LOWER MEDWAY
INTERNAL DRAINAGE BOARD

END OF YEAR ACCOUNTS REPORT

FOR THE YEAR ENDING

31 MARCH 2025

Unit 13 Conqueror Court
Sittingbourne
Kent
ME10 5BH

CONTENTS

SUMMARY

The Board has **not** elected to prepare a full Statement of Accounts required by larger Public Bodies (Category 1 authorities), as provided for in the Local Audit and Accountability Act 2014.

The Lower Medway Internal Drainage Board is a Public Body, and an independent flood Risk Management Authority created under land drainage statutes. The IDB has a duty to work in partnership with other Risk Management Authorities in Kent including IDB's, the Environment Agency, and Local Authorities.

The Board is responsible for flood risk, land drainage and water levels management, works and improvement schemes and operational maintenance of watercourses and pumping stations within its defined Drainage District of Swale, Medway, Gravesham and Canterbury.

The Board comprises 18 including a Chairman (S Mair), Vice Chairman (J Mair). Members are either elected by and represent the occupiers of land in the Drainage District or are appointed by one of the four Local Authorities who pay Special Levy, namely, Tonbridge and Malling Borough Council, Medway Council, Swale Borough Council, Canterbury City Council. All members have a corporate responsibility to represent the interests of the Board.

The Board's role is to determine strategy, direction, and policy for the organisation and to ensure the IDB operates within an appropriate Governance framework. The Board is supported by Officers, led by the Clerk, who advise the Board, implement the Board's agreed policies and operationally manage and provide the Board's services.

The Board secures income from two main sources. Firstly, through a direct drainage rate on owners and occupiers of agricultural land within the Drainage District, with rates being payable on 01 April each year. Secondly via special levies paid by each of the four Local Authorities.

The rates and levies for the forthcoming year are set at a Board meeting prior to the 15th February each year when the Board are asked to consider and agree a proposed budget.
The Board agreed on 25th November 2024, a rate uplift for 2024-2025 of 5% was agreed in order to set a balanced budget.

Examples of the Board's work in 2024-2025 include:

- Operation of the Board's four pumping stations to protect property, agricultural land, and critical infrastructure in the Drainage District.
- Continued work on our Biodiversity Action Plan.
- Substantial completion of the Board's summer 2024 weed cutting and maintenance programme.

- Purchase of Energreen RoboFlail Arm.
- Pump maintenance programme.
- Completion of new Pump Stations Harty & Leysdown.
- Carried out a series of bank revetment works.
- Continuing with the Board's conservation initiatives.
- Delivery of our planning consultancy and regulatory role in house.

All figures exclude VAT

The Board achieved as at 31 March 2025 a year end surplus position of £801,010 (compared with a surplus of £556,666 on 31 March 2024.

MEMBERS 2024-2025

The Board comprises 17 Members, including 7 directly elected members representing land, and 10 members appointed by the four Local Authorities who pay Special Levies to the Board.

Elections of occupiers of land are every 3 years and the latest term of office runs from 2024 to 2027.

Term of office is 4 years for Councillors (appointed members) and 3 years for landowners (elected members). Members of the Finance Committee are highlighted in bold and elected members are highlighted in blue.

Member	Nomination	Date Appointed	Term
Cllr H Browne	Medway Council	01 May 2019	Three
Cllr D Carnell	Swale B.C	01 June 2019	Three
Cllr S Curry	Medway Council	24 May 2023	Two
Cllr D Davis	Tonbridge + Malling B.C	01 April 2014	Four
Cllr Etheridge	Medway Council	01 May 2015	Three
Mr G Fulton	Elec Dis 5	01 September 2015	Four
Mr R Hall	Elec Dis 3	01 March 2010	Five
Mr J Hinge		01 April 2022	Two
Mr J H Mair	Elec Dis 5	01 August 2018	Three
Mr S J Mair	Elec Dis 1	01 November 2012	Five
Mr T Malpas		01 April 2022	Two
Cllr P Marchington	Swale B.C	01 May 2021	Two
Cllr M Bonney	Swale B.C	23 May 2025	One
Cllr T Thompson	Swale B.C	19 May 2023	Two
Cllr D Wooster	Swale B.C	19 May 2023	Two
Cllr T Winckless	Swale B.C	19 May 2023	Two
Mr B Stone	Elec Dis 4	01 February 2004	Eighth

STATEMENT OF INTERNAL CONTROL FOR YEAR ENDING 31 MARCH 2025

1 Scope of Responsibility

The Lower Medway Internal Drainage Board (the Board) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Board is also responsible for ensuring that there is a sound system of Internal Control which facilitates the effective exercise of the Board's functions and which includes arrangements for the management of risk.

2 The Purpose of The System of Internal Control

The system of Internal Control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The system of Internal Control has been in place at the Board for the year ended 31 March 2025 and up to the date of approval of the annual report and accounts and, except for the details of significant Internal Control issues at section 5, included where relevant, and accords with proper practice.

3 The Internal Control Environment

- The Board has appointed a Chairman who is responsible for the smooth running of meetings and for ensuring that all Board decisions are lawful.
- The Board has appointed a Clerk who acts as the Board's advisor and administrator. The Clerk is the Board's Responsible Financial Officer and is responsible for administering the Board's finances. The Clerk is responsible for the day-to-day compliance with laws and regulations that the Board is subject to and for managing risks. The Clerk also ensures that the Board's procedures, control systems and polices are adhered to.
- The full Board meets at least twice a year and monitors progress against its aims and objectives at each meeting by receiving relevant reports from the Clerk.
- The Board reviews its obligations and objectives and approves budgets for the following year at its November meeting.

- The Board has appointed a Finance Committee of Members who meet four times each year and monitor progress against objectives, financial systems and procedures, budgetary control and carry out regular reviews of financial matters. At the fourth meeting, the End of Year Accounts Report, Annual Return, Annual Governance Statement, and Internal Controls are reviewed and approved. The minutes of the meetings of the Finance Committee are reported to and approved by the Board.
- During the financial year, quarterly budget monitoring reports have been made to the Finance Committee to ensure that expenditure is in line with the approved budget, and to review and agree any variances.
- During 2024-2025, the Board, to support its Governance arrangements, approved on 25 November 2024 its Risk Register (Financial Risk Assessment) which will be reviewed and updated again in November 2024 alongside a Risk Management Policy and Strategy. The also Board approved a revised set of Financial Regulations.
- The Board has appointed an Independent Internal Auditor who reports to the Board on the adequacy of its financial controls, procedures, and risk management.
- The Board's External Auditors, PKF LittleJohn, complete an annual limited assurance review and award an External Auditor Report and Certificate, which is presented to the Board.

4 Review of Effectiveness

The Board has responsibility for conducting an annual review of the effectiveness of the system of Internal Control. The review of the effectiveness of the system of internal control is undertaken by the work of the Clerk, Finance Committee and informed by the reports of internal and external auditors.

5 Significant Internal Control Issues

The Board strives for the continuous improvement of the system it has adopted for Internal Control and has addressed/noted all the minor issues and weaknesses raised and reported during the review process.

STATEMENT OF ACCOUNTING POLICIES

1 FINANCIAL REPORTING STANDARDS, REGULATION AND GUIDANCE

As a Board, we acknowledge our responsibility for ensuring that there is a sound system of Internal Control, including arrangements for the preparation of the accounting statement, following the below account concepts.

Relevance
The accounts are prepared so as to provide readers with information about the Board's financial performance and position that is useful for assessing the stewardship of public funds.

Reliability
The accounts are prepared on the basis that the financial information contained within them is reliable, i.e., they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income, and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

Comparability
The accounts are prepared so as to enable comparison between financial periods. To aid comparability the Board has applied its accounting policies consistently both during the year and between years.

Understandability
Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting.

Materiality
Certain information may be excluded from the accounts on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Board or to the understanding of the accounts.

Accruals
The accounts are prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the accounts for the year in which those effects are experienced and not in the year in which the cash is actually received or paid.

Going Concern
The accounts are prepared on a going concern basis, i.e., on the assumption that the Board will continue to operate for the foreseeable future.

Primacy of legislative requirements
Where a particular accounting treatment is prescribed by legislation, then that treatment prevails even if it conflicts with one or other of the accounting concepts outlined above. In the unlikely event of this arising, a note to that effect will be included in the accounts.

2 GOVERNMENT GRANTS AND SUBSIDIES

Government grants and contributions have been credited to the Income and Expenditure Account.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

3 PENSIONS

The Board participates in the Local Government Pension Scheme, a defined benefit scheme operated by Kent County Council. The Board paid a contribution of 38.5% on employees pensionable pay into the pension fund in 2024-2025.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The last actuarial valuation took place on 31 March 2023 which will take effect from 1 April 2023 when the Board's contribution will increase to 38.5%.

4 TAXATION

Drainage Boards are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the Income and Expenditure Account only to the extent that it is irrecoverable.

VAT is accounted for separately and is not included in income and expenditure accounts, whether of a capital or revenue nature. Input VAT which is not recoverable from HM Revenue & Customs will be charged to revenue accounts or added to the capital expenditure as appropriate.

5 EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

There are no material exceptional or extraordinary item to disclose in the Accounts.

Profits or losses on the disposal of fixed assets are shown separately on the face of the Income and Expenditure Account prior to the Operating Net Surplus/(Deficit).

6 INCOME RECOGNITION

Income is recognised at the time of invoicing. In the case of Drainage Rates this is on the 1st April annually.

7 FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. In defining capital expenditure, the Board operates a *de minimis* level of £5,000 for tangible assets. Any expenditure below this level is charged to revenue in the year of acquisition.

The Board's principal assets have been revalued and any surpluses or deficits are reflected in the Revaluation Reserve.

Fixed assets will be included in the Board's accounts at the actual purchase price, in line with the revised Governance and Accountability in Internal Drainage Boards in England – A Practitioners' Guide. It does not reflect the value the Board could obtain on the open market, nor does it reflect the figure used for insurance purposes.

8 DEPRECIATION

Land and buildings are not depreciated on the grounds that an ongoing repairs and maintenance policy results in an extension of useful life and negates the necessity for material depreciation.
Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

• Newly acquired assets are depreciated in the year of acquisition.
• Depreciation is calculated using the straight-line method.

The standard useful lives for each category of asset are as follows:

- Vehicles – 4 to 5 years depending on mileage.
- Plant and machinery – 4 to 8 years depending on the type and hours worked.
- Automatic Weed Screen Cleaners: x years.
- Computer Equipment: x years.
- Emergency Pumps?

9 DISPOSAL

Income from the disposal of fixed assets is accounted for on an accruals basis.

10 DEBTORS AND CREDITORS

The revenue accounts of the Board are made maintained on an accruals basis, that is, sums due to or from the Board during the year are included whether or not the cash has actually been received or paid in year. If the invoice spans two financial years and the apportionment is not material, then this will be charged to the financial year with the larger portion.

11 RESERVES

The Board holds the following reserves, the adequacy of which is reviewed annually. These are allocated to ensure prudent financial management, long-term asset planning, and delivery of strategic objectives, in accordance with the Joint Panel on Accountability and Governance (JPAG) guidance. JPAG states that reserves should be reviewed annually and their purpose justified in a manner that is "defensible," rather than formulaic.

General Reserve – £1,870,500.00
This reserve reflects a long-standing approach whereby the Board holds approximately one year's operational expenditure as a general reserve to mitigate financial risk. The actual level of this reserve is reviewed regularly by the Board to ensure it remains financially prudent.

Plant Reserve Fund – £226,938.00
This fund is set aside for the replacement of operational plant such as tractors and trucks. These assets are typically replaced on a four-year cycle to maintain operational resilience and health and safety standards. This reserve enables planned investment rather than ad hoc capital requests.

Asset Reserve Fund – £37,678.00
This reserve supports the long-term renewal and replacement of critical assets such as pump stations. It is informed by a developing whole life cost model, based on an assumed 50-year asset life, and will be presented in full to the Board in December. The model will provide options for future reserve planning and allocation.

This reserve is also the starting point for a broader capital reserve programme. The Board historically has not had a comprehensive asset register. We are currently developing this in-house to identify key infrastructure across the district. Once completed, this data will underpin a capital programme that aligns with multiple benefit criteria (climate resilience, biodiversity, land drainage, agricultural need, and flood risk), with this reserve scaled accordingly. The majority of funds carried forward from 2024–2025 are intended to support this work.

Other Reserve/starting operational Balance – £801,010.00
This is the residual reserve fund, which fluctuates annually. The current balance is higher than usual due to successful capital grant income (notably for Harty and Leysdown), but in a typical year would be closer to £400k. These funds remain available to support strategic priorities and are not earmarked for any specific capital project but will be allocated to support the asset capital programme.

Harty & Leysdown Replacement Fund – £31,598.00
Funds originally allocated to the replacement of the Harty and Leysdown structures. This project has been largely delivered, following successful funding applications, which reduced the overall reserve requirement.

Luddenham/Elverton Fund – £44,979.00

Water Control Structures Fund – £40,000.00
These reserves will be consolidated and used for the planned replacement of Luddenham and Elverton Sluices with a tilting weir system. This investment is anticipated to restore approximately 22 hectares of priority wetland habitat. Additional contributions from Surface Water Development income and EA Contributions (see below) will support this work.

Provision for New Depot – £270,000.00
Ringfenced for the potential acquisition or development of a new operational depot to future-proof the Board's workforce base and asset storage.

Surface Water Development – £99,735.00
This reserve accumulates from developer contributions and is used exclusively for improvements to water management infrastructure, particularly in areas experiencing increased runoff from development. The Luddenham/Elverton project is a current priority.

EA Precept (Ecology – £8,548.00; Bells Access Path – £9,788.00)
These earmarked funds were secured from the Environment Agency in lieu of precept charges, following negotiation. They are held to support mutually beneficial projects, such as the Pennywort management project, where the IDB is taking a leading role.

EA Contributions – £85,000.00
This sum is allocated towards capital improvements, such as Luddenham/Elverton, following EA recognition of their environmental and flood resilience value.

Fixed Asset Reserve – £1,452,596.00
This reserve reflects the original purchase cost of fixed assets including property, vehicles, and equipment. In line with JPAG guidance (AGAR Line 9), this is reported at historical cost and not depreciated. However, the Board notes that this does not represent the market or resale value of these assets, particularly for plant which depreciates. If the Board wished to reflect a net book value aligned with a fairer market assessment, approval would be required as this would constitute a change to the accounting policy. At present, this figure complies with JPAG expectations.

General Reserve	£1,870,500.00
Plant Reserve Fund	£226,938.00
Asset Reserve Fund	£37,678.00
Harty & Leysdown Replacement Fund	£31,598.00
Luddenham 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
Other Reserve	£801,010.00
Fixed Asset Reserve	*£1,452,596.00*
	£4,978,370.00

12 POST BALANCE SHEET EVENTS

Changes are made to the accounts where a material post balance sheet event occurs that either provides additional evidence relating to conditions existing at the balance sheet date or indicates that the application of the going concern concept to a material part of the Board is not appropriate.

INCOME AND EXPENDITURE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2025

This statement summarises the resources that have been generated and consumed in providing services and managing the IDB during 2024-2025.

Date: 22/04/2025
Time: 12:21:08

Lower Medway Internal Drainage Board
Profit and Loss

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From: Month 1, April 2024
To: Month 12, March 2025

Chart of Accounts: Default Layout of Accounts

	Period		Year to Date	
Sales				
Ratepayers Due	1,748,887.02		1,748,887.02	
Rechargable Works	90,739.57		90,739.57	
E A Contribution	420,000.00		420,000.00	
Highland Water Contribution	57,879.00		57,879.00	
Rechargeable Works - Other	42,529.52		42,529.52	
Surface Water Development Contribution	72,502.29		72,502.29	
Sales of Assets	38,833.33		38,833.33	
Consent Fees	1,145.00		1,145.00	
Interest Received	104,764.27		104,764.27	
Profit/(Loss) on Disposal of Fixed Assets	(6,364.33)		(6,364.33)	
		2,570,915.67		2,570,915.67
Direct Expenses				
Annual Precept paid to EA	355,000.00		355,000.00	
Bells Pumping Station - Costs	15,356.64		15,356.64	
Harty Pumping Stations - Costs	4,726.10		4,726.10	
Channel Maintenance - Costs	578,198.79		578,198.79	
Rushenden Pumping Station - Costs	1,764.43		1,764.43	
Leysdown Pumping Station - Costs	1,801.78		1,801.78	
Materials Purchased	6,080.13		6,080.13	
Depot Stock Adblue Expense	430.76		430.76	
Depot Stock Gasoil Expense	16,490.00		16,490.00	
Promotions & Advertising	188.49		188.49	
Twyford Pumping Station - Costs	8,553.72		8,553.72	
Harty and Leydown PS	1,058,449.98		1,058,449.98	
Bells Track	5,844.00		5,844.00	
South Swale Embankment Repair	21,204.00		21,204.00	
		2,074,088.82		2,074,088.82
Gross Profit/(Loss):		496,826.85		496,826.85
Overheads				
Gross wages - Workman	135,426.31		135,426.31	
Staff Salaries	216,288.72		216,288.72	
Employers NI - Staff	19,096.92		19,096.92	
Employers Pensions - Staff	82,476.69		82,476.69	
Employers NI - Workman	11,897.68		11,897.68	
Employers Pensions - Workman	49,535.32		49,535.32	
Benenden Health	1,436.80		1,436.80	
Depot Rent	32,643.80		32,643.80	
Business Rates	40,281.38		40,281.38	
Heating & Lighting Costs	4,796.26		4,796.26	
Motor Expenses	20,733.79		20,733.79	
Travelling & Entertainment	458.96		458.96	

Lower Medway Internal Drainage Board
Profit and Loss

From: Month 1, April 2024
To: Month 12, March 2025

Chart of Accounts: Default Layout of Accounts

	Period		Year to Date	
Heavy Plant Insurance	4,620.92		4,620.92	
Heavy Plant Inspections/Repairs & Servicing	9,062.38		9,062.38	
Printing & Stationery	4,864.19		4,864.19	
Telephone & Computer Charges	7,541.98		7,541.98	
Professional Fees	42,155.76		42,155.76	
Equipment Hire & Rental	7,894.71		7,894.71	
Maintenance	8,845.99		8,845.99	
Labour Income From Internal Recharges TO	(530,072.89)		(530,072.89)	
Bank Charges & Interest	818.53		818.53	
Depreciation	109,821.14		109,821.14	
Bad Debts	2,970.29		2,970.29	
General Expenses	40,573.41		40,573.41	
Board and Staff Expenses	3,022.32		3,022.32	
Biodiversity	15,132.37		15,132.37	
		342,323.73		342,323.73
Net Profit/(Loss):		154,503.12		154,503.12

BALANCE SHEET FOR YEAR ENDING 31 MARCH 2025

This statement is fundamental to the understanding of the Board's financial position as at 31 March 2025. It shows the balances and reserves at the Board's disposal and the fixed and net current assets employed in its operation, together with summarised information on the fixed assets held. The statement also includes assets and liabilities of the Board.

Date: 22/04/2025
Time: 12:20:25

Lower Medway Internal Drainage Board
Balance Sheet

Page: 1

From: Month 1, April 2024
To: Month 12, March 2025

Chart of Accounts: Default Layout of Accounts

	Period		Year to Date	
Fixed Assets				
Office - New	0.00		1,112,504.51	
Bells / Mockett Pump Station	0.00		1.00	
Pump Stations - Rushenden	0.00		1.00	
Pump Station - Harty	0.00		1.00	
Pump Station - Leysdown	0.00		1.00	
Heavy Plant	29,115.00		435,882.07	
Heavy Plant Depreciation	(85,323.21)		(204,529.75)	
Office Equipment	0.00		27,171.83	
Office Equipment Depreciation	(5,978.31)		(21,203.48)	
Motor Vehicles	(70,473.33)		133,923.09	
Motor Vehicles Depreciation	37,324.38		(31,157.62)	
Pump Station Twyford	0.00		1.00	
		(95,335.47)		1,452,595.65
Current Assets				
Stock - Adblue held at Depot	(430.76)		0.00	
Stock - Gasoil held at Depot	(2,467.24)		0.00	
Debtors Control Account	48,363.90		48,333.86	
Stock - Aces Spares	(52,745.00)		0.00	
Ratepayers Due	(979.48)		6,784.93	
Prepayments	2,002.55		11,399.43	
Provision for Future replacement of Plant	140,061.82		0.00	
Payments Received in Advance	12,297.50		0.00	
Bank	229,849.28		3,488,387.82	
Purchase Tax Control Account	86.00		86.00	
Vat Liability	0.00		4,727.16	
		376,038.57		3,559,719.20
Current Liabilities				
Creditors Control Account	(51,647.37)		32,522.12	
Net Wages	1,113.90		1,113.90	
Revaluation of Pump Stations	(5.00)		0.00	
Reserves	154,619.32		4,823,866.93	
Sales Tax Control Account	308.78		308.78	
Vat Liability	21,810.35		0.00	
		126,199.98		4,857,811.73
Current Assets less Current Liabilities:		249,838.59		(1,298,092.53)
Total Assets less Current Liabilities:		154,503.12		154,503.12
Capital & Reserves				
P & L Account	154,503.12		154,503.12	
		154,503.12		154,503.12