

UPPER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING of the Finance Committee held at
Upper North Hall, Bullen Court
on Tuesday 21 June 2022 at 10am.**

Members of the Committee Present

Mr D Goff - Chairman
Mr S Highwood
Cllr H Rogers
Mr C Wheeler

In attendance

O Pantrey - Clerk
L Carey – Finance Officer

1. APOLOGIES FOR ABSENCE

Apologies received from P Harper.

2. ITEMS OF INTEREST DECLARATION

None of the Members present declared a pecuniary and/or non-pecuniary interest in any of the items to be discussed on the agenda.

3. MINUTES

RECEIVED a copy of the Minutes of Finance Committee on 19 October 2021.

It was **AGREED** by all Members present that the Minutes of 19 October 2021 were correctly recorded and should be considered as approved.

4. ACTION LIST & MATTERS ARISING FROM PREVIOUS MINUTES

RECEIVED the Action List of the meeting held on 19 October 2021.

The Clerk said that he was continuing to join the action lists of all committees as part of his attempt to improve the transparency of the Boards activities.

He went through the finance related actions but said everything was in progress at this time and that all completed items could be found on page 2.

5. INTERNAL AUDIT

RECEIVED Mid Kent Audit's end of year internal audit report carried out on 13 May 2022.

The Clerk said that the comments from the auditor were positive and that they appeared to have made a full turn around since his first end of year audit.

He said that the minor issues related to:

- A need to add a cyber/IT crime to the financial risk assessment
- A need to move staff onto an accepted pay structure
- A lost receipt
- Members expenses policy

The Clerk explained that while the issues related to the Lower Boards handling of expenses and gifts, it was noted that the UMIDB policy was not particularly robust and could use an overhaul. He confirmed this would be done for the November Board meeting.

Action: Clerk to improve the Members Expenses Policy as per the internal auditor request.

6. END OF YEAR ACCOUNTS – YEAR ENDING MARCH 2021

RECEIVED the End of Year Accounts for the year ending 31 March 2022 produced for information only.

The Clerk said they were now offering further detail on the finances of the Board and would be demonstrating increased breakdown to improve transparency.

There was a question about the variance column, to which it was answered that they didn't use the same budgeting software, so it didn't get pulled across.

There was a second question about a posting on the balance sheet to which the Finance Officer said this was due to it coming directly from Sage.

The Finance Officer then took the members through the remaining sections and how it resulted in the figures for the AGAR.

The Finance Officer confirmed that rates and levies had been sent out and that we were preparing to send out first reminders.

The Clerk said they would chase larger sums with a second reminder and court action towards the end of August.

There was a question about whether we had stakeholders ringing up and demanding work and action for their rates. The Clerk said that it did occur and gave an example relating to the main river at Lamberhurst which was causing a landowner a concern. He explained this was generally seen more around EA watercourses than IDB as the EA worked on a different rotation to us regarding maintenance.

7. ANNUAL RETURN (AGAR) – YEAR ENDING MARCH 2021

The Clerk displayed the IDB Annual Return for the year ending 31 March 2022 on the screen and he explained that the figures just discussed in item 6 is what is now shown in the AGAR that will be submitted to the external auditor.

The Clerk then said that this would be signed and approved by the full Board later in the month to comply with the auditor direction.

Action: Clerk to submit the AGAR to the full Board for approval on June 28th.

8. FINANCIAL RISK ASSESSMENT

RECEIVED updated Financial Risk Assessment for approval.

The Clerk said that he had added two elements to the risk assessment relating to cyber-crime and GDPR training.

It was asked if members were expected to attend that training. The Clerk said that he wasn't expecting members to attend but thought it might offer them an insight into the measures being taken to ensure data compliance.

Action: Clerk to submit the financial risk assessment to the full Board for approval.

9. FINANCIAL POSITION AND BANK BALANCES REPORT

The Bank Statements balances were confirmed as follows:

	<u>Balance – 31 March 2022</u>	<u>Balance – 31 March 2021</u>
Handelsbanken Paying In Account	£2,946.89	£2,359.72
Handelsbanken Paying Out Account	£232,518.74	£43,862.50
Handelsbanken Savings Account	£1,131,612.76	£712,108.28
NatWest Drainage Account	£7,144.74	£6,055.85
TOTAL	£1,374,223.13	£764,386.35

The Clerk said this had largely been covered in the financial report in item 6 but he did explain that the variances shown in the paying out account were broken down should it be asked by the auditor.

10. INSURANCE REPORT

The Clerk explained that the insurance markets, particularly regarding professional indemnity, were in a turbulent period and this was seeing very high premiums.

The Clerk confirmed that the NFU had said that the cause was due to pay-outs outpacing premiums and insurers had left the market.

It was asked if this was happening elsewhere to which the Clerk said the industry in general was suffering and ADA were warning about it. He said some Boards across the country were

considering taking a chance in certain areas to avoid the extreme premiums. The Clerk confirmed we were not at that point, but it did show just how volatile a situation this was considering the general need for prudence.

11. RESILIENCE FUND INITIATIVE

RECEIVED IDB Resilience Fund draft paper

The Clerk said that the purpose of the fund was to manage the workload that comes from researching and planning natural flood management, but still allowed the Board to actively participate in projects that benefit the district.

He said that the Board did not have the staff to run this as he previously imagined, now he understood the expectation upon the office to attend meetings, justify projects, and arrange modelling and delivery. The fund allowed the Board to set aside money for district benefit, without the need to administer the whole process.

He said there would still be a need to attend meetings of course, but this hoped to remove some of that early spade work.

There was a question about the costings involved with NFM projects and how the fund might be regulated in terms of how much it would set out each year as available funding. It was suggested that a cap would allow the fund to have some initial longevity.

The Clerk said that perhaps it would be a good idea to commit to a single project a year and that it could be submitted to the Board from a shortlist.

A second point was made that identified a need to fund this long term from the levy. It was also pointed out that £150,000 would not last very long considering some of the prices we have been shown by SERT.

Finally, the Clerk said there was a long term proposal to fund an officer at SERT that allowed the district to have someone dedicated to natural flood management. This was discussed and generally seen as an unacceptable way to go forward. All agreed this should be removed as an option.

The Clerk said these were important considerations and that he would add these into the draft for presentation to the Board on the 28th

On proposal from the Chair, all AGREED to recommend the resilience fund initiative to the Board.

12. UNBUDGETED REQUESTS

RECEIVED Unbudgeted Requests paper

The Clerk introduced the paper by saying that now they had sold the JCB he wanted to explore using machines that could do more than just one task, thus increasing hours used and productivity over a year.

Firstly, he said that they were now looking at a small, wheeled excavator that could reduce the number of plant moves, increase the number of watercourses maintained, and offer a more reactive service.

The Clerk said that while he wasn't looking to fear of loss the Board, the cost of plant was on an upward trajectory, and with the escalating cost of steel and import costs to the UK, this really needed to be decided upon quickly so we could try and lock down a quote.

It was requested that the Board should be informed of ongoing costs associated with a wheeled excavator.

All **AGREED** this should be recommended to the Board

Secondly, the Clerk explained about the need for a self-propelled woodchipper. He said that although he had reintroduced burning this year, there is still a need for chipping in order to process debris in a timely manner.

He explained that a tracked woodchipper offered the opportunity to get out and process wood where a tractor driven option would not be viable.

It was asked how the trailer was relevant. The Clerk said that the new machine would need to be transported on a trailer, towed by a truck. He said it would go on the existing trailer but a new one with a beaver tail improved safety and longevity during loading.

It was requested that the trailer replacement was added to the paper.

Action: Clerk to add trailer costs to request paper.

It was asked why we were moving from tracked to wheeled with the excavator, and in this case from a wheeled to a tracked. The Clerk explained the low ground pressures are required for the wetter months so we can access sites that the tractor would otherwise not be allowed on. He said the excavator going to wheeled was done to improve flexibility across the year.

All **AGREED** this should be recommended to the Board

The Clerk said that he and the Works Supervisor were investigating how they could remove tractors and replace them with multipurpose machinery. He said they had spoken with Multievo about their MultiHog machine. This potentially offered the chance to have a mower, submersible pump, and culvert jetting in one unit. He said it was an expensive option, but cost could be offset against tractor trade in. He stressed that this was NOT something he was proposing and that this was simply in the investigation stage.

Lastly, the Clerk spoke about the need to resurface Lees Road. He explained that this represented a financial risk to the Board due to the health and safety concern. He said the main issue was that the quotes received were likely now out of date and we should expect costs to be 10-15% more expensive considering the current climate.

It was asked if tarmac was considered as an option. The Clerk said it was a concern about manoeuvring tractors on tarmac would cause it to become damaged. It was commented that

training and modern techniques would likely mean this was not a reasonable concern, so the Clerk said he would go and look into a cost. A local contractor was offered as an option.

Action: Clerk to investigate cost of tarmac resurfacing.

Action: Clerk to remove resurfacing from the paper and discussed verbally once quote on tarmac is received.

13. ANY OTHER BUSINESS

Scheme of Delegation

The Clerk said this item was requested by the Board to improve the transparency relating to the power of the Finance Committee. The Clerk asked if there were any comments relating to the proposed changes in the Finance Committee delegation.

It was requested that a cap was put on the annual spend relating to the £50,000 limit that was being suggested per transaction of unbudgeted expenditure. This was discussed and a figure of £200,000 was put forward as a sensible limit which would equate to a maximum 4 x £50,000 or equivalent in the case of smaller cumulative amounts. It was discussed about the circumstance in which this provision of £50,000 would be needed, to which the Clerk explained it was mostly to allow for emergency spending. He said he preferred the option of taking large, unbudgeted expenditure to the Board, to which all members agreed.

The Bills Committee

The Finance Officer requested a more streamlined approach to monthly scrutiny that this sub-committee offered. There was a point made that we must not be seen to be removing scrutiny to which all members agreed. It was suggested that the members would rotate the chair position of this sub-committee and would sign 3 times a year each. This was **AGREED** by all.

Action: Clerk to make agreed Scheme of Delegation alterations prior to the Board meeting.

Medway Valley Countryside Project Contribution

The Clerk asked the members to confirm our contribution to the MVCP for invasive species services this year. All **AGREED** and it was noted that this service is both essential and extremely efficient for the Board.

Action: Clerk to authorise the payment of £2000 to MVCP.

Request for Works Supervisor to hold a credit card

The Clerk said there was a need for the Works Supervisor to be able to make impromptu payments since we no longer had accounts with local suppliers after they were closed.

There was a question about why this occurred, to which the Clerk said it happened before his time as clerk. He said the decision was not particularly helpful as it meant a long process for gathering items that were needed, especially in the field.

It was suggested that we join Southern Farmers, to which it was commented that we already were once part of the buying group. All **AGREED** that a Southern Farmers account represented the best way to address this.

Action: Clerk to re-establish the Southern Farmers account.

14. DATE OF NEXT MEETING

The date of the next Finance Committee/Estimates meeting was confirmed for Tuesday 19 October 2022 at 10am.

15. PRIVATE & CONFIDENTIAL MATTERS

Salaries, Pay Scales and Inflationary Rises

The Clerk explained that the auditor has said we must have a recognised pay structure. He said that the pay bands shown to the members now represents where he and the Chairman of Finance believe the pay for staff should be. He said the advantage of this is it allows staff to see their pay for the next 5-10 years and increases long term security.

He continued to say that inflation was the big issue and that he felt we shouldn't follow the White Book year on year.

It was suggested that we instead assess pay every 6 months to make a March and an October assessment of inflation and instead mark out our own pay scales. It was said that the Board could set the rate in March and the Finance Committee could review and alter this in October and report that to the Board in November.

It was **AGREED** to accept the pay bands set out by the Chairman of Finance and the Clerk.

It was **AGREED** that the Finance Committee would amend the remuneration of staff in October, if necessary, and would set a recommendation for the Board in March.

Action: Clerk to set out remuneration proposal in November and to create a pay scale based on UMIDB decisions and not on ADA Lincolnshire decisions.

The Clerk said that while we would move the staff onto a pay step in April 2023, he wanted to relieve the pressure of inflation from the staff by allowing them to take the trucks home for this financial year. He said this would be for work use ONLY and would not be for staff personal use.

It was asked to assess the cost of insurance and fuel usage and pass these costs onto the committee for a decision.

Action: Clerk to find out costs for insurance change and fuel use as a result of the vehicles going home with staff.

The Clerk then gave an update on the Works Supervisor position saying we had received over 20 applications and would give 6 or 7 interviews.

The Chairman of Finance also updated the members on the upcoming appraisal training that was going to be given so that we were meeting our HR obligations to the staff.

16. CLOSE

There being no further business the Chairman of Finance thanked Members for their attendance, thanked the staff for all their work, and declared the meeting closed.