

LOWER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING OF THE FINANCE COMMITTEE
HELD AT 13 CONQUEROR COURT, SITTINGBOURNE
ON MONDAY 16 JUNE 2025 AT 11AM**

Members of the Committee Present

Chairman: J Mair
G Fulton (remotely)
P Marchington

In attendance

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

1. APOLOGIES FOR ABSENCE

Apologies received from G Etheridge and S Mair.

2. ITEMS OF INTEREST DECLARATION

The catering for today's meetings had been supplied by S Mair's wife's company, Sarah Serves.

3. MINUTES

RECEIVED (Appendix 1) the Minutes of the Finance Committee held on 27 January 2025.

It was **AGREED** that the Minutes of 27 January 2025 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 27 January 2025.

The Clerk gave an update on the outstanding actions as follows:

- Savings Accounts – we now have an investment account with CCLA and a second savings account will be arranged once we have amalgamated.
- Review insurance provider – will be done prior to renewal in April 2026.
- Display of Historic Minutes – have reached out to Duncan Dewar-Whalley, waiting for a mutually convenient time to meet.
- Protect our Coastline Laser Printed Concrete Presentation – has not been a priority.
- Harty and Leysdown Pump Station Inspection – this is ongoing, we have had some teething issues. Invitation for Members to visit the site if anyone is interested.
- Corporate Risk Register Addition (accountancy support and devolution) – ongoing changes being made to Corporate Risk Register which will be discussed later in the agenda and completed for amalgamation.

The Clerk gave an update on the completed actions as follows:

- Office Rent Reduction - rent reduced as agreed in the previous meeting.
- Homes England Letter (Electricity Costs and land transfer) – Works Manager is currently liaising with Campbell Reith, Homes England's consultant on the remedial works to enable safe maintenance of the Pump Station and attenuation pond.

5. BUDGET MONITORING/BANK RECONCILIATION

RECEIVED (Appendix 3 & 4) Quarter 4 budget monitoring report and documents for 2024-2025.

RECEIVED (Appendix 5) Quarter 4 bank reconciliation documents for 2024-2025.

The Clerk displayed the budget monitoring report on the screen and confirmed we had a 5.5% saving on the budget.

The following current identified overspends in section 3.2 were highlighted as follows:

- 5002 - Harty (-£2226.10) energy cost increase.
- 5004 – Rushenden Pumping Station (-£1,764.43) due to energy cost increases and no budget for this pumping station.
- 7003 Gross Salaries – Staff (-£30,838.72) new staff member, was agreed with finance committee mid year.
- 7005 – Employers Pension – Staff (-£5,376.69) same as above.
- 7402 – Heavy Plant Insurance (-£1,120.92) underestimate.
- 7600 – Professional Fees (-£7,181.77) Harty Pumping Station sub meter install was not budgeted for.
- 7602 – Internal Audit Fees (-£1205.00) underestimate.
- 7606 – Software Subscription (-£1,334.99) monthly IT costs increase mid year.
- 8201 – Subscriptions (-£1,484.76) AI subscription 30% higher than last year.

The projected budget overspends were highlighted as follows:

- Staff Workman costs (£16,241) budgeted for a full-time member but only had a part-time member for 3 months of the year on seasonal work.
- Office and Depot costs (£28,428.56). This predominantly due to savings in Business Rates as only started paying for 1st floor midway through the year and savings in electric due to the empty space.

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- Vehicle and Plant Costs (£11,619.95). This is due to various underspends including fuel, repairs and servicing, tax, and insurance.
- General Expenses Office (£678.55) This is due to various underspends.

The Clerk asked if there were any questions.

No questions raised.

It was **AGREED** that the Committee noted the end-of-year budget variances.

It was **AGREED** that the Committee confirm approval of Quarter 4 bank reconciliation documents for 2024-2025.

The Clerk talked through on 4.1 of the budget monitoring report. The summary of the reserves is as follows:

| | |
|--|----------------------|
| General Reserve | £1,870,500.00 |
| Plant Reserve Fund | £226,938.00 |
| Asset Reserve Fund | £37,678.00 |
| Other Reserve/Starting Operational Balance | £801,010.00 |
| Harty & Leysdown Replacement Fund | £31,598.00 |
| Luddenham/Elverton Fund | £44,979.00 |
| Provision for New Depot | £270,000.00 |
| Surface Water Development | £99,735.00 |
| EA Precept - Ecology | £8,548.00 |
| EA Precept - Bells Access Path | £9,788.00 |
| EA Contributions | £85,000.00 |
| Water Control Structures | £40,000.00 |
| Fixed Asset Reserve | £1,452,596.00 |
| | £4,978,370.00 |

The Clerk confirmed she had retrospectively added in some narrative explaining each of the reserves in more detail, which she will share with Members at the Board meeting.

Members discussed and agreed with the detail/explanation of the reserves.

It was **AGREED** that the Committee noted the end-of-year reserves summary.

The Clerk talked through the Income in section 5 of the report, confirming that some of these are unbudgeted items due to the uncertainty of them. Details are as follows:

| | |
|-----------------------------|----------------------|
| Income In year (budgeted) | |
| Rates & Levies | £1,748,887.00 |
| | £1,748,887.00 |
| Income In year (unbudgeted) | |
| Rechargeable Works | £90,739.57 |
| Contributions from EA | £420,000.00 |

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| | |
|--|--------------------|
| HWC | £57,579.00 |
| Rechargeable Works | £42,529.52 |
| Surface Water Development Contribution | £27,502.29 |
| Consent Fee's | £1,145.00 |
| Interest Received | £104,764.27 |
| | £488,820.08 |

It was **AGREED** that the Committee noted the end-of-year financial position and the starting operational balance total exclusive of allocated reserves is £801,010.

6. BANK BALANCES

End of year bank balances were confirmed as follows as of 31 March 2025:

| | |
|--|----------------------|
| Handelsbanken Paying In Account | £192,274.27 |
| Handelsbanken Savings Account | £2,286,839.67 |
| HSBC Current Account | £4.88 |
| HSBC Deposit Account | £3.67 |
| NatWest Special Interest Bearing Account | £9.70 |
| CCLA – Public Sector Savings Account | £1,009,164.58 |
| TOTAL | £3,488,296.77 |

Bank balances were confirmed as follows as of 31 May 2025:

| | |
|--|----------------------|
| Handelsbanken Paying In Account | £35,970.38 |
| Handelsbanken Savings Account | £3,189,646.47 |
| HSBC Current Account | £4.88 |
| HSBC Deposit Account | £3.67 |
| NatWest Special Interest Bearing Account | £9.70 |
| CCLA – Public Sector Savings Account | £1,016,567.11 |
| TOTAL | £4,242,202.21 |

The Committee noted the bank balances as of 31 March and 31 May 2025.

7. DEBTORS

Debtors confirmed on 31 March 2025 as follows:

| | |
|----------------|------------------|
| Drainage Rates | £3,443.26 |
| Special Levies | £0.00 |
| TOTAL | £3,443.26 |

The Clerk commented that a lot work had been done to reduce the debtors.

The Committee noted the debtors as of 31 March 2025.

8. ANNUAL MANAGEMENT ACCOUNTS REPORT

RECEIVED (Appendix 6) a copy of the Annual Management Accounts Report for year ending March 2025.

The Clerk displayed the report on the screen and confirmed that it will be discussed at the Board meeting and put on the website once approved.

The Clerk gave a summary of the report.

It was **AGREED** that the Committee noted the Annual Management Accounts Report for the year end March 2025 and agreed for it to be passed to the Board and published on our website.

9. INTERNAL AUDIT

RECEIVED (Appendix 7) Mid Kent Audit's end of year internal audit report for 2024-2025.

The Clerk shared the internal audit report on the screen and confirmed that the audit was really good overall. She thanked the Finance Officer for taking the lead with the audit. She highlighted the one unsatisfactory result, which was A3 End of Year accounting records, and explained that this was because of having to balance an incorrect figure in box 6 (all other payments section) of the Annual Return from the previous year. She explained that under JPAG rules, Box 1 of this year needed to match Box 7 of the previous year. The accountant that has been supporting has advised that there are some errors within the accounting system. These are inherited errors that have been journalled incorrectly and carried over in subsequent years, which has meant that the Box 7 figure, and specifically that related to reserves in 2023-2024 was incorrect. She went on to explain that because the rules specify that Box 1 must match Box 7, that Box 6 relating to 'all other payments' has been used as a balancing figure to ensure that Box 7 for 2024-2025 is correct. She advised that this is the only way to make this correction, but has resulted in the auditor raising this as unsatisfactory.

The Clerk talked through the rest of the findings/recommendations as follows:

- Financial Records - Reserve and Asset Level Maintenance (Medium) - were not able to quantify correct reserve and asset levels until End of Year (EOY) when professional financial advice was obtained. The IDB should be able to provide accurate information on reserve levels and assets at any given point throughout the year. Historic issues relating to accounting figures (including reserves and asset levels) have now been rectified.
- Accounting Records EOY (Medium) - Box 6 of the Accounting Statements has been used as a balancing mechanism to rectify historic errors. As this means the AGAR is not correct, we are unable to satisfactorily assess that the accounting statements in section 2 agree to underlying records. Steps have been taken to improve EOY accounting.
- Approval Limits for Expenditure (Low) - conflicting upper expenditure limits for two-officer authorisation across IDB Finance Regulations (up to £50,000) and the Financial Risk Register (£100,000). Upper expenditure limits should be consistent across all internal documents.

- Update of the Risk Register (Low) - minor issues in the following areas: out of date information, no reference to identified risks associated with rainfall or mitigating actions, outdated controls for the risk of two new pumps.
- Explanations on Variances (Low) - sample testing highlighted variances throughout the year where explanations were not provided.
- Chairman's Allowance Invoice & Payment (Low) - The Chairman's Allowance and Members' Expenses Policy states that the Chairman's allowance of £3,500 may be paid, either: with no PAYE deduction if an invoice is received from a limited company for which the Chairman is an employee or via payroll with the usual deductions. This will be corrected by updating our policy.
- Use of Nominal Codes (Low) - sample testing found that use of nominal codes was not correct for ADA tickets which should have been coded as 7605 - Chairman & Members' Expenses as per policy.
- Accuracy of Asset Register (Low) - review of the Asset Register identified unclear records relating to the disposal of assets, and examples where insured equipment was not listed.
- Completion of Section 1 and 2 of the AGAR - It would appear that Section 2 of the AGAR was signed prior to Section 1.

The Committee noted the internal audit report and was happy with the explanations.

10. ANNUAL RETURN (AGAR) – YEAR ENDING MARCH 2025

RECEIVED (Appendix 8) the Annual Return for the year ending March 2025.

The Clerk displayed the AGAR on the screen and gave a summary of each section. She highlighted the figure in box 6 of section 2, which had been discussed previously, and confirmed she will arrange the necessary signatures at the Board meeting.

11. INSURANCE UPDATE

RECEIVED (Appendix 9) Insurance Report.

The Office Manager confirmed that insurance had increased by 12% overall compared to the previous year. She confirmed this included increasing our Public Liability from £5m to £10m, adding an employment practices liability of £250,000 to our Directors and Officers insurance, and the addition of a new Cyber policy.

The Clerk confirmed that we had explored the possibility of insuring our plant at net book value instead of replacement cost to see how this would affect premiums, and it was decided to continue insuring at replacement cost as savings were not significant enough.

The Officer Manager confirmed we will be comparing our insurance with another provider before the renewal in April 2026.

12. ELECTRICITY CONTACT UPDATE

RECEIVED (Appendix 10) Electricity Contract Report.

The Office Manager highlighted the significant savings, particularly in terms of the standing charges, since reducing the KVA level on both Twyford and Bells Pumping Stations. She also confirmed that we are hoping to keep all contracts in place when we amalgamate by doing a novation agreement.

13. RISK REGISTER

The Clerk displayed the Risk Register on screen with various tracked changes. She confirmed that she is in the process of making various changes and has not been able to complete this yet, and she intends to have this finished for amalgamation.

14. ANY OTHER BUSINESS

There wasn't any other business to discuss on this occasion.

15. DATE OF NEXT MEETING

The date of the next/Q1 Finance meeting was confirmed for Monday 14 July 2025 at 12pm.

16. PRIVATE & CONFIDENTIAL MATTERS

A private and confidential matter was discussed and recorded separately.

17. CLOSURE

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