

LOWER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF A MEETING of the **Finance Committee** held at
The Boards Offices, 17 Albion Place, Maidstone
on **Monday 27 November 2017**

Members of the Committee Present

Chairman: H Neaves

S Batt
D Dewar-Whalley
R Hinge
S Mair

In attendance

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

1. APOLOGIES FOR ABSENCE

Apologies were received from J C Lewis.

2. MINUTES

RESOLVED that the Minutes of the Finance Committee Meetings held on 10 July 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 10 July 2017

Item 8 – Review of Expenditure

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.

REPORTED that the J/A Administration Cost of £1,225, compared to the annual estimated expenditure of £2,500 relates to Croners Employment Law Service. This is an annual fee. The only other anticipated cost will be for the Office revaluation (as requested by the Upper Board) which should be in the region of £250.

The Office Administrator apologised to Members that the LM Administration Cost of £4,977, compared to the annual estimated expenditure of £10,000 was a typing error. **REPORTED** that the actual cost to date which should have been reported was £0.

Minutes of 10 July 2017

Item 9 – Financial Risk Assessment

Members were informed at the last meeting 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.

REPORTED that the Internal Audit Sub Committee meeting has been rescheduled to 5 December 2017. All documents will be reviewed at this meeting, and then reported back to the Board at their next meeting.

Minutes of 10 July 2017

Item 10 – IAS Disclosures as at 31 March 2017

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.

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.

REPORTED that this matter has been included on the main Board Agenda, so will be discussed in more detail then.

4. BILLS COMMITTEE

RECEIVED the Minutes of the Bills Committee Meetings held on 27 July, 22 August, 28 September and 26 October 2017.

(As attached to these Minutes)

5. BANK BALANCES

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

LMIDB

NatWest Treasurers Account	£629,324.70
NatWest Imprest Account	£22,587.77
NatWest Special Interest Account	£890,096.20
HSBC	£200,048.56
Lloyds Bank	£200,035.09
Santander	£200,060.99
Handelsbanken	£200,037.40
TOTAL BANK BALANCES	£2,342,190.71

6. RATES AND SPECIAL LEVY

REPORTED that the Rates and Special Levies collected for the year ending 31 October 2017 amounted to £1,185,294.37, which represents 86.83% of the total due for the year.

REPORTED that the second instalment of the Special Levy payments were due on 1 November 2017.

REPORTED that Swale Borough Council and Tonbridge & Malling Borough Council made their payments prior to 1 November 2017. Their payments are included in the Bank Statement balances – Item 5 above.

REPORTED that Canterbury City Council had to be chased for their payments totalling £179,094.83. Both payments have now been received, but are not included in the Bank Statement balances – Item 5 above.

7. RECHARGABLE WORKS

REPORTED that the following amounts for rechargeable work have been invoiced since the last meeting:

UMIDB	£6,008.37	UMIDB	£10,573.90
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REPORTED that the following amounts for rechargeable work have been received since the last meeting:

UMIDB	£6,008.37
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REPORTED that the UMIDB Chairman will be signing a cheque for £10,573.90 on 29 November 2017.

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 six areas of overspend.

REPORTED Labour on-costs Protective Clothing & Equipment is currently £119 over budget. This is due to purchasing traffic management road signage at a cost of £403.90, purchasing PPE for L Keots (Bells Pump Station) at a cost of £102.40 and the purchase of a cable avoidance tool at a cost of £432.50.

REPORTED Depot Insurance currently £319 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 and just under estimating the potential increase in the insurance premium renewal.

REPORTED Depot Equipment Supplies & Maintenance is currently £884 over budget. This is due to the depot refurbishment which included the purchase of units & worktops in the mess room at a cost of £485 and the purchase of table, chairs and a fridge at a cost of £318.79.

D Dewar-Whalley pointed out that these items would be classed as Capital Expenditure.

The Office Administrator **AGREED** and explained that the items have been correctly accounted for in the Boards accounts. The wording on the spreadsheet is a little misleading as it refers to supplies and maintenance. The Office Administrator will remove the word "maintenance" from all future reportings.

REPORTED J/A Office Costs Insurance is currently £362 over budget. This was reported at the last meeting and 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.

REPORTED J/A Administration Costs Publications is currently £248 over budget. This is due to the fee incurred for the IAS19 report (pension liability report). Last years report cost £418. This years report cost £473. Such an increase was not expected at the time of setting the budgets.

REPORTED Bells Pump Station is currently £1,642 over budget. It was anticipated that there would not be any expenditure on the existing Bells Pump Station. All of the estimated expenditure was predicted for the new pumping station - £2,500,000. The costs spent to date on the existing pump station relate to insurance, electricity and remedial repairs carried out following an EICR Inspection to ensure the pump station complies with legislation.

9. ANNUAL RETURN – YEAR ENDING MARCH 2017

REPORTED that the approved IDB Annual Return for the year ending 31 March 2017 has been returned from PKF LittleJohn and no items of concern have been identified.

REPORTED that the Annual Return is included on the main Board Agenda.

REPORTED that the completed Annual Return has been displayed on the Boards Notice Board and on the Website.

10. ANY OTHER BUSINESS

Banking

REPORTED that Natwest Bank has recently carried out a review of the Boards current banking requirements and has explained that the current Autopay system we use is shortly to be phased out, as only a handful of Natwest customers still use it, so consideration needs to be given to an alternative way of paying employees.

It was also mentioned during this meeting that the current staff at Natwest don't understand how or why the Board has been able to enjoy the benefit of free banking for so long, as none of their other business customers/charity (non profit organisations) enjoy such benefit. Usually this is a temporary introduction offer to new customers for a limited period.

REPORTED that Natwest Bank has agreed for the Board to continue with the current arrangements for now. However, consideration will have to be given to moving to more electronic methods of payment/transaction in the future otherwise hefty costs could be incurred for transactions.

REPORTED that the Office Administrator is waiting to receive details of what options are available for the Board to consider and will update members in due course.

Members discussed this matter and asked whether there was a timeframe to deal with this.

The Office Administrator explained that Natwest Bank had said that they can give 60 days notice to the removal of free banking.

D Dewar-Whalley asked what sort of fees would the Board be looking at incurring.

The Office Administrator explained that the fees would range from £0.35 - £0.70 per transaction, whether it involved money in/out of the accounts or cheques received/issued from the accounts.

S Mair explained that big costs are involved with banks handling/processing cheques. He then explained that his Company had experienced a similar situation and had made a decision to switch all the banking from Natwest to Handelsbanken. They pay a monthly fee regardless of the amount of transaction. It was a seamless transition carried out in a short amount of time.

Members requested that enquiries be made regarding possible costs the Board will incur and clarification sought as to how electronic banking will work to the Boards Policies and Procedures already in place. Security of payments is paramount.

11. CLOSURE

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