

MINUTES of Meeting of Finance Sub-Committee held on Tuesday 9th January 2024 at the Ouse & Derwent Offices, Crockey Hill, York

PRESENT

Cllr J Cattanach (In the Chair)
Mr J Hopwood
Mr J Daniel
Mr S Wragg

The Clerk – Mr W Symons
Finance Officer – Mrs F Bradley
Engineering Assistant – Mr N Culpan (Part Meeting)

APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr R E Britton.

DECLARATION OF INTEREST

The Chairman informed he was a council nominated Member of Selby IDB and Kyle and Ouse IDB and uses Brodericks (the company providing the Board's internal auditor), with his work as Chairman of Selby District Vision.

There were no further declarations of interest related to the items listed on the Agenda.

The Clerk informed Members that the Register of Members Interests was available for inspection and update as required.

MEMBERSHIP

The Clerk informed Members that Mr R E Britton had contacted him informing that he was seeking to retire from the Board.

The Sub-Committee Members discussed this matter and concluded how grateful they were for the time and commitment Mr R E Britton had given to the Board. This being as the previous Chairman and supporting and attending the various sub-committees over many years along with attending the formal Board Meetings.

The Chairman noting that he wished to write formally to Mr R E Britton following the Main Meeting of the Board to thank him for the service and support he has given.

Finance Sub-Committee Membership

The Chairman informed that the Sub-Committee would require a new Member and he believed that a North Yorkshire Council nominated representative would be appropriate in relation to the amount of ‘Special Levy’ paid if a nominated Member was willing.

MINUTES OF MEETING

The Sub-Committee Members **UNANIMOUSLY AGREED** and **RESOLVED** that the Minutes of the meeting held on 26th September 2023, a copy of which had been sent to all Sub-Committee Members, be taken as read and approved and that they are forthwith signed by the Chairman as a correct record.

MATTERS ARISING

The Clerk reported that no matters were arising from the Minutes of the last meeting which were not covered on the Agenda.

MEMBERSHIP NUMBER REDUCTION

The Clerk informed he had not received any further information regarding the progress of the Board’s formal reduction in Membership numbers. This including either from the Environment Agency or Defra Flood Management. In view of this as the progress is so slow he recommends the Board progress its planned election in 2024 on the basis of the existing Membership. If, however the formal reduction in Membership numbers is concluded in time then the Board may be able to advance the election on the basis of the reduced numbers of elected Members.

Election Requirements

The Clerk advised the Board that 2024 is an election year for the agricultural Members.

The Clerk presented an Election timetable, which is as follows:

1 April	-	Register of Electors Advertised
1 May	-	Board Approval of Register Advertised
July/August	-	Nomination Forms Issued
23 Sept	-	Nomination Forms Returned
23 October	-	Election Day
01 Nov	-	New Board Commences

The Sub-Committee UNANIMOUSLY AGREED to recommend the proposed timetable for the Election for approval by the Board along with the following:

- (1) Approve the timetable, which authorise the Officers to undertake such in accordance with the Land Drainage Act 1991.
- (2) Approve the proposed Register of Electors prepared on the 1 April 2024.
- (3) Approve the proposed Register as the Register if no objections received by the Board's Officers.
- (4) To call a Special Meeting, if necessary, to deal with any matters relating to the approval of the Register.

TRANSFER TO
SPECIAL LEVY AND
WRITE OFF

The Clerk informed that he annually updated the land for consideration for transfer to 'Special Levy' and the resultant write-off of agricultural rates which cannot be raised.

Special Levy

The Clerk had circulated maps and a summary table with the Agenda for the Board's consideration. The transfers impacting on both North Yorkshire's and City of York Council's areas in the Board's district. He ran through all of the locations and maps provided at the meeting and explained the implications on the Special Levy demand for both City of York Council and North Yorkshire Council.

Germany Beck Development (City of York Council)

The Clerk informed that development of the final stage of this land was underway. The Board previously was moving the land being transferred in a staged approach. In view of this the Clerk has calculated that the remaining land is now all transferred to 'Special Levy' as the development has progressed more quickly than expected.

Mr S Wragg noted his council's position with a current shortage of funding. He further recognised the importance of scrutiny to ensure the developments are at an appropriate stage before the land is formally transferred.

The Sub-Committee Members UNANIMOUSLY RECOMMENDED to the Main Board that the land should be transferred to Special Levy (North Yorkshire Council and City of York Council) as above.

STAFF

Amounts to be Written Off

An overall sum in drainage rates remaining on land transferred to Special Levy which cannot be collected amounts to £97.94 which is requested for consideration of writing off.

The transfer to Special Levy and sums to be written off was considered by Members.

The Sub-Committee Members UNANIMOUSLY RECOMMENDED to the Main Board to write off £97.94 in drainage rates which cannot otherwise be recovered.

Workforce Pay Increase

The Clerk informed that he had received information regarding what the likely ADA Lincolnshire Branch pay increase was likely to be which is as follows for financial year 2024/25:

- Consolidate £1,130 of the unconsolidated payment from 2023/24 from 1st April 2024;
- To apply a pay award to the 2023/24 salary rates and the £1,130, of 6.45% (being the 12-month average of the average weekly earnings figure for the public sector published by the Office for National Statistics).

Incapacity and Sickness Absence

The Clerk informed that the Board's workforce had seen significant numbers of working days lost through incapacity and sickness. The Board's Contracts of Employment putting in place contractual terms for sickness and absence payments in a scheme. The Board's workforce 'Staff Handbook' providing details and clarification.

The Clerk seeking to include two clarification clauses which do not change any contractual terms in the 'Staff Handbook' which are as follows:

- 1.8.6** In relation to employees who have not been admitted to the scheme the employer will pay any statutory sick pay due in accordance with applicable legislation.

1.8.7 In relation to Employees who have been admitted to the scheme but exceed the requirements to receive the pro rata or full-time equivalent salary during any period of absence due to incapacity. The employer will pay any statutory sick pay due in accordance with applicable legislation.

The Sub-Committee Members UNANIMOUSLY RECOMMENDED to the Main Board that the Board accepts the additional clauses as clarification in the Staff Handbook.

CONSORTIUM ARRANGEMENTS

Meeting Date

The Clerk confirmed the next meeting of the Consortium Management Committee will be held on 6th February 2024 to be held at **Escrick & Deighton Club, 63 Main Street, Escrick, York, YO19 6LQ**. This is prior to the next meeting of the Board on 25th June 2024.

The Clerk informed the Sub-Committee that the Board's administration costs in this year's estimates are presented based on the costs of the Consortium Arrangements which will be discussed at the CMC annual meeting.

Sustaining the Board's Nominated Members on the CMC Committee

The Clerk asked who the Board wished to be its two nominated Members for the meeting. These have previously included Cllr J Cattnach (Chairman) and Mr R E Britton so an alternative will be required.

The Sub-Committee's RECOMMENDATION if accepted by the Board is to nominate the Chairman (Cllr J Cattnach) and to seek a further nomination at the Main Board Meeting. The two nominated Members will attend the annual CMC Meeting and be given authority to act on behalf of the Board.

Proposed Approach to Maintenance Works

The Clerk informed that the Board will again contract out all the flailing works, which will be put out to tender as usual. The Board now has its own two tracked excavators so the Board's workforce can concentrate on sludging and tracked excavator maintenance works.

Plant Replacement Frequency

The Clerk noted that the machinery replacement is reviewed in relation to changing market conditions. The Board seeking to get best value for selling its existing plant whilst purchasing replacements at the best possible price. The timing of the change being intended to make the most of machine warranties provided when new. The Board needing to change the machines to sustain productivity to avoid diminishing reliability and increasing maintenance costs.

The Board currently, with its excavators, is funding replacement after five years of regular usage. This however will be dependent on hours run and market conditions. This however excludes attachments if they can be continued to be used with the replacement.

Carbon Usage

The Clerk noting the potential requirement for measuring carbon usage and demonstrating how the Board can reduce its carbon emissions. This potentially becoming a matter of higher importance in the future as a publicly funded authority. It is perceived in keeping the Board's equipment up to date, replacements will become more efficient and embrace the latest technology overall reducing carbon emissions.

The Clerk presented the Plant Renewals Schedule, which had been circulated with the Agenda.

2023/24 Plant Replacement

Trailers

The Board has purchased a tipping trailer.

Submersible Pumps

The Board further is progressing purchasing a small electric submersible pump as part of its pumping station contingency plan before the financial year end. Then a further medium/large pump budget allowance in financial year 2025/26.

2024/25 Plant Replacement

Excavator

The Clerk explained it is intended to replace its Kubota 8T Excavator. The market commanding high second-hand values and also making an allowance to purchase a micro teleporter to replace its gas powered forklift truck.

Plant Reserves

The Clerk informed the year was likely to end with a deficit following the Board's purchases and pumping station refurbishments. In view of this any purchase suggested above the earmarked sum of £6,277 in 2024/25 will have to be drawn from the Board's reserves.

The Clerk informed that the decision on how and if excavators are replaced can be considered and discussed further and very much was related to market conditions at the time. The point of consideration at the moment is allocating funding so the excavator can be changed.

The Chairman agreeing and believed it was important to look at all options and to have ongoing reviews considering alternatives raised.

The Sub-Committee Members considered the plant replacement programme and **UNANIMOUSLY AGREED** to **RECOMMEND** the acceptance of the Plant Replacement Programme and approval to progress as proposed above. The earmarked sum in the Board's balances for plant reserves to be increased to cover the expenditure in financial year 2024/25.

DRAINAGE RATING SOFTWARE (DRS)

The Clerk informed drainage boards use some bespoke software to hold statutory data on its rated land and properties. The database being used to generate the Board's rate demands and manage the income against the individual rate accounts when they are paid. The current software is owned and supported by an individual Board providing a service to many other drainage boards. The software, however, is old and in need of updating. The Board providing the software has given notice that the system will no longer be supported after 1st April 2025. In the letter of notice they inform that they believe and seek the future development of the software should be progressed by ADA National. They, however, are offering to continue to host equivalent software with the data being held on the supporting Board's computer servers and users having to login on the internet for day-to-day usage. This solution however does not address the software being old and in need of updating, it also stops the data and information being held on our Board's systems.

The Clerk in summary believes time is very limited to develop new software to sustain the functionality critical for running the Boards of the York Consortium. The situation could be further delayed if ADA takes responsibility. The issue relating to project funding, scope, governance and system ownership is not easy to resolve which is likely to take a significant amount of time. In view of this with the time constraints he is considering the options available for our Consortium Member Boards to either progress development of a new system or to support ADA National's proposals if they are advanced. The budget proposed includes costs for development of a new system as a shared cost amongst Consortium Boards.

BUDGET 2024/25

The Clerk referred Members to the budget paper and notes, which had been circulated with the Agenda.

The Finance Officer asked if there were any questions on the items in the report.

The Chairman noted he believed the budget notes were very informative and comprehensive.

The Clerk informed that the budget is based on most of the Board's work being conducted using red diesel. If taxed white diesel has to be used then this would be an additional cost which would have to be funded from the Board's reserves.

The Chairman noted the difficulty of forecasting pumping costs. This being caused by potentially high electricity prices and uncertainty on the quantity of water to be pumped. The intensity of rainfall events creating the need for pumping, varying from mild to extreme.

The Finance Officer explained that the Board's forecast was for both the Coal Authority and the Board's pumping stations but clearly there was an unquantified expenditure risk. The Board's estimates for usage being based on a longer-term historical averages.

Newlands Pumping Station

The Clerk informed the Board's budget for 2023/24 financial year included costs as advised by the Engineering Assistant for refurbishment of the pumps at Newlands. This originally was included for expenditure in 2022/23 financial year and thus was not included in 2023/24 budget estimates. The funds being held included in the Board's reserves at the end of 2022/23 financial year but not spent. The Board's 2023/24 financial year end deficit including the expenditure on the pumping station.

The Clerk highlighted the out turn budget estimate for the end of 2023/24. This showed a deficit of £150,787. This along with estimates for financial year 2024/25. The budget included various other IDB pumping station refurbishment works. The paper being based on the Board increasing its drainage rates by 6.85% to 5.15p in £.

The Clerk noted that the Board up to last year had not increased its drainage rates for a significant period of time. It was also noted that it was unclear how inflation will progress in financial year 2024/25. In view of this the Board's overall increase for financial years 2022/23, 2023/24 and 2024/25 would in total be 16.9% which is likely to be less than RPI and the inflationary factors in this period. It also being noted that the Board's budget on this basis results in a deficit at the end of this period.

The Clerk believing this to be a pragmatic approach recognising the current difficulties in agricultural production and rising costs along with shortfalls which are occurring in the councils' budgets. This along with the uncertainty in the Board's expenditure in relation to energy and electricity costs and potential implications of heavy rainfall and flooding.

The Chairman asked Members of the Sub-Committee if they had any further queries on the paper and supporting table. He further asked about the total increase to each specific council if the rate was increased as suggested by the Clerk.

The Finance Officer provided the specific increases.

LAYING OF THE RATE & SPECIAL LEVIES

The Sub-Committee Members considered the Board's balances held along with the budget proposals and the rate of a sum of 5.15p for 2024/25 with an increase of 6.85% over the rates of 2023/24.

The Sub-Committee Members UNANIMOUSLY AGREED to RECOMMEND approval to the Board.

The Chairman accepted the Board's Sub-Committee recommendation and noted the long history of the Board having not increased its drainage rates historically until last year.

ENGINEER'S REPORT

The Engineering Assistant joined the meeting at this stage.

The Engineering Assistant had circulated a report with the Agenda which included the details of the plant being considered in the Plant Renewal Programme along with highlighting a health and safety near miss in November which is influencing the future replacement of the Board's forklift truck.

The Sub-Committee Members and the Engineering Assistant discussed the recent flood events and the difficulties highlighted in the report at Stillingfleet Pumping Station. At the same time managing other local pumps and the challenges these have created. It was also agreed to circulate the report to the Main Meeting for reference.

The Sub-Committee Members also discussed the progress being made in advancing the proposed pumping station at Germany Beck with Mr S Wragg.

POLICY STATEMENT REVIEW

The Clerk informed the Board that its Policy Statement on Water Level and Flood Risk Management was due for a review. A copy of which had been provided with the Agenda. The Board having adopted it as a policy on 19th June 2018. The document being based on a National IDB template which has been agreed by Defra and the report being populated with the Board's specific data. A requirement is that the document is reviewed every three years.

The Sub-Committee were satisfied with the document having reviewed it.

The Clerk informing that the template for the policy has not changed.

The Sub-Committee UNANIMOUSLY AGREED to recommend to the Board that the current adopted policy does not need changing and recommended keeping it as is and adopting it again. The Board then can review the policy again in three to five years' time and update it if necessary.

CORRESPONDENCE

The Clerk reported there was no correspondence of significance received since the date of the last meeting.

BANKING

The Clerk confirmed the Board's current investments and interest rates being achieved. He noted the potential opportunity of increasing rates but the uncertainty how this will change in the future, also the difficulties of the requirements of mandating for officers, Chairman and Vice Chairman to operate new accounts as required in the Board's Financial Regulations.

The Sub-Committee informing they were satisfied with the approach being taken by the Board to gain interest on the Board's reserves but minimising potential risks of losing the Board's funds.

The Sub-Committee recommending sustaining this approach.

ACCOUNTS FOR CONFIRMATION

The Clerk referred to the list of accounts paid since the date of the last meeting, which had been circulated to all Members with the Agenda.

The Chairman noted the refund which was made for funds being transferred to the Board's account in error by a drainage ratepayer. He also informed how good the electronic Chairman's authorisation is.

The Sub-Committee RECOMMENDED that payment of these accounts be confirmed.

(SEE APPENDIX TO MINUTES)

DATE OF NEXT MEETING

Tuesday 11th June 2024 at 1pm. This being prior to the Board meeting on 25th June 2024. Mr J Hopwood informing he will be unable to attend this next Finance Sub-Committee Meeting.

DATES OF FUTURE MEETINGS

ANY OTHER BUSINESS

Tuesday 24th September 2024 at 1pm. This being prior to the Board meeting on 15th October 2024.

The Chairman closed the meeting at 2.50pm as there was no other business.

(APPENDICÈS TO FOLLOW)