

LINDSEY MARSH DRAINAGE BOARD

Minutes a Meeting of the Board held at the Wellington House, Manby all on Wednesday, 28th June 2023.

* Messrs	G.A. Crust (Chairman)	* Cllrs	T. Aldridge
*	S.W. Eyre (Vice-Chairman)	*	T. Ashton
*	G. Bowser		Mrs W. Bowkett
*	W. Cooper		S. Dennis
	R. Crust	*	D. Edgington
*	M. Denby	*	D. Hobson
*	J.M. Mowbray		S. Kemp
*	R.H. Needham	*	D. McNally
*	D. Pridgeon		E. Mossop
*	D.R. Tagg		W. Parkinson
		*	D. Simpson

* *Present*

* Messrs	A. McGill (Chief Executive)
*	D. Hickman (Executive Officer)
*	A. Malin (Senior Operations Manager)
*	S. Stones (Operations Manager)
*	R. Brown (Senior Engineer)
*	C. Harris (Internal Auditor)
* Mesdames	N. Hind (Finance Manager)
v	C.B. Davies (Corporate Services Manager)

* *In attendance*

v *Attended virtually*

The Chairman informed members that there were three new Council representatives and welcomed the two present at the meeting to the Board.

1. APOLOGIES

Apologies for absence were received from Mr R. Crust, Cllr E. Mossop and Cllr W. Parkinson.

2. DECLARATIONS OF INTEREST

Mr J.M. Mowbray declared an interest in Agenda Item 8 Compensation.

3. NOTIFICATION OF ITEMS OF ANY OTHER BUSINESS

None.

4. BOARD MINUTES (Pages 1719 to 1739)

RESOLVED

That the minutes of the meeting of the Board held on 29th March 2023 be confirmed as a correct record.

5. MATTERS ARISING

5:1 Page 1723, Minute 11 - Operations Report

Mr D.R. Tagg asked for an update on steel culverts, Officers would cover this under agenda item 7.

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6. HEALTH, SAFETY AND WELFARE

The Senior Operations Manager reported that there had been no changes to legislation since the last meeting.

There had been four incidents across the Consortium since the last meeting, two of which were in the Lindsey Marsh area. Both were vehicle related and no injuries had been sustained; one where a Board vehicle had reversed into a gate and the other where an employee had been involved in a road traffic accident whilst in their own vehicle. A DRAFT accident/incident form and new "Near Miss" card had been produced for approval by the Chief Executive and Health and Safety Committee. The aim was to introduce user friendly forms and increase incident reporting across the Consortium.

RECEIVED

Cllr D. McNally arrived.

7. OPERATIONS REPORT

The 2022/23 winter programme was progressing well with most of the 13,895m planned work complete. Culverting on Rotten Row Drain had been deferred until 2024/25 but the programme was nearing completion with a small amount of work yet to complete on Saleby Sewer, Barrowgate Drain and Summer Head Drain. Work had already commenced on Boygrift Drain and Middle Marsh Crossroads which were included in the 2023/24 programme. It was noted that the proposed 2024/25 winter programme covered 38,438m.

Culvert repair work had been completed on Orby South drain, this was one of the steel culverts which had failed and had been replaced with PVC pipe. The Senior Operations Manager reported that primarily steel culverts were located in the Ingoldmells, Chapel St Leonards and Wych catchments. He was discussing the issue with the former Engineer, Mr D. Sisson, and the Operations team to produce a plan of the way forward. Preparation had commenced for the summer weedcutting season with inhouse repairs being undertaken on plant where required. Strategic Ordinary Watercourses were being inspected and where necessary early weed removal would be undertaken in consultation with the Board's Environmental Officer. Recent inspections had identified that weed growth was prolific due to weather conditions.

The following construction work was underway:

- (a) Installation of a 2.1M diameter culvert connecting Gents Canal to the Mardyke Drain as part of the Saltfleet Pumping Station refurbishment scheme.
- (b) Theddlethorpe Pumping Station groundworks and compound improvements.
- (c) Gayton Engine Museum remedial/reinforcement works.

The Board would continue to undertake work on behalf of the Environment Agency, with works requested on the following watercourses.

- (a) Woldgrift.
- (b) Willoughby High.
- (c) Orby Drain.
- (d) Wold Drain.

The new Hitachi Long Reach excavator had been delivered and the machine was performing as expected. The Caterpillar 329 (FX65 JYN) had been traded in with the Board receiving disposal proceeds of £60,000.

The Volvo 160 Wheeled excavator was due for replacement; the excavator would be at least eight years old before a suitable replacement could be sourced and had covered 5,500 hours. Officers recommended replacement to avoid any unforeseen large costs due to its age. Following a significant programme of access improvement works, Officers believed that the amount of roadside work had reduced to a point where the Board could now operate more efficiently by replacing one of the current wheeled excavators with a smaller tracked excavator. Officers were confident that the tracked excavator would see greater utilisation throughout the year due to the excavator being less affected by adverse weather conditions and its size would allow it to be used in tighter spaces thus reducing hire costs for smaller machines.

Tenders for the supply of a new tracked excavator had been sought with five tenders returned. SMT Volvo had submitted the lowest tender of £124,950 which increased to £179,645 with optional extras and had several extras included in the price. This machine also included a three-year warranty as standard with the option to extend to 6,000 hours at a cost of £3,200, servicing costs were also lower than other providers. The trade in value offered by SMT was the highest of all tenders at £57,500, £17,500 more than the estimated trade in value. The original budget was calculated for the purchase of a wheeled machine which being more expensive resulted in an underspend of £47,155 on the allocated budget of £230,000.

Mr S.W. Eyre asked if November delivery was realistic, the Senior Operations Manager confirmed he had been assured it was. Volvo had a dedicated build department which should enable them to meet the deadline.

The Senior Operations Manager reported that Officers were considering additional uses for the smaller machine such as on a floating pontoon which could allow use in restricted access areas. This option was still being investigated and a full report would be presented once all aspects had been considered.

In response to Mr J.M. Mowbray the Senior Operations Manager stated that the machine would not fit on the Board's low loader but the transport costs would be offset by reduced fuel and time transporting the current machine.

Following receipt of the new vans, Officers had invited tenders for the sale of the following items:

- (a) Eight Peugeot Bipper Vans (2012 Registrations) - to date seven had been sold for a total of £10,128. This was £10,872 lower than estimate, largely due to decreases in the market value and vehicle condition. Following consultation with Seacroft Ford, Officers had opted not to MOT the vans which had further decreased their value. The garage advised that work in the region of £1,300-1,800 per vehicle would be required at MOT and Officers did not consider this cost efficient.
- (b) The remaining Bipper vehicle had been offered for tender. The single tender received was £1,300 including VAT. One vehicle had been retained and allocated to the new Environmental Officer.
- (c) Nissan Navara FT13 AOD (PLN 7456) - disposal had been delayed to provide cover until a new vehicle could be sourced.
- (d) Ford Ranger FX63 OAW (PLN 7457) - tenders were due back on the 30th June 2023.

The four Toyota 4x4 vehicles which were on order were due for delivery in July 2023.

Rainfall and pump run hours were circulated for members information.

Mr R.H. Needham queried the increased length of reforming for 2024/25. The Senior Operations Manager stated that although 38,438km of watercourse had been identified, the work had not yet been scoped or prioritised and some watercourses may be brought forward or delayed once this exercise was complete.

Mr Needham commented that the rainfall recorded at Manby in April was zero but he had recorded 47mm at Cockerington.

Regarding the van purchases, Mr Needham stated that providing vehicles for the DLO was originally proposed as a cost saving measure and he asked whether this remained more cost-effective than paying travel allowance. In response, the Chief Executive stated that it was difficult to compare at the moment as inflationary pressures had meant that both the purchase and sale values were distorted. There were also other factors to take into account such as expecting staff to take their own vehicles down access tracks and across rough terrain, the Board being more visible to members of the public as all vehicles were sign written and having the necessary tools and equipment to hand without having to collect from the depot. Reverting back to payment of a travel allowance would also require a review of the essential user payment which had not been undertaken for some time. Most IDBs were now providing vehicles for their workforce.

In response to Mr Needham, the Senior Operations Manager stated the vehicles had anywhere between 35,000 and 81,000 miles on the clock and the engines were in good order, however, due to their age and usage the bodywork had some rust and there were some suspension issues.

The Finance Manager stated that an allowance of £4,500 had been made in the estimates for disposal and whilst lower than anticipated, there would be no additional costs to be met.

Cllr T. Aldridge asked for a map with drain locations for members.

Cllr D. Simpson asked if auctions had been considered for disposal. The Senior Operations Manager stated that plant was advertised on the Board's website and a price obtained from we buy any van. Auctions were also contacted but there was an issue with fees. Any prices obtained were compared against market value before being accepted.

RESOLVED

That the Board purchase a new Volvo ECR145EL Tracked Excavator at a cost of £179,645 less trade in of the wheeled Excavator (EU66CWC) at £57,500.

8. COMPENSATION

A schedule of compensation payments totalling £679.73 was presented for approval; these had been paid in accordance with the Board's policy.

The Senior Operations Manager presented details of an additional rate for Maize to be included which would allow for differentiation between Forage and Grain Maize (with the rate approved in March being renamed as grain maize) as detailed below:

Crop Type	Cost per tonne (£)	Tons per acre	Compensation (No Notice Mar-Harvest)	Compensation (No notice Sep-Feb)	Compensation (with Notice)	Weedcutting (Pence paid per linear metre)
Grain Maize	213	15	3,195	2,396.25	1,597.50	3.16
Forage Maize	40	18	720.00	540.00	360.00	0.71

Mr W. Cooper commented that the tons per acre for grain maize was high and should be around 4 tons per acre. The Senior Operations Manager would discuss rates with Mr Cooper outside of the meeting and Officers would review the proposed rates and bring back to the September meeting.

RESOLVED

- (a) That the compensation payments made since the last meeting totalling £679.73 be approved.
- (b) That compensation rates for maize be clarified and brought back to the next meeting for approval.

9. ASSET RENEWAL AND REFURBISHMENT PROJECTS

9:1 Future Capital Works Programme Update - Use of Scape Consultancy

Officers continued to work with Balfour Beatty to explore the best way of accessing additional resources to accelerate delivery of the capital programme. Balfour Beatty, in consultation with officers, had deployed Stantec to undertake detailed assessment work, including preliminary assessment of asset condition and pricing of developing an Outline Business Case (OBC) for the area. Stantec had advised that the structure of funding systems and the need to manage risk exposure meant that rather than a single OBC, it would be prudent to progress the overall programme as a series of four staged steps covering the refurbishment of thirteen pumping stations within the current six-year programme (ending March 2027) as the current funding system worked better where areas were physically connected rather than hydrologically connected. While the work for the OBC would still be undertaken as one exercise, the outputs would be split into four separate submissions without significant additional work. Reliance on a single submission could delay the whole programme should issues or queries be raised about one particular facet or location. A phased approach would limit this risk and help to maintain delivery timescales once agreed. The timescales for submitting each element of the programme for funding approval were:

Fulbeck (single station) 28th November 2023

Louth Canal Stations (eight stations) 19th March 2024
 Biergate East and West
 Fulstow East and West
 Austen Fen East and West
 Thoresby Bridge
 Grainthorpe

Gibraltar Point (single station) 18th April 2024

Southern Group (three stations) 24th May 2024
 Burgh Sluice
 Thorpe Culvert

Crown Farm

Project management would be provided by Balfour Beatty, with Stantec providing desk based assessments, site visits and condition surveys of all stations, topographical surveys, ecological and archaeological / heritage surveys, environmental legislation assessments, options appraisal, outlined design, planning confirmation, economic calculations including benefit calculation where this was not included within the existing Saltfleet to Gibraltar Point Strategy, strategic catchment reviews, outline business case reports and steering through Environment Agency approval processes.

The costs of the phased programme were:

Balfour Beatty Project Management	£178,524
Stantec	£362,750
Contractor's Risk	£16,238.21
Scape Fee	£38,858.58
Sub-total	£596,370.56
FCERM07 funding application – optimism bias 20%)	£119,274.11
TOTAL	£715,644.67

This funding would largely be sought from external sources, ensuring that the Board's financial resources were focused on delivery, while freeing up time for Officers to manage delivery of the capital programme as a whole. In order to commence this programme, the Board was asked to approve this expenditure prior to the Chief Executive entering into contract with Stantec via the Scape consultancy framework. The maximum Board contribution would be £130,000. Stantec had a proven track record with similar applications at the Water Management Alliance.

The Chairman asked if the funding would be time limited and if it could be delivered once the funding had been approved. The Executive Officer stated it would be tight but could be delivered. The Senior Engineer stated the last financial year of spending was 2027/28, a delay may be accepted but it was planned to complete the work by 2027/28.

RESOLVED

That the Board approve expenditure totalling £715,644.67 via the Scape Consultancy Framework for work preparing Outline Business Cases.

9:2 Boygriff Pumping Station Refurbishment (LM17352)

The Rotoflush pump had been received and drawings for the new wet well were underway along with the rest of the tender package. Officers were evaluating the feasibility of reducing the existing gravity outfall because the current water level did not allow the gravity to work effectively. If the gravity outfall was improved, then the need for the pumps would be reduced. Options such as increasing the water level were also being considered.

Officers had identified a shortfall in the Board's element of funding towards the project (£100,000 IDB and £703,000 FDGiA), the original Board contribution was £71,861.33. It was therefore recommended that the Board approve the transfer of £28,138.67 from general reserves to build the contribution up to the original agreed amount of £100,000. Officers had secured additional FDGiA funding of £305,700 to complete the flood resilience works and make the improvements to the gravity channel. Costs to date were £762,793.32 against the new approved budget of £1,108,700 (previous budget £803,000).

RESOLVED

That the Board approve the transfer of £28,138.67 from general reserves to increase Board's contribution to £100,000 towards the Boygriff Pumping Station Refurbishment Scheme.

9:3 Theddlethorpe Pumping Station Refurbishment (LM18306)

(a) Pumping Station

The installation of palisade fencing, gates and the new flood gate to protect the station was complete. Resilience would be further improved by the application of masonry waterproofing to the external skin of the station. The Direct Labour Organisation had made good progress on the outstanding landscaping works but had broken off to undertake the installation of the third Gents/Mardyke connection. Officers were identifying a contractor to complete the remaining work, including that on the eastern compound and a tender package was being prepared.

RECEIVED

(b) Bleak House Doors

Quotations had been sought from three contractors to supply and install a new GRP kiosk, control / telemetry panel and associated works required for the new electricity supply to automate Bleak House Doors. Two quotations had been received and reviewed by Officers. It was recommended that Inter-Lec Limited be appointed to undertake the work at a cost of £5,350.

A quotation of £37,466.95 had been received from Martin Childs Limited to undertake the mechanical works which included installation of two actuators, gearboxes, and pedestals. Due to the specialist nature of the works, Officers recommended that an order be placed with Martin Childs Ltd as a single supplier basis.

The Senior engineer highlighted that other suppliers subcontracted the work to Martin Childs Ltd.

RESOLVED

- (i) That an order for £5,350 be placed with Inter-lec Ltd for installation of the GRP kiosk at Bleak House Doors.
- (ii) That an order be placed with Martin Childs Limited in the amount of £37,466.95 to undertake the mechanical works to allow the automation of Bleak House Doors.

(c) Scheme Costs

Officers had secured additional FDGiA funding of £204,908 to complete the flood resilience works and fund the replacement of penstocks, actuators and associated control panel and drain works. Committed costs to date were £517,824.72 against the new approved budget of £881,308. The previous budget was £676,400.

RECEIVED

9:4 Gayton Engine - Subsidence (LM22310)

Officers stated that structural investigations were more complex than originally envisaged. The remedial works required to the station were being detailed and additional funding sources identified. Costs to date were £9,254.70 against the approved budget of £7,500. An insurance claim had been submitted but there was a disagreement with the insurers regarding whether the building had been previously underpinned. Officers recommended that £7,500 be transferred from reserves to support the scheme.

RESOLVED

That the transfer of £7,500 from general reserves to Gayton Engine scheme be approved.

9:5 Coastal Pumping Stations Refurbishment - Trusthorpe, Anderby, Ingoldmells and Saltfleet (LM19351, LM19304, LM20305 and LM20306)

(a) Trusthorpe Pumping Station

The actuated penstock gate on the Environment Agency's (EA) Woldgrift Main River which divided the Board's system from the EA's system required refurbishment and the electric actuation needed to be replaced with a modern unit. Officers had approached a specialist contractor to quote for the work which would need to be undertaken during the summer months prior to the main station refurbishment to limit any issues associated with the main contract works.

The cost of the works including craneage was £48,364.25. A provisional sum in the amount of £13,500 had been provided for a dive team to attend site should they be required if water levels in the Woldgrift are high, if not required this amount would not be spent.

Due to the specialist nature of the work and limited alternative contractors, it was recommended that the Board place an order with Martin Childs Ltd on a single supplier basis for the reasons given in 9:3(b) above.

RESOLVED

That an order be placed with Martin Childs Limited in the amount of £48,364.25 to undertake refurbishment of the penstock and associated works at Trusthorpe Pumping Station.

(d) Saltfleet Pumping Station

Work at the station was nearing completion. The new panel and pumps had been commissioned and tested successfully, although there was currently insufficient water in the channel to operate all three pumps at full power. The station was running on a permanent mains power connection. With the completion of the asphaltting works the main A1031 coast road was now open. Installation of the underground pipework from the pumping station to the Environment Agency's outfall at Black Gowt was complete, and this would ensure the outfall could be kept clear of silt.

De-mobilisation of the temporary pumping facilities was ongoing and should be complete early in June. JN Bentley Limited had some small minor works to undertake which included internal and external painting and were hoping to demobilise from site late June / early July.

New flood resilient doors were planned to be installed during June by Lincoln Security, followed by a new resin floor to be laid during July following the handover of the pumping station from the contractor to the Board.

RECEIVED

(e) Water Transfer Structure (Greyfleet to Gents Canal)

The concrete intake structure had been completed by the contractor along with the installation of three manual penstocks to control/divert the flows from the EA's Greyfleet. Concrete and twinwall plastic 1.2 metre diameter pipework is around 80% complete and works were progressing towards completion. The construction of the two inspection chambers was due to commence shortly. Completion works, reinstatement and demobilisation would take place during early July.

REVIEWED

(f) Gents Canal to Mardyke Connection (LM22351)

The Direct Labour Organisation was making good progress with 85% of the 2.1 metre diameter pipes already installed. Once the pipework was complete, the concrete headwalls would be installed and work was due to be completed in July.

RECEIVED

(g) Anderby Pumping Station

Since the March Board meeting, the two preferred contractors were invited to attend the office to make a presentation on delivery of their proposed programme to the Chairman, Vice-Chairman and Chief Executive under delegated authority from the Board.

BH Construction presented the best all round value engineered proposal and submission and was awarded the contract for the civils works in the amount of £747,241.95. A pre-start meeting with Officers and BH Construction was held on 1st June 2023 and work commenced on site on 12th June 2023 with a completion date of the end of October 2023.

The manufacture of the new fish friendly pumps was ongoing with an anticipated installation date of 11th September 2023. The manufacture of the new MCC electrical control panel was substantially complete with anticipated installation during August at a similar time to the changing the power supply transformer.

The re-commissioning of the Anderby diesel pumps meant that the proposed temporary pumping arrangements required during the work had been recalculated and a reduced capacity of 0.6 cumecs (from 3 cumecs), assisted by the diesel pumps, would be sufficient to maintain the Board's standard of service whilst the station was off-line for refurbishment. As a result, costs for over pumping had been reduced from £477,000 to an estimated £120,000.

Committed costs to date were £1,839,285.36 against the approved budget of £2,187,750 (including contingency). The anticipated outturn was expected to be £2,139,904.23.

RECEIVED

(h) Ingoldmells Pumping Station

Following on from procurement of the new fish friendly pumps with Bosman Watermanagement BV, civils design drawings were being prepared by James Roberts Design Limited. The Board had engaged Northern Divers to undertake an inspection and survey of the existing gravity system at the station which it was proposed to accommodate the temporary over-pumping / by-pass arrangement. To facilitate the divers, the Operations team would undertake silt removal which had built up in front of the gravity flap. Once the civils design drawings had been finalised, the Bill of Quantities and tenders could be prepared.

RECEIVED

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(i) Expenditure to date

Committed costs to date were:

Pumping Station	Committed Expenditure	Estimated scheme costs (Total)
Saltfleet (LM19351)	£3,733,021	£4,084,154
Gents Canal to Mardyke (LM22351)	£108,583	£327,746
TOTAL		£4,411,900
Trusthorpe (LM19304)	£1,688,529	£1,849,692
Ingoldmells (LM20305)	£1,136,065	£2,575,000
Anderby (LM20306)	£1,839,285	£2,187,750

9:6 Pumping Station Emergency Repairs (LM22302) - Crown Farm

At the January meeting the Board approved installation of heaters at Crown Farm pumping station at a cost of £5,580. Grantham Electrical were unable to honour their price and excluded undertaking some of the necessary work. Officers therefore sought revised quotations for the minor refurbishment and installation of motor heaters which were as follows; Grantham Electrical £3,245 per motor (with some exclusions) and Coulstock and Place - £3,375 per motor.

RESOLVED

That an order be placed with Coulstock and Place in the sum of £6,750 to install heaters on both motors at Crown Farm Pumping Station, the cost to be met from the Pumping Station Emergency Repair budget.

9:7 Anderby Diesel Pumping Station (Museum) - Repairs

The repair of the diesel station had gone well, with engines and pumps overhauled penstocks repaired. The diesel capacity could now make a significant contribution to maintaining station capacity while the electric pumps were offline for refurbishment. The Chief Executive commented that this had made a considerable cost saving compared to the cost of over pumping.

Members were pleased the pumps were back in working order; they were an asset which would provide cover in event of power cut. The Anderby Pumping Station Museum would not be open again until all work was complete.

In response to members Officers confirmed the Board had operatives trained to run the pumps and also had a team of volunteers who ran and maintained Quinceys Pumping Station at Thorpe Culvert.

RECEIVED

9:8 Gotts Pumping Station - Installation of safety platforms (LM22311) and Burgh Village PS

Manufacture of the platforms by the DLO was nearing completion. Once complete, the platforms would be sent to be galvanised. A further update would be provided to a future meeting. Costs to date were £3,539.14 against the approved budget of £20,000.

RECEIVED

9:9 Chapel Basin Pumping Station Refurbishment (LM21306)

The Xylem pump had been delivered and was being stored at the Depot. Technocover Ltd had provided a quotation for a bespoke set of new doors that would include a safety grid under the main door to aid in fall protection. Marshalls had been asked to quote for a bespoke biscuit that would allow for the new doors to sit flush with the concrete. This would mean that a brick upstand would not be required and would not change the aesthetic of the chalet park that the station was located in. Costs to date were £8,665.83 against the approved budget of £20,821.50.

RECEIVED

9:10 Wyche Pumping Station Refurbishment (LM20304)

North Lincs Engineering had procured a second set of seals and bearings to enable the refurbishment of the second pump. It was expected that the first pump would be lifted in July. Committed costs to date were £45,005.90 against the approved budget of £61,600.

RECEIVED

9:11 Telemetry System Replacement - LM20303

Telemetry control was available at all installed sites and calibration of both the panels and telemetry to Ordnance Datum had been completed at 27 sites with three remaining. This calibration had taken longer than anticipated but improved the visual presentation and troubleshooting during events. Whilst this did not affect the operation of the system it was very valuable to both the Duty Officers and Operations Teams. The Board's Mechanical and Electrical Field Engineer and Surveyor were working together to complete the remaining stations.

RECEIVED

10. FINANCE

The Finance Manager presented the attached report for members consideration.

10:1 Management Accounts for the year ending 31st March 2023

The Estimates allowed for a surplus budget of £46,112, however, the actual outturn position was considerably more positive with a surplus of £220,121.90 at the year end.

At the 31st March 2023 the surplus cash reserve balance was £596,638.89 (15.12% of the net operating costs). The 2023/24 predicted cash surplus was expected to be 30.28% of net operating costs.

RESOLVED

That the Management Accounts for the year ending 31st March 2023 be approved.

10:2 Transfer of Budgets

The Finance Manager presented a schedule of budget transfers some of which had been approved under the Asset Renewal Report for members information and included programmes which had been closed down at the end of the financial year.

Mr W. Cooper queried transferring funds back to reserves. The Finance Manager stated that previously the budget had been held but they were now being closed each year and the under or overspends transferred to/from reserves. Mr Cooper stated that this was originally introduced as the board had been rating multiple times for the same work and we now appeared to be going back to this. In response the Finance Manager stated that most of the costs were absorbed and only had to fund external costs.,

Mr Cooper stated that he saw reforming as capital work.

Cllr T. Ashton was content to move the proposal and agreed that we appeared on track to meet 30% reserves provided there was an average year of rainfall, and that it only takes an above average year to wipe out the reserves over a one or two year period.

RECEIVED

10:3 Cash Balances and Borrowings as at 31st March 2023

The Finance Manager reported that the Board had £8,687,867.44 held across five accounts and no loans outstanding.

RESOLVED

That the Board's cash balances and borrowings be noted.

10:4 Payments over £500

Mr R.H. Needham queried payment of £1,480.48 for membership of Lincolnshire Agricultural Society. Officers confirmed this included the cost of the Lincolnshire Show plot and tickets to man the stand, the cost would be split between the Lincolnshire boards. The annual subscription for ADA Lincolnshire was £500.

RESOLVED

That the attached schedule of payments over £500 be approved.

11. FINANCIAL STATEMENTS

11:1 Category 1 Local Authority

The Finance Manager reported that the Board had previously been classed as a Category 2 Authority, however, due to the levels of income and expenditure exceeding the annual limit of £6.5 million in the 2022/23 financial year and for the third successive year, the Board had now been reclassified as a Category 1 Authority and was, therefore, subject to a full code statutory audit. This meant that the Board would have to prepare a Statement of Accounts as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on local authority accounting in the UK.

The Financial Statements for Lindsey Marsh Drainage Board were previously prepared under FRS102, with some exceptions relating to grant income recognition. Due to the move to Category 1 status, the financial statements have been restated under IFRS for the current financial year and also the comparative year of 31st March 2022. It was a requirement as a Category 1 authority to publish Financial Statements prior to the 31st May and a DRAFT Unaudited set of Financial Statements had been published prior to this deadline. These Financial Statements would be subject to a full audit and Officers, therefore, expected some changes to the DRAFT version. The Board must appoint an approved external auditor and due to the time constraints, had joined the Opt-in Scheme with Public Sector Audit Appointments Limited (PSAA). Officers were awaiting notification of the details of the allocated external auditor.

The usual cost for audit was around £5,000 but this was expected to rise significantly to £100,000. All pumping stations would have to be revalued and the valuation would include their economic benefit. Scheme funds would also have to be capitalised.

The Finance Manager reported that two sets of accounts would be kept, one in the old format and one in the new format. The Chief Executive had approached ADA and was engaging directly with DEFRA to see whether an exemption could be made as there was no material benefit to the taxpayer from the audit and other drainage boards would likely be affected too in the near future. He suggested that Board contact the Minister for the Department for Levelling Up if there was no positive outcome from discussions with DEFRA. He emphasised that there had been no change in how the Board operated and the grant funding which had pushed the Board over £6.5million, was spent directly on the relevant scheme.

In response to Cllr T. Ashton the Chief Executive confirmed that the £100,000 would be an annual fee. The Finance Manager stated that drainage rates and special levies came to around £4 million and with recharges for the Consortium, the Board would be over the £6.5million threshold for some time. The Chairman commented that the threshold had not changed for some time. The Finance Manager stated there was no guidance on this from ADA or for small authorities. Whilst the accounts presented to the Board were accurate there may need to be some changes to formatting if required by the Auditor. The Finance Manager stated that Kings Lynn Board were still waiting for their 2018 accounts to be audited so this could be a long process.

Cllr Ashton asked which department was responsible for regulation. The Chief Executive thought this was the treasury but he would also be approaching the local MP if discussions with DEFRA were not productive.

In response to Cllr T. Aldridge it was confirmed that there was no retrospective charge for the two prior years the Board had been over the £6.5 million threshold.

The Finance Manager confirmed that a provision of £100,000 had been allowed in the estimates for 2024/25 to cover the cost of the audit.

RESOLVED

That the change from Category 2 to Category 1 Local Authority be noted.

11:2 Financial Statements for the year ending 31st March 2023

Subject to further future changes, the Published DRAFT Unaudited Statement of Accounts were presented for consideration and approval.

The Finance Manager highlighted that due to the reporting requirements under IFRS, the amounts stated did not necessarily reflect the Variance Management reports and the monetary amounts that were budgeted for annually, but represented real amounts leaving the organisation.

The Finance Manager recommended that the Board approve the Financial Statements and that the Chairman sign the Statement of Responsibilities and Annual Governance Statement for the Accounts.

RESOLVED

- (a) That the attached Financial Statements for the Year Ending 31st March 2023 be approved by the Board and signed by the Chairman.
- (b) That the attached Annual Governance Statement for 2022/23 be approved and signed by the Chairman and Chief Executive.

11:3 Audit of Accounts for the Year ending 31st March 2023

The Internal Auditor presented an update on the internal Audit, the Board had been assessed as having Substantial Assurance with only one recommendation, that the Mission and Policy Statement and Financial Regulations be amended to remove references to European Legislation. He highlighted that the Financial Regulations should be reviewed every two years.

These policies would be reviewed and presented for approval at the September meeting.

RECEIVED

11:4 Approval of the Internal Audit Provision

The Association of Drainage Authorities Lincolnshire Branch had appointed TIAA Ltd to provide Internal Audit services for the Consortium boards for an initial five year term from 2017/18 with an option to extend the contract for a further two years from 2023/24.

The Finance Manager recommended the extension of the Internal Audit service contract TIAA Ltd for the two years to 2024/25. The Internal Auditor provided an audit programme of the planned areas of work to be covered in the forthcoming audit. The planned 2023/24 Internal Audit Programme was presented for the Board's consideration and approval. It was noted that this may change if additional internal auditing was required as part of the external audit but Officers would keep members updated.

RESOLVED

- (a) That the Board extend the contract for Internal Audit provision with TIAA Ltd for a further two years for 2023/24 and 2024/2025.

- (b) That the Board approve the attached Audit Programme for the 2023/24 internal audit.

12. INVESTEMENT POLICY

12:1 Investment Policy

A DRAFT Investment Policy was presented for members consideration.

12:2 Existing Banks

The Finance Team were in discussions with current bank providers regarding opening higher interest bank accounts and the Board was recommended to approve the opening of such accounts and the transfer of funds up to the £500,000 limits set in the Financial Regulations. The Board was currently exceeding this limit per institution and Officers stated it would take some time to open sufficient accounts so that the Board was not exceeding the £500,000 per institution set in the Financial Regulations.

12:3 Investment Credit Rating

Under the Financial Services Compensation Scheme savings of up to £85,000 were covered per institution. Officers pointed out that some institutions were owned by another so the protection would only apply once.

Officers highlighted that the policy listed credit agencies which may have differing credit rating scores for each institution. One example ranged from BB- to A1 depending on which agency was used. Where the credit rating of investment institutions differed officers recommended to replace Appendix A Paragraph 3 in the DRAFT Investment Policy with "The Board shall not invest in any financial institution that does not have a rating of "A", in at least one of the above credit rating agencies".

12:4 Investment Level

The Finance Manager reported that funds currently held in the Board's bank accounts would be subject to future movement where payments were to be met and where receipts were expected. The timing of these payments and receipts was difficult to predict with accuracy and was dependent on things like delivery dates and stage payments or grant receipts for projects. Until an accurate cashflow timetable for the projects could be calculated, it was recommended that an initial investment sum based upon a percentage of the Cash Surplus figures, where the sum did not exceed £500,000. Officers recommended that initially 25% of cash surplus at the 31st March (rounded down to the nearest £5,000) be invested, this currently equated to £210,000. An option to invest 50% of the Cash Surplus at the 31st March would equate to an investment of £420,000.

Mr R.H. Needham stated that the proposal was sensible with safeguards and proposed investment of 25%.

Cllr D. Simpson asked that the brokers fees were. Officers did not yet have this information but would check before investing.

Mr D. Pridgeon suggested that 50% of cash reserves be invested. The Chief Executive stated this would still be comfortable, but Officers were proposing a cautious view so they could see how the mechanisms worked initially.

Mr S.W. Eyre was happy to second Mr Needham's proposal.

Cllr T. Ashton supported 25% investment with a view to increasing this to 50% in the future.

Members agreed to an initial investment of 25% of the cash surplus at 31st March each year.

12:5 Investment Term

Officers recommended that where the investment was a fixed deposit with no instant access, the Board consider an investment period of no less than three months and no more than nine months. The Finance Manager gave examples of investment return from one institution which ranged from 4.76% for three months to 5.23% for nine months. £100,000 would earn £1,190 over the period if invested for three months and £3,922.47 over the period if invested for nine months.

In response to the Chairman, the Finance Manager stated that forecasting of income and expenditure was not at a point where use of funds other than the cash surplus was possible but this could be considered in the future. The Chief Executive stated that the Finance Manager would prepare a plan each year but this was the first step towards investing funds and Officers would have a better picture in the future. There was a mechanism for approval of investments outside of meetings in the policy.

Mr D. Pridgeon asked if Officers planned to move funds from the low interest accounts. The Finance Manager confirmed that this would be investigated and she was also hopeful to be able to get better rates with the current institutions.

Members agreed to a three to nine month initial investment terms for Board funds.

RESOLVED

- (a) That the attached amended Investment Policy be approved
- (b) That the Board open interest-bearing bank or building society accounts, within existing bank mandates, and the transfer of funds to obtain a higher return on Board funds.
- (c) That an initial investment level of 25% of cash surplus at the 31st March (rounded down to the nearest £5,000) be approved.
- (d) That an initial investment term of between three and nine months be approved.

13. DRAINAGE RATES AND SPECIAL LEVIES

A total of £1,037,016.51 had been collected in respect of drainage rates and £3,158,296 special levies up to the 31st March 2023 giving a combined collection total of 99.98% with £667.21 outstanding at the year end.

Of the 2023/24 at the 13th June 2023 £587,352.31 agricultural rates and £1,022,844.50 of the special levies had been collected (29.7%).

RECEIVED

14. ENVIRONMENTAL REPORT

14:1 The Environment Act 2021 - Biodiversity Duty New Guidance

Officers reported that the Government had published guidance on implementing the above Act, to be completed by 1st January 2024 and reviewed five yearly, which directed that the Board must:

- (a) Consider what it could do to conserve and enhance biodiversity.
- (b) Agree policies and specific objectives based on its consideration.
- (c) Act to deliver its policies and achieve its objectives.

To achieve this, the Board's Biodiversity Action Plan would need revising to include the relevant strategies on local nature recovery, species conservation and protected sites. By 2030 the government has committed to halt the decline in species' abundance and protect 30% of UK land. By 2042, the government has committed to increase species abundance by at least 10% from 2030 surpassing 2022 levels, restoring or creating at least 500,000 hectares of a range of wildlife rich habitats, reducing the risk of species' extinction and restoring 75% of one million hectares of terrestrial and freshwater protected sites to favourable condition, securing their wildlife value for the long term.

Actions suggested to achieve this included managing canals and rivers, water-dependent habitats and estuaries and coastal habitats, with one suggestion being "nature corridors" that connected existing habitats. In practise this could represent a connection between the Board's catchments. With regard to biodiversity net gain, the Board currently sought to maintain the extent of habitat in its consenting activity. Advice Note N03: Environmental Considerations stated, "*if a consent is likely to result in a significant loss of wildlife habitat it will be expected as a minimum that an equivalent, or preferably larger, amount of suitable replacement habitat is provided elsewhere, at the applicant's expense*". This should be amended to "*if a consent is likely to result in a loss of wildlife habitat it will be expected as a minimum that a 10% larger amount of suitable replacement habitat is provided elsewhere, at the applicant's expense*" from November 2023. This aligned with the similar duty for Local Planning Authorities and delivered the enhancement aspect of the Biodiversity Duty (small sites were currently exempt from Biodiversity Net Gain until April 2024).

in response to the Chairman, the Senior Engineer stated that it would affect the Board's work to some extent, particularly when culverting and the Board would need to find ways to offset any loss of habitat. It may be possible to concentrate in one area in a catchment. He reassured members that if there was a risk of flooding, the Board could undertake any necessary work and look at compensating for this afterwards.

Mr W. Cooper asked if adoption of new watercourses would count and in response, the Senior Engineer confirmed that this could go towards offsetting the impacts of culverting and the Board could also improve riparian watercourses with landowner approval. There were equations to show the benefits of work. Mr Cooper queried whether increasing water storage could give some benefit.

RESOLVED

- (a) That the Board update its Biodiversity Action Plan by 1st January 2024.
- (b) That 10% Biodiversity Net Gain be required for Byelaw and Section 23 Consent Applications from November 2023.

14:2 The Environment Act 2021 - Biodiversity Reporting

Initially IDBs were not required to report their biodiversity duty actions but DEFRA stated that “*other public authorities may be required to publish a report in future*”. The first report was due by 1st January 2026 and thereafter every five years. It was recommended that the Board monitor delivery of the Biodiversity Action Plan and prepare the first report by 1st January 2026. This was best achieved by reporting annually on the Board’s Biodiversity Action Plan.

RESOLVED

That the Board monitor and report on delivery of the Biodiversity Action Plan annually.

14:3 King’s Series of National Nature Reserves

The “King’s Series of National Nature Reserves” were being created, five annually for five years. The first “King’s Series NNR” was the “Lincolnshire Coronation Coast NNR” which would be formally declared this summer. The declaration extended to over 12 square miles and included existing designated Sites of Special Scientific Interest at the Humber Estuary and Saltfleetby – Theddlethorpe Dunes.

RECEIVED

14:4 Mink Control

The Greater Lincolnshire Nature Partnership were working with the Waterlife Recovery Trust and the Lincolnshire Wolds Area of Outstanding Natural Beauty to secure funding from “Farming in Protected Landscapes” and Natural England’s Nature Recovery Network to supplement the Board’s efforts and deliver additional mink control across Lincolnshire. Since May 2022, there had been twelve mink trapped with 24 traps deployed.

RECEIVED

15. ENVIRONMENT AGENCY AND PARTNERSHIP MATTERS

15:1 PSCA - Recovery Works - Embankment Repairs to Great Eau, Long Eau, Greyfleet Drain and River Steeping (LM20902)

Officers reported that the project had now been completed and final out-turn costs were as follows:

Contract Works (PG Wright Excavations) – Original contact and compensation events (includes a wet weather stand down payment of £8,400 additional to the contract)	£2,296,001.98
Ecologist (Wildlife and Ecology Services)	£56,250.00
Staff Time Costs	£19,329.05
LMDB DLO (Works include flailing of embankments and access works recharged to EA)	£1,300.63
Other (signage recharged to EA) £563.60	£563.60
Survey (Latitude Surveys – Final embankment surveys)	£1,750.00
TOTAL	£2,375,195.26

The Board received funds from £2,647,894.54 from the Environment Agency which included fees of £342,977.55 for administering the contract (staff time and Ecologist services are being funded from this amount). The remaining balance of the 15%

administration fee payable to the Board was £272,699.28 which has been transferred to general reserves.

RECEIVED

15:2 Environment Agency (EA) Precept

Following the last meeting, payment of the precept had been withheld until details of where the funds were being spent was obtained. The Chief Executive reported that a response had been received which identified where the 1.4million was spent in the Board's area with a sum of £34,767 allocated for main river maintenance, however, as this work was not being undertaken, he would go back to the EA and query this. The EA had also commented that PSCA work had reduced due to lack of Board resources and availability and they must ensure they met their targets.

Mr Needham supported Officers keeping pushing for work to be completed, stating it was very frustrating.

The Environment Agency had arranged a further meeting at Wainfleet with representatives from Lincolnshire County Council and East Lindsey District Council. Further details would be circulated to members.

RECEIVED

16. PLANNING AND BYELAW POLICY UPDATE

16:1 Introduction of fees for the discharge of treated effluent into watercourses within the Board's district

Where mains foul sewers were not available biotechnical units or similar systems were installed to treat effluent which was usually discharged to an adjacent watercourse. Discharge also came from treatment works and would have the potential to create a material impact on the Board's systems. In the case of small to medium developments the fees were to be calculated by assessing the proposed daily discharge rate per cubic metre. The rate at which the fee would be charged was proposed at £137 per cubic metre per day (dry weather flow) as a one-off payment; typically the average house had flows of 4 cubic meters and this would amount to a cost of £548. This fee would be subject to annual review in line with the Board's Planning and Byelaw Policy.

Where there were significant increases in discharge to the Board's watercourse, for example a major treatment work upgrade, this may result in additional capacity being required within the receiving watercourse or pumping station. Should this be the case, the applicant would be charged the greater amount between the calculated fee and the cost of any necessary upgrades.

RESOLVED

That the Board approve the introduction a charge of £137 per cubic meter per day for the discharge of treated effluent into watercourses within the Board's district.

16:2 Planning and Byelaw Policy - Annual Review of Surface Water Development Contributions, Commuted Maintenance Fee and Inspection Fees

Officers had reviewed the charges in the Planning and Byelaw Policy and proposed an increase in fees as inflation had been up to 15.4%. The proposed changes were:

(a) Inspection fees

	Current Fee	Proposed Fee
Site Visit	£250	£290
Each additional structure inspected on a site visit	£100	£115
Land Drainage Outfalls	£100 per visit plus £10 per outfall	£115 per visit plus £12 per outfall

(b) Surface Water Development Contribution (SWDC) rates (£ per m²)

Banding	Current SWDC Rate	Proposed SWDC Rate
1	£13.26	£15.14
2	£11.09	£12.66
3	£9.52	£10.88
4	£7.97	£9.11
5	£6.41	£7.32
6	£4.24	£4.84

(c) Commuted Maintenance Fee (CMF)

Length of culvert	Ø Internal Diameter of Pipe			
	Current Ø < 750mm	Proposed Ø < 750mm	Current Ø ≥ 750mm	Proposed Ø ≥ 750mm
< 18m	£2,011.08	£2,320.79	£4,453.10	£5,085.44
19 – 48m	£11,210.10	£12,936.46	£19,735.08	£22,537.46
49 – 96m	£26,121.90	£29,831.21	£31,646.84	£36,140.69
97 – 150m	£38,608.26	£44,090.64	£55,183.07	£63,019.07

RESOLVED

That the Board approve inflationary increases to the Planning and Byelaw Policy fees and charges as detailed above.

17. DELEGATED MATTERS - PLANNING, BYELAWS AND SUPERVISORY ROLE

17:1 Byelaw Applications

Officers reported that the following byelaw applications had been dealt with under delegated authority since the last Board meeting:

LMDB/LDC/2022/043 Discharge of surface water from proposed development site via a surface water manhole to Ingoldmells North Branch Drain Branch adjacent Motrom Drive, Ingoldmells at national grid reference 556242 369263 in the parish of Ingoldmells.

LMDB/LDC/2023/030 Erection of a timber shed within nine metres but no closer than 6 metres to the Board maintained Relief Channel Soak Dyke South, a culverted watercourse at Blackthorn House, Spilsby Road at national grid reference 550022 359891 in the parish of Wainfleet All Saints.

LMDB/LDC/2023/031 Extension to front of property within nine metres but no closer than six metres to the Board maintained Town Lane Drain Branch at 1 Church Road at national grid reference 549989 384705 in the parish of Mablethorpe.

LMDB/LDC/2023/035 Temporary discharge from site for de-watering purposes to the Board maintained Church Lane Drain Branch, on land adjacent Stanley Avenue, at national grid reference 550432 384617, in the parish of Mablethorpe.

RECEIVED

17:2 Section 23 Applications

The following Section 23 application had been dealt with since the last meeting:

LMDB/LDC/2023/036 Extension of existing access culvert, including the installation of a surface water collection chamber and installation of a package treatment plant and discharge to a riparian watercourse via recessed headwall, within the Board's district at Timber Mill, Church Lane, at national grid reference 535967 398654 in the parish of Marshchapel.

No Section 23 consents have been granted by the Board on behalf of the Lead Local Flood Authority since the last meeting.

RECEIVED

17:3 Planning Applications

The Board had submitted objections to planning application N/134/00407/23 as the development was 6 metres from the Board maintained Barn Sewer and did not comply with the 9 metre byelaw distance.

Officers had consulted on a further 26 planning applications since the last meeting and appropriate comments relating to surface water drainage were provided.

RECEIVED

18. ASSOCIATION OF DRAINAGE AUTHORITIES

The Chief Executive reminded members that Flood and Water Live would be held on the 5th and 6th July at Carrington. Mr J.M. Mowbray commented that it would be worthwhile attending.

RECEIVED

19. STAFFING

The Chief Executive reported that the Environmental Officer had reduced to three days a week. Interviews had been held to find a replacement and it was expected that an appointment would be made soon.

Officers were looking to appoint a Programme Manager to manage the engineering programme; two vacant roles in the Engineering team had been combined to create this role.

The Planning and Byelaw Officer would also be leaving, and the role was due to be advertised shortly.

RECEIVED

20. ANY OTHER BUSINESS

20:1 Flooding Great Carlton and Little Carlton

Officers presented an update on recent flooding at Great and Little Carlton. The Senior Engineer reported that at a meeting with Lincolnshire County Council the event had been reported as a 1 in 3,484 year event. In response to Mr W. Cooper, the Senior Engineer stated that investigations were still ongoing to establish what, if any, improvements could be made to the Board's systems, however, with this amount of rainfall (93mm rain in 30 minutes) there would inevitably be some flooding.

The Chief Executive reported that there had been some damage at Wellington House, the hail and rain had arrived so intensely that the hail had filled the gutters causing them to overtop and come through the roof. Repairs were underway and options to prevent a recurrence were being looked at.

The Chief Executive reported that the village hall and a number of houses had been flooded in Great and Little Carlton and the Board's Engineering and Operations Teams were reviewing the Board's system to ensure it was working as efficiently as possible. Lincolnshire County Council were undertaking a Section 19 investigation and all relevant authorities were being consulted.

RECEIVED

CHAIRMAN

FOR MEMBERS' INFORMATION ONLY

Lindsey Marsh Drainage Board	File Ref:	Agenda Item: 10
Meeting: Board Meeting Date: 28th June 2023	Subject: FINANCE	

Recommendations:

- To review and approve the Management Variance Accounts for the year ending 31st March 2023.
- To note the transfers of budget values.
- To note the Board's cash balances and borrowings.
- To approve the schedule of payments over £500 made since the last meeting.
- To note the updated 5-year plan.

1. Management Accounts for the Year ending 31st March 2023

1:1 The Management Accounts for the 12-month period ending 31st March 2023 is shown below, summarising the variance of actual income and costs to the approved estimates. The report also shows the Annual Budget amounts for information.

Any income and expenditure relating to Engineering schemes has been removed and will be reported separately, as the movements on the Engineering schemes (expenditure and income movements) do not directly affect the General Cash Reserves, so this enables us to predict the cash funds position that will be available to the Board for any overspends or to meet any extra-ordinary expenditure that a flooding event may create.

The report is a summary of the main Income and Expenditure headings, a more detailed report of the breakdown of those headings can be found at the end of the finance report.

Lindsey Marsh Drainage Board
Variance to Estimates Report - For the 12 months to 31st March 2023

	Whole Yr Estimate	31.03.2023 Variance	31.03.2023 Estimate	31.03.2023 Actual
The following income & expenditure is not related to Engineering Schemes				
Total Income including Rates/Levy/Consenting Income	6,813,910.00	380,839.78	6,813,910.00	7,194,749.78
Total Maintenance Costs for Drains/PS/Consenting	(1,554,677.00)	(357,835.87)	(1,554,677.00)	(1,912,512.87)
Total Supportive expenditure incl Salaries, Plant Running, Precept, Admin & IT costs	(4,065,534.00)	156,449.30	(4,065,534.00)	(3,909,084.70)
	1,193,699.00	179,453.21	1,193,699.00	1,373,152.21
Adjustment to Reserves				
Planned Funds transferred from Plant Reserve to General reserves to meet expenditure	50,000.00	0.00	50,000.00	50,000.00
Plant/Vehicle net expenditure occurred in year - funded from Plant reserve	0.00	33,295.00	0.00	33,295.00
Plant/Vehicle planned net expenditure not occurred in year - held over to Plant reserve	0.00	(45,000.00)	0.00	(45,000.00)
Adjustments for Balance Sheet Budget Entries				
Fixed Asset Adjustments				
Vehicle additions	0.00	(40,045.20)	0.00	(40,045.20)
Vehicle disposals	0.00	0.00	0.00	0.00
Plant additions	(360,000.00)	25,263.10	(360,000.00)	(334,736.90)
Plant disposals	35,000.00	25,000.00	35,000.00	60,000.00
Loan Capital Adjustment				
PWLB Loan repayments - Existing	0.00	0.00	0.00	0.00
PWLB Loan repayments - Future	(24,887.00)	24,887.00	(24,887.00)	0.00
	893,812.00	202,853.11	893,812.00	1,096,665.11
Board Funding towards schemes	(847,700.00)	0.00	(847,700.00)	(847,700.00)
Surplus/(deficit) to be taken from General Reserves as at 31st March 2023	46,112.00	202,853.11	46,112.00	248,965.11
Unplanned adjustments to Reserves during period:				
Additional Funds Required for Engineering Schemes to be taken from General Reserves	0.00	(364,846.21)	0.00	(364,846.21)
Engineering Scheme funds transferred back to General Reserves	0.00	336,003.00	0.00	336,003.00
Surplus/(deficit) to be taken from General Reserves as at 31st March 2023	46,112.00	174,009.90	46,112.00	220,121.90

Notes on other overspends and underspends are included on the detailed report.

The 2022/23 Estimates allowed for a surplus budget of **£46,112** where these funds would boost the level of the General Reserves.

At the March 2023 Board Meeting the predicted deficit position for 2022/23 was expected to be **£62,524.04** due to the increase in electricity costs. However, the actual outturn position is a more positive surplus of **£220,121.90**, a difference of **£282,645.94**.

The expected overspend on electric was calculated to be **£405,148**, however the overspend

materialised at only **£155,815**, (a difference of £249,333) due to drier winter weather conditions.

With the impending increases to electricity costs, to support the General Reserves the Board approved the Transfer of Budgets to move existing Board funds from schemes to General reserves and replace these funds within the scheme via use of the Capital Receipts Unapplied reserves and increasing the Loan on Saltfleet.

Those Transfer of Budgets to close completed schemes at the year-end to be approved, can be found at Note 2.

1:2 Plant reserves

The following report shows the Plant Reserve and the planned movements in the 2022/23 year.

			31.03.2023	31.03.2023 Actual
Plant Reserve				
Balance at 01/04/22	Variance	Budget held in Plant fund		437,185.16
Trf from Plant Reserve to General Reserves - planned in estimates - on purch of excavator		(50,000.00)	(50,000.00)	(50,000.00)
Occurred & transferred				
Earlier Years Budgets - Acquisitions & Disposals made				
Mobile Battery Starter Pack	Addition	0.00	(1,500.00)	(1,500.00)
New starter van	Addition		(11,500.00)	(20,295.00)
Small car/van	Addition		(15,000.00)	
1 x DLO Vans	Addition		(11,500.00)	(11,500.00)
		0.00	(39,500.00)	(33,295.00)
				(33,295.00)
				353,890.16
This Years Budgets - Acquisitions & Disposals NOT made so cfwd				
6" Mobile Pump			30,000.00	
GPS equipment Engineering			20,000.00	
Betsy 6" Pump disposal			(5,000.00)	
				45,000.00
Balance of Plant Reserve cfwd 31/03/23				398,890.16
Not yet Occurred & transferred				
Planned budget on Plant not yet spent in year - cfwd to cover purchases in the following period				
Ford Ranger FX63OAW PLN7457	Disposal	YR Budget	2020/21	2,500.00
Ford Ranger YS67 MXU PLN7461 ins proceeds	Addition		2021/22	(16,000.00)
4x4 Pick Up	Addition		2021/22	(25,000.00)
Nissan Nivara (FT13 AOD) PLN7456	Disposal		2021/22	2,500.00
4x4 Vehicle Landrover replacement	Addition		2021/22	(45,000.00)
Landrover (FY15 VGE) PLN7458	Disposal		2021/22	5,000.00
9 x DLO Vans	Addition		2021/22	(103,500.00)
9 Bipper vans	Disposal		2021/22	4,500.00
3D Survey Scanner ENG	Addition		2021/22	(35,000.00)
6" Mobile Pump	Addition		2022/23	(30,000.00)
GPS equipment Engineering	Addition		2022/23	(20,000.00)
Betsy 6" Pump disposal	Disposal		2022/23	5,000.00
				(255,000.00)
		0.00		
Expected Plant Reserve Value at 31st March 2023 to be used in later years		0.00	(89,500.00)	(33,295.00)
Plant fund to be used in 2023/2024				(100,000.00)
Uncommitted Plant funds				43,890.16

The Plant reserve holds funds of £398,890.16, of which £255,000 are expected to be consumed in the 2023/24 financial year, due to delays in deliveries.

The balance of the fund, £143,890.16, is factored into the 5-year plan to aid future purchases of plant. Should these funds be required elsewhere those future purchases will need to be rated for, increasing the rate in the affected year.

1:3 Capital Receipts Unapplied Reserves

The Board held funds within a Capital Receipts Unapplied Reserve to the value of £136,003, these funds have been fully utilised in Scheme LM19351 Saltfleet Pumping Station.

The Board no longer holds any other reserve funds that could be utilised in a period of unexpected and unrated for expenditure.

1:4 General Reserves – Surplus Cash

The General Reserves, as shown on the Balance Sheet, shows the equity of the Board, and these funds are made up of both cash and non-cash assets/liabilities, such as any fixed assets the Board holds in its balance sheet.

Within those General reserves we identify the cash element so that we can ensure we have sufficient funds in the form of cash to meet our everyday expenditure and keep enough in reserve to enable the Board to meet any unplanned expenditure caused by an increase in costs or a flooding event.

The Surplus Cash element of the Reserves is after we have taken account of any other Reserves the Board holds for specific future expenditure, such as Plant Reserves or Capital Receipts Unapplied Reserves.

It is this Surplus Cash reserve we aim to hold a reserve of 30% of Net Operating Costs. Whilst 30% is the Board's policy, we must also take note of the monetary amount to ensure that this is also sufficient.

The following shows the effect of utilising this reserve to our schemes. The resultant outturn for the Surplus Cash at 31st March 2023 is as follows:

Current Surplus Cash reserves	
Adjusted Cash reserves at 31st March 2023	7,061,707.75
Engineer Projects as at 31/03/2023 balances to be met	(6,066,178.70)
Balance of cash remaining for general reserves	<u>995,529.05</u>
Plant Reserve (rated for) - to be deducted from cash balance reserves	398,890.16
Net Capital receipts - to be deducted from cash balance reserves	0.00
Surplus Cash Reserve Balance	<u><u>596,638.89</u></u>
Net Operating Expenditure (excluding schemes). Expenditure plus board contribution to schemes less income (not incl rate income)	3,945,541.23
Surplus Cash Reserve as a % of Net Operating expenditure	15.12%
Balances within Engineer projects to be used in emergency	249,882.93
	<u><u>846,521.82</u></u>
Surplus Cash Reserve as a % of Net Operating expenditure	21.46%
Balances within Engineer projects to be used in emergency	
LM18308 - Pumping Station Renewal Reserve account	375,000.00
LM18308 - Pumping Station Renewal Reserve allocated	- 270,000.00
LM22301 - Pumping Station Resilience	24,242.73
LM22451 - Asset Renewals	62,419.73
LM23452 - Small Scheme Allowance	58,220.47
Potential use before YE	
Balances at 31 March 2023	<u><u>249,882.93</u></u>

The predicted cash position was £607,287.95 and 14.29% of expected net operating costs. The actual position at the 31st March 2023 is a surplus cash position of a slightly lower sum of £596,638.89 this calculates as **15.12%** of the net operating costs, as net operating costs were lower than expected.

Should the Board suffer unexpected and unrated for expenditure, it may consider the use of the balances within schemes that are earmarked funds for future use, including on Pumping Station refurbishments, currently totalling £249,882.93; when using these funds this increases the cash position to **21.46%** of net operating costs.

The Board took the steps to increase the Rate for 2023/24, as a consequence of high estimated costs relating to electricity in both the current and future years. Notwithstanding that, the surplus cash position at the end of 2023/24 is predicted to be **30.28%** of net operating costs, without the reliance on the funds held in schemes as these funds are earmarked for future use.

This improvement in the Board's Surplus Cash position will ensure the Board's policy of a 30% reserve is met.

1:5 Engineering Schemes

In addition to the income and expenditure that reduces or improves the general reserves, the Board also incurs expenditure in relation to Engineering Schemes.

Due to the nature of those schemes the life of the project can take place over a number of years and therefore any funds are held separately to those of the General Reserve to ensure that these funds are available when the expenditure is required.

A summary of the movement on the Scheme reserves is detailed below for the period to 31st March 2023.

Engineering Earmarked funds	Current Year
Balances at 1st April 2022	4,893,064.00
Board funding as agreed in the Estimates	847,700.00
Engineering Income Received	4,698,849.00
Funded from deferred income / Capital reserves	28,843.21
Engineering Expenses paid	(4,402,277.51)
Engineering Expenses paid on Recharge project	0.00
	<hr/>
Balances at 31st March 2023	6,066,178.70

Balance at 31st March 2023

<u>Project</u>	<u>Remaining Budget</u>
LM17052 - Strubby Depot Improvements	399,840.35
LM17352 - Boygriff Pumping Station Refurbishment	44,037.23
LM18306 - Theddlethorpe Pumping Station Refurbishment	300,415.72
LM18308 - Pumping Station Renewal Reserve account	375,000.00
LM18504 - Trusthorpe Main Drain Culverting Phase 4	159,624.86
LM18506 - Grove Road Drain Reform	5,340.43
LM19300 - Strategy 2025 Pumping Station Refurbishments 2019/2020 Covenham	38,503.75
LM19304 - Trusthorpe Pumping Station Refurbishment	812,866.82
LM19351 - Saltfleet Pumping Station Refurbishment	968,504.10
LM19453 - Jack Garth Drain Culvert Renewal	49,888.60
LM19602 - Electronic Working	39,758.89
LM20303 - Telemetry replacement	31,381.85
LM20304 - Wyche PS refurbishment	34,407.56
LM20305 - Ingoldmells PS refurbishment	774,795.54
LM20306 - Anderby PS Refurbishment	638,678.19
LM20602 - Eels REDEEM Project	3,178.59
LM20802 - Thorpe Culvert Catchment & Culverts Investigations	249,109.34
LM21305 - Burgh Village PS Refurbishment	33,320.33
LM21306 - Chapel Basin PS Refurbishment	18,964.38
LM21307 - Gibraltar Point PS	34,524.77
LM21308 - Fulbeck PS Refurbishment	24,944.15
LM21309 - PS Door Replacement (NOT ANDERBY)	1,460.87
LM21901 - River Steeping Enhanced	40,000.00
LM22301 - Pumping Station Resilience	24,242.73
LM22310 - Gayton Engine structural works	5,745.30
LM22311 - Gotts PS Platforms for Stop Logs	17,607.45
LM22351 - Saltfleet - Gents Canal	327,066.50
LM22450 - CCTV & Desilting Works	255,403.53
LM22800 - Catchment Annual Provision	59,163.78
LM22801 - Drain Investigations	24,851.04
LM22900 - Partnership Scheme Contributions	56,271.34
LM23302 - Pumping Station Emergency Pump Repairs	76,331.31
LM23305 - Fulstow East & West PS Refurbishment	9,309.20
LM23306 - Austen Fen East & West PS refurbishment	11,000.00
LM23451 - Asset Renewals	62,419.73
LM23452 - Small Scheme Allowance	58,220.47
Engineering PROJECTS	<hr/> 6,066,178.70 <hr/>

2 Transfer of Budgets for Approval

2:1 Details regarding the specific schemes and the need for any transfers will be discussed and approved under the Asset Renewals and Refurbishments or under Operations.

2:2 For transparency, a schedule of such transfers will be provided at each Board meeting.

Lindsey Marsh Drainage Board

Movement on reserves - Engineering Projects

Year to 31st March 2023 - Approval at June 2023 Board Meeting

Below are listed the transfers occurring in the year to 31st March 2023 for the Board's consideration and approval.

<u>Engineering Projects underspent</u>	Balance trf
LM21601 Mink Control	-2,732.79
LM22600 Barn Owl Programme	456.01
LM20503 Reforming	-32,560.37
LM21503 Reforming	-22,260.00
LM22503 Reforming	-35,528.64
LM22506 Willoughby East Flood Relief	-79,078.75
LM17352 Boygrift PS Refurb - additional funds required	-28,138.67
LM22310 Gayton Engine	-7,500.00
	<hr/>
	-207,343.21
<u>Engineering Projects requiring funds - trf from OPS/Reserves</u>	
	<hr/>
	0.00
<u>Proposed Funding applied - previously agreed by the Board from Reserves</u>	
	<hr/>
	0.00
	<hr/>
	-207,343.21
<u>Operations Projects overspent</u>	
	<hr/>
	-207,343.21
Net funds transferred to/(from) General Reserves	<hr/>
	-207,343.21
<u>Other Movements to be approved</u>	
LM23302 Pumping Station Emergency Pump Repairs	76,331.31
The above to be transferred from:	
LM22302 Pumping Station Emergency Pump Repairs	<hr/>
	-76,331.31
LM23451 Asset Renewals	62,419.73
The above to be transferred from:	
LM22451 Asset Renewals	<hr/>
	-62,419.73
LM23452 Small Scheme Allowance	58,220.47
The above to be transferred from:	
LM22452 Small Scheme Allowance	<hr/>
	-58,220.47

Approval

Dated

- 2:3 From 2023/24 the Reforming programme & budget will be held in the annual Operations budgets and will close down & renew annually. As the main costs are absorption costs of man & machine, this enables an easier outturn calculation for all annual costs. Any unspent budgets will be returned to reserves annually.
- 2:4 During the 2023/24 Estimate process those budgets required annually, such as Pumping Station Emergency Pump Repairs, Asset Renewals and Small Scheme Allowances, were reviewed and due to the predicted balances to be remaining at 31st March 2023, the need for additional budgets was reduced and any unspent budgets would be held and transferred to the new year.

3. Cash Balances and Borrowings as at 31st March 2023

3:1 Schedule of Balances

	<i>Amount</i>	<i>Interest Rate</i>
Barclays Current Account	£500,500.78	0.00%
Barclays Deposit Account	£6,495,859.67	0.903%
Beverley Building Society	£391,304.32	1.05%
Monmouthshire Building Society	£517,153.52	0.65%
Santander UK Account	£783,031.78	0.70%
Petty Cash	£17.37	
Total	£8,687,867.44	

3:2 External Borrowing

The Board had no Public Work Loan Board loans outstanding at the 31st March 2023.

4. Payments over £500

- 4:1 A schedule of payments over £500 made by the Board since the last meeting is attached for approval.

**Schedule of Payments over £500 submitted to the Lindsey Marsh Drainage Board
on 28th June 2023**

Trans Date	Account	Narrative	Payment Value £	Notes
13/03/2023	Engineered Composites	PP/ENGI001	1,492.80	
14/03/2023	Bosman Watermanagement BV	PP/BOSM001	95,729.27	Trusthorpe pumping station refurbishment
15/03/2023	Pension, Trade Union and Health Scheme	PAYE & Pension Payments	40,528.62	
16/03/2023	Konica Minolta Business Solutions (UK) Ltd	PP/KONM001	513.82	
16/03/2023	RDR Timber Products Ltd	PP/RDRT001	790.00	
16/03/2023	BHSF Group Limited	PP/BHSF001	1,386.00	Rise membership renewal
16/03/2023	H W Smith Ltd	PP/SMIT002	1,679.04	
16/03/2023	Lincspes Ltd	PP/LINC005	1,742.40	
16/03/2023	Seacroft Ford	PP/SEAC001	2,971.99	Repairs to Landrover and other vehicles
16/03/2023	Rotorflush Filters Ltd	PP/ROT002	17,659.62	Submersible pump for Boygriff pumping station
16/03/2023	Net Wages	PAYE & Pension Payments	84,825.78	
20/03/2023	Woldmarsh Producers Ltd	PP/WOLD001	17,423.64	Fuel, materials etc.
20/03/2023	P.A.Y.E.	PAYE & Pension Payments	46,137.25	
23/03/2023	Huws Gray (Buildbase)	PP/JACK001	644.98	
23/03/2023	Welton Aggregates Limited	PP/WELT001	856.80	
23/03/2023	Boss Cabins Limited	PP/BOSS001	1,159.40	Repair to welfare cabin
23/03/2023	Lincolnshire Agricultural Society	PP/LAS001	1,480.48	Membership and tickets for Lincolnshire Show
23/03/2023	East Lincs Rural Training	PP/ELRT001	1,585.40	Brushcutter trimmer refresher courses
23/03/2023	Pearsons Hydraulics Ltd	PP/PEAR001	2,093.11	Hoses and valves for various plant
23/03/2023	Foxhall Plant Hire Ltd	PP/FOXH001	2,368.03	Hire of Kubota at Theddlethorpe pumping station
23/03/2023	Finning (UK) Ltd	PP/FINN001	4,382.00	Repairs to Caterpillar excavator
23/03/2023	Innove Solutions	PP/INNO001	6,000.00	Interim payment of new asset management system
23/03/2023	Shakespeare Martineau	PP/SHAK001	6,640.80	Professional charges and preparing staff handbooks
23/03/2023	Masons Chartered Surveyors	PP/MASO002	10,586.40	Fees for matter relating to the River Steeping project
23/03/2023	Listers Toyota Boston	PP/LIST002	15,100.24	Toyota Proace City van
23/03/2023	AIM Electrical Services Ltd	PP/AIME001	20,671.90	Overhaul of weedscreen cleaner at Saltfleet PS
24/03/2023	Vodafone	PP/VODA001	868.84	
24/03/2023	Vodafone	PP/VODA001	1,555.86	Staff mobiles and tablets
28/03/2023	Bosman Watermanagement BV	PP/BOSM001	5,702.40	Storage for pumps and parts Trusthorpe PS
30/03/2023	National World Publishing Ltd	PP/JPI001	528.00	
30/03/2023	IT2 Limited	PP/IT2L001	533.52	
30/03/2023	Amazon.co.uk	PP/AMAZ001	560.76	
30/03/2023	ESM Power Limited	PP/ESMP001	600.00	
30/03/2023	Northern Powergrid (Yorkshire) PLC	PP/NORT005	756.00	
30/03/2023	East Midlands Online Ltd	PP/EMID001	1,179.00	Line rental and phone service provision at pumping stations
30/03/2023	Lincolnshire Pension Fund	PP/LCCO001	1,184.90	
30/03/2023	Welton Aggregates Limited	PP/WELT001	1,285.20	
30/03/2023	Prestige Services	PP/PRE001	1,320.00	Fire risk assessments
30/03/2023	H W Smith Ltd	PP/SMIT002	1,478.40	
30/03/2023	Shakespeare Martineau	PP/SHAK001	2,428.20	Provision of general employment and HR advice
30/03/2023	Huws Gray (Buildbase)	PP/JACK001	4,130.65	Cement and pipes
30/03/2023	Freedom Group of Companies Limited	PP/FREE001	4,729.98	Interim payment for substation construction
30/03/2023	Keyline Civils Specialists Ltd	PP/KEYL001	4,975.93	Pipes
30/03/2023	Lincoln Security Limited	PP/LSEC001	26,414.12	Installation of security rated flood doors at Boygriff PS
30/03/2023	Net Wages	PAYE & Pension Payments	28,485.36	
05/04/2023	Pension, Trade Union and Health Scheme	PAYE & Pension Payment	36,650.58	
06/04/2023	Towergate Risk Solutions	PP/TOWE001	626.34	
06/04/2023	KTF CAD Software Ltd	PP/KEYT001	813.60	
06/04/2023	H W Smith Ltd	PP/SMIT002	2,098.56	Concrete for Theddlethorpe pumping station
06/04/2023	IT2 Limited	PP/IT2L001	2,247.60	
06/04/2023	Masterbroek Ltd	PP/MAST001	2,255.34	
06/04/2023	P.A.Y.E.	PAYE & Pension Payments	48,959.96	
11/04/2023	Mercedes-Benz Finance	PP/MERC001	642.16	
13/04/2023	H W Smith Ltd	PP/SMIT002	591.36	

13/04/2023	Amazon.co.uk	PP/AMAZ001	625.06	
13/04/2023	Shakespeare Martineau	PP/SHAK001	2,848.80	Provision of general employment and HR advice
13/04/2023	Aggregate Industries UK Ltd	PP/AGGR001	3,288.24	Gravel
13/04/2023	Lincspost Ltd	PP/LINC005	3,900.00	Mink control operations - monthly checks x 2
19/04/2023	Sunbelt Rentals Ltd	PP/SUNB001	518.16	
19/04/2023	Foxhall Plant Hire Ltd	PP/FOXH001	565.44	
19/04/2023	Stone Plant & Hydraulic Services Ltd	PP/STON005	600.00	
19/04/2023	Redacted	PP/	645.87	Compensation
19/04/2023	Welton Aggregates Limited	PP/WELT001	714.00	
19/04/2023	Matthew Hodson Servicing & Repairs	PP/MATT001	814.33	
19/04/2023	Pell Plant Hire Ltd	PP/PELL001	864.00	
19/04/2023	H W Smith Ltd	PP/SMIT002	1,063.68	Concrete for Theddlethorpe pumping station
19/04/2023	Services Machinery & Trucks Ltd	PP/SERV001	1,140.00	
19/04/2023	TIAA	PP/TIAA001	1,632.00	Annual governance and accountability return
19/04/2023	Listers Toyota Boston	PP/LIST002	121,041.92	Toyota Proace City vans x 8
20/04/2023	Woldmarsh Producers Ltd	PP/WOLD001	26,662.78	Fuel, materials etc.
26/04/2023	ADT Fire & Security plc	PP/ADTF001	2,159.66	Rental, maintenance and monitoring of alarm system
26/04/2023	M3 Floodtec	PP/M3FLOO1	5,277.00	50% payment of defender flood gates at Theddlethorpe
27/04/2023	Seacroft Ford	PP/SEAC001	501.94	
27/04/2023	Lincolnshire Pension Fund	PP/LCCO001	1,268.66	
27/04/2023	Inter-Lec Ltd	PP/INTL001	6,512.40	Installation of pump starter panels at Boygriff PS
27/04/2023	Association of Drainage Authority	PP/ADAU001	7,615.20	ADA subscriptions 2023
27/04/2023	AM Electrical Services Ltd	PP/AME001	11,205.04	Weedscreen cleaner cabling repair at Boygriff PS
27/04/2023	Huws Gray (Buildbase)	PP/JACK001	14,200.88	Pipes
04/05/2023	Greenaway Green Waste Services	PP/GREE001	547.20	
04/05/2023	Viking Direct Ltd	PP/VKD001	602.18	
04/05/2023	Due to DEIDB	LMDB Credit Card Receipts to 31.03.23	676.06	
04/05/2023	Finning (UK) Ltd	PP/FINN001	690.92	
04/05/2023	BGS Ltd.	PP/BGS001	740.40	
04/05/2023	Lincoln Security Limited	PP/LSEC001	908.40	
04/05/2023	Due to IOANN	LMDB Credit Card receipts to 31.03.23	1,108.18	
04/05/2023	Blockfree Services Ltd	PP/BLOC001	1,252.14	Hire and clean of welfare cabin
04/05/2023	Due to TVDB	LMDB Credit Card Receipts to 31.03.23	1,788.72	
04/05/2023	Foxhall Plant Hire Ltd	PP/FOXH001	2,090.40	
04/05/2023	East Lincs Rural Training	PP/ELRT001	2,198.00	
04/05/2023	Towergate Risk Solutions	PP/TOWE001	2,220.76	Addition of ten vehicles to motor insurance policy
04/05/2023	J Roberts Design Ltd	PP/ROBE001	2,275.80	
04/05/2023	Kass (Steel Stockholders) Ltd	PP/KASS001	2,653.80	
04/05/2023	IT2 Limited	PP/IT2L001	3,360.00	Cloud connect annual plan
04/05/2023	Inter-Lec Ltd	PP/INTL001	9,750.00	Compensation event at Saltfleet pumping station
12/05/2023	ESM Power Limited	PP/ESMP001	6,774.30	Installation of transformer at Anderby PS
12/05/2023	Inter-Lec Ltd	PP/INTL001	137,520.85	Installation of electrical control panel at Anderby PS
12/05/2023	Keyline Civils Specialists Ltd	PP/KEYL001	7,386.24	Pipes and materials for Orby South Drain
12/05/2023	Matthew Hodson Servicing & Repairs	PP/MATT001	696.00	
12/05/2023	SDS Pipe Systems Ltd	PP/SDSP001	31,012.16	Pipes for Gents canal
12/05/2023	Services Machinery & Trucks Ltd	PP/SERV001	700.04	
12/05/2023	Shoc Consultancy Ltd	PP/SHOC001	1,200.00	
12/05/2023	H W Smith Ltd	PP/SMIT002	859.32	
12/05/2023	Trent Valley Internal Drainage Board	PP/TVDB001	4,320.00	6 months rental of Nissan Navara pickup truck
17/05/2023	J N Bentley Ltd	PP/BENT002	380,294.57	Saltfleet Pumping Station Refurbishment
17/05/2023	Chandlers Farm Equipment	PP/CHAN001	88,583.80	Massey Ferguson Dyna-6 tractor final payment
19/05/2023	BGS Ltd	PP/BGS001	966.00	
19/05/2023	Lincspost Ltd	PP/LINC005	1,435.20	
19/05/2023	PHS Group Ltd	PP/PHSG001	1,125.18	
19/05/2023	J Roberts Design Ltd	PP/ROBE001	4,212.00	Designs and drawings for Ingoldmells PS
19/05/2023	Schneider Electric Systems UK Limited	PP/SCHN001	5,636.45	Telemetry support April to June 23
19/05/2023	H W Smith Ltd	PP/SMIT002	622.56	
19/05/2023	Welton Aggregates Limited	PP/WELT001	714.00	
19/05/2023	Listers Toyota Boston	PP/LIST002	15,130.24	Toyota Proace City van

Total

1,507,769.32

For data protection purposes some information may be excluded from this report, for example where payments have been made to individuals.

Management Accounts detailed report

5:1 Budgeted Income and Expenditure and Balance sheet Expenditure / Income

Lindsey Marsh Drainage Board Variance to Estimates Report - For the 12 months to 31st March 2023

	Whole Year Estimate	31.03.2023 Variance	31.03.2023 Estimate	31.03.2023 Actual	Notes
INCOME					
<i>Where the Income variance is negative this shows that the income received is less than estimated for</i>					
The following income is not related to Engineering Schemes					
Agricultural drainage rates	1,029,271.00	6,939.34	1,029,271.00	1,036,210.34	includes £2,607.09 rates outside the DRS system
Special levies	3,158,296.00	0.00	3,158,296.00	3,158,296.00	
Highland water contributions	62,827.00	1,366.77	62,827.00	64,193.77	
Stewardship Income	3,772.00	(0.25)	3,772.00	3,771.75	Winthorpe flood area
Rental, wayleaves & grazing income	839.00	148.68	839.00	987.68	Grazing rentals & wayleaves
Income from PSCAs	37,000.00	288,916.66	37,000.00	325,916.66	£272,421.55 Steeping Dredging; £41,923.06 Great Eau/Little Eau Embankment repairs - released from deferred funds. Budget of £37k re annual PSCA Income £11,572.05 billed
Income from rechargeable works	289,175.00	(118,152.07)	289,175.00	171,022.93	£163,493.74 relates to recharge of Engineers time to WMC members, below the Estimates weighted average of £269,175. DLO recharge income £7529.19
Income from consenting	36,688.00	77,219.82	36,688.00	113,907.82	Recharge for Consenting Time £60,509.51. Application fees £8,053.55. Surface water Development £45,344.76
Income from recharge of disbursements	68,663.00	20,758.45	68,663.00	89,421.45	Income is matched to disbursement expenditure
Contributions	1,538.00	866.48	1,538.00	2,404.48	Private employee mileage contributions £1528.02. Contribution to Strubby elect etc Aviation £876.46
Consortium & management income	619,436.00	(34,002.26)	619,436.00	585,433.74	
Investment interest	5,000.00	11,437.96	5,000.00	16,437.96	More income due to recent interest rate rises
Other income	0.00	1,713.95	0.00	1,713.95	Incl sale of old pipes £5,584. Currency contract differentials reversed from last year -£6,224.62. Rental income for new Mini Drill to cover acquisition cost £559.90. Oncecom discount income £1410
Own use of plant recharged (absorption) in non-schemes	387,159.00	296,781.96	387,159.00	683,940.96	Engineer Scheme Plant £289981.38 (budget £108,460). £181,521 positive position
Own use of labour recharged (absorption) in non-scheme	1,114,246.00	(173,155.71)	1,114,246.00	941,090.29	Eng Scheme DLO £204,030 (budget £138,326). Eng Scheme engineer time £247,666 (budget £395,080). £81,709.12 adverse position
TOTAL INCOME	6,813,910.00	380,839.78	6,813,910.00	7,194,749.78	

Lindsey Marsh Drainage Board
Variance to Estimates Report - For the 12 months to 31st March 2023

	Whole Year Estimate	31.03.2023 Variance	31.03.2023 Estimate	31.03.2023 Actual	Notes
EXPENDITURE:					
<i>Where the expenditure variance is negative this shows that the expenditure is more than estimated for</i>					
MAINTENANCE & DEVELOPMENT EXPENDITURE					
The following expenditure is not related to Engineering Schemes					
Drain maintenance expenditure	559,571.00	(24,127.61)	559,571.00	583,698.61	The external costs are £40.3k under budget, mainly due lower Emergency drain repairs stocks used and less use of external contractors & lower compensation paid. The negative variance relates mainly to absorbed costs of using own plant as more plant costs have been allocated to Drains Maintenance (Plant rates were increased)
Pumping station expenditure	580,530.00	(73,525.65)	580,530.00	654,055.65	External costs are £94.5k over budget, mainly due to electric. Overall pumping station electric is £155k higher than the budget for 2022/23. Contractor usage is under budget by £66.4k.
Recharge expenditure	289,175.00	118,931.83	289,175.00	170,243.17	£163.5k relates to costs of Engineers time to WMC members, below the Estimates weighted average of £269k. DLO costs to be recharged £6.7k
PSCA Recharge expenditure	37,000.00	(273,754.41)	37,000.00	310,754.41	£272,421.55 Steeping Dredging; £29,223.78 Great Eau/Little Eau Embankment repairs. Budget of £37k re annual PSCA Costs - costs £9,109.08.
Consenting Costs - Consultants	19,000.00	(72,274.50)	19,000.00	91,274.50	Costs to Recharge £58,413.82. Consenting Costs on LMDB issues £32,860.68
Disbursement Costs	68,663.00	(20,751.14)	68,663.00	89,414.14	Disbursement costs are matched to disbursement income
Stewardship Costs	738.00	(119.21)	738.00	857.21	Costs relating to the Winthorpe Flood area.
Cost of goods sold & stock variances	0.00	(12,215.18)	0.00	12,215.18	Cost of stocks sold £4,855.76 Stock variance -not allocated to projects £7,359.42
TOTAL MAINTENANCE & DEVELOPMENT EXPENDITURE	1,554,677.00	(357,835.87)	1,554,677.00	1,912,512.87	

Lindsey Marsh Drainage Board
Variance to Estimates Report - For the 12 months to 31st March 2023

	Whole Year Estimate	31.03.2023 Variance	31.03.2023 Estimate	31.03.2023 Actual	Notes
EXPENDITURE:					
<i>Where the expenditure variance is negative this shows that the expenditure is more than estimated for</i>					
SUPPORTIVE EXPENDITURE					
DLO costs	819,902.00	46,895.05	819,902.00	773,006.95	DLO wages & oncosts £51,856 lower than budget, including Cost of Living Allowance. Training and medical costs £2.3k lower than budget, but PPE over spent by £1.3k.
Other direct expenses	7,332.00	(1,193.40)	7,332.00	8,525.40	Consumables bought slightly higher than estimated
Environment Agency precept	450,451.00	0.00	450,451.00	450,451.00	
Support & establishment costs	2,774,247.00	99,408.28	2,774,247.00	2,674,838.72	Lower than estimated: fuel is £31.5k higher than estimated (includes a stock variance of £19,991.72). Employment costs £235k lower due to unfilled positions/change in personnel. Recruitment costs £7.7k higher. Insurances £20.4k higher.
Finance costs	13,202.00	11,475.31	13,202.00	1,726.69	Estimate includes Loan interest £11,475 - no new loans taken
Depreciation costs	0.00	(551,233.61)	0.00	551,233.61	This is a non-cash accounting adjustment & is removed for estimate purposes
Bad debt costs	0.00	(262.76)	0.00	262.76	Rates court costs and write offs
Biodiversity & environmental costs	400.00	126.82	400.00	273.18	Service level agreement 2022/23
Pension Scheme costs	0.00	(548,000.00)	0.00	548,000.00	This is a non-cash accounting adjustment & is removed for estimate purposes
TOTAL SUPPORTIVE EXPENDITURE	4,065,534.00	(942,784.31)	4,065,534.00	5,008,318.31	
TOTAL EXPENDITURE	5,620,211.00	(1,300,620.18)	5,620,211.00	6,920,831.18	
	1,193,699.00	(919,780.40)	1,193,699.00	273,918.60	
EXCEPTIONAL INCOME	0.00	22,687.92	0.00	22,687.92	This is a non-cash accounting adjustment & is removed for estimate purposes. This relates to profit on disposal of fixed assets
INCOME OVER EXPENDITURE	1,193,699.00	(897,092.48)	1,193,699.00	296,606.52	

Lindsey Marsh Drainage Board
Variance to Estimates Report

	<i>Whole Year Estimate</i>	<i>31.03.2023 Variance</i>	<i>31.03.2023 Estimate</i>	<i>31.03.2023 Actual</i>	
INCOME OVER EXPENDITURE	1,193,699.00	(897,092.48)	1,193,699.00	296,606.52	
ADJUSTMENTS TO THE FINANCIAL STATEMENTS TO ARRIVE AT THE ESTIMATES VALUES					
ADJUSTMENTS FOR NON MONETARY ITEMS					
Remove the effects of Depreciation costs	0.00	(551,233.61)	0.00	(551,233.61)	
Remove the effects of Profit on Disposal	0.00	22,687.92	0.00	22,687.92	
Remove the effects of Pension scheme	0.00	(548,000.00)	0.00	(548,000.00)	
Add the intended transfer from Plant Renewals Fund	(50,000.00)	0.00	(50,000.00)	(50,000.00)	To Trf back to General Reserves from Plant Reserves on acquisition of Excavator
Plant/Vehicle net expenditure occurred in year - funded from Plant reserve	0.00	(33,295.00)	0.00	(33,295.00)	Retained budgets returned to General reserves
Plant/Vehicle planned net expenditure not occurred in year - held over to Plant reserve	0.00	45,000.00	0.00	45,000.00	Budgets held in Plant Reserves
	(50,000.00)	(1,064,840.69)	(50,000.00)	(1,114,840.69)	
ADJUSTMENTS FOR BALANCE SHEET ENTRIES					
Fixed Asset Movements					
Motor additions					
Budget retained from 21/22 - £15,000 vehicle Planning	0.00	20,295.00	0.00	20,295.00	Mitsubishi L200 AF19 KCA - Eng Dept 05/10/22
Budget retained from 20/21 - £11,500 new starter van 4x4 Pick Up	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £25,000
4x4 Vehicle Landrover replacement	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £45,000
DLO Vans x 9 - Toyota Proace Active 1.5D	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £103,500
DLO Van - Toyota Proace FY23 ULX	0.00	12,351.03	0.00	12,351.03	Budget retained from 21/22 - £11,500
Replacement for Ford Ranger - Ins	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £16,000
Ford Transit Welfare conversion	0.00	7,399.17	0.00	7,399.17	Note - underspend of £9,575.88 on Transit previously went back to reserves
	0.00	40,045.20	0.00	40,045.20	
Plant additions					
3D Survey Scanner ENG	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £35,000
Noco Booster Jump Starter Pack - Tools Allowance	0.00	1,500.00	0.00	1,500.00	Budget retained from 20/21 - £1,500
Excavator bucket Ditcher (budget balance of £5k tools)	284.00	832.00	284.00	1,116.00	03/08/2022
Topcon Trailer Weigher - Tools Allowance	4,716.00	0.00	4,716.00	4,716.00	27/07/2022
Long Reach Excavator	280,000.00	18,400.00	280,000.00	298,400.00	Hitachi ZX300LC-7 Excavator £298,400.00 03.02.23
Weedbasket	10,000.00	(105.00)	10,000.00	9,895.00	Herder weed basket 11/11/22
6" Mobile Pump	30,000.00	(30,000.00)	30,000.00	0.00	Budget will be retained in Plant Reserve 23/24
Hammer Attachment	15,000.00	3,550.00	15,000.00	18,550.00	Dawson EMV300 Pile Hammer 31/10/22
GPS equipment Engineering	20,000.00	(20,000.00)	20,000.00	0.00	Budget will be retained in Plant Reserve 23/24
Mini Beast Meg Drill	0.00	559.90	0.00	559.90	Full cost received as rent from IOA
	360,000.00	(25,263.10)	360,000.00	334,736.90	
Plant disposals					
Cat Excavator FX65 JYN PLN7053	(30,000.00)	(30,000.00)	(30,000.00)	(60,000.00)	Trade in for Hitachi 03.02.23 £60,000.00
Betsy 6" Pump	(5,000.00)	5,000.00	(5,000.00)	0.00	Budget will be retained in Plant Reserve 23/24
	(35,000.00)	(25,000.00)	(35,000.00)	(60,000.00)	
Vehicle disposals					
Landrover (FY15 VGE) PLN7458	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £5,000
Bipper Vans x 9	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £4,500
Nissan Nivara (FT13 AOD) PLN7456	0.00	0.00	0.00	0.00	Budget retained from 21/22 - £2,500
	0.00	0.00	0.00	0.00	
Loan Capital Adjustment					
PWLB Loan repayments - Existing	0.00	0.00	0.00	0.00	
PWLB Loan repayments - Future	24,887.00	(24,887.00)	24,887.00	0.00	Loan repayments re Saltfleet & Anderby loans - yet to be drawn
	24,887.00	(24,887.00)	24,887.00	0.00	No loans taken out as yet
Non I&E (Costs) & Income	299,887.00	(1,099,945.59)	299,887.00	(800,058.59)	
Variance at 31/03/2023	893,812.00	202,853.11	893,812.00	1,096,665.11	
Planned Board Funding towards schemes	(847,700.00)	0.00	(847,700.00)	(847,700.00)	
Surplus/(deficit) to be taken from General Reserves as at 31st March 2023	46,112.00	202,853.11	46,112.00	248,965.11	
Unplanned adjustments to Reserves during period:					
See Transfer of Budgets:					
Additional Funds Required for Engineering Schemes to be taken from General Reserves	0.00	(364,846.21)	0.00	(364,846.21)	Capital Receipts Unapplied used on Saltfleet Scheme £136,003. £21,500 underspend last yr trf back to Schemes for PS Door Projects. June 23 BM £207,343.21
Engineering Scheme funds transferred back to General Reserves	0.00	336,003.00	0.00	336,003.00	Funds Trf from Saltfleet to be funded from Loans £200k & use of Capital Receipts Unapplied Reserve £136,003
Surplus/(deficit) to be taken from General Reserves as at 31st March 2023	46,112.00	174,009.90	46,112.00	220,121.90	

6. Updated 5-year Plant

LINDSEY MARSH DRAINAGE BOARD Estimate 5 Year Summary

	Actual 2021/22	Estimate 2022/23	Actual 2022/23	Estimate 2023/24 1	Estimate 2024/25 2	Estimate 2025/26 3	Estimate 2026/27 4	Estimate 2027/28 5
Scheme Income / Expenditure - Barmarked funds								
Board Contribution to Schemes from Rating Income	945,700.00	847,700*	847,700.00	467,700	473,700	588,700	465,700	620,700
Balance Sheet Income or Expenditure								
Plant Renewals (Additions less disposals)	500,916.42	325,000	314,782.10	417,500	395,000	300,500	480,500	337,500
Plant Reserves - funds added to Plant Reserves	0.00	0	0.00	0	0	100,000	0	0
Plant Renewals Funded from Plant Reserves	-100,000.00	-50,000	-50,000.00	-100,000	0	0	0	0
Plant renewals (not purchased in planned year but will occur in later year)	239,000.00		45,000.00					
Plant renewals (to be funded out of plant reserves as funds held over)	-243,509.32		-33,295.00					
Loan Capital Repayments - existing	0.00	0	0	0	0	0	0	0
Loan Capital Repayments - future loans	0.00	24,897	0	12,348	33,518	46,948	59,918	71,628
	396,407.10	299,887	276,487.10	329,848	428,518	447,448	540,418	409,128
Income & Expenditure Account								
Non-scheme Expenditure:								
Activity & Direct Costs								
Pumping Station Costs	458,294.62	580,530	654,055.65	882,788 405,148	976,986	1,001,410	1,026,445	1,052,107
Pumping Station 22/23 Electric Additional costs								
Drain Maintenance Works - incl Reforming from 23/24	416,401.80	559,571	583,698.61	1,022,354	1,047,913	1,074,110	1,100,963	1,128,488
PSCA Works	762,107.11	37,000	310,754.41	32,000	37,000	37,000	37,000	37,000
Other recharge Works	23,286.50	20,000	6,749.42	4,550	0	0	0	0
Engineers Costs to be invoiced	212,516.49	269,175	163,493.75	213,756	144,055	160,733	163,675	101,351
Consenting Costs	81,097.89	19,000	91,274.50	78,000	49,200	50,431	51,692	52,984
Disbursement Expenses	75,206.34	68,663	89,414.14	74,126	0	0	0	0
	2,028,910.75	1,553,939	1,899,440.48	2,712,722	2,255,154	2,323,684	2,379,775	2,371,930
Supportive Expenditure								
Plant Running Costs	251,200.13	332,744	394,701.87	375,925	385,068	394,437	404,038	413,877
DLO Wages	767,177.25	798,184	750,769.12	825,408	846,043	867,194	888,874	911,096
DLO Costs	18,838.88	23,718	22,237.83	26,790	29,511	30,248	31,003	31,778
Support & Establishment Costs	376,814.24	470,553	527,171.31	431,546	441,622	454,552	463,757	475,229
Salaried staff costs	1,566,267.44	1,971,350	1,753,501.48	2,064,590	2,116,169	2,169,033	2,223,219	2,278,762
Finance & Bank Charges	1,400.85	1,727	1,726.89	1,610	1,651	1,692	1,735	1,778
Loan Interest Repayments - existing	0.00	0	0.00	0	0	0	0	0
Loan Interest Repayments - future loans	0.00	11,475	0.00	18,636	48,179	64,147	77,668	88,207
Other costs - incl cost of stocks	16,210.57	8,070	21,597.79	8,350	8,545	8,744	8,848	8,158
EA Precept	450,451.00	450,451	450,451.00	450,451	450,451	450,451	450,451	450,451
	3,448,360.36	4,066,272	3,922,157.09	4,205,306	4,327,239	4,440,498	4,549,893	4,680,336
Total Expenditure plus contributions to schemes	6,819,378.21	6,767,798	6,945,784.67	7,716,676	7,484,611	7,800,330	7,936,786	8,062,094
Income								
Highland water	-52,024.79	-62,827	-64,193.77	-126,774	-86,004	-88,404	-100,884	-103,385
Other Income	-21,611.13	-11,149	-25,315.82	-11,760	-10,248	-10,389	-10,533	-10,681
PSCA Recharge Income	-776,452.20	-37,000	-325,916.66	-32,000	-37,000	-37,000	-37,000	-37,000
Consenting Income	-97,206.20	-36,688	-113,907.82	-64,000	-65,600	-67,241	-68,922	-70,644
Disbursement Income	-75,206.34	-68,663	-89,421.45	-74,126	0	0	0	0
Other Works Recharge Income	-25,256.28	-20,000	-7,529.19	-4,550	0	0	0	0
Engineers Work Invoiced out - Income	-212,516.40	-269,175	-163,493.74	-213,756	-144,055	-160,733	-163,675	-101,351
Commuted Sums	0.00	0	0.00	0	0	0	0	0
Consortium Costs recharged	-554,265.82	-619,436	-585,433.74	-758,671	-845,389	-848,395	-885,696	-967,534
Management fee Income	0.00	0	0.00	0	0	0	0	0
Adjustments for Costs incorporated into both Productive Costs & also Support Costs - to eliminate double counting:								
Engineering costs absorbed into Projects	-506,284.13	-687,931	-518,356.31	-475,633	-353,346	-398,096	-376,184	-267,362
DLO costs absorbed into Productive Expenditure	-367,094.69	-426,315	-424,733.98	-436,673	-335,734	-381,794	-376,378	-381,700
Plant costs absorbed into Productive Expenditure	-390,662.14	-387,159	-683,940.96	-466,120	-355,386	-401,978	-396,697	-369,989
Total Income	-3,078,610.10	-2,626,343	-3,000,243.44	-2,696,063	-2,242,772	-2,404,030	-2,415,949	-2,329,666
To be funded by Rates & Levy	3,740,768.10	4,141,455	3,945,541.23	5,019,613	5,241,839	5,396,300	5,519,837	5,732,428
Agricultural Rates Income	-1,006,175.49	-1,029,271	-1,036,210.34	-1,310,880	-1,339,369	-1,352,986	-1,366,603	-1,380,219
Special Levy Income	-3,066,777.00	-3,158,296	-3,158,296.00	-4,104,093	-4,109,291	-4,151,067	-4,192,844	-4,234,620
	-4,072,952.49	-4,187,567	-4,194,506.34	-5,414,973	-5,448,660	-5,504,053	-5,559,447	-5,614,839
Net Surplus/(Deficit)	332,184.39	46,112	248,965.11	395,460	206,621	107,763	39,610	-117,689
Agricultural Annual Values	6,189,323	6,189,244	6,189,244	6,189,323	6,189,323	6,189,323	6,189,323	6,189,323
Special Levy Annual Values	18,989,328	18,991,554	18,991,554	18,989,328	18,989,328	18,989,328	18,989,328	18,989,328
Rateable Annual Values	26,178,651	26,180,798	26,180,798	26,178,651	26,178,651	26,178,651	26,178,651	26,178,651
Rate p/E	16.15	16.83	16.63	21.22	21.64	21.86	22.08	22.30
Rate % Increase	3.00%	3.00%	3.00%	27.60%	2.00%	1.00%	1.00%	1.00%
Loan debt								
Loan debt - existing loans	0.00	0	0.00	0	0	0	0	0
Loan debt - potential new loans	0.00	576,113	0.00	1,043,652	1,390,134	1,688,187	1,913,269	2,041,641
Total Loan debt	0.00	576,113	0.00	1,043,652	1,390,134	1,688,187	1,913,269	2,041,641
Loan debt as a % of Rateable Income	0.00	13.76%		19.27%	25.51%	30.67%	34.41%	38.36%
Cash Reserves								
Cash Balances at 31/3/ after adjustments	813,702.15	859,814	895,529.05	1,441,137	1,647,958	1,855,711	1,895,321	1,777,732
Current Year outturn variance								
Plant Reserve (rated for) - to be deducted from cash balance reserves	437,185.16	78,444	398,890.16	43,890	43,890	143,890	143,890	143,890
Plant Reserve (rated for) - amended by Board								
Net Capital receipts - to be deducted from cash balance reserves	136,003.00	136,003	0.00	0	0	0	0	0
Surplus Operating Cash	240,613.99	646,367	596,638.89	1,397,247	1,604,068	1,711,821	1,751,431	1,633,842
Non-specific scheme values	527,609.44	810,473	249,882.93					
Net Operating costs plus contribution to schemes	3,740,768.10	4,141,455	3,945,541.23	4,814,365	5,241,839	5,396,300	5,519,837	5,732,428
Total Cash as % of Operating costs	21.75%	20.76%	25.23%	31.23%	31.44%	34.39%	34.34%	31.01%
Surplus Operating Cash as % of Operating costs	6.43%	16.68%	16.12%	30.28%	30.80%	31.72%	31.79%	28.80%
Emergency Surplus Operating Cash using Non-specific scheme funds as % of Operating costs	20.53%	36.15%	21.46%					

Mrs N. Hind FCCA
Finance Manager

FOR MEMBERS' INFORMATION ONLY

LINDSEY MARSH DRAINAGE BOARD	File Ref:	Agenda Item: 11
	Meeting: Board Meeting Date: 28th June 2023	
Subject: FINANCIAL STATEMENTS		

Recommendations:
<ul style="list-style-type: none">• To note the change from Category 2 to Category 1 Local Authority.• Review and approve the Draft Financial Statements for the Year Ending 31st March 2023 and that the Chairman evidence the Board's approval on Page 4 and Page 7 of the Accounts.• To receive an update on the year end audit from the Board's Internal Auditor.• To approve the Option to extend the contract of the Internal Audit provision with TIAA Ltd for a further 2 years for 2023/24 & 2024/2025.• To review and approve the Audit Programme for the 2023/24 internal audit.

1. Category 1 Local Authority

- 1:1 For the financial years to 31st March 2022, the Board was classified as a Category 2 Authority, subject to preparing accounts in accordance with Regulation 11 of the Accounts and Audit Regulations 2015 and subject to a limited assurance review on the Annual Governance and Accountability Return Form 3 (AGAR) by the appointed external auditor.
- 1:2 For the financial year to 31st March 2023, due to the levels of income and expenditure exceeding the annual limit of £6.5 million, the Board has been reclassified as a Category 1 Authority and is subject to a full code statutory audit.
- 1:3 Category 1 Authorities must prepare the Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on local authority accounting in the UK. The Code of Practice is prepared under International Financial Reporting Standards (IFRS).
- 1:4 The Financial Statements for Lindsey Marsh Drainage Board were previously prepared under FRS102, with some exceptions relating to grant income recognition. Due to the move to Category 1 status the financial statements have been restated under IFRS for this current financial year and also the comparative year of 31st March 2022.
- 1:5 As it is a requirement to publish a Category 1 authority's Financial Statements prior to the 31st May annually, a Draft Unaudited set of Financial Statements has been published prior to this deadline. These Financial Statements will be subject to a full audit and are therefore expected to change from the draft version as they appear today.
- 1:6 The Board must appoint an approved external auditor and due to the time restraints, the Board have joined the Opt-in Scheme with Public Sector Audit Appointments Limited (PSAA). We are awaiting notification of the details of the allocated external auditor.

2. Financial Statements for the year ending 31st March 2023

- 2:1 Subject to further future changes, the Published Draft Unaudited Statement of Accounts are attached for the Board's consideration and approval.
- 2:2 It should be noted that due to the reporting requirements under IFRS, the amounts stated do not necessarily reflect the Variance Management reports and the monetary amounts that are budgeted for annually and represent real amounts leaving the organization.
- 2:3 Recommendation is to approve the Financial Statements and request that the Chairman evidence the Board's approval on Page 4 and Page 7 of the Accounts.



LINDSEY MARSH DRAINAGE BOARD

**DRAFT
UNAUDITED
STATEMENT OF ACCOUNTS**

FOR THE PERIOD 1ST APRIL 2022 TO 31ST MARCH 2023



LINDSEY MARSH DRAINAGE BOARD

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Narrative Statement

Annual Report

About the Lindsey Marsh Drainage Board

The Lindsey Marsh Drainage Board is an independent body created under Land Drainage Statutes responsible for flood defence, drainage and water level management works, other than on main rivers, in a defined geographical area. The Board includes those elected by and representing the occupiers of land in the area and members nominated by the local authorities of East Lindsey and North East Lincolnshire District Councils.

The Board secures income mainly from drainage levies on farmers and other occupiers, and from special levies on local authorities. The Board also pays levies to the Environment Agency to fund works on main rivers within the Board's area.

The address of the registered office is:

Wellington House
Manby Park
Manby
Louth
Lincolnshire
LN11 8UU

The Board consists of 10 elected members and 11 nominated members.

Elected Members:

G A Rust (Chairman)
S W Eyre (Vice-Chairman)
G Bowser (November 2022)
W Cooper
R Crust
M Denby (November 2022)
J M Mowbray
R H Needham
D Pridgeon (November 2022)
D R Tagg

Appointed by East Lindsey District Council

Cllr T Aldridge
Cllr D Andrews
Cllr T Ashton (June 2022)
Cllr S Dennis
Cllr D Edgington
Cllr A J Howard
Cllr D McNally
Cllr E Mossop
Cllr P Rickett
Cllr W Bowkett



Appointed by North East Lincolnshire Council
Cllr W Parkinson

This document is the Statement of Accounts of Lindsey Marsh Drainage Board for the financial year ended 31st March 2023. The accounts consist of:

The Annual Governance Statement

This statement acknowledges the Board's responsibilities in terms of preparing the financial statements and ensuring that there is a sound system of internal control.

The Statement of Responsibilities

This statement identifies the officer who is responsible for the proper administration of the Board's financial affairs.

The Statement of Accounting Policies

This statement details the legislation and source of accounting principles on which the financial statements are prepared.

The Income and Expenditure Account

This statement shows the gross expenditure, income and net expenditure on the major activities for which the Board is responsible and compares that cost with the finance provided by the local rate payer and others.

The Balance Sheet

This statement is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves at the Board's disposal, the fixed and net current assets employed in its operation, together with summarised information of the fixed assets held. This statement also includes the assets and liabilities of the Board.

The Statement of Movement on Reserves

This statement shows the changes in reserves during the reporting period.

The Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operation of the authority are funded by way of rate payers, special levies, grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority. **Statement to be completed**



Summary of Financial Performance

The Board's financial position improved during the year as follows:

- 1 **Surplus:** The Board made a deficit of **£520,020.92**, compared to a surplus of **£118,077.35** in 2022. This was for a number of reasons, however a net change of £1.1million for expenditure/grant receivable against incomplete schemes is the biggest fluctuation. The change is due to requirements to use accounting policies as determined by moving into a principal authority audit. We would usually recognise the spend as it is incurred and recognise grant income relating to this spend in the same period. The requirements for this year and the next two years will be to capitalise the pumping stations on completion (IAS16/IPSAS28) and recognise the grant income once all of the obligations and conditions imposed by the grant have been met (IAS20/IPSAS23). Both income and expenditure will be recognised in the same financial period once all the relevant criteria have been met.
- 2 **Liquidity:** Cash surpluses have decreased from £ to £, as shown in the cash flow statement.
Statement to be completed
- 3 **Fixed Assets:** During the year the Board purchased a Hitachi Long reach Excavator, Herder weedbasket, Dawson Pile Hammer, Noco Booster Jump Starter Pack, Excavator ditcher bucket, Topcom Trailer Weigher, Mini Beast Mag Drill, Transit Welfare Conversion, Toyota Proace and a Mitsubishi L22 at a total cost of £374,782. The Board disposed of a Cat Excavator for £60,000 making a net profit on disposal of £22,688.
- 4 **Pension:** The Board's notional pension deficit as administered by Lincolnshire County Council has reduced from a deficit position of **£4,045,000** to an asset position of **£845,000** during the year. It is important to note that this balance does not represent the exit cost to the Board of closing down the pension scheme. It is a notional figure calculated by the Fund Actuary based on a number of actuarial assumptions. Both 2021/22 and 2022/23 figures include the McCloud assumption. A full breakdown of these figures and performance is included within the notes to the accounts.
- 5 **Funding:** The Boards expenditure is mainly funded by cash from ratepayers and levies on local Councils. The Board also holds a number of cash reserves. External funding is sought on Schemes from the RFCC and DEFRA.
- 6 **Revaluations:** The Boards pumping stations were revalued at 31st March 2009, they are yet to be revalued in line with International Financial Reporting Standards, once revalued the draft accounts will be amended accordingly.

Five Year Capital Works Programme

As reported and approved by the Board in January of each year, full details of the 5 year capital works programme along with a copy of the full estimates for income and expenditure of the Board, can be requested from the office. These estimates underline the importance of having adequate reserves and detail the funding sources which includes long term debt, flood defence grant in aid and third party contributions.



Statement of Responsibilities for the Statement of Accounts

The Board is required:

- 1 To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Responsible Financial Officer.
- 2 To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3 Approve the Statement of Accounts.

The Responsible Financial Officer's responsibilities:

The Responsible Financial Officer is responsible for the Board's Statement of Accounts which is required to present a true and fair view of the financial position of the Board at the accounting date, and its Income and Expenditure for the year ended 31st March 2023.

In preparing this Statement of Accounts, the Responsible Financial Officer has:

- 1 selected suitable accounting policies and then applied them consistently;
- 2 made judgements and estimates that were reasonable and prudent;
- 3 prepared the Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on local authority accounting in the United Kingdom.
- 4 applied the accounting concept of a going concern by assuming the IDB will continue to operate for the foreseeable future.

The Responsible Financial Officer has:

- 1 kept proper accounting records which were up to date;
- 2 taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Responsible Financial Officer:

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Board at 31st March 2023 and its Income and Expenditure for the year then ended.

Name: Nicola Hind FCCA
Designation: Financial Reporting Officer Date: 7th June 2023

Certificate of the Chairman of the Board:

I confirm that the DRAFT Financial Statements were approved by the Lindsey Marsh Drainage Board at a meeting held on the 28th June 2023.

Name: Giles Crust
Designation: Chairman Date: 28th June 2023



Annual Governance Statement

Board's Role

As the members of Lindsey Marsh Drainage Board we acknowledge our responsibility for ensuring that there is a sound system of governance, incorporating the system of internal control, including the preparation of the Statement of Accounts.

The Board provides leadership within a framework of prudent and effective controls, which enables risk to be properly assessed and managed. The Board sets the strategic aims, ensures that the necessary financial and human resources are in place to meet its objectives, and reviews management performance. The Board also sets values and standards, and ensures that the obligations to its stakeholders are understood and delivered.

Board's Composition

The Board has a total of 21 members, 10 of which are elected by occupiers of agricultural land who pay Drainage Rates directly to the Board for the services they receive (the elected members), and 11 members are appointed by the constituent Councils to represent the extent of other interests in the Drainage District (the appointed members).

Accountability

The Board is democratically accountable to those that pay for the service in its Drainage District. Consequently all money that we raise to do work in our Drainage District is spent actually doing work that benefits the Drainage District. All Board members are bound by the Members Code of Conduct and should also register their interests before taking office.

All Board members (elected and appointed) are there to serve the interests of the Board, which may, on occasion, differ from party political wishes, or those of another body.

Elected Members

The number of elected members is set out in the constitution. Elections for membership of the Board are held every 3 years, so if you are not happy with our performance; either by exercising your vote as a drainage ratepayer or standing for election yourself. The last election was November 2022.

Appointed Members

Special Levy paying Councils are entitled to assign Appointed Members onto the Board in proportion to the proceeds of Special Levies that they contribute to the total Special Levy and Drainage Rates income. However, where the special levies represent the majority of an IDB's combined income from Special Levy and Drainage Rates, the overall number of Appointed Members is capped at one more than the total number of Elected Members.

Appointed Members do not have to be councillors or employed by the Special Levy paying Council, but the Council must consider appointing someone who has knowledge or experience of some matter relevant to the internal drainage district, or the Board's functions.

Appointed members are encouraged to feedback to the councils on the work and decisions of the Board. A vacancy occurring in the appointed membership is filled by the relevant Council and the term served by such Appointed Members is a matter for the appointing local authority.

Decision Making

The Board make the key decisions and have reserved those matters that only it can take. Such decisions are made at Board meetings that take place at least 5 times a year and are recorded in the Minutes. Board meetings are public meetings at which anyone can attend the general business sessions. All other matters which, by definition, the Board considers suitable for delegation or may otherwise need to be dealt with between Board meetings have been delegated to its Committees, in accordance with the Board's Standing Orders, Matters To Be Reserved To The Boards and Financial Regulations. In addition to this the Board is represented on a number of Joint Advisory Committees, which make recommendations to the Board on various matters. Decisions and Board policy are then implemented by the Chief Executive and his Management Team. All staff are bound by the Employees' Code of Conduct.

The Board has put in place a number of plans policies and procedures to reduce the risk of fraud and to manage the key risks around delivering its strategic objectives: Anti-Fraud and Corruption and Anti-Bribery Policy, Risk Management Policy and Whistle blowing Policy.

Transparency

The Board's Minutes are published on our website. We aim to comply with the Government's Transparency Code and have also implemented the following policies to explain the types of information we have and when we can make this info. available, if requested: Data Protection Privacy & Breach Policy, Document Retention/Destruction Policy and our Freedom of Information Publication Scheme. Most information is freely available and can be accessed from our website. Other news and live updates are communicated through our Facebook page, in accordance with the Board's IT Telecoms Acceptable Use Policy and IT Security Operating Procedures.

Independent Assurance

Following closure of the Audit Commission on 31 March 2015 and expiration of its audit contracts the Government's Specified Person (Public Sector Audit Appointments Ltd) now appoints an External Auditor each year to audit the Board's Accounts and governance arrangements (the Appointed Auditor). The Appointed Auditor reports directly to the Board and therefore provides independent assurance to the Board and its stakeholders that the Accounts have been prepared in accordance with proper practices and that governance arrangements are sufficiently robust. Furthermore the Internal Auditor checks that the Board's management team are fully complying with these governance arrangements and reports directly to the Board on this every year.

We confirm to the best of our knowledge and belief, with respect to the Board's Statement of Accounts for the year end 31st March 2023, that:

- 1 The Statement of Accounts have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.

- 2 We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.
- 3 We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the Board to conduct its business or on its finances.
- 4 We have provided proper opportunity during the year for the exercise of electors rights in accordance with the requirements of the Accounts and Audit Regulations.
- 5 We have carried out an assessment of the risks facing the Board and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
- 6 We have maintained throughout the year an adequate and effective system of internal audit of the Board's accounting records and control systems and carried out a review of its effectiveness.
- 7 We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
- 8 We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year end, have a financial impact on the Board and where appropriate have included them in the Statement of Accounts.

The Board has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Officers of the Board who have responsibility for the development and maintenance of the governance environment, and also by comments made by internal and external auditors.

The current Internal Auditors have performed a review of ten key areas, which can be seen in detail in the Internal Audit reported that has been included in this Statement of Accounts. These areas were given an overall assurance of Substantial Assurance.

Signed on behalf of Lindsey Marsh Drainage Board

Signed by Responsible Financial Officer, Mrs N Hind

Date:

Signed by Chief Executive, Mr A McGill

Date:

Signed by Chairman, Mr G Crust

Date:



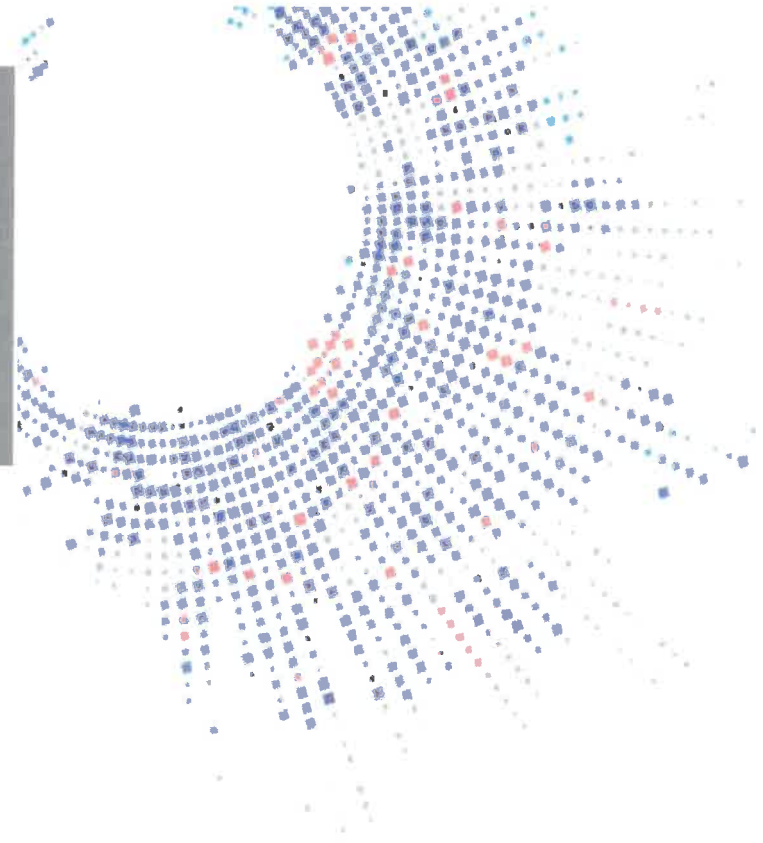
Lindsey Marsh Drainage Board

Assurance Review of Annual Governance and Accountability Return
2022/23

April 2023

Internal Audit

FINAL



Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit covers all areas required by the Annual Governance and Accountability Return (AGAR) and includes where appropriate the key risks for a drainage board.

SCOPE

The purpose of the review was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit.

KEY STRATEGIC FINDINGS

- The Water Management Consortium is well-run with good accounting practices.
- The Consortium has an informative website which is easy to navigate, well populated with useful and key information.
- The Consortium should look to keep up to date their key Policies and Procedures.

GOOD PRACTICE IDENTIFIED

- Good corporate governance is practiced by each of the four Boards with the Consortium with appropriate Member involvement.
- The Dynamic Risk Register provides good oversight to embed and manage the Consortium's key operational activities.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	A number of the Board's Policies and Procedures were reviewed and found to be in order and up to date. In addition, the main policies and procedures are all present on the Board's website. The Mission and Policy statement was adopted by the Board on 27 th March 2019 and while it has a five year review period there is reference to EU legislation which should be removed at the next review. Similarly the Financial Regulations which were approved by the Board in March 2019 also has reference to the EU which should now be updated. The review period for Financial Regulations is also every two years.	Policies and procedures to be reviewed and kept up to date in accordance with their review period or earlier if circumstances change and the document requires updating.	1	These two policies are due for review and amendment ready for approval at the September Board meeting.	30/09/2023	CEO

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
3	ROUTINE	Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.


Findings



Directed Risk:
Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	1	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings

-  The Agendas and Minutes of the following Lindsey Marsh Drainage Board (LMDB) Board meetings were reviewed:
- 26th January 2022 (approved 2022/23 penny rate increase of 3% increasing the drainage rate from 16.15p to 16.63p);
 - 23rd March 2022;
 - 15th June 2022;
 - 28th September 2022; and
 - 23rd November 2022.
- The minutes of the above Board meetings were all found to be comprehensive and informative demonstrating good governance.

 The Board have a Risk Management Statement, Strategy and Register which is available on their website. Although the detail in the risk register is not present on their website.

Other Findings

The Water Management Consortium (WMC) operate with two risk registers:

- 1) A Business Risk Register; and
- 2) A Dynamic Risk Register.

The business risk register is a corporate overview of the WMC's key risks and would be reviewed regularly and reported annually to the Board. The dynamic risk register enables officers to see the immediate risks and prioritise work according to potential impact. The dynamic risk register is reviewed weekly and is presented to each Board meeting.

The accounting records for the Water Management Consortium that includes LMDB are maintained using the Sage 200 accounting system.

A trial balance was obtained at the time of the audit (31 January 2023) and this was in balance. In addition, the accounting records were in order, up to date and in balance.

The accounts payable system was working well with creditors being paid in a timely manner

The purchase order system was reviewed and found to be in order.

The following invoices were reviewed in detail:








22/09/22 – TEC Partnership PP/GRIM001 £2,573.00 Training Course. Fee for an AAT L3 Dip in Accounting – all authorised 06/10/22 – TVIDB for credit card receipts for 31.08.22 TVIDB £10,102.01 Credit card receipts taken on behalf of other Boards.
There is not an invoice in respect of this, it is a movement of Cash. LMDB have a credit card facility to allow it to take card payments remotely (since covid) so Rate Payers can pay over the phone. LMDB take payments on behalf of the other Boards & these Controls accounts are operated within each Board, once checked & balanced between the boards, periodically LMDB make a payment to the other Board for the sums collected on that Board's behalf.
06/10/22 - DMJ Drainage Ltd PP/DMJD001 £51,000.00 Levelling out lagoon C at River Steeping. Purchase order 1356 – authorised. These were all in order.

The rates and special levies for 2022/23 were set on the 26 January 2022. As at the 31 January 2023 there was a balance of £5,422.33 (sum of credits and debits) on the drainage rate account. All outstanding debt is progressed and any not paid at year end will be carried forward. Debt collection proceedings will be followed if necessary to recover unpaid sums due.

The debtors system was reviewed and found to be working well. At the time of the audit (February 2023) an aged debtor's report was generated which was reviewed and found to be in order.

Very few write offs occur but when one is required through usually the clear inability to collect the debt through bankruptcy etc. the write off is approved by the Board in accordance with Financial Regulations. There had not been any write offs during 2022/23 year to date.

Other Findings

-  There are very few petty cash transactions and these are usually to reimburse for refreshments. The petty cash imprest for LMDB was reconciled and verified by a manager on a regular basis. At the time of the audit the petty cash was reconciled and in balance. The cash balance at the time of the audit was £17,37. Petty cash is being Phased out as the local Barclays bank is closing. The Board have applied for a debit card that can be used for any small purchases and to operate staff reimbursements through the payroll.
-  The payroll system is part of Sage and therefore interfaces well with Sage 200 the accounting package. This is part of the Consortium arrangements.
-  The pay data for week 44 and month 10 were reviewed and found to be in order.
-  The HMRC requirements for PAYE and NI for the month of January 2023 (month 10) had been met and the correct sums paid over as required to HMRC.
-  The asset register was up to date and complete for the items of plant, machinery and vehicles costing in excess of £500.
-  All accounting statements have been undertaken and reconciled to the cash book on a regular basis
-  A sample of sums feeding into the accounting statements were reviewed and verified to be correct



Delivery Risk:
Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings

- Adequate budgetary arrangements are in place and a detailed finance report is reported to every Board meeting. The budget is monitored on a regular basis and Members are able to see how actuals are compared to the original budget at every Board meeting.
- Reserves were reviewed and based upon current and projected rate rises these were adequate and aimed at achieving a 30% reserve position.
- There is a future year's forecast covering five years in place that enables each Board to identify the impact on the rates/special levies and potential future year's rate increases. This is particularly helpful to enable Boards to reflect on future year's rate increases that would impact both the rate payers and local authorities and yet maintain a balanced budget.
- Income and, in particular, the special levies and Environment Agency income is received in a timely manner. All income received is promptly banked. The majority of rating income is received via a bank transfer i.e. direct debit arrangement.
- Bank reconciliations are regularly undertaken these were in order with no unreconciled sums.
- The Board is operating within its approved budget for the 2022/23 financial year.
- Good practice is adopted by the Board to respond to business interruption events and to enhance the economic, effective and efficient delivery of its services.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	23 rd January 2023	23 rd January 2023
Draft Report:	13 th March 2023	24 th April 2023
Final Report:	26 th April 2023	

AUDIT PLANNING MEMORANDUM

Appendix B

Client: Lindsey Marsh Drainage Board
 Review: Annual Governance and Accountability Return
 Type of Review: Assurance
 Audit Lead: Chris Harris

Outline scope (per Annual Plan): The purpose of the review was to undertake sufficient audit work to be able to sign off the Annual Governance and Accountability Return for Internal Audit.

Directed Delivery
 Governance Framework: There is a documented process instruction which accords with business plan requirements and are independently monitored, with corrective action taken in a timely manner.
 Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.
 Compliance: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.
 Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.

Detailed scope will consider: (if required then please provide brief detail)
 Requested additions to scope:
 Exclusions from scope:
 Planned Start Date: 20/02/2023
 Exit Meeting Date: 09/03/2023
 Exit Meeting to be held with: Andrew McGill and Nikki Hind

SELF ASSESSMENT RESPONSE
 Matters over the previous 12 months relating to activity to be reviewed
 Y/N (if Y then please provide brief details separately)
 N
 N
 N
 N

Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?
 Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?
 Have there been any significant changes to the process?
 Are there any particular matters/periods of time you would like the review to consider?

LINDSEY MARSH DRAINAGE BOARD

Statement of Changes in Reserves For the Year Ended 31 March 2023

<u>Usable Reserves</u>	Engineering	Commuted	Capital	Plant Renewal	General Reserve	Total
	Projects Reserve	Sums Reserve	Receipts Unapplied Reserve		Profit & Loss Reserve	
	£	£	£	£	£	£
At 1 April 2022	4,009,428.04	0.00	136,003.00	437,185.16	1,758,787.22	6,341,403.42
Profit / (Loss) for the Year	-	-	-	-	(520,020.92)	(520,020.92)
Board funding	847,700.00	-	-	-	(847,700.00)	0.00
Engineering receipts	20,000.00	-	-	-	(20,000.00)	0.00
Other comprehensive income	-	-	-	-	548,000.00	548,000.00
Trf from Capital Receipts Reserve	136,003.00	-	-	-	0.00	136,003.00
Transfer from General reserves	228,843.21	-	-	45,000.00	711,679.44	985,522.65
	<u>5,241,974.25</u>	<u>0.00</u>	<u>136,003.00</u>	<u>482,185.16</u>	<u>1,630,745.74</u>	<u>7,490,908.15</u>
Transfer to other reserves	(336,003.00)	0.00	(136,003.00)	(83,295.00)	(273,843.21)	(829,144.21)
Engineering expenditure	(836,627.44)	-	-	-	836,627.44	0.00
At 31 March 2023	<u>4,069,343.81</u>	<u>0.00</u>	<u>0.00</u>	<u>398,890.16</u>	<u>2,193,529.97</u>	<u>6,661,763.94</u>

<u>Unusable Reserves</u>	Revaluation Reserve	Pension Reserve	Total
	£	£	£
At 1 April 2022	6,796,170.24	(4,045,000.00)	2,751,170.24
Profit / (Loss) for the Year	-	4,890,000.00	4,890,000.00
Transfer from other reserves	-	0.00	0.00
	<u>6,796,170.24</u>	<u>845,000.00</u>	<u>7,641,170.24</u>
Transfer to other reserves	0.00	0.00	0.00
Depreciation of pumping stations	(292,381.44)	0.00	(292,381.44)
At 31 March 2023	<u>6,503,788.80</u>	<u>845,000.00</u>	<u>7,348,788.80</u>

Reserves Note

Reserves are held to create a working balance to mitigate the impact of uneven cash flows and avoid uneven rate increases or decreases, to create a contingency to cushion the impact of unexpected events and emergencies, and to build funds to meet predicted future expenditure. However, not all reserves can be used to deliver services and these are reflected as Usable and Unusable. Unusable reserves are determined by technical accounting rules and are not available for use by the Board, Revaluation and Pension reserves are examples of Unusable Reserves. Of the Usable Reserves, the Board holds two different types - Allocated or Earmarked Reserves and Unallocated or General Reserves.

Usable Reserves

Allocated or Earmarked Reserves

Allocated or Earmarked Reserves are sums set aside for a specific known future use.

Engineering Project Reserve

The Engineering Project Reserve is an earmarked reserve where the sums have been set aside for a specific project or to meet expenditure for a specific future purpose.

Due to the nature of those schemes the life of the project can take place over a number of years and therefore any funds are held separately to those of the General Reserve to ensure that these funds are available when the expenditure is required.

Commuted Sums Reserve

A commuted sum is a "one-off" receipt, from a 3rd party, of a capital nature that is reserved against future expenditure of a specific nature. Any commuted sums are now held on the balance sheet as a future obligation (creditor) rather than a value in the reserve account.

Capital Receipts Unapplied Reserve

Capital receipts arise from the disposal of land & building assets and are credited to the Capital Receipts Unapplied Reserve from where new building or land assets may be financed from in the future.

During the year to 31st March 2023 the Board resolved to allocate the Capital Receipts Unapplied Reserve to the Engineering Schemes to be used on Saltfleet Pumping Station Refurbishment.

Plant Renewal Fund Reserve

The Plant Renewal & Operating Reserve is an earmarked reserve where funds have been set aside and are held for future costs incurred in the provision of new plant.

Where an item of plant is budgeted for in one year but not purchased until the following year the budget is moved to the plant reserve to earmark the funds for future use.

LINDSEY MARSH DRAINAGE BOARD

Statement of Changes in Reserves **For the Year Ended 31 March 2023**

Unallocated or General Reserves

Unallocated or General Reserves are funds to provide protection against unplanned expenditure.

The General Reserves, as shown on the Balance Sheet, shows the equity of the Board, and these funds are made up of both cash and non-cash assets/liabilities, such as any fixed assets the Board holds in its balance sheet.

When considering the Board's financial position, within those General reserves we identify the cash element so that we can ensure we have sufficient funds in the form of cash to meet our everyday expenditure and keep enough in reserve to enable the Board to meet any unplanned expenditure caused by an increase in costs or a flooding event. The Board's policy is to maintain a level of 30% of average net operating costs. The calculation of average operating costs includes expenditure on pumping stations, watercourse maintenance, administration, other assets and borrowing charges. Non-monetary expenses, such as depreciation, are not included in the calculation.

Unusable Reserves

Revaluation Reserve

The revaluation reserve is a non-monetary accounting adjustment to record movement arising from the revaluation of the Pumping Stations from their historical cost to their value as at the revaluation date. The Revaluation Reserve is reduced annually in line with the value of the depreciation of the Pumping Stations. The Reserve value is not available for use by the Board.

The Revaluation Reserve has arisen from the revaluation of the pumping stations, last valued on 31st March 2009 by Castley & Co, Chartered Surveyors. The sums relating to that revaluation are shown in the Reserve, a further revaluation will be required in line with IFRS and these figures will be amending accordingly.

Pension Reserve

The Pension Reserve represents the present values of the Pension scheme, as valued by an independent firm of actuaries, based upon an estimate of the pensions that will be payable in future years taking into consideration assumptions on mortality rates and earnings. The Pension Reserve is not available for use by the Board.

The Pension reserve is an asset, having been in a deficit position for a number of years. A deficit arises where the Board has not contributed sufficient funds to match the Actuary's assessment of the future pension commitments as at the balance sheet date. The Actuary's assessment can change significantly from year to year, depending on investment performance, mortality rates and the age profile of the active members of the scheme. The asset / deficit value does not represent the exit costs of closing down the scheme or withdrawing from the LGPS scheme as at the balance sheet date.

Further notes relating to Pensions can be found in the Notes to the Accounts

LINDSEY MARSH DRAINAGE BOARD**Income & Expenditure Account**

All Values are shown in Pound Sterling

	Notes	31.03.2023 Current Year	31.03.2022 Previous Year
INCOME			
Agricultural drainage rates		1,036,210.34	1,006,175.49
Special levies		3,158,296.00	3,066,777.00
Highland water contribution		64,193.77	52,024.79
Stewardship income		3,771.75	3,771.75
Rental, wayleaves & grazing income		987.68	837.68
Income from PSCAs	1	325,916.66	776,452.20
Income from rechargeable works	2	171,022.93	237,772.66
Income from consenting	3	113,907.82	97,206.20
Income from recharge of disbursements	4	89,421.45	75,206.34
Contributions	5	2,404.48	5,841.96
Deferred income & commuted sums	6	0.00	6,321.42
Consortium & management income	7	585,433.74	554,295.82
Other income	8	1,713.95	7,597.48
Investment interest		16,437.96	3,562.26
Grants	26	20,000.00	0.00
Contributions to Schemes	27	0.00	19,240.00
Own use of plant (absorption)	9	683,940.96	390,662.14
Own use of labour (absorption)	9	941,090.29	873,378.82
TOTAL INCOME		7,214,749.78	7,177,124.01
MAINTENANCE & DEVELOPMENT EXPENDITURE			
Engineering scheme expenditure	31	836,627.44	510,574.24
Drain maintenance expenditure	10	583,698.61	416,401.80
Pumping station expenditure	11	654,055.65	458,294.62
PSCA Recharge Expenditure	1	310,754.41	762,107.11
Recharge expenditure	2	170,243.17	235,802.99
Consenting expenditure	3	91,274.50	81,097.89
Disbursement Costs	4	89,414.14	75,206.34
Stewardship costs		857.21	0.00
Cost of goods sold & stock variances		12,215.18	9,421.96
TOTAL MAINTENANCE & DEVELOPMENT EXPENDITURE		2,749,140.31	2,548,906.95
SUPPORTIVE EXPENDITURE			
DLO costs	12	773,006.95	786,016.13
Other direct expenses	13	8,525.40	6,788.61
Environment Agency precept		450,451.00	450,451.00
Support & establishment costs	14	2,674,838.72	2,193,871.40
Finance costs	15	1,726.69	1,400.85
Depreciation costs	16	551,233.61	553,365.81
Bad debt costs		262.76	113.33
Biodiversity & environmental costs		273.18	297.07
Pension scheme finance costs	25	548,000.00	564,000.00
Miscellaneous		0.00	0.00
TOTAL SUPPORTIVE EXPENDITURE		5,008,318.31	4,556,304.20
TOTAL EXPENDITURE		7,757,458.62	7,105,211.15
		(542,708.84)	71,912.86
EXCEPTIONAL INCOME	17	22,687.92	46,164.49
NET SURPLUS / (DEFICIT)		(520,020.92)	118,077.35

LINDSEY MARSH DRAINAGE BOARD**Balance Sheet Report**

All Values are shown in Pound Sterling

	Notes	31.03.2023 Current Year	31.03.2022 Previous Year
FIXED ASSETS	16		
Land & buildings		206,014.74	211,294.50
Pumping stations		6,503,788.80	6,796,170.24
Plant & equipment		1,278,965.01	1,206,857.47
Motor vehicles		111,533.25	98,608.34
Computer Equipment		378.08	1,512.92
Assets under Construction	31ii	<u>5,435,290.61</u>	<u>1,869,640.54</u>
FIXED ASSETS		13,535,970.49	10,184,084.01
CURRENT ASSETS			
Stocks		103,797.10	92,114.56
Trade debtors		128,757.63	254,449.96
Rates debtors		317.21	3,170.88
Other debtors	18	29,348.34	137,354.06
Cash at Bank and in hand	19	8,687,867.44	6,218,129.86
Prepayments		9,549.48	10,435.35
CURRENT ASSETS		<u>8,959,637.20</u>	<u>6,715,654.67</u>
CURRENT LIABILITIES - DUE WITHIN 1 YEAR			
Trade creditors & supplier retentions	20	(300,558.56)	(442,031.94)
Other creditors	21	(1,064,259.89)	(5,263.48)
Accruals		(274,254.40)	(14,741.27)
Accrued Accumulated Absences		(22,942.00)	0.00
Taxation & social security	22	(48,959.96)	(45,552.58)
Loans & hire purchase	23	0.00	0.00
Capital Grants received in advance	26ii	(7,432,125.50)	(2,753,276.50)
Deferred income & commuted sums	24	(186,954.64)	(501,299.25)
CURRENT LIABILITIES		<u>(9,330,054.95)</u>	<u>(3,762,165.02)</u>
NET CURRENT ASSETS		<u>(370,417.75)</u>	<u>2,953,489.65</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,165,552.74</u>	<u>13,137,573.66</u>
LONG TERM (LIABILITIES) / ASSET			
Loans & hire purchase	23	0.00	0.00
Pension scheme asset / (liability)	25	845,000.00	(4,045,000.00)
LONG TERM LIABILITIES		<u>845,000.00</u>	<u>(4,045,000.00)</u>
NET ASSETS		<u>14,010,552.74</u>	<u>9,092,573.66</u>
RESERVES:			
USABLE RESERVES			
EARMARKED RESERVES			
Engineering Projects Reserve		4,069,343.81	4,009,428.04
Commuted Sums Reserve		0.00	0.00
Capital Receipts Unapplied Reserve		0.00	136,003.00
Plant Renewal Fund		398,890.16	437,185.16
TOTAL EARMARKED		<u>4,468,233.97</u>	<u>4,582,616.20</u>
GENERAL RESERVES			
General Reserve - Profit & Loss Reserve		2,713,550.89	1,640,709.87
Current period net surplus / (deficit)		(520,020.92)	118,077.35
TOTAL GENERAL RESERVES		<u>2,193,529.97</u>	<u>1,758,787.22</u>
UNUSABLE RESERVES			
Revaluation Reserve		6,503,788.80	6,796,170.24
Pension Reserve	25	845,000.00	(4,045,000.00)
TOTAL NON-DISTRIBUTABLE RESERVES		<u>7,348,788.80</u>	<u>2,751,170.24</u>
BOARD'S FUNDS		<u>14,010,552.74</u>	<u>9,092,573.66</u>



Statement of Accounting Policies

Basis of Financial Statement and Accounting Policies

The Statement of Accounts have been prepared in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 (the Code).

Lindsey Marsh Drainage Board's accounting policies are the principle, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be shown in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves. It has adopted the following accounting policies which should be read in conjunction with the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in this statement of accounts.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Critical Judgements In Applying Accounting Policies:

In applying the accounting policies the IDB has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

IAS20 Government Grants: An entity recognises government grants only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

The grants received from the EA in respect of schemes have been shown within Grants Received in Advance, and the corresponding costs are shown within Assets Under Construction on the Balance Sheet. Once the projects are complete and the Certificate of Completion is received, alongside the relevant closure form from the Environment Agency being signed off, both the income from the grant, and the costs incurred will be recognised and the net cost of the asset recognised on the Balance Sheet.

Estimation Uncertainty:

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustments within the carrying amounts of assets and liabilities within the next financial year are:

1 **Property**

There could potentially be an impact on the valuations due to the passing of time since the last revaluation. Once the valuations are provided the Financial Statements will be adjusted accordingly.

2 **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of consulting Actuaries is engaged with Lincolnshire Pension Fund, about the assumptions to be applied, and provides an annual report detailing this information and outlining the assumptions made.

Accruals:

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation.



Provisions:

A provision is recognised if, as a result of a past event, Lindsey Marsh Drainage Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity. The term Financial Instrument encompasses equity instruments, financial assets and financial liabilities.

The only financial assets held are receivables. Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Each financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Financial liabilities are recognised on the Balance Sheet when the IDB becomes party to the contractual provisions of a financial instrument. Long term loans (PWLB) are shown in the balance sheet as the capital element outstanding at the year end, split between amounts due in the current year and amounts due outside of the year. Any interest paid is taken directly to the income and expenditure account. At the 31st March 2023 & 2022, the IDB had no Long Term Loans outstanding

Government Grants:

Government grants are recognised in the Income and Expenditure when all of the obligations and conditions have been met, if these have not yet been met these funds are held in the Grant Reserve.

Income Recognition:

Income is recognised at the time of invoicing. In the case of Drainage Rates this is on the 1st April annually.

Taxation:

Drainage Boards are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is irrecoverable.



Pensions:

The Board participates in the Lincolnshire Local Government Pension Scheme, a defined benefit scheme, operated by Lincolnshire County Council. The Board pays a contribution of 18.5% on employees pensionable pay into the pension fund, rising to 24% in 2023/24. The expected costs of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the Income and Expenditure in order to spread the cost over the service lives of employees in the scheme. The annual report is available on request.

Fixed Assets:

Fixed assets are recognised as expenditure on acquisition, creation or enhancement of fixed assets. Assets with estimated useful lives in excess of 1 one year and a value of £500, or £2,000 in the case of computer equipment , or above are capitalised on an accruals basis in the accounts.

Disposals are written off at cost less depreciation. Any surplus/deficit is charged/credited to Profit/Loss on Disposal in the Income and Expenditure Account.

Depreciation has been provided for using the straight line method.

The useful lives of the various items on the Fixed Asset Register are as follows:

Buildings: 50 years

Pumping station contents and weedscreen cleaners: 25 years

Motor vehicles and equipment: 5 years

Excavators and plant: 5-10 years

Properties, Pumping Stations and Land have been subject to revaluations, which are shown in the Revaluation Reserve account. These will be reviewed regularly so that the carrying amount does not materially differ from its fair value at the balance sheet date.

Inventories (Stocks)

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out method (FIFO).



Additional Disclosures

First Time Adoption of IFRS

The Statement of Accounts for 2022-23 is the first to be prepared on an IFRS basis.

The accounting policies detailed have been applied to the financial statements for the year ended 31st March 2023, the comparative information and the opening statement of financial position at the date of transition.

Material differences between amounts presented are explained below.

IFRS Adjustments

- 1 Government Grants
Under the Code, Government Grants are recognised as income when all obligations and conditions of the grant are met. As a result of adopting the accounting policy required by the Code, the Financial Statements have been amended by moving all Grant Income to the Capital Grants Received in Advance account, until all conditions and obligations are met. The previous accounting policy was to match expenditure with the grant.
- 2 Assets Under Construction
This expenditure was previously matched with the income received from the Government Grant and accounted for within the Income and Expenditure Statement for the year. This is now being classified separately, and once the asset is fully complete and all obligations and conditions of the grant met this will then be classified and accounted for as defined by the applicable accounting policy.
- 3 Accumulated Absences
Short term accumulating absences refer to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay. Under the Code, the cost of providing holidays and similar benefits is required when employees render their services that increase their entitlement to future compensated absences. As a result the Authority is required to accrue for any annual leave earned but not taken at 31 March each year. Under previous accounting arrangements, no such accrual was required.

Expenditure and Funding Analysis

Lindsey Marsh Drainage Board manages its activities and reports as a single operational unit, and as such no operational segmentation is provided in these Statement of Accounts.

Lindsey Marsh Drainage Board has not acquired or discontinued any operations in the year to 31st March 2023.

Events After The Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- 1 Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- 2 Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Risk Management

Lindsey Marsh Drainage Board has exposure to the following risks from its use of financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 Market risk
- 4 Operational risk

This note presents information about Lindsey Marsh Drainage Board's exposure to each of the above risks, the objective, policies and processes for measuring and managing risk, and management of capital. Further quantitative disclosures are included throughout these Statement of Accounts.

Risk Management Framework

The risk management framework is set out in the Annual Governance Statement of these Statement of Accounts.

Credit Risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations.

Liquidity Risk

Liquidity risk is the risk that Lindsey Marsh Drainage Board will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Lindsey Marsh Drainage Board's approach to managing liquidity risk is to only commit to financial instruments that can be funded from the available cash resources at the date of commitment.

Market Risk

Market risk is the risk that changes in market prices such as interest rates will affect Lindsey Marsh Drainage Board's income or the value of its financial instruments.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Lindsey Marsh Drainage Board's processes or personnel, technology and infrastructure risks, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

	31.03.2023 Current Year	31.03.2022 Previous Year
1 PSCA Income & Expenses		
PSCA Income		
River Steeping Dredging works income received		542,709.00
River Steeping works income moved to Deferred to match future expenses		(340,110.43)
River Steeping works income moved from Deferred to match future expenses	272,421.55	279,124.25
Long & Great Eau Embankment works income received		97,409.40
Long & Great Eau Embankment works income trf to Deferred to match future expenses		(41,923.06)
Long & Great Eau Embankment works income trf from Deferred to match future expenses	41,923.06	217,596.85
PSCA Income - EA - DLO works done	11,572.05	21,646.19
	<u>325,916.66</u>	<u>776,452.20</u>
Expenses for PSCA works		
River Steeping works	272,421.55	531,722.82
Long & Great Eau & Steeping Badger works	29,223.78	213,083.19
PSCA Costs - EA	9,109.08	17,301.10
PSCA costs	310,754.41	762,107.11
	<u>310,754.41</u>	<u>762,107.11</u>
Income over Expenditure on PSCA	<u>15,162.25</u>	<u>14,345.09</u>
2 Other Recharge Works		
Income		
Works performed recharged income - DLO	3,573.45	8,743.69
Works performed for other Boards income - DLO/Plant rent	3,955.74	16,512.57
Mileage re Engineers visits	0.00	0.00
Works performed recharged income - Engineers	163,493.74	212,516.40
	<u>171,022.93</u>	<u>237,772.66</u>
Expenditure		
Works performed costs & recharged as income -DLO	6,730.89	22,967.87
Works performed costs & recharged as income - ENG	163,512.28	212,835.12
Recharge Works costs	170,243.17	235,802.99
	<u>170,243.17</u>	<u>235,802.99</u>
Income over Expenditure on Recharge works performed	<u>779.76</u>	<u>1,969.67</u>
3 Consenting Recharges		
Income		
Consent & application fees	8,053.55	9,656.46
Consenting time recharged to other boards	60,509.51	45,122.27
Surface water fees	45,344.76	42,427.47
	<u>113,907.82</u>	<u>97,206.20</u>
Expenditure		
Consenting costs	91,274.50	81,097.89
	<u>91,274.50</u>	<u>81,097.89</u>
Income over Expenditure on Consenting Recharge	<u>22,633.32</u>	<u>16,108.31</u>
4 Disbursement Income & Expenditure		
Recharge of expenditure Income		
Income receipts for expenses	89,421.45	75,206.34
Recharge of expenditure		
Expenses (disbursements) to be recharged	89,414.14	75,206.34
	<u>89,414.14</u>	<u>75,206.34</u>
Income over Expenditure on Disbursements	<u>7.31</u>	<u>0.00</u>
Total Income Relating to Recharges	<u>700,268.86</u>	<u>1,186,637.40</u>
Total Expenditure Relating to Recharges	<u>661,686.22</u>	<u>1,154,214.33</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

	31.03.2023 Current Year	31.03.2022 Previous Year
5 Contributions		
Contributions towards vehicle fuel costs - private mile	1,528.02	1,506.06
Strubby Gliders	876.46	963.24
Contribution towards software costs		3,372.66
	<u>2,404.48</u>	<u>5,841.96</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
6 Deferred income & commuted sums		
Olive tech fund released to Income & Expenditure		6,321.42
	<u>0.00</u>	<u>6,321.42</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
7 Consortium & management income		
Consortium recharge	585,433.74	554,295.82
Management fee	0.00	0.00
	<u>585,433.74</u>	<u>554,295.82</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
8 Other income		
Sale of stocks	5,584.20	84.00
Sale of scrap	0.00	916.00
Sale of assets	0.00	0.00
Insurance claims	0.00	0.00
Summons costs receipts	350.00	350.00
Credit card income	34.44	22.86
Currency differentials on foreign transactions	(6,224.62)	6,224.62
Discounts - incl Once Com phone	1,410.03	-
Rental of plant to cover acquisition costs	559.90	-
	<u>1,713.95</u>	<u>7,597.48</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
9 Use of Own		
Use of Own Plant		
Engineering Projects	289,981.38	131,616.58
PS Projects	6,678.41	12,220.65
Recharge Projects inc Steeping etc	24,960.40	42,215.90
Drains Maintenance Projects FLA, WEE, WOT, WED	362,320.77	204,609.01
Other	0.00	
	<u>683,940.96</u>	<u>390,662.14</u>
Use of Own Labour		
Use of Own Labour - DLO		
Engineering Projects	204,030.42	110,748.41
PS Projects	29,185.97	35,482.31
Recharge Projects inc Steeping etc	13,249.59	62,638.88
Drains Maintenance Projects FLA, WEE, WOT, WED	178,233.59	158,225.09
Other	34.41	
	<u>424,733.98</u>	<u>367,094.69</u>
Use of Own Labour - Consultants/Engineers		
Engineering Projects	247,666.46	168,885.71
PS Projects	6,739.54	9,841.73
Recharge Projects inc Steeping etc	261,696.96	327,216.16
Drains Maintenance Projects FLA, WEE, WOT, WED	253.35	340.53
Other	0.00	
	<u>516,356.31</u>	<u>506,284.13</u>
Total Use of Own Labour	<u>941,090.29</u>	<u>873,378.82</u>
Total Use of Own Labour & Plant	<u>1,625,031.25</u>	<u>1,264,040.96</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

	31.03.2023	31.03.2022
	Current Year	Previous Year
10 Drain Maintenance Expenses		
Flailing	154,317.51	117,078.00
Weedcutting	342,220.60	236,650.96
Emergency drain repairs	30,833.61	21,264.83
Other drain repairs	56,326.89	41,408.01
Other costs	0.00	0.00
	<u>583,698.61</u>	<u>416,401.80</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
10 Drain Maintenance Expenses continued		
Stocks	20,507.50	13,644.15
Use of own plant	362,320.77	204,609.01
Use of own labour	178,233.59	158,225.09
Contractors	7,592.84	9,005.80
Consultants	253.35	340.53
Compensation	14,682.79	30,484.29
Utilities (electric, phone, rates)	107.77	92.93
	<u>583,698.61</u>	<u>416,401.80</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
11 Pumping Station Expenses		
Stocks	7,641.36	6,841.39
Use of own plant	6,678.41	12,220.65
Use of own labour	29,185.97	35,482.31
Contractors	36,705.68	22,472.43
Consultants	6,739.54	9,841.73
Inspections	13,162.45	6,316.75
Utilities (Electric)	499,924.88	305,395.92
Utilities (Phone)	1,694.52	7,172.89
Utilities (Water, rates)	427.61	
Telemetry	18,788.16	31,714.71
Insurance	32,158.49	20,320.34
Expenses reimbursements	860.58	515.50
Other costs	88.00	0.00
	<u>654,055.65</u>	<u>458,294.62</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

11 Pumping Station Expenses

Pumping Station expenses - per station

	Current Year 31.03.2023	Previous Year 31.03.2022
Wainfleet Sea Lane Pumping Station	20,950.54	23,002.92
Gibraltar Point Pumping Station	36,616.37	27,522.90
Burgh Sluice Pumping Station	48,314.00	26,285.71
Gotts Pumping Station	6,640.55	5,186.12
Burgh Village Pumping Station	3,620.43	3,391.70
Wedlands Gate Tilting Weir	1,239.47	1,319.39
Crown Farm Pumping Station	5,652.86	7,779.86
Thorpe Culvert Pumping Station	61,299.11	29,137.19
Thorpe Culvert Diesel (Quincey's) Pumping Station	1,589.81	1,908.64
Ingoldmells Pumping Station	64,483.32	36,718.71
Wyche Pumping Station	12,525.12	7,203.24
Nursery Pumping Station	1,985.44	5,283.85
Boothby Pumping Station	1,781.36	2,128.72
Chapel Basin Pumping Station	1,316.94	1,360.63
Anderby Pumping Station	48,550.94	29,222.61
Anderby Diesel Pumping Station	2,047.18	1,573.25
Boygrift Pumping Station	63,487.76	20,836.35
Trusthorpe Pumping Station	49,769.91	37,978.50
Theddlethorpe Pumping Station	41,130.80	28,753.54
Fulbeck Pumping Station	9,271.65	22,529.21
Gayton Engine Pumping Station	2,116.41	2,130.21
Saltfleet Pumping Station	48,509.02	28,195.12
Howdales Pumping Station	3,462.27	6,140.14
Porters Sluice Pumping Station	21,897.58	13,131.28
Ludney Pumping Station	8,489.69	5,997.18
Austen Fen East Pumping Station	6,356.02	5,874.51
Austen Fen West Pumping Station	6,170.57	4,415.83
Grainthorpe Pumping Station	22,646.25	20,062.79
Biergate East Pumping Station	8,494.50	11,786.86
Biergate West Pumping Station	8,838.14	10,185.44
Covenham Pumping Station	3,606.01	3,050.08
Fulstow East Pumping Station	5,826.53	10,098.98
Fulstow West Pumping Station	5,817.34	4,715.10
Thoresby Bridge Pumping Station	18,964.63	12,800.93
Mablethorpe Upper Cut	587.13	587.13
	<u>654,055.65</u>	<u>458,294.62</u>

* Entered new electric contract in 2022/23

12 DLO costs

	Current Year 31.03.2023	Previous Year 31.03.2022
Wages	582,256.68	602,418.72
Employers NIC	64,542.24	64,098.18
Employers Pension	97,528.20	100,660.35
Accumulated Absences	6,442.00	0.00
DLO Travelling	0.00	0.00
DLO Training	15,531.01	12,154.46
Recruitment costs	0.00	173.07
PPE & Protective clothing	5,888.82	4,659.35
DLO Medicals	818.00	1,852.00
	<u>773,006.95</u>	<u>786,016.13</u>

13 Other Direct Costs

	Current Year 31.03.2023	Previous Year 31.03.2022
Consumables	6,113.11	4,127.75
Buyers fees	2,028.29	2,086.11
Abstraction fees & licences	384.00	574.75
Miscellaneous expenses	0.00	-
	<u>8,525.40</u>	<u>6,788.61</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

	31.03.2023 Current Year	31.03.2022 Previous Year
14 Support & Establishment Costs		
Staff costs	1,775,510.28	1,593,344.73
Other staff costs incl travelling, training, recruitment, insurance	83,361.02	54,378.13
Depot costs	41,789.78	40,297.30
Office costs	30,411.28	25,973.87
Administration costs	24,250.16	18,945.94
Advertising costs	440.00	440.00
Shows and promotions	0.00	0.00
Travelling & subsistence costs	7,856.73	7,613.42
Motor vehicle running costs	94,529.34	68,587.25
Plant vehicle running costs	300,172.53	182,612.88
Plant (non-motorised) running and maintenance costs	66,970.31	50,333.31
Small tools renewals	5,514.07	7,097.35
Office & hire equipment costs	19,856.23	14,189.21
IT costs	57,291.26	52,553.02
Legal & professional fees	121,595.46	42,711.50
Board expenses	10,679.60	7,106.40
Subscriptions	590.71	1,630.62
ADA costs	6,502.66	6,071.00
Insurances	27,517.30	19,985.47
	<u>2,674,838.72</u>	<u>2,193,871.40</u>

Included within Staff Costs is an accrual for accumulated holiday at the 31st March 2023 of £16,500

	31.03.2023 Current Year	31.03.2022 Previous Year
15 Finance Costs		
Bank charges	958.19	838.27
Credit charges	329.00	18.00
Card machine charges	439.50	544.58
Currency differentials - costs on foreign transactions	0.00	
	<u>1,726.69</u>	<u>1,400.85</u>
 PWLB Loan Interest - existing loans	 0.00	 0.00
	<u>1,726.69</u>	<u>1,400.85</u>

16 Tangible assets

	Land & Buildings £	Pumping Stations & Contents £	Plant, Equipment & Vehicles £	Total £
Cost or valuation				
At 1 April 2022	292,554.54	10,597,125.00	3,113,667.35	14,003,346.89
Additions in year	-	-	374,782.10	374,782.10
Disposals in year	-	-	(228,500.00)	(228,500.00)
Written off to reserves	-	-	-	0.00
At 31 March 2023	<u>292,554.54</u>	<u>10,597,125.00</u>	<u>3,259,949.45</u>	<u>14,149,628.99</u>
Depreciation				
At 1 April 2022	81,260.04	3,800,954.76	1,806,688.62	5,688,903.42
Charge in the year	5,279.76	292,381.44	253,572.41	551,233.61
Eliminated on disposal of assets to plant reserves	-	-	(191,187.92)	(191,187.92)
At 31 March 2023	<u>86,539.80</u>	<u>4,093,336.20</u>	<u>1,869,073.11</u>	<u>6,048,949.11</u>
Carrying amount				
At 31 March 2023	<u>206,014.74</u>	<u>6,503,788.80</u>	<u>1,390,876.34</u>	<u>8,100,679.88</u>
At 31 March 2022	<u>211,294.50</u>	<u>6,796,170.24</u>	<u>1,306,978.73</u>	<u>8,314,443.47</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

	31.03.2023	31.03.2022
	Current Year	Previous Year
16 Tangible assets continued		
Depreciation charge on assets	551,233.61	553,365.81
Adjustment to asset costs/deptn	0.00	0.00
	<u>551,233.61</u>	<u>553,365.81</u>
17 Profit / Loss on disposal of assets		
Loss / (Profit) on disposal of plant	(22,687.92)	(32,081.97)
Loss / (Profit) on disposal of vehicles	(22,687.92)	(14,082.52)
	<u>(22,687.92)</u>	<u>(46,164.49)</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
18 Other Debtors		
VAT refund due from HMRC	28,980.13	136,381.11
Wages debtor	368.21	972.95
	<u>29,348.34</u>	<u>137,354.06</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
19 Cash at bank and in hand		
Barclays current account	500,500.78	500,068.28
Barclays business premium account	6,495,859.67	4,032,283.27
Beverley Building Society	391,304.32	390,011.39
Monmouth Building Society	517,153.52	514,296.70
Santander Business Reward account	783,031.78	781,378.47
Cash	17.37	91.75
	<u>8,687,867.44</u>	<u>6,218,129.86</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
20 Trade creditors and supplier retentions		
Trade creditors	(140,999.41)	(314,943.85)
Supplier retentions	(159,559.15)	(127,088.09)
	<u>(300,558.56)</u>	<u>(442,031.94)</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
21 Other Creditors		
Other creditors - payments in advance	(1,022,844.50)	0.00
Pensions	(36,330.54)	(2,416.71)
Trade Union	(852.50)	186.50
Health Scheme	(48.84)	0.00
Credit cards	(610.59)	(1,438.34)
Due to other Boards re credit card receipts	(3,572.92)	(1,594.93)
	<u>(1,064,259.89)</u>	<u>(5,263.48)</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
22 Taxation and social security		
VATpayment due to HMRC	0.00	0.00
PAYE due to HMRC	(48,959.96)	(45,552.58)
	<u>(48,959.96)</u>	<u>(45,552.58)</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
23 Loans		
Due within 1 year		
PWLB Loans	-	-
	<u>0.00</u>	<u>0.00</u>
Due after 1 year		
PWLB Loans	-	-
	<u>0.00</u>	<u>0.00</u>
Total Loans & HP outstanding	<u>0.00</u>	<u>0.00</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

		31.03.2023 Current Year	31.03.2022 Previous Year
24 Deferred Receipts & Commuted Sums			
Drain Maintenance - Lindum, Golf Road commuted Sum (21/05/18)		(111,036.50)	(111,036.50)
Culvert commuted sums		(8,229.26)	(8,229.26)
PSCA Income received in Advance of Expenditure (See below)		<u>(67,688.88)</u>	<u>(382,033.49)</u>
		<u>(186,954.64)</u>	<u>(501,299.25)</u>
RCH Project Balances cfwd:			
LM20901 River Steeping Dredging		67,688.88	340,110.43
LM20902 Badger Works		0.00	41,923.06
		<u>67,688.88</u>	<u>382,033.49</u>
		31.03.2023 Current Year	31.03.2022 Previous Year
25 Pensions			
Income & Expenditure			
Current Service costs	796,000.00	791,000.00	
Current Service income	<u>(344,000.00)</u>	<u>(323,000.00)</u>	
		452,000.00	468,000.00
Interest costs on defined benefit obligation	439,000.00	333,000.00	
Interest income on plan assets	<u>(339,000.00)</u>	<u>(233,000.00)</u>	
Total Net Interest		100,000.00	100,000.00
Administration expenses		10,000.00	9,000.00
Contributions in respect of unfunded benefits		(14,000.00)	(13,000.00)
Total Loss / (Profit)		<u>548,000.00</u>	<u>564,000.00</u>
Balance Sheet			
Changes in the Fair Value of Plan Assets			
Opening Position at 1st April		12,929,000.00	11,571,000.00
Contributions by employees	136,000.00	126,000.00	
Contributions by employer *	344,000.00	323,000.00	
Contributions in respect of unfunded benefits	<u>14,000.00</u>	<u>13,000.00</u>	462,000.00
Interest Income on Plan Assets		339,000.00	233,000.00
Other actuarial gains / (losses) on assets		379,000.00	0.00
Remeasurement - Return on assets less interest **		(651,000.00)	1,015,000.00
Administration expenses		(10,000.00)	(9,000.00)
Benefits paid out	(244,000.00)	(330,000.00)	
Benefits (unfunded) paid out	<u>(14,000.00)</u>	<u>(13,000.00)</u>	(343,000.00)
Closing fair value of plan assets at 31st March		<u>13,222,000.00</u>	<u>12,929,000.00</u>
Changes in the Defined Benefit Obligation			
Opening Position at 1st April		(16,974,000.00)	(16,765,000.00)
Total Service costs		(796,000.00)	(791,000.00)
Interest Costs on defined benefit obligation		(439,000.00)	(333,000.00)
Contributions by employees		(136,000.00)	(126,000.00)
Remeasurements: **			
Changes in financial assumptions ***	7,545,000.00	729,000.00	
Changes in demographic assumptions	805,000.00	-	
Other experience ****	<u>(2,640,000.00)</u>	<u>5,710,000.00</u>	698,000.00
Benefits paid out	244,000.00	330,000.00	
Benefits (unfunded) paid out	<u>14,000.00</u>	<u>13,000.00</u>	343,000.00
Closing position at 31st March		<u>(12,377,000.00)</u>	<u>(16,974,000.00)</u>
Balance Sheet			
Closing Position of Net assets / (liabilities) - Pension Deficit		<u>845,000.00</u>	<u>(4,045,000.00)</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

25 Pensions note continued

Movement on Reserves			
Service Costs	(796,000.00)		(791,000.00)
Employer contributions	<u>344,000.00</u>	(452,000.00)	<u>323,000.00</u>
Interest Income	339,000.00		233,000.00
Interest costs	<u>(439,000.00)</u>	(100,000.00)	<u>(333,000.00)</u>
Remeasurement - assets **	(651,000.00)		1,015,000.00
Remeasurement obligations **	<u>5,710,000.00</u>	5,059,000.00	<u>698,000.00</u>
Other actuarial gains / (losses) on assets		379,000.00	0.00
Administration expenses		(10,000.00)	(9,000.00)
Unfunded benefits		14,000.00	13,000.00
Movement on Pension Reserve		<u>4,890,000.00</u>	<u>1,149,000.00</u>

* Contributions by employer - this represents the contributions made by the Board to the Pension Scheme pool. Each employer within the pool pays a contribution rate based on the costs of the benefits of the combined membership of the pool. The contribution represents those made in respect of current employees, based upon their salaries and wages, plus the additional contribution made by the Board to address the Pension Deficit. The contribution value includes the Ill-health Liability Insurance element as this forms part of the pension service costs, from April 2023 the Board will no longer pay a separate Ill-health Liability insurance. In the year to 31st March 2023 the Board contributed £30,000 (£29,000 in 2022) towards the pension deficit. This will decrease to £0 in 2023/24 as the Pension fund is no longer in deficit.

** Remeasurement - Formal actuarial valuations are carried out every 3 years, when the assets and liabilities of the pension scheme are calculated on a detailed basis. The balance sheet totals at 31st March 2023 were based on the previous formal valuation in 2022, any assumptions made in non-valuation years are effectively re-calibrated once a detailed valuation takes place. The next triennial valuation will take place in 2025.

*** Remeasurement - Contributions payable to the pension scheme are calculated using assumptions from the ongoing funding valuation. An accounting valuation is prepared to meet statutory disclosure requirements and is included within the employers annual accounts. The two valuation types can be significantly different due to the different assumptions used. The main area where funding valuation for the Fund and the accounting valuations differ is the calculation of the discount rate used to measure the funds future cashflow obligation value. Future pension increases are expected to be based on inflation measured using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

**** Other Experience - The experience loss / gain on the defined benefit obligation includes £1,294,000 in respect of the allowance for actual pensions increases and CPI inflation over the accounting period.

	31.03.2023	31.03.2022
	Current Year	Previous Year
26 Grant Income		
26i Engineering projects Grant Income received		
Trusthorpe PS	732,242.00	201,910.00
Ingoldmells	600,000.00	
Anderby PS	600,000.00	
Saltfleet	2,746,607.00	833,000.00
Willoughby Drain works	20,000.00	
Culverts at Thorpe Culvert		90,000.00
Theddlethorpe PS		28,000.00
Boygrift PS		70,000.00
Telemetry	-	185,000.00
	<u>4,698,849.00</u>	<u>1,407,910.00</u>
	31.03.2023	31.03.2022
	Current Year	Previous Year
26ii Capital Grants received in advance		
Grants Position at Bfwd	(2,753,276.50)	(1,345,366.50)
New grants in Year -where work not completed	26i (4,678,849.00)	(1,407,910.00)
Grant works completed released to P&L	0.00	0.00
Grants Position Cfwd	<u>(7,432,125.50)</u>	<u>(2,753,276.50)</u>
26iii Engineering projects Grant Income - P&L	<u>20,000.00</u>	<u>0.00</u>

LINDSEY MARSH DRAINAGE BOARD

Notes to the Management Accounts For the Year Ended 31 March 2023

	31.03.2023 Current Year	31.03.2022 Previous Year
27 Engineering projects Contributions		
Electronic Working	0.00	19,240.00
	<u>0.00</u>	<u>19,240.00</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
28 Engineering projects - funded from deferred income		
Electronic Working	0.00	6,321.42
	<u>0.00</u>	<u>6,321.42</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
29 Engineering projects - other funding & movement from / (to) Reserves		
Moved from General reserves to cover unexpected costs		
Held over funds for Pumping Station doors	12,000.00	46,000.00
Gayton Engine	15,000.00	
Wyche PS	2,000.00	
Willoughby Flooding	79,078.75	
Mink Control & Barn Owl	2,276.78	
Reforming	90,349.01	
Boygrift	28,138.67	
	<u>228,843.21</u>	<u>46,000.00</u>
Moved to General reserves from existing project funds or at close of project		
Saltfleet	(336,003.00)	
Moved from scheme budgets to PSCA/Partnership schemes		
Partnership Scheme trf to PSCA R.Steeping Dredging		(50,000.00)
	<u>(336,003.00)</u>	<u>(50,000.00)</u>
Net Movement to general reserves	<u>(107,159.79)</u>	<u>(4,000.00)</u>
30 Engineering projects - other funding from Capital Receipts Unapplied Reserve		
Saltfleet	136,003.00	
	<u>136,003.00</u>	<u>0.00</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
31 Engineering projects expenditure		
31i Engineering projects expenditure in year		
Stocks	160,365.00	139,252.99
Use of own plant	289,981.38	131,616.58
Use of own labour	204,030.42	110,748.41
Contractors	3,371,781.02	463,239.33
Consultants - internal	247,666.46	168,885.71
Consultants - external	31,582.40	69,994.33
Compensation	29,594.75	36,634.49
Expense items reimbursements incl travel	6,570.68	2,211.17
Other costs - incl hard/software	60,705.40	24,474.10
Other costs	-	-
	<u>4,402,277.51</u>	<u>1,147,057.11</u>
	31.03.2023 Current Year	31.03.2022 Previous Year
31ii Assets Under Construction - Capital Grant Expenditure		
Expenditure on schemes receiving grants not completed Bfwd	1,869,640.54	1,233,157.67
New expenditure in year -where work not completed	3,565,650.07	636,482.87
Grant works completed released to P&L	0.00	0.00
Expenditure Position cfwd	<u>5,435,290.61</u>	<u>1,869,640.54</u>
31iii Engineering projects Grant Income - P&L	<u>836,627.44</u>	<u>510,574.24</u>



LINDSEY MARSH DRAINAGE BOARD

Glossary of Terms

Accounting period

The period of time covered by the accounts, a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting policies

The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.

Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which the authority has not billed or been billed, or for which actual payment had not been received or made as at 31 March.

Actuarial gains and losses

These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

Amortisation

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible long term asset.

Amortised cost

This is cost that has been adjusted for amortisation.

Asset

An item owned by the Authority which has a value, for example, premises, vehicles, equipment, stocks, cash.

Budget

The statement of the Authority's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see also: revenue income and expenditure), and the Capital Budget plans for asset acquisitions and replacements (see also: capital income and expenditure).

Capital income and expenditure

Expenditure on the acquisition of a long term asset, which lasts normally for more than one year, or expenditure which adds to the life or value of an existing long term asset.

Capital financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure, including borrowing, leasing, direct revenue financing, useable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Cash equivalents

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

Code of practice on local authority accounting (the Code)

Based on International Financial Reporting Standards, the Code aims to achieve consistent financial reporting between all English local authorities and National Park Authorities. It is based on generally accepted accounting standards and practices.

Contingent liabilities

Potential costs that the Authority may incur in the future because of something that happened in the past.

Creditors

Amounts owed by the Authority for goods and services provided for which payment has not been made at the end of the financial year.

Current value

This is the cost of an asset if bought in the current year.

Debtors

Sums of money due to the Authority but not received at the end of the financial year.

Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a long term asset.

Expected return on pension assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair value

The price at which the Authority could buy or sell an asset in a transaction with another organisation, less any grants received towards buying or using that asset.

Financial asset

A right to future economic benefits.

Financial instrument

Any contract that gives rise to a financial asset in one organisation and a financial liability in another.

Financial liability

An obligation to transfer economic benefits.

Finance lease

A lease which transfers all of the risks and rewards of ownership of a long term asset to the lessee. Where these leases are entered into, the assets acquired have to be included with the Authority's long term assets in the balance sheet at the market value of the asset involved (see also: operating lease).

Long term assets

Assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Government grants

Grants paid by the Government. These can be for general expenditure or a particular service or initiative.

Historic cost

The cost of an asset when originally bought.

IAS19 retirement benefits

An International Financial Reporting Standard which requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements.

Impairment

A reduction in the value of a long term asset to below its carrying amount in the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (fire at a building) or a deterioration in the quality of the service provided by the asset, or by a general fall in prices of that particular asset or type of asset.

Infrastructure assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and coast protection works.

Intangible assets

Intangible assets are non-financial long term assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. All local authorities apply international accounting regulations when preparing accounts. The Authority's accounts follow these standards where they apply to local authorities.

Liability

An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

Market price

This is the price at which another organisation is prepared to buy or sell an asset.

Net book value

The amount at which long term assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

Operating lease

A lease whereby the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service. The assets involved are not included within the Authority's long term assets in the balance sheet (see also: finance lease). Contract hire is an example of an operating lease.

Outturn

The actual amount spent in the financial year.

Pension fund

A fund which makes pension payments on retirement of its participants.

Provision

An amount set aside to provide for a liability, which is likely to be incurred, but where the exact amount and the date on which it will arise are uncertain.

Reserves

An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue income and expenditure

Expenditure which relates to day to day expenses, such as salaries and wages, general running expenses and the minimum revenue provision. Revenue income includes charges made for goods and services.

Surplus

Arises when income exceeds expenditure or when expenditure is less than available budget.

Value added tax (vat)

A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

Variance / variation

A difference between budgeted income or expenditure and actual outturn, also referred to as an 'over-' or 'underspend'

3. Audit of Accounts for the Year ending 31st March 2023

- 3:1 The report of the Internal Auditor will be presented at the meeting. A copy of the Auditors report forms part of the Financial Statements at page 8 – 17.

4. Approval of the Internal Audit Provision

- 4:1 The Association of Drainage Authorities – Lincolnshire Branch, appointed TIAA Ltd to provide Internal Audit services for the WMC Boards for an initial 5-year term from 2017/18.
- 4:2 As part of the process there was an option to extend the contract for a further 2 years from 2023/24.
- 4:3 It is recommended to the Board to consider and approve the extension of the Internal Audit service contract TIAA Ltd for the 2 years to 2024/25.
- 4:4 The Internal Auditor provides annually an audit programme of the planned areas of work to be covered in the forthcoming audit. Should the Board consider any areas of concern, these can be discussed with the Auditor and the programme can be agreed and adapted.

The planned 2023/24 Internal Audit Program is attached for the Board's consideration and approval.

Mrs N. Hind FCCA
Finance Manager

INVESTMENT POLICY

1. POLICY

- 1:1 This Policy sets out the Boards' prudent management of its investments giving priority, firstly, to the security of those investments and, secondly, to their liquidity. It identifies the procedures for monitoring, assessing and mitigating the risk of loss of invested sums and ensures that such sums are readily accessible for expenditure whenever needed. An Annual Investment Plan will be determined, taking these key criteria into account.
- 1:2 This Policy will be approved by the Board and reviewed every three years.
- 1:3 Annual Investment Plan
- 1:3:1 The Boards will each approve the Annual Investment Plan ("the initial Plan") before the start of the financial year.
- 1:3:2 The initial Plan may be replaced by another Plan ("the revised Plan") at any time during the year, on one or more occasions, subject to Board approval. The initial Plan should specify circumstances in which a revised Plan is to be prepared, but a revised Plan may be prepared in other circumstances, if at any time it is considered appropriate.
- 1:3:3 The initial Plan and any revised Plan should, when approved, be made available on the Boards' website.

2. OBJECTIVES

- 2:1 The Boards' Investment Policy adopts two prudent objectives: achieving first of all security, (protecting the capital sum from loss) and then liquidity, (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives. However, the Boards should not ignore such potential revenues. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with those priorities. This widely-recognised investment strategy is sometimes more informally and memorably expressed as follows:

Security - Liquidity - Yield (in that order).

- 2:2 All Annual Investment Plans should reflect these prudential objectives prior to considering what yield can be obtained.

3. INVESTMENT SECURITY

3:1 Specified Investments

- 3:1:1 An investment is a specified investment if all of the following apply:

- (a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling,
- (b) the investment can be either a short term or a long-term investment,
- (c) the making of the investment is not defined as capital expenditure, and

- (d) the investment is made with a body or in an investment scheme of “high credit” quality (see paragraph below).

3:1:2 The Boards recommend that this Policy should define high credit quality, and where this definition refers to credit ratings, the criteria set out in Appendix A are relevant.

3:1:3 The Boards consider that any other type of investments are unsuitable investments.

4. INVESTMENT RISK

4:1 Risk Assessment

4:1:1 This Boards’ approach to assessing the risk of loss of investments, should include making clear in particular:

- (a) to what extent, if any, risk assessment is based upon credit ratings issued by one or more credit rating agencies (see Appendix A);
- (b) where credit ratings are used, how frequently credit ratings are monitored and what action is to be taken when ratings change; and
- (c) what other sources of information on credit risk are used, additional to or instead of credit ratings.

4:1:2 All Board annual investment plans will reflect the above criteria.

4:2 Treasury Management Advisers

4:2:1 The Finance Officer will seek the opinion of advisers offering information, advice or assistance relating to investment, where appropriate. The Finance Officer will monitor and ensure the on-going quality of any such service and brief the Chief Executive accordingly.

4:3 Investment Training

4:3:1 The Board does not consider that any specific treasury management training is necessary as long as the Finance Officer or Chief Executive holds an accounting qualification (ACA, ACCA, CIPFA etc).

5. INVESTMENT LIQUIDITY

5:1 The Boards recommend that this Policy sets out procedures for determining the maximum periods for which funds may prudently be committed. This is to ensure that the Boards have properly assessed the risk of not having immediate access to some of its funds. This would normally be done using a monthly predictive cash flow model.

5:2 An investment should be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

5:3 The Boards recommend that:

- (a) The Total of any investments in an institution should not exceed £500,000.
- (b) This does not include the Boards’ normal day to day bankers.

- (c) The Chairman, Vice-Chairman and Chief Executive have delegated powers to approve investments being placed using an investment broker, bank, building society and other financial institutions.
- (d) The Chairman, Vice-Chairman and Chief Executive have delegated powers to approve transfers for their specific boards.
- (e) Transfers of funds are authorised by two signatories, in common with other financial transactions.
- (f) The Boards are informed of the investments held and the interest rate earned at every full Board meeting.
- (g) Any investments maturing are to be brought to the attention of the Board prior to maturity for review and a decision made regarding any re-investment.

Appendix A

A credit rating agency is one of the following three companies:

- Standard and Poor's; (S&P)
- Moody's Investors Service Ltd
- Fitch Ratings Ltd.

Credit ratings are constantly changing and should therefore be checked at the following times:

- Ahead of any investment or re-investment by the Board
- Whenever market information indicates that a financial institution has an affected rating

The Board shall not invest in any financial institution that does not have a rating of "A", in at least one of the above credit rating agencies.

Credit ratings should not be seen as the only means of assessing creditworthiness but for the straightforward cash investments made by the Board, are deemed appropriate.