

LOWER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF A MEETING of the **Finance Committee** held at
The Boards Offices, 17 Albion Place, Maidstone
on **Monday 10 July 2017**

Members of the Committee Present

Chairman: H Neaves

S Batt
D Dewar-Whalley
R Hinge
J C Lewis
S Mair

In attendance

M D Watson - Chief Executive
P Bush - Technical Engineer
L Collins - Office Administrator

1. APOLOGIES FOR ABSENCE

No apologies received. All members were in attendance.

2. MINUTES

RESOLVED that the Minutes of the Finance Committee Meetings held on 27 March and 31 May 2017 are correctly recorded and that they be signed by the Chairman.

(As attached to these Minutes)

3. MATTERS ARISING FROM PREVIOUS MINUTES

Minutes of 27 March 2017

Item 5 – Bank Balances

D Dewar-Whalley queried the amount of funds held with NatWest Bank and felt that the Board should consider moving some of the money in order to spread the financial risk, in the event that NatWest/RBS get into financial difficulty.

Metro bank and Handelsbanken were suggested by members as possible other banks to use.

REPORTED that the Office Administrator has made enquiries with both banks as to the possibility of opening accounts.

REPORTED that Metro bank can open an account, but they do not offer an appointment service, it is a case of just turning up at the Maidstone branch and wait to be seen. An account with no charges applicable can be set up, however, no interest will be given. An account can be opened with 0.1% interest rate will have bank charges applicable.

REPORTED that Handelsbanken are prepared to open an account offering an interest rate of 0.1% which would be free of any bank charges if the Board were to invest £200,000. If the Board were to invest £400,000, then they would offer an interest rate of 0.2%. For security reasons it was suggested that the Bank Mandate (should the Board wish to go ahead and open an account) should only allow BACS payments to be made direct to NatWest treasurers account, but this would be upon receiving a fax signed by either the Chief Executive or the Office Administrator and one Board Member who is authorised to sign payments on the Boards behalf (S Batt, R Hinge, J Lewis or H Neaves).

Members **AGREED** to open an account with Handelsbanken only and deposit £200,000 at this time.

Cheques were available for the Chief Executive and a Bills Committee member to sign in order to transfer funds from NatWest bank to HSBC, Lloyds Bank and Santander accounts. These account balances will be topped up to £200,000 each.

J Lewis signed the 4 cheques directly after the meeting.

The 4 Bills Committee members signed the Bank Mandate form for Handelsbanken directly after the meeting.

Minutes of 27 March 2017

Item 10 – Any Other Business

At the last meeting Members and Officers felt it was a good idea to research other Insurance Brokers that could possibly provide quotations in adequate time for next years insurance renewals, which are due in April.

S Mair offered to provide contact details of a good Broker.

S Mair apologised for not providing this information, but **AGREED** to forward the relevant details on to Officers.

This information was received via email on 11 July 2017.

4. BILLS COMMITTEE

RECEIVED the Minutes of the Bills Committee Meetings held on 27 March, 25 April, 31 May and 26 June 2017.

(As attached to these Minutes)

REPORTED that at the June Bills Committee Meeting S Batt raised two queries.

First query was £3,680.81 on the Lower Medway May recharge relating to the copier lease.

The Office Administrator explained that this figure was a credit, not a charge.

A review of the Boards copier/printer machine had recently been carried out so see whether any savings could be made. It was possible to achieve a saving of £259 per quarter on the lease of the machine over the next 5 years and further savings made on the pence per copy charge for each copy/print. A new machine which includes a fax has been installed.

The Medway IDBs had to pay the settlement figure of £7,361.62 plus VAT to the lease company for the old machine and the new service provider has subsequently reimbursed the Boards for this amount, hence the credit/refund of £3,680.81.

The second query was regarding the 5 invoices and 1 credit note relating to D2 Electrical Ltd totalling £2,844.00. Mr Batt felt that these charges were quite high and wanted an understanding of what works had been carried out.

The Technical Engineer happened to be in the office and explained that D2 were initially contacted to quote for rectification works at the pump stations which had been picked up during the annual insurance inspections. None of the pump stations complied with current law/legislation.

The initial 4 invoices were to visit site in order to provide a quote for the necessary repair works. It was anticipated that all 4 site visits would take 2 days. They actually took 1 day. Upon receipt of the invoices they were immediately put into dispute as the visits took half the time quoted. It took from October 2016 to April 2017 for D2 to issue a satisfactory credit note.

The invoice for £2,034 for all the repair works was received in December 2016, however, upon site inspections it was identified that not all of the rectification works had been carried out. The invoice was not paid and D2 were contacted numerous times asking to complete. Despite numerous visits to the sites from D2 there are still various signs to be displayed on site. The invoice has been in query/dispute awaiting completion.

After numerous requests for the outstanding items to be completed, on 20 April 2017 D2 sent the outstanding test certificates for each pump station and posted the Health & Safety notices/stickers.

The Chief Executive confirmed to D2 that once in receipt he would release the payment. D2 wanted to visit the sites again to install the stickers, but this would have

inconvenienced IDB staff, so the Chief Executive agreed he was happy with them being posted.

The Office Administrator explained the situation to D2 Accounts department when they chased payment in May. The Owner then contacted and complained to the Chief Executive.

The Chief Executive instructed the Technical Engineer for the Office Administrator to pay all the invoices without further delay, as he was on annual leave that day. A cheque from the Imprest Account was issued on 16 May 2017.

S Batt was informed that Officers had agreed that the Board will never use the services of D2 Electrical Ltd again.

S Batt was disappointed that payment had been made to a company that had not completed the works for which they had invoiced, but was pleased to hear that this company would not be used again.

Members noted the comments made and were satisfied with the response given.

5. **BANK BALANCES**

REPORTED that unfortunately the Office Administrator could not provide details of the Boards bank balances up to the end of June 2017 in advance of the meeting, as the bank statements had not arrived in time to be included on the Finance Agenda.

The Bank Statements were produced for the Chairman to sign and showed balances as at 31 May 2017:

NatWest Treasurers Account	£81,051.57
NatWest Imprest Account	£33,030.12
NatWest Special Interest Account	£1,547,646.40
HSBC	£138,690.96
Lloyds Bank	£136,402.43
Santander	£175,149.87
TOTAL BANK BALANCES	£2,111,971.35

6. **RATES AND SPECIAL LEVY**

REPORTED that the Rates and Special Levies collected for the year ending 31 March 2017 amounted to £894,789.26, which represents 99.97% of the total due for the year.

REPORTED that 331 accounts were sent Drainage Rate Demands on 25 April 2017, covering the period to March 2018. The total value of demands generated was £41,575.94. A difference of £1.07 compared to the figure reported in the Estimates. This is due to roundings.

RECEIVED a copy of the newsletter issued with all demands.

(As attached to these Minutes)

LMIDB

The Chief Executive explained that after circulation of the newsletter, he'd realised that the removal of the Differential Rating Order (DRO) had not been included. He felt this may have been useful to some ratepayers, as a number of phone calls had been received in the office regarding this.

D Dewar-Whalley suggested that it would be useful for members to receive this newsletter in advance of being issued.

AGREED by members present to include a draft version of the newsletter in the March meeting, in order to obtain any comments or feedback prior to issuing to ratepayers.

REPORTED that 7 accounts have been written off at officer level totalling £2.40, as each account was less than 50p in value.

REPORTED that the Office Administrator has been informed by a landowner of 27.802 acres of land to the north of Sittingbourne - (Eurolink V), Swale Way, Sittingbourne has been developed which has resulted in £52.27 of rates being removed from the account and will be transferred to the special levy next year.

The Office Administrator requested permission from members to write off this amount, as it is too late to include in this years special levy payments and the landowner will not pay the rates now that the land has been developed.

All members in attendance **AGREED** for the sum of £52.27 to be written off by the Office Administrator.

REPORTED that Rates and Special Levies collected as at 31 May 2017 amounted to £691,834.19, which represents 50.68% of the total due for the year.

REPORTED that the first instalment of the Special Levy payments were due on 1 May 2017. All were received during May 2017.

Swale Borough Council had to be chased for their payment of £389,375.47. Payment was received on 19 May 2017.

D Dewar-Whalley explained that the Office Administrator had been in contact with him over this matter and it was identified that the Finance Department hadn't received the original correspondence. However, copies were provided and payment was made. It was agreed that in future all correspondence regarding the Special Levies be sent direct to Phil Wilson at Swale Borough Council.

The Office Administrator thanked D Dewar-Whalley for his assistance in arranging payment.

Tonbridge & Malling Borough Council had to be chased for their payment of £93,276.25. Payment was received on 12 May 2017.

7. **RECHARGABLE WORKS**

REPORTED that no amounts for rechargeable work have been invoiced since the last meeting.

REPORTED that no amounts for rechargeable work have been received since the last meeting.

8. **REVIEW OF EXPENDITURE**

RECEIVED details of the Boards expenditure to date.

(As attached to these Minutes)

The Office Administrator explained that there were currently two areas of overspend.

REPORTED Depot Insurance currently £97 over budget. This is due increasing the level of tool insurance, as it was agreed that the current figure was far too low in light of the equipment the Board has purchased over the last couple of years and increasing the alarm cover.

REPORTED J/A Office Costs Insurance currently £362 over budget. This is due to increasing the level of cover in place for the office computers and laptop, along with business interruption cover. Subsidence cover has also been added to the Boards policy, in light of the new buildings that are being built close by.

D Dewar-Whalley pointed out that the J/A Administration Costs Legal & Professional Fees and the LM Administration Costs Legal & Professional Fees were quite high as half of the budget had already been spent for the year.

The Office Administrator wasn't sure off the top of her head what these costs related to and said she would check the accounts and report back to members.

9. **FINANCIAL RISK ASSESSMENT**

At the last meeting members agreed that the Finance Committee should review the Boards Financial Risk Assessment twice a year and any necessary amendments would be presented to the Board for consideration at their meeting under Any Other Business.

The Office Administrator explained at the last meeting that the Internal Audit Sub Committee has also requested that this document be presented to them at their next meeting scheduled for 27 November 2017.

RECEIVED and reviewed the Boards Financial Risk Register.

(As attached to these Minutes)

Members **AGREED** to change all wording from "The Clerk" to "Chief Executive".

Members also **AGREED** that where any specific Regulations, Policies or Insurances are referred to, should show the last and next review dates where possible. The sums insured will also be included within the Financial Risk Register.

Members asked whether the Board had adequate insurances in place regarding Professional Indemnity, Fidelity Guarantee, Public Liability, Employers Liability and Environmental Liability.

The Chief Executive to review and check insurances, then report back to members.

Under the subject of Legal Powers members requested that all wording "illegal" within Management/Control of Risk be removed. It was felt that the Board and the Chief Executive should monitor the activities of staff and employees.

Members were informed that any changes made within the Financial Risk Register may also affect the wording of the Financial Regulations. Other documents may need cross-referencing as a result.

REPORTED that all documents will be fully reviewed once both Boards have made the relevant comments/amendments required and the Internal Audit Sub Committee has reviewed at their meeting in November.

10. IAS DISCLOSURES AS AT 31 MARCH 2017

Public sector bodies have been provided pension scheme expense calculations prepared in accordance with Financial Reporting Standard 17 / International Accounting Standard 19.

RECEIVED an extract from the Kent County Council pension fund - Pension accounting disclosure as at 31 March 2017, prepared by Barnett Waddingham in accordance with IAS19.

(As attached to these Minutes)

REPORTED that the Boards estimated net liability for the year ending 31 March 2017 has decreased from 1,295,000 to 1,293,000.

A full copy of the report was available for members to view.

S Mair raised a concern regarding who is actually responsible for the Boards pension liability – is it the Board or Board Members. He also wanted to know what would happen in the event that the Board ceased trading.

Members discussed at length and asked whether the Board could possibly insure against the liability.

The Chief Executive said he would contact ADA for advice on this matter and would speak to the Boards Insurance company, then report back to members.

11. ANNUAL RETURN – YEAR ENDING MARCH 2017

REPORTED that the Boards completed Annual Return for the year ending 31 March 2017 was sent off to the Boards External Auditor, PKF LittleJohn LLP in advance of the 12 June 2017 deadline for submissions.

The deadline for displaying the External Auditors signed report is 30 September 2017.

REPORTED the completed Annual Return, along with any comments made by the External Auditor will be reported at the next Board Meeting.

12. ANY OTHER BUSINESS

Southern Farmers

Members agreed to trial Southern Farmers for a period of 12 months upon a recommendation from an Upper Board Member. The membership costs £150 per year, which is split 50/50 with the Upper Medway IDB.

REPORTED that it was anticipated that the Boards could realise substantial savings on purchases from some suppliers throughout the year. However, the Boards have negotiated wherever possible discounts with their suppliers, therefore, no further savings could be achieved.

Members were asked whether they wished to continue with the subscription.

All members present **AGREED** that the subscription should be cancelled.

Cheques

The Chief Executive explained that there will be a need very shortly to issue 2 cheques for £3,000 and £17,000 to the Solicitor dealing with the landowners concerned with the new pumping station.

A payment of £3,000 is due to the landowner for compensation for last years works.

A payment of £17,000 is due on the first day of entering site for the lease of the land whilst building.

Both payments will be held in the Solicitors holding account pending issue to the landowner at the relevant stages. However, there is currently a delay from the landowner providing these details.

Two cheques were made available for a Bills Committee member to sign.

J Lewis signed to two cheques after the meeting. Both cheques will be held in the Boards safe until instruction of Solicitor is received.

British Gas

The Office Administrator informed members that there had been ongoing problems/discrepancies with British Gas over the meter and meter readings since July 2016 at Harty Pumping Station.

REPORTED that the matter has now been resolved and the Office Administrator has negotiated a £160 refund from British Gas for the inconvenience caused, which will show on the next bill.

13. CLOSURE

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