



Water Management Consortium

Lindsey Marsh Drainage Board

Isle of Axholme and North Nottinghamshire Water Level Management Board

Trent Valley Internal Drainage Board

Doncaster East Internal Drainage Board

FINANCIAL REGULATIONS

Contents

1.	Introduction	1
1:2	Responsibility for Financial Control	1
2.	Budget Holder Responsibilities	1
3.	Procurement and Delegated Authority Levels (Including contracts; works; purchasing goods, plant and services)	2
3:2	Procurement Process	3
3:3	Procurement Regulation Thresholds	4
3:4	Delegated Authority Levels:	4
3:4:4	Table of Delegated Authority Levels	4
4.	Responsibility of officers	5
5.	Accounts	5
6.	Banking	6
7.	Investments	7
8.	Borrowing	7
9.	Income	7
10.	Staff	8
11.	Stocks and Stores	8
12.	Assets	9
13.	Audit	9
13:3	Internal Audit	10
14.	Fraud or Other Irregularities	10
15.	Write Offs	10
16.	Salaries, Wages and Pensions	10
17.	Board Employees	11
18.	Members' and Employees' Allowances	11
19.	Insurances	11

20.	Security.....	12
21.	Protection of Private Property	12
22.	Petty Cash	12
23.	Reserves	13
	23:3 Unallocated Reserves.....	13
	23:4 Allocated Reserves.....	13
24.	Review.....	14

1. Introduction

1:1 Financial Regulations set out the framework of the rules for the proper financial administration of the Board and the responsibility of those charged with carrying out duties with financial implications.

1:2 Responsibility for Financial Control

1:2:1 The Chief Executive shall be responsible to the Board for overall financial control of the Board's financial affairs and the continuous provision of financial management information.

1:2:2 The Finance Manager shall be the WMC Member Board's Responsible Financial Officer (RFO), as defined in the Accounts and Audit Regulations 2015, and is responsible to the Chief Executive for ensuring that the Board complies with these Regulations and the Local Audit (Smaller Authorities) Regulations 2015 (as an opted-in Authority).

1:2:3 The RFO shall be responsible for maintaining the integrity of the accounting, financial administration and financial control systems of the Board.

1:2:4 The RFO shall, where appropriate, prepare additional rules of procedure, supplementary to these Regulations, to ensure the maintenance of financial control and security.

1:2:5 The Chief Executive shall ensure that WMC Member Board's Financial Statements and Annual Return for the year ending 31 March are prepared by the RFO and each Member Board consider and approve said documents no later than 30 June every year, or any other specified date as set out in the Accounts and Audit Regulations 2015, or amendments.

1:2:6 The Board shall appoint an Internal Auditor who will be responsible for maintaining an adequate and effective internal audit of the accounts of the Board.

1:2:7 Any variation to these Financial Regulations shall only be made by resolution of the WMC Member Board.

2. Budget Holder Responsibilities

2:1 The Chief Executive shall be the primary budget holder.

2:2 The Chief Operating Officer shall be a budget holder, responsible for HR related budgets and to deputise in the absence of the Chief Executive.

2:3 The Finance Manager shall be a budget holder and, as the RFO, is responsible to the Chief Executive and the WMC Member Board for the overall management of the Board's finances and rate estimates.

2:4 The Senior Engineer shall be a budget holder and is responsible to the Chief Executive for preparing and managing the Board's approved Capital/Schemes Works budgets.

2:4:1 As part of the Engineering team, the following posts shall have authority to procure works, goods and services, where there is an existing approved budget held by the Senior Engineer for specific schemes in relation to their position:

Lindsey Marsh Drainage Board
Isle of Axholme and North Nottinghamshire Water Level Management Board
Trent Valley Internal Drainage Board
Doncaster East Internal Drainage Board

- (a) Civils Project Engineer
- (b) Resident Engineer
- (c) Environmental Officer
- (d) Project Support Lead
- (e) Mechanical and Electrical Engineer

2:5 The Senior Operations Manager shall be a budget holder and is responsible to the Chief Executive for preparing and managing the Board's approved Maintenance Works budgets, Plant Procurement budgets, Plant and Depot Maintenance budgets, Stocks and Materials budgets and Direct Labour Operative budgets.

2:5:1 As part of the Operations team, the following posts shall have authority to procure goods and services, where there is an existing approved budget held by the Senior Operations Manager in relation to their position:

- (a) Operations Manager
- (b) Foreman

2:6 The Corporate Services Manager shall be a budget holder and is responsible to the Chief Executive for preparing and managing the Board's approved Administration & Office Costs budgets, Training budgets, PPE & Uniform budgets, Board expenses budgets, ICT and Legal & Professional budgets.

2:6:1 As part of the Corporate Services team, the following posts shall have authority to procure goods and services, where there is an existing approved budget held by the Corporate Services Manager in relation to their position:

- (a) ICT Manager

2:7 The budget holder shall always remain responsible for the actions of their authorised team members as listed above. Any amendments to authorised team members must be signed off by the Chief Executive.

2:8 No other employee shall be empowered to enter into contracts for the procurement of goods and services on behalf of the Board, without the written authority of the budget holder or Chief Executive.

2:9 No employee shall procure goods and services or commit expenditure against a budget that they have no budgetary responsibility for, without the responsible Budget holder's or Chief Executive's prior authority.

3. Procurement and Delegated Authority Levels (Including contracts; works; purchasing goods, plant and services)

3:1 The Board's Policy on Procurement (separate to this document) promotes open and transparent procurement processes, allowing for scrutiny and accountability in how public funds are spent.

- 3:2 The Procurement objectives focus on efficiently and effectively obtaining goods and services to support the Board's operations and strategic goals.
- 3:3 The Policy aims to achieve the best possible value for money in all procurement activities, considering factors including price, quality, performance and availability.
- 3:4 The Policy ensures that all potential suppliers are treated fairly and have equal opportunities to compete for contracts, promoting diversity and inclusion.
- 3:5 The Policy promotes sustainable procurement whereby consideration must be given to environmental impact and social responsibility.
- 3:6 During the purchasing/procurement process, the Board must adhere to the Procurement Act 2023 and Procurement Regulations 2024.

3:2 Procurement Process

- 3:2:1 The Board's procurement process, as a Non-Central Government Authority (Authority Type), is determined by the type of contract and the threshold values:
- 3:2:2 A "Contract" (Contract Type) is any arrangement made by, or on behalf of the Board, including arrangements for:
 - (a) The supply of goods
 - (b) The execution of works
 - (c) The delivery of services
 - (d) The hire, rental, repair, maintenance or lease of goods or equipment.
- 3:2:3 When assessing whether a contract is above or below a threshold, the full value of the Contract, over its whole lifecycle, must be estimated and must include the following:
 - (a) VAT
 - (b) Options to supply additional goods/services/works.
 - (c) Options to extend or renew the Contract.
 - (d) The value of any consideration provided by the Board as an offset to the Contract.
- 3:2:4 A contract shall not be separated into smaller contracts unless there is a good reason for doing so and not for the purpose of avoiding a threshold limit or a required procurement route.
- 3:2:5 Where it is not possible to calculate a contract value the Contract must be treated as above the threshold.
- 3:2:6 Up to the threshold limit, the Board may choose to submit a Tender Notice or follow a Request for Quotation route.

3:3 Procurement Regulation Thresholds: As provided for in the Procurement Regulations 2024

<i>Authority Type</i>		<i>Contract Type</i>	<i>Threshold (incl. VAT)</i>
Non-Central Government Authority	A	Services and supplies (non-works)	£214,904
Any	B	Works	£5,372,609
Any	C	Light Touch - services and supplies	£663,540
Any	D	Unregulated contracts - Exempted contract	no monetary threshold
Non-Central Government Authority	E	Unregulated contracts, any type, lower-threshold limit	£30,000

3:3:1 A separate Policy will be available to officers to guide on how to apply different contract types, values and processes taking into consideration the provisions of the Procurement Regulations.

3:4 Delegated Authority Levels: The following delegated authority levels are in place to ensure:

3:4:1 Budget holders are clear on their financial delegation levels and responsibilities.

3:4:2 Efficiency in the operation of the Board's service delivery.

3:4:3 Transparency and accountability in how public funds are spent.

3:4:4 Table of Delegated Authority Levels

<i>Procurement type: All; Goods and Services; Works</i>	<i>Contract Value incl. VAT</i>	<i>Documentation Requirement</i>	<i>Approval Requirement</i>
All	Up to £5,000	One estimate or quotation, this may include the use of a catalogue or online marketplace, verbal or written.	Finance Manager, Corporate Services Manager, ICT Manager, Operations Managers, Foremen, Civils Project Engineer, Resident Engineer, Environmental Officer, Project Support Lead, Mechanical and Electrical Engineer
All	£5,001 - £15,000	Two written estimates, quotations.	Chief Executive or Chief Operating Officer or Senior Engineer or Senior Operations Manager
All	£15,001 - £30,000	Two written estimates, quotations.	Chief Executive or Chief Operating Officer or Senior Engineer or Senior Operations Manager
All	£30,001 to £50,000	Three written Quotations based upon the requirements set out in the Request for Quotation (RFQ).	Chief Executive or Chief Operating Officer or Senior Engineer

All	£50,001 - £75,000	Three written Quotations based upon the requirements set out in the Request for Quotation (RFQ).	Chairman or Vice-Chairman and Chief Executive or Chief Operating Officer or Senior Engineer
All	£75,001 - £214,904	Three written Quotations based upon the requirements set out in the Request for Quotation (RFQ).	Board
Goods and Services - Covered Procurement	Over £214,904	Over Threshold Limit - Full tender process.	Board
Works	£214,905 - £5,372,609	Four written Quotations based upon the requirements set out in the Request for Quotation (RFQ).	Board
Works - Covered Procurement	Over £5,372,609	Over Threshold Limit - Full tender process.	Board

4. Responsibility of officers

- 4:1 All staff of the Board have a general responsibility for the security of the property of the Board for the avoidance of loss and for economy, efficiency and effectiveness in the use of resources.
- 4:2 Staff have a responsibility to notify the Chief Executive should they be concerned about any conflict of interest with a supplier/contractor (e.g. personal or business connection/relationship) to ensure openness and transparency in dealing with public funds.

5. Accounts

- 5:1 The Chief Executive and the Finance Manager shall, each financial year, prepare estimates of income and expenditure for the ensuing financial year. Such estimates will be presented to the Board in January or February on the level of the penny rate and council special levies.
- 5:2 The Chief Executive and the Finance Manager shall also each year produce a five-year projection to estimate levels of balances, so that the penny rate can be set at appropriate levels.
- 5:3 The Board meeting in January/February will set and seal the Rate for the ensuing financial year. The Rates will be set by 15th February each year, and notified to the relevant Local Authority, in accordance with relevant legislation.
- 5:4 The Finance Manager shall produce monthly accounts to the Chief Executive which include income and expenditure, creditors and debtors, bank and investment balances and budget analysis.

5:5 The Board shall be kept informed by the Finance Manager of the overall financial position of the Board's finances through management accounts, forecasts and other reports that they deem necessary.

5:6 The Finance Manager shall produce the year end accounts to the Board within the time period as required by the Accounts and Audit regulations.

6. Banking

6:1 No changes shall be made to the WMC Board's bankers or the bank mandate without prior consent of the Board.

6:2 None of the WMC Member Board's bank accounts shall be overdrawn and no loans shall be taken out without the Chief Executive's prior written consent and a statutory resolution from the Board, in accordance with s55 of the Land Drainage Act 1991.

6:3 The main bank accounts will be operated on the following basis:

Approved signatories for the WMC Board's bank accounts, in line with bank mandates, are as follows:

- (a) Chairman
- (b) Vice Chairman
- (c) Chief Executive
- (d) Senior Engineer
- (e) Finance Manager

6:4 Where possible payments will be made electronically by the Finance Department using the BACS or Faster payment method for all Boards.

6:5 Where the payment is to a supplier, the Finance Department will ensure that it is accompanied by a valid invoice and authorised purchase order and where the payment is to be made via Direct Debit, Faster Payment or BACS, that the DD mandate is signed by one of the above authorised signatories.

6:6 Where the payment is to a supplier on a proforma, in advance of delivery or invoice, the Finance Department will ensure it is accompanied by an authorised purchase order.

6:7 Where the payment is for wages and payroll, including pension and HMRC payments, the Finance Department will pay in accordance with the terms and conditions agreed with the employee. No changes shall be made to any employee's pay (shared or otherwise), emoluments, entitlements, terms and conditions of employment or contract of employment without the prior written consent of the Chief Executive or Chief Operating Officer.

6:8 Any cheques shall be signed in accordance the WMC Member Board's bank mandate, including number of required signatories and value limits.

6:9 Transfers of funds to bank accounts or term deposits in the Board's name shall be performed by the Finance Department or Rating Officer, where applicable.

Lindsey Marsh Drainage Board
Isle of Axholme and North Nottinghamshire Water Level Management Board
Trent Valley Internal Drainage Board
Doncaster East Internal Drainage Board

- 6:10 Bank accounts should be reconciled monthly by the Finance Department.
- 6:11 Any requests for changes to supplier bank details, shall be verified by the Finance Department before changes are implemented.
- 6:12 A register of passwords and contact details will be prepared by the Finance Department and kept securely to enable other approved signatories to use and obtain support on banking software.
- 6:13 Some staff will be issued debit or procurement cards to ensure the smooth running of the Board's services. The Chief Executive Officer will agree the aggregate spending limits for all cards. Any staff issued with a card in their name will be responsible for the safe keeping of the card and associated pin and any spend incurred upon the card and ensure that that VAT receipts are obtained and submitted to the Finance Department to ensure VAT can be recovered. Any misuse of a Board's card will be considered a gross misconduct and will be dealt with in accordance with the Disciplinary Policy. Failure to obtain VAT receipts may result in the card being withdrawn.

7. Investments

- 7:1 Separate to these Financial Regulations, and in support of them, the Board will have an Investment Policy which sets out the procedures for monitoring, assessing and mitigating the risk of loss of invested sums and ensures that such sums are readily accessible for expenditure as needed.

8. Borrowing

- 8.1 Section 55 of the [Land Drainage Act 1991](#) permits Internal Drainage Boards (IDBs) to borrow money for their duties, such as defraying costs of drainage works, but requires the relevant Minister's consent for borrowing for those purposes, unless it's to repay an existing loan.
- 8:2 The borrowing is secured against the Board's property or income, and the loan period cannot exceed 50 years without the Minister's consent.
- 8:3 All Board Borrowings must be approved by the Board members.

9. Income

- 9:1 Rate demands are to be issued as soon as possible after 1st April each year.
- 9:2 Special levies will be signed and sealed at the January Board meeting each year (or final Board meeting before 15th February), enabling those Councils paying Special Levy to be notified by 15th February each year of the amount payable for the forthcoming financial year commencing 1st April and advising them of the instalment payment dates in that financial year.
- 9:3 FDGIA claims will be made in accordance with Environment Agency timescales and processes.

- 9:4 Other grant payments will be claimed in accordance with the agreed process and timescales. All other fees / amounts owed to the Board are to be recorded on a debtor account / invoice and issued as soon as the debt is incurred.
- 9:5 A record (electronic) shall be kept within the accounting records of every sum received by the Board and must show:
- (a) Date of receipt
 - (b) Amount received
- 9:6 The Board can accept Credit Card and Debit Card payments via the telephone (customer not present). These must be taken via the appointed merchant service provider's website and must be in accordance with current banking regulations. Credit and debit card details must not be written down or retained by the Board's staff.
- 9:7 All cheques and cash received shall be banked at the earliest opportunity, rather than held in the office.
- 9:8 Keys to safes and cash boxes shall be carried by the nominated officers.
- 9:9 The Finance Manager shall be responsible for ensuring that all monies received are properly brought to account in the Board's accounting records and that any VAT is appropriately accounted for in a holding account and paid over when due.
- 9:10 The Finance Manager shall produce to the Chief Executive a monthly schedule of all monies owed to the Board and to note and take appropriate recovery action.
- 9:11 The Board to be informed at Board meetings of any debt risk and any recovery action being taken.

10. Staff

- 10:1 The Chief Executive will be responsible for all staffing matters within the approved structure and budget. This includes gradings, temporary arrangements, training requirements, secondments, fixed term appointments.
- 10:2 The HR Department shall keep a record of all employees to show details of the appointment and grade. The Finance Manager shall keep a record of all payments in respect of each employee of the Board.
- 10:3 The Board's approval shall be required for the employment of additional permanent staff.
- 10:4 The Chief Executive shall have authority to employ additional temporary staff, provided the revenue consequences are contained within the current annual estimates.

11. Stocks and Stores

- 11:1 All goods received shall be checked as regards quantity and / or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier, wherever possible, and signed by the person receiving the goods.

- 11:2 All goods issued from stores shall be properly accounted for and recorded. Weekly stock sheets will be submitted by the Board Operations Manager to the Finance Department.
- 11:3 Stocks shall not be held in excess of normal operational requirements, except in special circumstances with the approval of the Chief Executive.
- 11:4 All breakages and losses of goods held in store shall be recorded and reported to the Senior Operations Manager to take appropriate action.
- 11:5 There shall be a physical check of all items in store three times a year by the Operations Manager. Fuel stocks will be checked monthly by the Operations Manager.
- 11:6 Any material stock variances shall be reported to the Chief Executive by the Finance Manager.

12. Assets

- 12:1 The Chief Executive will ensure that the Board assets are properly maintained and securely held and will ensure that contingency plans for the security of the assets and continuity of service in the event of disaster or systems failure are in place. Assets include plant, equipment, vehicles, and intangible items such as records and intellectual property.
- 12.2 The asset register shall reflect additions and disposals of assets and record the cost or valuation of the assets. The Finance Manager shall keep a fixed asset register detailing Board owned land and buildings within the Board's area and all major items of plant, equipment and vehicles with a value over £500, computer equipment with a value of over £2,000.
- 12:3 At least once a year, in line with insurance renewals, the accuracy and completeness of the asset register will be reviewed.
- 12:4 The asset register shall be available for inspection by the Board at any time, and will reflect additions, disposals of assets and record the cost or valuation of the assets, including any depreciation that has been changed.
- 12:5 Small tools and equipment with a purchase value below £500 (before VAT) are recorded within the accounting system.
- 12:6 Board assets will be disposed of through a competitive process, either by sealed tender, part exchange, auction, scrapping or sale via sealed bids.

13. Audit

- 13:1 The Chief Executive, in conjunction with the Finance Manager, will implement effective systems of internal control.
- 13:2 As a requirement of the Accounts and Audit Regulations 2015 the Chief Executive shall arrange for an internal audit of accounting, financial management and other operations of the Board to take place. This audit will be undertaken by an external, independent person or Company qualified to perform this function. The Internal Auditor shall produce an annual report to the Board.

13:3 Internal Audit

- 13:3:1 All employees of the Board are required to assist the Auditor, or his/her authorised representative, in the performance of his/her duties.
- 13:3:2 To ensure independence, Auditors are not authorised to:
- (a) Perform any operational duties for the Board, unless in exceptional circumstances where specific approval is given by the Chief Executive/Finance Manager.
 - (b) Initiate or approve accounting transactions.
 - (c) Direct the activities of any Board employee, except to the extent such employees have been appropriately assigned to assist the Internal Auditor.

14. Fraud or Other Irregularities

- 14:1 The responsible officer or any other officer concerned shall immediately notify the Chief Executive and/or the Internal Auditor of any matter which involves, or is thought to involve, financial irregularities of the Board or any suspected irregularity in the exercise of the functions of the Board.
- 14:2 Any financial irregularity involving an employee of the Board will be considered as gross misconduct and will be dealt with in accordance with the Disciplinary Procedure.

15. Write Offs

- 15:1 Any Rates write offs shall be approved by the Board, irrespective of value.
- 15:2 Any other financial bad debt write offs, must be approved by the Chief Executive and reported to the Board.
- 15:3 The Finance Manager shall make the appropriate adjustments to accounting records.

16. Salaries, Wages and Pensions

- 16:1 All appointments (with the exception of the Chief Executive post) shall be approved by the Chief Executive and will be made in accordance with the approved grading structure and scales of pay.
- 16:2 The payment of all salaries, wages, pension schemes, compensation and other emoluments to all present or former employees shall be made by the Chief Executive or under arrangements controlled by him.
- 16:3 Each Responsible Officer shall notify the Chief Executive immediately, and in the form prescribed by him, of all matters affecting such payments, and in particular:
- (a) Resignations, dismissals, suspensions, secondments and transfers.
 - (b) Absences from duty for sickness, unpaid leave or other reason, but not normal leave.

- (c) Changes in remuneration, other than pay awards and agreements of general application.
- (d) Information necessary to maintain records of service for superannuation, income tax, national insurance and the like.

16:4 Time records or other pay documents shall be in a form prescribed or approved by the Chief Executive and shall be certified in writing by or on behalf of the Responsible Officer.

17. Board Employees

17:1 Employees must declare in writing to the Chief Executive any financial or other interest, which could conflict with the Board's interests.

17:2 In terms of hospitality and gifts, only gifts of a value below £50 may be accepted by individual staff or a section as a whole and these must be recorded in the Gifts and Hospitality Register which is held by the Corporate Services Department. Under no circumstances may cash be accepted as a gift.

17:3 Where an outside organisation is seeking to sponsor a Board activity (whether by invitation, tender, negotiation or voluntary), the basic rules concerning acceptance of gifts and hospitality shall apply.

18. Members' and Employees' Allowances

18:1 All staff claims for payment of car allowances, subsistence allowances, travelling and any other incidental expense shall be submitted as required duly certified, in a form approved by the Chief Executive.

18:2 Travelling and subsistence claims must be in line with Board policy and certified by the claimant. Approval of the line manager shall imply that he is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Board.

18:3 Claim forms submitted more than six months after the expenditure has been incurred shall be paid only on the approval of the Chief Executive.

18:4 Payments to Members, (including co-opted Members of the Board or its Committees), who are entitled to claim travelling or other allowances will be made upon receipt of the completed prescribed form.

19. Insurances

19:1 The Finance Manager shall, in consultation with the Responsible Officer, initiate all insurance cover and negotiate all claims in consultation with other officers where necessary.

19:2 Responsible Officers shall promptly notify the Chief Executive of all new risks, properties or vehicles needing to be insured, and of any disposals or alterations affecting existing insurances.

- 19:3 Responsible Officers shall notify the Finance Manager of any loss, liability or damage or any event likely to lead to a claim on any Board policy and shall where appropriate and following the approval of the Chief Executive, notify the police of the relevant circumstances.
- 19:4 All employees of the Board shall be included in a suitable fidelity guarantee insurance.
- 19:5 The Finance Manager shall annually, or at such other period as considered necessary, review all insurances held by the Board in consultation with other responsible officers as appropriate.
- 19:6 Responsible Officers shall consult the Chief Executive in respect of the terms of any indemnity which the Board is requested to give.
- 19:7 The Responsible Officer shall inspect insurance policies of contractors for building, construction or engineering works to ensure as far as possible that all necessary cover has been taken out and obtain copies for the Board's records.

20. Security

- 20:1 Each Responsible Officer is responsible for maintaining proper security at all times for all buildings, stores, paint, vehicles, equipment, cash, documents and information under his/her control. Each Responsible Officer shall consult the Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 20:2 All officers of the Board have a duty to comply with the requirements of the General Data Protection Regulations and any amending legislation. Responsible Officers shall ensure that staff are aware of their responsibilities under this legislation.
- 20:3 The limit for cash held on the Board's premises will be £1,000 or as recorded in the appropriate insurance policy, whichever is lower.
- 20:4 A list of key holders shall be held by the Corporate Services Department. Where keys are transferred between staff, the new recipient assumes responsibility and signed documentary evidence must be kept with the keyholder list. The loss of any keys must be reported immediately to the Chief Executive.

21. Protection of Private Property

- 21:1 Each Responsible Officer shall notify the Chief Executive of any case where steps are necessary to prevent or mitigate loss or damage of moveable property.
- 21:2 The Board shall not be liable for accidental loss or damage to the personal possessions which employees' use whilst on Board business that are not included under the Board's Insurance Policies.

22. Petty Cash

- 22:1 Where a petty cash account is held, a petty cash imprest account of £200 shall be maintained by the Rating Officer for minor disbursements. A record book is to be maintained to show all payments from petty cash and details of each the item and the

name of the officer who incurred the expenditure. A VAT receipt must support the expenditure.

22:2 The Finance Manager shall review the petty cash account and authorise the expenditure on at least a six-monthly basis.

22:3 The petty cash account shall be balanced and reconciled to the cash holding on a quarterly basis.

23. Reserves

23:1 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.

23:2 The Board holds two different types of Reserves:

- (a) Unallocated Reserves - also known as General Operating Reserves or Revenue Reserves. These provide protection against unplanned expenditure.
- (b) Allocated Reserves. These are funds set aside to meet known future expenditure.

23:3 Unallocated Reserves

23:3:1 The Board will maintain minimum Revenue Reserves of 30% of average operating costs¹.

23:4 Allocated Reserves

23:4:1 These include:

- (a) Commuted Sum Reserve - Development contributions and commuted sums for future maintenance of the system.
- (b) Plant Reserve - Financed from approved transfers from the Revenue Reserves at the end of each financial year.
- (c) Capital Reserve - Financed from sale of land/buildings and set aside to be used for future major projects such as land, buildings or pumping station refurbishments.
- (d) Capital Projects Reserve - To fund future capital works.
- (e) Revaluation Reserve - A non-monetary accounting adjustment reserve to record movement arising from revaluation of fixed assets on the balance sheet.

¹ Average operating costs include expenditure on pumping stations, watercourse maintenance, administration and other assets, and borrowing charges. Non-monetary expenses such as depreciation should not be included in this calculation.

- (f) Pension Reserve - To fund pension liabilities for current, former and future employees.

23:5 The Reserve Accounts shall be reviewed annually by the Board and if no longer required, remaining funds may transfer to another reserve account.

24. Review

24:1 These Financial Regulations shall be reviewed at least every two years by the Board.

Document Revisions

<i>File Name:</i>	<i>Date:</i>	<i>Amendments:</i>
2019FinancialRegulations (AX, LM, TV)	March 2019	
DE2019FinancialRegulations	March 2019	
FinancialRegulations20250908	September 2025	