

LOWER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING OF THE FINANCE COMMITTEE
HELD AT 13 CONQUEROR COURT, SITTINGBOURNE
ON MONDAY 20 JUNE 2022 AT 10AM**

Members of the Committee Present

Chairman: J Mair
Cllr G Etheridge
J Lewis
S Mair

In attendance

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

1. APOLOGIES FOR ABSENCE

Apologies were received from G Fulton.

2. ITEMS OF INTEREST DECLARATION

None of the Members present declared a pecuniary and/or non-pecuniary interest in any of the items to be discussed on the Agenda.

3. MINUTES

RECEIVED (Appendix 1) the Minutes of the Finance Committee held on 25 October 2021.

RECEIVED (Appendix 1a) the Minutes of the Finance Committee held on 6 May 2022.

J Lewis noted on the 6 May 2022 minutes that on page 2, last paragraph Board should be amended to Committee and reference to Chairman of the Board should be amended to S Mair.

It was **AGREED** after the above amendments were made that the Minutes of 25 October 2021 and 6 May 2022 were correctly recorded and should be considered as approved.

4. ACTION LIST & MATTERS ARISING FROM PREVIOUS MINUTES

RECEIVED (Appendix 2) a copy of the Action List of the Board held on 25 October 2021 and 6 May 2022.

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

Capital Reserve – a draft updated Capital Financing and Reserves Policy has been submitted under Item 5, Appendix 5 for discussion before a final version will be submitted to the Committee at the October Finance/Estimates meeting. The Clerk confirmed that whilst she agreed with the £3,200,000 million figure in principle, she felt we were missing the evidence base for this. She explained that she was going to engage an external consultant to undergo a quantity surveying exercise to establish the whole life costs of the assets which we can use to inform the plant reserve. She confirmed she had completed similar at Medway Council to inform the maintenance costs of flood defences and was looking to do something similar for the pump stations and submit the figures to the Board in November.

Changes to Bank Accounts – this is in hand and some funds have already been moved. The Clerk confirmed she is in the process of closing the Handelsbanken Paying Out Account and requesting for direct debits to be transferred over to the Handelsbanken Paying In Account.

S Mair asked if we should leave open the HSBC account instead of opening new savings accounts.

The Clerk confirmed that she was of the same thinking, and she was also going to look into seeing if there was an option to retain the NatWest account rather than opening up any additional accounts unnecessarily.

S Mair suggested Kent Reliance may be a good bank to use should we have to open a new account as they were offering quite good rates of interest.

The Clerk took the opportunity to inform Members that she wants to look into low risk investments and will look at options later in the year and will look to put a proposal to the Board early next year.

Harty & Leysdown Pump Replacement – the company we have been dealing with in Ashford does not lease, they can supply replacement of both pumps for around £40,000 to £50,000. Currently looking into second quote for purchase and lease.

Biodiversity Work – it has been agreed that the Upper Medway IDB will work with Carol Donaldson this year and come back to us with feedback and a quote for the Lower Medway IDB next year.

Bells Pumping Station (Generator Purchase) – rather than purchasing a generator we have looked into using 12” pumps, however, as this is unlikely to make a significant difference it looks better to continue to use the MEMS back-up. The Clerk confirmed she is looking to see if there is any way we can claim back a percentage/all of these costs from UKPN should we need to use MEMS again in the future.

SWDC Tariff – WLMA are aware we would like to follow their tariff and we are waiting for confirmation of the cost of the small subscription fee.

Defibrillators – we have ordered four defibrillators rather than the six initially suggested. Two of these will be used as mobile ones and it was therefore decided that six were not necessary.

G Etheridge asked about the maintenance contract for them and also if we were registering them?

S Mair commented that they should be self monitoring and it was likely that it was just the battery and pads that would require checking.

Action – The Clerk to look into registering the defibrillators and to confirm maintenance requirements.

5. GOVERNANCE UPDATE

RECEIVED (Appendix 3) the updated Financial Risk Assessment.

The Clerk displayed the Financial Risk Assessment on screen and talked through the amendments marked as tracked changes with Members.

She confirmed that she would like to review the Finance Regulations annually initially and then five-yearly eventually.

She went on to confirm that that she would be working on a Business Continuity Plan as currently there was not one.

G Etheridge asked about Disaster Recovery?

The Clerk confirmed this would be looked into and made bespoke to the Lower Medway IDB and included within the BCP.

The Clerk mentioned an Emergency Plan and that we will have an Emergency Plan as well as the Scheme of Delegation working alongside the Business Continuity Plan.

S Mair asked what was covered in our £100,000 business interruption insurance. Would we be covered should the office need to relocate for example? He also asked if loss of rent was covered? He felt increasing cover may only mean a minimal amount in terms of increase in premium and would like this to be looked into.

The Office Manager confirmed that she was sure the loss of rent was covered, however, she would like to confirm the exact details along with the business interruption information and report back accordingly.

Action – The Office Manager to contact NFU to confirm details of business interruption and loss of rent cover.

The Clerks current authorisation amount of £100,000 was discussed in some detail along with the current debit card limit.

On a proposition by S Mair seconded by G Etheridge, it was **AGREED** to decrease the Clerks authorisation limit from £100,000 to £50,000 and to increase the debit card limit to £25,000.

All Members were in agreement.

Action – The Clerk to contact Handelsbanken to decrease the Clerks authorisation limit to £50,000 and to increase the debit card limit to £25,000.

G Etheridge asked about including the DRS system training. The Clerk confirmed that this would be included alongside any Sage training where necessary.

G Etheridge also mentioned changing the word from procedure to process on page 14 in the purchases area. The Clerk confirmed she would look into the correct terminology.

The Clerk asked Members if it was necessary for the office to be valued every year?

S Mair said that it was not necessary to be done annually and every five years would be sufficient, and page 19 should be amended accordingly.

S Mair confirmed that the areas where Tiptree Depot were mentioned should be amended to Stickfast Farm Depot and that some sentences had full stops and some didn't and this should be made consistent.

S Mair asked if we now had Keyman Insurance in place?

The Office Manager confirmed this would be in place imminently as we were in the process of completing the final forms.

J Lewis mentioned on page 35 licenses should be amended to licences.

G Etheridge raised the issue of FOIs and the ability to charge when necessary.

The Clerk agreed with this and advised that a charging regime for FOI's and Information Requests could be looked at in due course, however at the moment there are not many requests, so it is not currently a priority.

RECEIVED (Appendix 4) the updated Finance Regulations.

The Clerk displayed the Financial Regulations on screen and talked through the amendments marked as tracked changes with Members.

She highlighted the significant change in section 1, 2.1 which had been amended from *“Subject to matters of policy being decided by the Board, the responsibility for regulating and controlling the finances of the board lies with the Finance Committee to “Subject to matters of policy being decided by the Board, the responsibility of overseeing the financial controls sits with the Finance Committee”.*

S Mair questioned what was meant by “In carrying out this role, the Clerk shall occupy a pivotal position ... “ in 2.3?

There was some discussion about the terminology used.

The Clerk proposed that it was changed to read that *the 'Clerk provides the executive lead'*.

S Mair was happy with this.

The Clerk raised the question if 3.10 was doubling up on what was already covered in 3.3? This was discussed and the conclusion was that the separate report referenced should be amended to read '*detailed financial report*' for clarity.

G Etheridge asked if 'scope' would be included in a business case report. The Clerk confirmed that it would be included as part of 'introduction and background'.

G Etheridge asked if we could use electronic signatures to approval Business Cases by email.

Electronic signatures were discussed.

The Clerk said she felt that the use of electronic signatures may help in circumstances for minor amendments and agreements for small tenders but are not robust, however they could be used alongside email approval as an audit trail should anything need to be emailed to the Finance Committee to gain approval prior to the next scheduled Finance Committee.

G Etheridge suggested adding the word '*if appropriate*' to item 6.1 to help manage those times where there may be only one supplier or niche provider for a product or service.

J Lewis requested 7.2 be amended to include the internal auditor as well as the external auditor.

The Clerk confirmed 16.3 would be amended from £100,000 to £50,000 as previously discussed.

J Lewis noticed that the Upper Board were mentioned in 19.3 and would need to be amended.

RECEIVED (Appendix 5) the updated Capital Financing and Reserves Policy.

The Clerk displayed the Capital Financing and Reserves Policy on screen and explained she had not used tracked changes on this document but had made this policy much shorter instead.

The Clerk asked Members if they were aware of a Depreciation Policy as this policy had referenced this.

Members were not aware of a separate Depreciation Policy.

S Mair explained that it had been agreed to set aside 20% (or around £100,000) of plant costs every year over 5 years to cover the depreciation and to put towards the funding of new assets, and that it was also agreed to sell assets in year 4 so that they would still have one year guarantee in place.

Action – The Clerk to look into a Depreciation Policy and to check that the £120,000 had been allocated and how that fits in with the reserves.

Lead times of purchasing tractors was discussed.

The Clerk said that the Works Manager had been given a 6 month lead time for current orders.

S Mair and J Mair felt that this would be a lot longer and more likely a year.

The Clerk confirmed this was on the radar.

J Lewis commented that 4.6 refers to each Board and would need to be amended.

The Clerk said that currently the budget indicates £300,000 set aside for the replacement of Harty and Leysdown Pumping Stations and a Plant Reserve Fund of £200,000 reserve and that she would check the £100,000 per year contribution that S Mair mentioned in the context of the current capital budget.

J Lewis raised the issue of commuted sums and stressed that we must never accept a commuted sum.

The Clerk confirmed that this is not something we currently do.

The Clerk raised item 15.8 and the current £1,600,000 limit and said that as our operating costs have increased, she would suggest £1,700,000 was a more appropriate figure. This would be representative of 1 years operational costs plus 20% Emergency Reserves.

G Etheridge confirmed that we did not need to mention the figure in the policy itself and it was agreed this could be taken out to save us having to amend the document each time the figure is updated.

The Clerk referenced paragraph 6.3 which refers to an Investment Policy and confirmed she would be producing a paper later this year/early next year for review.

G Etheridge suggested looking at Medway and Gravesham Council policies for guidance.

Action – The Clerk to look into an Investment Policy.

6. INTERNAL AUDIT

RECEIVED (Appendix 6) Mid Kent Audit's end of year internal audit report carried out on 19 January 2022.

The Clerk displayed the end of year audit report on screen and talked through the areas marked as amber with Members.

The Clerk confirmed that the issues raised have since been dealt with. These were as follows:

Risk identification completeness – noted that provision for IT related risks had not been made which the Board might want to consider allowing the Board to strengthen its governance and IT systems and processes.

The Clerk confirmed that she had spoken to our IT provider, Gray IT and they had confirmed that we have adequate provisions including virus protection and sufficient back ups in place which we are happy with. She added that currently there was not an IT Policy in place, and this was something she would look into which should help reduce our risks.

Action – The Clerk to look into an IT Policy.

Exercise of public rights – formal Board approval of the 2020/21 AGAR was not obtained.

The Clerk explained that due to the next Board meeting not being until November, this would unfortunately also be the case for the 2021/22 AGAR. However, with an additional Board meeting or moving the April meeting back to June this would resolve this issue for the next financial year.

Action – Board meeting to be put in place for June 2023 next year.

Budget Monitoring – recommended as soon as possible.

The Clerk confirmed that the new quarterly budget monitoring is now in place and has been included in today's agenda under Item 12.

Member Allowance Approvals/Member Allowance Payments - Four payments were identified which pose potential issues. Three of these items were items relating to the retiring Chairman (gift, dinner and champagne toast) and one item was a wedding gift to a staff member. The concerns raised was that there was no budget for these items and these expenses go against 7.4 of the Members Code of Conduct Policy.

The Clerk confirmed that the new Chairmans Allowance and Members Policy has been put in place and was approved by the board in April 2022.

Members discussed these items.

The Clerk asked when the Chairmans Allowance was put in place?

S Mair confirmed that this was in the last couple of years.

Members concluded that lessons had been learned.

7. INTERNAL CONTROLS – YEAR ENDING MARCH 2022

RECEIVED (Appendix 7) a copy of the Boards Statement of Accounting Policies.

RECEIVED (Appendix 7a) the Statement of Internal Control.

The Clerk asked the question why we had a separate Statement of Accounting Policies and Statement of Internal Control.

G Etheridge suggested they could be combined, and the Clerk confirmed she would look into this.

Action – The Clerk to look into combining the Statement of Accounting Policies and Statement of Internal Control.

G Etheridge raised that on the Statement of Internal Control, item 3, paragraph 3, it states that the Finance Committee meet in May to approve the end of year accounts, and this should be amended to June.

All Members in attendance **AGREED** that the Chairman should approve the Statement of Accounting Policies and the Statement of Internal Control for the year ending March 2022.

8. ANNUAL GOVERNANCE STATEMENT – YEAR ENDING MARCH 2022

RECEIVED (Appendix 8) the Annual Governance Statement as required by the amended Accounts and Audit Regulations 2015.

The Clerk asked if this additional Annual Governance Statement was required as this was a duplication of the statement that is signed under section 1 of the Annual Return (AGAR) which is covered under Item 10, page 4.

9. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2022

RECEIVED (Appendix 9) the End of Year Accounts for the year ending 31 March 2022 produced for information only.

The Clerk wanted to record her thanks to the WLMA for helping us to get across the finishing line with the End of Year Accounts.

The Chairman of Finance asked Members if they wished to make any comments?

G Etheridge asked if additional costs had been included for gasoil?

The Clerk confirmed that this had been budgeted for.

S Mair commented that the three attachments were headed up as 2021.

The Finance Officer confirmed this was a typo and should be 2022.

Members **NOTED** the End of Year Accounts.

The Chairman of Finance thanked the Finance Officer and Clerk for their work in sorting out the End of Year Accounts.

10. ANNUAL RETURN (AGAR) – YEAR ENDING MARCH 2022

RECEIVED (Appendix 10) the Annual Return for the year ending March 2022.

REPORTED that the Annual Return is issued to Local Councils, Internal Drainage Boards and other Smaller Authorities in England.

All Members present **RESOLVED** that the Chairman of Finance should sign and date Section 1 & 2 of the Annual Return.

REPORTED that Section 3 relates to the External Auditor Report and Certificate and the Annual Internal Audit Report 2020/2021.

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 9 June 2021.

11. BANK BALANCES

End of year bank balances were confirmed as follows:

	<u>Date</u>	<u>Balance</u>
Handelsbanken Paying In Account	31 March 2022	£1,209,301.94
Handelsbanken Paying Out Account	31 March 2022	£31,910.01
Handelsbanken Savings Account (Plant Only)	31 March 2022	£1,041,703.76
HSBC Current Account	31 March 2022	£4.88
HSBC Deposit Account	31 March 2022	£3.67
NatWest Special Interest Bearing Account	31 March 2022	£9.67
TOTAL		£2,282,933.93

S Mair said that it would be helpful to also report the most up to date end of month bank statements balances.

The Clerk confirmed this would be available at the next end of year meeting.

12. BUDGET MONITORING

RECEIVED (Appendix 11) the new Budget Monitoring document.

The Clerk confirmed that the new budget monitoring document had been put together by the Finance Officer and this can be refined as necessary as we go along.

The Clerk confirmed that the Finance Officer had suggested using the budgeting tool within Sage. This tool provides a warning when budgets are getting low and would enable us to reallocate funds as necessary. The Clerk said that as this was something new, she would like to trial this for the North Kent Marshes IDB accounts first before rolling out to the Lower Medway IDB.

Members thanked the Finance Officer for the new improved budget monitoring document.

The Clerk mentioned the Transparency Code and that it is recommended that we publish a detailed breakdown of our end of year figures/transactions on our website. She confirmed this is something we do not have to do, but she would like to look at doing this next year.

Action – The Clerk to look into publishing a detailed breakdown of our figures for 2022/3.

13. INSURANCE UPDATE

RECEIVED (Appendix 12) Insurance Report for information only.

The Chairman asked if Members had any questions.

No questions asked.

14. HARTY & LEYSDOWN PUMP REPLACEMENT

The Clerk explained that the EA had put aside £20,000 from the precept for Capel Fleet water level improvements and she has requested that this money be reallocated to the Harty and Leysdown Pump replacement project to cover the costs of the ecological surveys and gaining consents. This is because there are currently no known strategic drivers or evidence to inform and support water level management improvements across Capel Fleet but this is something that the Clerk reported she will look in to in more detail.

15. ANY OTHER BUSINESS

a) Trialling Different Fuel

The Clerk confirmed after some investigation from the Works Manager they have decided to trial a different fuel. This fuel is a gas to liquid fuel from Shell and costs 5p more than red diesel. It is considered to be more environmentally friendly and although this is likely to cost us approximately £250 more in fuel a year, this would be offset against the charges we will no longer have to pay for flushing out the tractors. She confirmed this can also be mixed with the fuel we are already using.

The Clerk said she hoped this would be a positive move for the Board and assist with demonstrating our commitment to reducing our carbon footprint. She reported this is something she would look at in more detail following ADA's publication of the Carbon Calculator Tool for IDB's.

b) Contractor Costings

The Clerk confirmed that she was looking at the contractor costings that had been approved in principle for internal recharging in March 2021. She felt that there was a lot of background information missing and she was currently working on an evidence

base with the team. She was keen for the Lower Medway IDB to be able to offer competitive rates and undertake works for the North Kent Marshes IDB which would be internally recharged, and at the same time offering transparency around those costs.

c) Rushenden Pumping Station

The Clerk confirmed she was pleased to report that the Rushenden Pumping Station was progressing at pace.

She confirmed that the contractors are producing a timelapse video and in the future, she would like to use this as an education exercise, allowing local school children to visit the site and to also raise our profile in the community.

d) Kent County Show

G Etheridge asked if we should have a stand there?

The Clerk confirmed that she would be more than willing to do this eventually and will look into this for the future.

16. DATE OF NEXT MEETING

The date of the next Finance Committee/Estimates meeting had been arranged for Monday 3 October 2022 at 10am. As the Chairman was no longer able to attend on this date a rescheduled date was requested.

This meeting has since been rescheduled to Monday 17 October at 12pm.

17. PRIVATE & CONFIDENTIAL MATTERS

A private and confidential matter was discussed and recorded separately.

18. CLOSURE

There being no further business the Chairman thanked Members and staff for their attendance and declared the meeting closed at 12.30pm.