

## UPPER MEDWAY INTERNAL DRAINAGE BOARD



**MINUTES OF A MEETING** of the **Finance Committee** held at  
**Upper North Hall, Bullen Court**  
on Tuesday 5 December 2023 at 10am.

### **Members of the Committee Present**

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

In attendance

O Pantrey - Clerk  
L Carey – Finance Officer  
J Schuling – Works Manager

#### 1. **APOLOGIES FOR ABSENCE**

None

#### 2. **ITEMS OF INTEREST DECLARATION**

Mr Highwood showed an interest of declaration in Jamons Farm

#### 3. **MINUTES**

**RECEIVED** a copy of the Minutes of Finance Committee on 30 May 2023.

It was **AGREED** by all Members present that the Minutes of 30 May 2023 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 30 May 2023.

The Clerk said that he had no major items he wanted to update the Board on from the action list. The one point brought up by the Clerk was concerning the Boards decision of Insurance, which the Finance officer is still investigating and hopefully will be able to get back to us by the next meeting.

The clerk stated that the Board are covered within the Group PA Insurance in case of any accidents occurring.

Board Education – Clerk has contacted Kathy Alcock after recommendation from the Chairman of the Board and she is arranging a visit to the Lyle Dam in March 2024, where members will have a chance to ask questions concerning this. The Clerk will report back on this in January's meeting.

Carol to present in June 2024 on Ecology

## **5. BUDGET UPDATE**

Highlights from the Budget report were picked out by the Clerk, currently there are no issues and we are tracking where we expected to currently at 66%, even though we are only 50% way through the year.

The maintenance season represents the most expensive apart from the wages, we are expecting to make a £40k surplus due to SWDC works bringing in funds this year.

Terms of revenue spend we look to spend on budget. We have anticipated to spend a bit more which might result in a loss, but this will be offset by Section 20 PDSA works that the Works Manager and Planning Officer are currently working on.

The risk of the SWDC & PDSA works to be discussed later in the meeting. Apart from that the general budgeting is on schedule.

The Chairman asked about long-term monies, is it right to filter these funds and bring them in on a yearly basis, rather than all at once. The Clerk responded that this will be covered later in the meeting, but he agreed that all SWDC should be counted within our revenue income. But provision of Emma's role does create a situation of gross and net in terms of income. There will be an amount of SWDC set aside of the first £30k to fund Emma's role next year or count towards our revenue. Everything over that minus 20% to be set aside for legal reasons as per the Board meeting in October 2023 will go into the savings account.

The Budget for this year did not include this additional income, so we were expecting a £50k overspend, but this has enabled us to predict a £40k surplus. We have not managed this for this year, but we have designed the Budget to reflect it in next year.

The Chairman asked if we need a further strategy once this money is in the pot, instead of just adding the funds to our savings account. How much of this can be used for maintenance and revenue?

The Clerk responded with his long-term strategy for these SWDC funds, that these will go towards building up Emma's team, which will be paid by SWDC, therefore this should keep it down and the remaining funds left as a 'golden egg' to sit on.

For the time being as this has included a risk within the Company for the first time, the clerk wishes to let the monies accrue and to be used for any additional works that may occur. OP & JS are looking at developing Area 5 – Moat Farm Diversion in the not-so-distant future.

We have approximately £100k in there which will disappear if a large project is taken on. Whilst there is a risk at present with Emma's role and the fact that we have plans for the future and to use this to offset against future HR we should let it grow to £250k as a safe mark.

Interest rates are very attractive at present and is a good source of income for the Board, it is beneficial for the Board to have funds in the bank.

The Chairman asks to run through the red items on the Budget Report just to show due diligence.

1. Ecology costs – Debris training and associated materials, to show staff how to install woody debris in channels.
2. Resilience costs – contribution towards Alders Stream, this was a test funding element to see if this idea works. In the end KCC only required £6k instead of the predicted amount of £12k.
3. Surplus costs - Website rebuild after it crashed. £5K of this was required with a further £2k for the payment option on the Boards website for our ratepayers to pay us directly. Fees for this are on a transactional basis, therefore no use no charge.
4. Advertising/marketing costs – Stand at West Kent Ploughing Match. This cost approx. £600 all in, but of the back of this we were able to secure a culvert jetting job at a cost of £500. This was done under Section 20.
5. Health & Safety – This went over budget due to the Hep A & B injections for all ground staff.
6. Professional Fees – Data protection Services cost more this year than anticipated. This will need to be increased next year.
7. Corporate Gifts – John Davis’s leaving present agreed by the Board.

The above represents the anomalies within this budget resulting in a difference of £1,600.

The Chairman asked if a ‘traffic light’ system could be put in place if the budget was getting near to an overspend or even an underspend. The Clerk responded that if there was an issue a comment has to be made and that will then show up as a red anomaly for the FO to investigate.

We are hopeful that this is levelling out now, as we have been working on this for quite a time. As this is an internal budget, we can change the figures around within the nominal codes but do not change the bottom line. This is classed as offsetting which we will take into next year’s budget.

The Chairman asked the RFO if she wanted to add anything, her answer was not now.

## **6. STRATEGY AND FUTURES DISCUSSION**

PSCA – This represents a considerable income opportunity that could result in a rechargeable opportunity. To expand this further we are hoping to work with Medway Valley Countryside Projects. We did once spray invasive species on the banks, but a blanket ban was put in place due to the fact that someone misread the map and sprayed the wrong species.

We are looking at up skilling a member of the ground force into an Ecology role to work closely with Medway Valley as they have just lost their person who would normally do this. A meeting to discuss this has been arranged for 14<sup>th</sup> December. These works would take place between March and June, under a PSCA agreement and bring in an estimated income of between £8 and £10k. This additional income can be offset against the new Ecology role and offer more services under PSCA.

The Clerk asked the Board if they are generally happy for us to go ahead and do the spraying on invasive species. The Works Manager informed us that most of the ground staff have the tickets to cover this.

The Clerk is planning to go down this avenue, but at present this has not been budgeted for. The Chairman asked if we could get the chemical for this quite freely from Supplies. The Works Manager agree that this was fine.

There will be permits involved and Andrew is going to help us get all of this done. The depot already has fireproof and bunded storage available, so there will be no additional costs.

## **7. FINANCIAL REPORT**

Our bank accounts are very profitable at present, and we have broken down the savings account into departments, so that the Board can see where we are utilising the funds.

### **Bank Accounts – As of 28<sup>th</sup> November 23**

<b>Handelsbanken In</b>	<b>£166,099.00</b>
<b>Handelsbanken Out</b>	<b>£210,754.62</b>
<b>Savings Account</b>	<b>£912,288.28</b>
Of which	
Minimum Bank Balance	£350,000
Plant Funds	£136,784.47
Surface Water Contribution	£76,680.74
Resilience Funds	£144,000
Ecology	£49,647
Surplus Funds	£131,896.29
<b>Total of all Bank Accounts</b>	<b>£1,289,141.90</b>

The rates came in very fast between April and June, but as the pattern seems to go, slowed down. The 1<sup>st</sup> reminders were sent out at the end of June which again gave an influx of monies.

The 2<sup>nd</sup> reminders have recently been sent at the end of October, but funds are very slow at coming in now.

We have a remainder of £5k to still get in which equates to a 1.18% of the overall balance. I will chase these more after Christmas, before we complete year end.

The RFO did ask if we could write any of the smaller amounts off. We did this a couple of years ago when we were tidying up DRS and wrote off anything under £20. Mr Goff asked if we inform our rate payers that they can pay in advance. We have on previous occasions had the rate payer pay more than required of them,

The Clerk advised the Board that we have a budget of £2k against bad debt and feels that once we get down to that amount still owing perhaps, we should consider writing the balance off then.

The Chairman has suggested that we have a box on the bills stating that they can have an option to pay in advance for either one year or five years. The Clerk said that we can set DRS at a £1 potentially and then put this in place.

DRS is being put into a website version, where the rate payer can go and view their own bills. We initially looked into this, but it was taking so long by the WLMA that we have used the funds for other projects.

The WLMA are moving the proprietary software to ADA and closing their support of DRS. This will mean that IDB's will now pay ADA for the management and support of DRS.

Once this becomes public knowledge all rate payers between 1p – £20k will have access to their accounts and an e mail will be sent to the rate payer to inform them that their payments are due.

The Clerk has suggested that we continue as we are and let them ride until the Board decide to do a purge in the next 5 years. Maybe this situation will resolve itself in the next 10 years after we move from DRS completely.

The Chairman wanted to know what we do about people unknown or who have moved. The Clerk explained that we received the letter back 'Gone Away' the RFO then checks with Land Registry and updates our accounts with the correct owner and resends the bill out to them.

Typically, this represents around 1 – 2% of the entire income we receive. The RFO is always chasing up the bad debt in the background.

The RFO spoke about the CCI's that she did last year and explained out of the 6 she sent only 2 rate payers paid up. She has asked if we could arrange for the bailiffs to go into Mr Spratt who owes us over £1,000, this however could turn out to be expensive especially if we do not receive any funds. The Clerk stated that this is a viable write off, as this debt has accrued over 5 years. Bailiffs are heavy handed which the Clerk does not seem happy with.

**ACTION:** The Clerk and the Works Manager to go and knock on his door and see what is going on and why he Mr Spratt has not paid his rates. If no one is around or he does not live there anymore then we write the debt off and start again.

The Chairman has requested that we ask the other local IDB's what they do, RFO has already spoken with Anna at Stour IDB who has the same policy as we all took it from the WLMA.

The Chairman asked the RFO if she had anything else to add and she reiterated that as the funds from both PDSA and SWDC are only predicted that we could either end the year with a loss of £50k or a surplus of £40K.

The Chairman asked how much interest the bank was paying us at present. The RFO responded with the figure of £1,900 per month. The Clerk stated that we were previously not receiving any.

Mr Wheeler asked where our funds were now kept and the RFO said that all monies were with Handelsbanken.

## **8. ESTIMATES**

Basically, we are trying to run on our surplus funds, but this is proving difficult as we are receiving funds by other means, until we can place these into our budget.

This year we were expecting a £60k loss, but as we are bringing in extra money and have not separated these funds, we will be showing a surplus as far as the balance sheet shows.

Next year we are aiming for a £20k loss, but we are building in a risk to this for the first time. We therefore have added a couple of new elements to the budget to tidy up any of the gaps.

1. Plant Storage Facility – Mr Highwood has agreed to rent us out a couple of secured barns at a cost of £10k per year to store our tractors in.  
We could put in a 3-bay garage at the depot, so instead of moving the tractors out, we put the 3 trucks in there instead, so this would be in our interest to do this in 2024-2025  
However, for the next 12 months from April 2024 the Clerk has decided to move the tractors to Mr Highwood’s barns.
2. There has now been a provision of £1k for Advertising/marketing for the shows and fares.

Figures on the internal budget can be moved around the nominal codes as previously mentioned if we do not change the bottom line. We have now been using this procedure for the past 2 – 3 years and have found it very useful in maintaining our budgets to give as a clearer view of the overall costs incurred.

This is what we now see in the budget expenditure sheet, these figures for 2024/2025 are taken from the budget sheet and forecasted ahead of time, as we have to set the rate 6 – 7 months done the line.

These figures should now represent a more accurate expenditure of each nominal code and we will get better and closer as time goes on. However, going forwards this now appears to be where we would like to be.

Headline points show a big increase in HR with the Sustainable Development Officer coming on Board, plus a slight increase in the ground force HR as well.

Actual bottom line is going to be an extra £60k costs for the year. This represents a 7.48% increase against last year’s budget. But obviously we will not be asking for a 7.48% increase in the rate.

The Clerk asked if there were any questions.

David Goff asked Stuart Highwood if there was any security at the barns. Mr Highwood said that there was no alarm fitted just security locks on the doors. The Clerk stated as there is internet up there, we can put in our own security. By not having the tractors at the depot we can then see if the space is viable or if we still need to move the depot.

The Chairman asked if any more clarification was required on the expenditure sheet.

The RFO mentioned that the insurance is only going up by 2 – 3% as per NFU’s instructions to us and not by the hike of 15% last year. We have allowed 5% so we think we have this covered; this is because of inflation within the insurance coming down.

Looking at the bottom of the expenditure sheet at the rate the Clerk would like to go with the following rate:

2024/25	3%
2025/26	3%
2026/27	3%
2027/28	2% and then this rate going forwards.

The Clerk does not want to go down to 0% but would like to keep it below the council rate of 3% for political reasons.

However, there is a downside/risk with other works as previously mentioned.

**Income expectancy for this year.**

Bank interest, SWDC, PSCA and rechargeable works were not budgeted for as we did not know what we were going to do and did not think it was prudent on gambling on something we did not know about.

Consents - £500 but these are higher now that Emma is chasing them.

2024/25 at 3% is going to require as putting in the bank interest at £10k which going on previous figures could be nearer the £20k mark, but this will allow for any fluctuation in the rates.

SWDC Savings Offset - savings account will contribute £10k of buffer to being a low year for SWDC.

SWDC expectation for next year will be a minimum of £30k, as an average we have been bringing in closer to £75 - £100k over the past few years. Since we have done it therefore £30k seems a manageable amount and any additional funds will go into the savings account.

PSCA – This is works with KCC & EA, which will represent £20k of our income. Currently we have a contract with the EA for £40K, which they do not utilise correctly.

KCC – works have brought in between £5 and £7k, so therefore we only need to do with the EA £12k - £15k to cover our base on this.

Rechargeable Works – Which is section 20 where we do service water works for people then recover our costs plus a small admin charge. This is works that the Works Manager gets around £5k for next year. This is slightly different from PSCA works as the Works Manager must get this himself.

Advertising/Marketing – Last year we did not have a budget for this but going forwards we feel that this is require as we would like to do more shows to promote our works. As this is a new chapter in our works there are risks involved in doing so.

Therefore, the figure for next year, bearing in mind the savings from the SWDC is offset and that we already have this and that the bank interest of £10k is guaranteed.

We need to be bringing in £55k of unlevied money for next year, which represents about 8% of our entire spend. These funds will be brought in away from the levy for the first time. The Clerk has purposely kept the figures low of around £20 - £30k so that we can manage it. The Clerk does expect us to bring in more than that, but whilst we are managing these first steps that seems to be a reasonable level of risk in the first instance.

By having the additional £55k plus interest plus offset, we can take what was a 7.48% increase because of the additional spending and we can balance that into a 3% levy for next year. This will see us forecasting a £20,681 loss which works with the Boards desire to work on bringing the surplus funds down.

The Clerk therefore requests that the Finance Board recommends 3% to the main Board as the levy for next year. For our information the Lower Medway IDB have gone with 5% and so has the Stour. However, the Clerk feels that politically our Board can work with 3%.

The Chairman asked where the precept come into these figures. The Clerk pointed out to the Board what showed as the precept being £95k. It was previously £93,455, but they offered us two options, either 2 or 3%. The Clerk was happy to go with 3% as we had already budgeted for this and therefore informed them to go ahead with that.

The Chairman ask if we could negotiate the figure down outside of the PSCA work, The Clerk said no and indicated that the EA have stated that the PSCA cap be raised from £40k to an unknown amount. Ian Nunn from the EA is coming down in the future for a meeting in which he wishes to discuss the increase in the funds to help fund the staff at the EA. The Clerk does not agree with this and states that they should be putting more work onto the efficient IDB's maintenance teams, who can do the work much cheaper.

The Clerk's aim is currently, in the precept we have a 40% share, of which we can recharge back under the agreement, but he would like to get this nearer to 60%. At a meeting with the EA it was brought up that the IDB's may be able to maintain the sluices under precept and going forwards under a PSCA agreement. This theory could mean that the IDB's receiving the full funds back within the next 5 – 10 years. We will also continue taking our Highland Water contribution as well.

The Chairman said that we now need to formalise the figures and that the Finance Board will recommend to the Board an increase of 3%, this allowing for an £810k income against a budget of £830k expenditure, showing us using money from our surplus funds.

If we did not get the funds in from SWDC and PSCA of £55k then that would undoubtedly be added to our loss of £20k, making a loss of £75k. This amount would be half of what we have in the Surplus funds, so the risk would be greater, as we could only do this twice. We are hoping this is not the case and that we achieve our predicted income, but if this does occur, we would have to look at the rate again.

The Chairman agreed with this and proposed to recommend to the Board a 3% rise in the levy, unanimously agreed by the Finance Board. Clerk confirmed that this is just a recommendation and that the Board will have the final say in January 2024's meeting. The Clerk also stated that we are a modern IDB and that he is adamant that we go look for work outside our normal remit, instead of just sitting around collecting the levy, so that we can add funds ourselves to the Board. Mr Goff the vice Chairman is concerned that by doing this we will need more ground staff so that our normal IDB work does not suffer. The Works Manager stated that we have to date completed over 80% of the IDB works and that if the PSCA work is managed competently it will run alongside this and not harm our normal works in the process.

## **9. MINIMUM BANK BALANCE POLICY FOR 2024/25**

Existing £350,000 all happy to recommend this to the Board in the January 2024 meeting.

## **10. IDB1 2023**

Received by committee via appendix, all members happy with this.

Mr Goff has asked if we could contact Mr Innes and find out what figures are accepted in respect of the number of committee members attending our Board meetings during the year. We were previously on their radar, but we are no longer of concern to DEFRA because of our finances, but the clerk will confirm this with Mr Innes.



**ACTION:** Clerk to contact Mr Innes with the above concern.

### **11. FINANCIAL RISK ASSESSMENT**

As per the Board meeting, this was out in the agenda in case the Finance Board had any changed to be added. This is a standard item going forwards.

### **12. PAY AND CONDITIONS**

We have now placed all staff on pay scales, whereas last year the workforce were allowed to take the trucks home due to the cost of fuel etc, this has now been removed after an advisement from the Internal Auditors. We did look at increasing the workforce wages mid-term, but as inflation is on a decline once again, the Clerk recommended that we leave them as they are and continue with the normal wage increase in April 2024.

As part of the Auditors request everyone is now on the pay ladder and each staff member will go up one step, unless they have come to the top of their ladder and then their will receive only the percentage increase.

The Clerk recommends that the increase for 2024/2025 is 2% but it will be nearer 4% because of the pay scales.

The steps are contractually agreed, and the increase does remain under the inflation rate for the time being.

It was mentioned that the proposed rate from the white book was closer to 11% for the coming year.

The Clerk asked the Board if they were happy with this rate, and they all agreed.

### **13. ANY OTHER BUSINESS**

The Chairman bought up the Sevenoaks Local Plan and has requested that our Strategic Development Officer take a look at this new plan and see whether the IDB can get involved in any way and to find any comments as to where Sevenoaks intend to start building new developments. This could also involve SWDC.

The Clerk stated the local plan will tie in critically into the Boards overall objectives about district management and specifically expansion – catchment in certain areas.

The Stour Board are going to expand their entire district into the catchment; however, this only regards to planning and consent. Service water issues will remain with the LFA. KCC kind of tentatively don't mind this approach as at present they do not have a standing course to manage service water.

This to the Clerk is a confusing issue as you either do the whole thing and take responsibility, or not at all.

The Clerk is drawing up a framework whereas we as a Board will identify areas based on service water issues or extreme or planned development, where we have to have an impact or potential to natural flood management or other schemes. Which means this will be in our interest to expand. Local plans will outline the key areas of development opportunities and specially where the council would like to see towns expand or new developments. Therefore, in order to manage the Local plans we need to collate the information, but this is no small task, however this is still strategic in nature.

The Clerk has tasked the Strategic Development officer with putting together a presentation to the Board at the back end of next year, that demonstrates the key areas, from which the local plans have

access to, that will likely impact the Boards interest. From there the Board will be given the opportunity to look at these for catchment expansion.

A couple of issues could arise from all of this as to whether the Board could financially sustain this expansion of responsibility or:

'A' how much will it cost?

'B' are we going to charge this out within the levy?

The Clerk after discussion with Pete Dowling at The Stour has decided to manage this differently and then use this as evidence when he next meets with DEFRA.

The Clerk has no interest now to go from 12,000 – 120,000 hectares immediately but if we go into the catchment areas he would like to work with the people of the area and adopt all the watercourses and control the service water as we do in the district now.

The Chairman said in terms of Section 18 Sevenoaks Local Plan, how much impact will we have there? Edenbridge is getting its expansion, and we will have to swallow it up, like Paddock Wood and plan accordingly.

**ACTION:** The Strategic Development Office make a comment on the local plan that the IDB has an active involvement in any service water that arises from this plan and that we would like to be consider going forwards.

#### **14. DATE OF NEXT MEETING**

The date of the next finance committee meeting was confirmed as Tuesday 28<sup>th</sup> May 2024

#### **15. PRIVATE & CONFIDENTIAL**

There was a discussion about an employees pay and conditions.

#### **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.