She confirmed these will be received quarterly from now on.

The Committee noted the Q4 bank reconciliation.

10. HARTY & LEYSDOWN PUMP REPLACEMENT

The Clerk confirmed that we had a failure at Leysdown Pumping Station, and the recently purchased pumps were successfully deployed and the issue is now fixed. She said that we are working with Stantec to progress the design of Harty and Leysdown pumping stations, which is still in hand. She confirmed the Public Works Loan is ready to go. She said that ACE are manufacturing the pumps and the order should be ready for placement around July/August time, with a construction date of Autumn 2024.

The Clerk made the Committee aware that she may need to call an Extraordinary Finance Committee meeting if she needs any governance approvals to progress with the construction/procurement element. She confirmed this would be a brief online meeting.

11. TRACTOR ADJUSTMENTS

The Works Manager joined the meeting to give a summary of the issues we are experiencing with the new tractors.

The Clerk displayed the Works Manager's Tractor Adjustments paper on screen.

The Works Manager confirmed the following:

The Board are now in possession of two Kubota M7173 tractors following approval from the Finance Committee to change the previous tractors due to their age. I am recommending we make an upgrade to the front of both machines which will allow the operators to carry extra weight to compensate the weight of the current mowers.

Initial reports from the operators are positive regarding the new tractors but they have asked for extra front weight to improve safety on site with undulating ground conditions given the excessive weight of the mower attachment. Currently the tractors are using the standard front slab weights following weight calculations at time of purchase with

current attachments. However, the operators have reported the machine feeling light on the front still.

To overcome this, a front linkage can be installed and include 1000kg weight block. I have requested wheel spacers be fitted to aid with attachment removal as well. The cost of this will be £4,811.12 + VAT per tractor, with a total cost of £7,222.24 + VAT.

The Clerk confirmed that we would fund this out of the Plant Reserve.

Members discussed the health and safety issue and the recommendation in general.

On a proposition by S Mair seconded by J Lewis it was **AGREED** to go ahead with the recommended tractor adjustments at total cost of £7,222.24 + VAT.

The Works Manager confirmed he is also waiting for further quotes for downsizing the flail mowers and will come back to the Committee once he has further information. He added that trade in values seem to be rather poor coming in at £13,000 to £15,000, even though our flail mowers are in great condition with very low hours.

12. INSURANCE UPDATE

RECEIVED (Appendix 5) Insurance Report for information only.

The Office Manager gave a brief overview of the report and asked if Members had any questions.

J Lewis asked when we are going to stop insuring the old Rushenden Pumping Station.

The Office Manager confirmed once Twyford Pumping Station had officially been handed over to us.

13. ANY OTHER BUSINESS

Board Member Changes

The Clerk confirmed that since the local elections we have lost C Buckwell from Medway Council and M Bonney, K Ingleton and K Rowles from Swale BC from the Board. She confirmed we have gained new Members S Curry from Medway Council and T Thompson, D White and T Winckless from Swale Borough Council. She confirmed she will be arranging a thank you for the Members that are no longer on the Board and arranging an informal induction with the new Members.

Penny Rate Rise

The Chairman raised that in a recent article from the NFU it was reported that rate rises across the country were in excess of our rise and were on average around 11%. He asked the Clerk if she had yet had the chance to look into this.

The Clerk confirmed that in terms of other Boards across the region our rise seemed consistent, and it seemed that the larger Boards that have more assets have had to raise their rates a lot more.

14. DATE OF NEXT MEETING

The date of the next/Q1 Finance meeting was confirmed for Monday 24 July at 12pm.

The date of the Q2 Finance meeting was confirmed to be changed from Monday 16 October to Monday 9 October at 12pm.

15. PRIVATE & CONFIDENTIAL MATTERS

Private and confidential matters were discussed and recorded separately.

16. CLOSURE

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