

MINUTES OF THE PARRETT FINANCE AND WORKS SUB COMMITTEE MEETING HELD ON 4 JUNE 2024

Attendance:			
Elected Members: Mr C Passmore (C) Mr S Kingham Mr T Bradford	Appointed Members: Cllr N Cavill	Officers: Mrs M Hammond Mrs J Farthing Mr I Sturdy	Public:
Apologies:			
	Cllr A Betty Cllr M Stanton Cllr G Wren Cllr M Caswell		
Non-Attendance:			
Mr J Winslade			

Agenda Item:	Detail:	Action:
1. Attendance and Apologies	1.1. Apologies as per the above Attendance List.	
2. Items Additional to the Agenda	2.1. Colin Passmore (CP) stated he would like to discuss Interest Rates during this meeting. 2.2 Tony Bradford (TB) stated he would like to discuss Reserves. CP said we have a large surplus now. He stated that Contractors rates were lower than expected. Maggie Hammond (MH) said that this can be looked into later in the meeting when she goes through the figures. 2.3 Tony Bradford added he would also like to discuss the Defra Grant to the IDB. IDS said that he would give an update on this later in the meeting.	
3. Declarations of Interest	3.1. None	
4. Minutes of the Parrett F&W Meeting held on 26 Jan 2023	4.1 Page 1 – Norman Cavill (NC) asked if the tenders had now been awarded. Iain Sturdy (IDS) replied that was correct, they have been awarded and we are into the maintenance period now. 4.2 The Committee made a recommendation that the 'Minutes from the meeting on 16 Jan 2024	RESOLUTION 1

	should be approved as a true and accurate record' when quorate.	
5. Matters Arising	5.1 Iain Sturdy (IDS) referred to the table of actions from the previous minutes. P/202300613-02 – IDS stated that unfortunately Ian Moodie had been unable to attend the last meeting but there remains an open invite to attend future meetings. Action - Complete P/20240116-01 - IDS had some figures on the water testing from Phil Brewin. IDS said that testing was carried out on 15.2.24, 21.2.24 (twice) and 11.4.24 (twice). IDS said that the February readings were unremarkable, as was the first reading on 11th April – however the second reading on 11th April was high for phosphate (approx. 3 times higher than the other readings).Action – Complete. TB asked what location this was. IDS clarified that this was King Sedgemoor. CP suggested that if the water levels were low, then higher concentrations may account for the high reading. CP asked if there are figures for the other work we are doing around phosphates. IDS said probably but they are not available for this meeting. CP requested that they be made available for the next Full Board meeting. Action IDS. IDS clarified that the figures are looking at BOD (Biological Oxygen Demand) the higher the BOD the poorer the water quality is. NC asked about the water test figures and agricultural land. TB responded that the Council held a meeting with a Dr from Lancaster University who gave a report stating there was no evidence of phosphate in the River Parrett, specifically looking into phosphate caused by agriculture. NC said that the report argued that agriculture is not the problem. Studies have shown that finer tree roots pick up phosphates but deeper tree roots bring phosphates to the surface. Grass and miscanthus are more effective in mopping up phosphates.	P/202300613-02-Complete P/20240116-01 - Complete Action-P/20240604-01 – IDS

6. Finance Report	6.1 MH referred to the report papers including the Appendix and enclosures. 6.2 MH stated Bank statements have all been reconciled to 30th April and are all ok. CP asked if the rates income is coming in quickly. MH replied so far approx. £74,000 rates have been received, plus the council income. MH said she feels that this is at a normal level to previous years. 6.3 MH made the Committee aware that there are recommendations in the Finance Report, however as the meeting is not quorate, the committee can't make any formal recommendations to the Board. IDS added – decisions can't be made if not quorate and TOR show this. We can tell the Full Board that we were not quorate but that the Committee have scrutinised the accounts. 6.4 MH referred members to Appendix B. SDCB surplus of £193,00 of which the Parrett Board have received a share. Although there are a number of factors for this, the main reason is staff vacancies. Although it is important to note some surpluses have been used for Calm Engineering. IDS said vacancies have remained open, if we recruit the right person for the role, we wouldn't necessarily reduce our work with Calm, we would look to do more. CP stated we don't want a surplus to that degree again next year. IDS agreed that we need to monitor this. CP felt that the Contractors' rates are lower than we expected which has contributed to the surplus also. IDS said that there are a range of costs across the Contractors, many at the lower end and are driven by competitive tension. CP highlighted the £93k maintenance surplus. IDS said that this is in comparison to what was forecast and the forecast had to make a number of assumptions. Stuart Kingham (SK) – asked about the Defra Grant. MH said this is new and will be shown under income in Parrett under grant aid p7.	

	SK asked what this is used for. IDS replied that this is for Low Level Peat Projects to improve water level management in the King Sedgemoor area. The benefit of this is a number of failing structures can be improved, water level gauging to improve penning, channel maintenance and 2 small pumps at Henley which we may take over from the EA. TB said he found it hard to comprehend that the EA can only do 50% of their maintenance as they have no funding. IDB Rhyne network is fine, it's the rivers that they empty into that is the problem. IDS responded that the grant has been made available after the Robert Cauldwell report for ADA, it will help us improve water level management but it won't solve the EA cuts problems. IDS said he had had a meeting with the EA looking at ways to generate/divert money for maintenance. IDS clarified that this is a one-off grant that needs to be spent by March 2025. MH drew attention to the Parrett account £199k. Factors for this include the rechargeable work, Peat grant, interest up 25% and maintenance underspend as show in Appendix B. CP said this highlights the Rhyne cleaning and maintenance underspend and he said that there wouldn't be an inflation payment this year. MH said there would be an inflation payment this year but that it is not as much as budgeted for. 6% budgeted for but it will be 2.3%. Budget work starts in October - so we have to forecast as best as we can. Experts are predicting inflation may rise again before coming down. MH said its important to be prudent. MH and Matthew Wall felt that forecast of 6% was sensible. IDS said some may say that the savings made could offset Drainage Rates for the next year but there are risks associated with this. CP felt that its more important to use them to carry out extra work instead. TB said currently the Board is in a sound position, but if the surplus keeps rising, we will have to look at doing more work. CP agreed saying that if there are issues with outfalls then we may have to look at fixing these ourselves.	
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	IDS said that the level of reserves is now at the level that the Board had agreed it wanted to be at. TB added it is recommended that the Board has enough reserve to cover 12 months of expenditure. MH reported the reserves are at £750k where they should be looking at the risk register. When it comes to budget setting next year there will be no lines added in to increase the reserve position. She said she recommends that going forward if any surplus is used, it should be used for one off items. CP felt that looking at the reserve figures, in hindsight the vehicles should have been bought new and not second hand. MH responded that as vehicles are a Consortium budget, all boards may not been in the same situation as this board to be able to do that. CP asked how does the Parrett Board's reserve position compare to the other two Boards. MH responded that Axe Brue have a large surplus and NSL also have a surplus but not as large as the Parrett and Axe Brue Boards. It was recommended that the accounts be presented to the Full Board for approval. ‘ <i>All members present were in agreement that the Accounts be presented to the Full Board for their approval’</i> 6.4 MH referred to the Audit Report in Appendix A. Each year an external Auditor conducts an Audit. MH was pleased to report that the result of this Audit was the highest assurance they can give. The Auditor only highlighted 3 action points, those being: • Some policies and procedures are out of date. • The Auditor didn't like our Debtor report system, however there will be a new ratings system in April 2025 so hopefully we will have better reports in place by then. • The final action point was regarding our debt recovery process. We have good processes in place for Drainage rates but not for items such as other invoices.	RESOLUTION 2
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	6.5 MH referred to the Accounting statements in Section 2 of the report. MH confirmed that these had been seen and checked by the Auditors. ‘The members all agreed that they were satisfied with the Audit report and accounting statements.’ MH referred to the last page showing the Reserve position. MH confirmed these are at the right level and there is no need at the present time to increase or decrease this. CP suggested that the graph should show a % and also be representative of the figures shown. MH said she will add these in. 6.6 MH referred to the Rates Position and discussed the Outstanding Rates table included in the report. MH confirmed there is one account where all the unknown land is kept until the owners can be identified by land register searches and area supervisor visits. TB recalled in the past Board Members have been able to help identify these. MH said we are currently in a good position with Rate collection especially considering the cost-of-living concerns people are facing. She added that the team have worked hard to process these payments. NC stated that one Farmer had mentioned only half of his ditches had been done this last year, his farm had been underwater in the wet weather and why should he pay his rates. NC questioned how many land owners might be saying similar? MH said there had been a few instances like this but once the situation is discussed and issues like riparian ownership and EA responsibilities, they have so far been accepted and paid. IDS said we were 90% plus on work complete. IDS said that he would be concerned if 50% of work wasn't completed for this Land owner and it could be an EA or a riparian issue. He highlighted that our areas could be complete but the water can't go down if the EA rivers are still full. IDS said he is currently dealing with some letters from land owners about not paying and he will respond with the facts of the matter and ultimately it is a demand and needs to be paid.	RESOLUTION 3 Action- P/20240604-02 – MH
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	6.7 CP thanked MH for a very good finance report and said he was very pleased that the Board is in such a healthy financial position. TB agreed that the reserves were in a good position, he added that we would not like to see it keep rising though. He recalled on the old King Sedgemoor Board they lowered drainage rates when they had a surplus. They only raised what they needed to spend. IDS responded that our aim still is to only raise what we need to spend, our estimate were precautionary due to the complicated issues in the economy. IDS said maybe in the next budget setting we can be less cautious.	
7. Any Other Business	7.1 CP moved onto the two items additional to the agenda. 7.2 Tony Bradford questioned if any major works should arise should we be using some of this reserve to do more work? IDS we must be careful we don't bite off more than we can chew just because we have the money available. A Reserves paper was done showing the method used, the Board then set the reserves required – we are at that level now. This should give us confidence to use for unexpected items. If we use some Reserve, we would have to look to recover that and bring back to the current reserve level quickly after. TB said if SRA have any issues in the future we may need to use reserves. 7.3 CP asked about the outstanding matter of Little Arch at Stolford. IDS confirmed this is an ongoing issue. It is an EA asset and they have a small amount of money to maintain this. CP stated there is a problem in Stolford where an outfall is being blocked by shingle. This is causing a problem for householders inland. CP said that this now needs bringing to some kind of conclusion. IDS replied that taking on responsibility for costal defences is far beyond our resources. There is an EA commitment to fortnightly checks, however being short of funds it's not classed as a high priority.	

	CP asked was there a plan to take water out a different way? IDS said a technical discussion would be needed on this. 7.3 CP wanted to highlight that the current interest rate is at 1.7%. We are losing money and this needs to be addressed. TB felt that interest rates wouldn't fall in the long term and so believed that putting some of this money into a high interest bond may be the way forward. CP agreed and added particularly the commuted sums into a high interest bond. MH said that when the investment policy was discussed it was decided that it was set at £85k so that there was protection. MH said the Board would have to breach of £85k rule to achieve a higher rate. Instant access rates won't give a higher return, higher returns need to be fixed. The Board must remember it is public funds. TB asked if MH could produce a paper on this for the next FB meeting. IDS said there is a draft investment policy. This could be reshared with the amendments that were made following the feedback that was given. IDS said there are ethical questions that have been raised regarding where we invest our money. The paper currently says the Board's priority is the security of the money and the liquidity of the investment. The current policy has a limit of £85k. IDS said his view is that we are cautious and adhere to the £85k rule. NC responded that we need to move away from the Banks. There are good quality investments available elsewhere. Taunton Heritage Trust are currently getting 4% and money is spread across 5 different accounts for fluid cash. TB asked can MH investigate and produce a report? NC said specialists such as Investment Somerset and other Share companies can assist and advise. IDS said currently the policy states that the Board will only use Banks, Building Societies, local	
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	authorities and other public bodies for the prudent management of its surplus. TB said he wondered what other Boards do. MH replied that NSL use NatWest and another bank. Money is only in 2 organisations. IDS said that this is currently a draft policy and has not yet been signed. Currently the draft states only £85k in an account unless in government bonds (secured by the government). This is prudent and safe custody of public money. CP said he will investigate the NDR and long-term treasury bonds further. MH said firstly we need a policy in place so that MH is clear on what the Board wants and what the constraints are. NC said would it be worth taking a small risk with some of the funds to achieve more return? MH replied as RFO she would always advise no risk with public funds. CP said if the Board can get £85k cover then why not have this amount across 8 accounts. CP asked TB for his thoughts on this. TB responded that if £85k is safeguarded then perhaps worth looking further into. SK said there were good officers in Sedgemoor moving money around - went well and money was secure. MH – if the investment policy is agreed, she can look at starting to open accounts. CP asked can some wording be agreed reference the Commuted sums for the Full Board -such as a recommendation that NDR money could be put into a secure bond. MH said she can't guarantee that she can provide a paper in time for the Full Board meeting due to timescales and her current work load. NC felt that no risk is the wrong way to look at it. Extremely cautious is practical. Gov advice to Taunton Deane previously was to look at an acceptable risk level and that was AAA to AA. By	
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	staying in these parameters hundreds of thousands were made. MH reiterated that she is only one person and is responsible for 3 Boards so this is not something that can be done quickly. IDS said he was concerned as we are in internationally and nationally unstable times at the present. NC suggested putting money into solid assets then is a sensible way forward. MH stated Kendra Kingston (Finance Assistant) and MH have done a good job in getting the 1.7% returns that the Board has. MH felt that the Investment Group should be reconvened and then the next step is getting the policy signed off. Once this happens then accounts can be opened. CP disagreed and felt the Board needed to move quicker to get these rates whilst they are available. CP said he will investigate further with one of his contacts. TB said we need to safeguard the Board, it's the number one priority. We provide a service to our Ratepayers and if the Board disappears the EA will not do the work. CP felt the Parrett Board needs to maximise its investments with total safety. NC said that over the last few years opening bank accounts has taken a lot of time and effort, it would be unfair to ask our RFO to do this in such a short timescale. Can the RFO pick the right banks/building societies she wants to use and someone can be paid to deal with the account opening? MH said having set up accounts previously it is very difficult and not straightforward to do. It took over 6 months to set up a bank account. TB suggested IDS contacts Jane Froggart to see what they do with their money. IDS confirmed that he and MH will call others to see what they do. IDS will give a verbal update to the Full Board Meeting.	Action- P/20240604-03 – IDS/MH
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	CP added that he will have some updates by then. 7.4 Stuart Kingham said that as there are a number of solar farms coming to the area – do they become business or agricultural for rates? TB said that his understanding is that these will go to business rates and come under the special levy.MH agreed. IDS mentioned run off rates are interesting; he has visited some in the past and it certainly concentrates the flow in certain areas. The conclusion was it didn't end up in the ditch system that much differently. TB added that the EA will say that the run off rate is the same run off level to that of concrete. IDS said that in theory calculations show for the first 5mm of rain goes into the ground then the rest all runs off. 7.5 IDS brought up the £75m fund for flood risk improvements for agricultural land. We made the case to ADA and EA - and are currently working with colleagues to put together a funding bid which would be used to repair assets, desilting channels and making up flood banks. TB said that in Farmers Weekly publication, Innes Thompson made a statement saying the timeframe is not good enough. IDS agreed with this. IDS said to the Environment Agency we are still making the bid. He has told Innes Thompson that the timescales are not practical. Even if we fail to get the money, the list of failing assets will at least be in the public domain – which in itself would be a big step forward. 7.6 IDS stated that as the Axe Brue F&W Committee meeting this week was also not quorate, he will add to the agenda of the full board meeting to review the members of the Finance and Works Committee because there are a number of non-attendees. TB said he can't see the sense in having non quorate meetings, members should turn up or not bother being members. CP said that there has been a robust discussion. IDS asked the committee if we need to review the membership or just the attendance. It was agreed to leave at the moment.	
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	TB said if you keep the sub committees the TOR need to be changed so that decisions can still be made even if not quorate. CP suggested that Senior Officers could stand in or Deputies. The Chairman thanked members for attending and closed the meeting.	
9. Date of next Meeting	Tuesday 22 October 2024 at 14.00	

Annex:

A. Parrett F&W Meeting – Table of Outstanding Actions

CHAIRMAN.....DATE

**ANNEX A TO
PARRETT F&W COMMITTEE MINUTES
DATED 4 JUNE 2024**

PARRETT F&W MEETING – TABLE OF OUTSTANDING ACTIONS

Action Number:	Action:	Actionee:
P/20240604-01	To make the results of Phosphate water testing available at the Full Board Meeting on 18 June 2024.	IDS
P/20240604-02	Include a % and accurate visual representation on the graph included within the Finance report.	MH
P/20240604-03	Use contacts to investigate how other similar organisations invest money.	IDS/MH