

MINUTES of Meeting of Finance Sub-Committee held on Tuesday 14th June 2022 at the Ouse & Derwent Offices, Crockey Hill, York

PRESENT

Cllr J Cattanach (In the Chair)
Mr R E Britton

The Clerk – Mr W Symons
Finance Officer – Mrs F Bradley
Engineering Assistant – Mr N Culpan

APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr J Hopwood, Mr J Daniel and Mr S Wragg.

Meeting Not Quorate

The Clerk informed that the meeting was not quorate in relation to the terms of the current Scope of the Finance and General Purposes Sub-Committee.

Members present agreed to progress with the meeting and make recommendations which can be considered for approval by the Board at the main meeting on 28th June 2022.

DECLARATION OF INTEREST

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

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

MINUTES OF LAST MEETING

It was proposed by Mr R E Britton, seconded by the Chairman and RESOLVED that Minutes of the Sub-Committee Meeting held on 11th January 2022, a copy of which had been sent to all Members, be taken as read and approved and that they be forthwith signed by the Chairman as a correct record.

MATTERS ARISING

The Clerk informed that the Board had not yet recruited the proposed new member of the workforce.
The Engineering Assistant explaining the reasons.
There were no matters arising from the Minutes which were not covered in the Agenda.

SCOPE OF FINANCE
AND GENERAL
PURPOSES SUB-
COMMITTEE

The Clerk had circulated with the Agenda the current Scope of the Finance and General Purposes Sub-Committee document for review.

The Sub-Committee after considering the document RECOMMENDED that the document without any changes is accepted by the Board as the Scope of the Finance and General Purposes Sub-Committee.

REVIEW OF THE
AUDITOR
CERTIFICATE 2020/21

The Clerk reminded Members of a letter from the Audit Commission which was circulated a few years ago. The letter clearly highlighted the requirements, which the Clerk has reflected in the Agenda items since, for the returns for the 2021/22 year-end audit. This is to try to ensure compliance and to avoid audit prequalification.

The Clerk had circulated with the Agenda a copy of the External Auditor comments of 2020/21 (Section 3) in the IDB Audit Return for reference. The top box of the form includes that the External Auditor believes ‘On the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.’ In the second box ‘Other Matters Affecting the External Auditors Opinion’ no comments are made.

The Clerk reported that no comments were made by the Internal Auditor in Section 4 of the form for Financial Year 2021/22.

REPORT ON THE
SYSTEM OF
INTERNAL
CONTROL

Review the Effectiveness of Internal Control

The Clerk noted that the Board had previously agreed for its Internal Auditor to review and report on the Boards System of Internal Control. The Clerk had circulated a copy of the report for the year ending 31st March 2022 with the Agenda.

The Clerk noted the matters raised included continuity of service in the York Consortium, segregation of duties and representation at Board Meetings in decision making particularly with ‘Council Nominated Members.’ These matters were reviewed and discussed at the meeting by Members and the report content noted.

APPROVAL OF THE
ANNUAL
GOVERNANCE
STATEMENT

ACCOUNTING
STATEMENTS

Consider the Findings of the Review

The Clerk will consider the matters raised and incorporate in the Boards Business Risk Assessment for the current financial year. The document will be included for review at the next meeting of the Board.

The Sub-Committee considered the report and it was UNANIMOUSLY AGREED to RECOMMEND the Board accepted the reports content.

The Clerk informed the Audit Commissions Annual Return has been completed for 2021/22 which includes the Governance Statement Section 1. A copy of the Statement was circulated with the meeting agenda.

Mr R E Britton asked about other methods of review of governance.

The Clerk explained the alternative options but was unsure how other Boards not in the York Consortium addressed this matter to achieve compliance.

The Committee considered Section 1 of the Annual Return and it was UNANIMOUSLY AGREED to RECOMMEND the Board approved the Annual Governance Statement. Then also for the Board to agree for the Chairman and Clerk to sign Section 1 – Annual Governance Statement 2021/22.

Consideration of the Accounting Statements

The Clerk reported that the Board's External Auditors are Littlejohn LLP for the accounts being considered. The Auditors are now contracted directly to audit IDB accounts. This being established through a framework contract open to small local public organisations such as parish councils and IDBs to use.

A copy of the accounts was circulated with the meeting Agenda for the year-ending 31st March 2022. The accounts having been internally audited, with the Auditor having completed and signed off Section 3 Annual Internal Auditor Report 2021/22 of the IDB return.

The Clerk ran through the details of the Board's accounts.

Highland Water Contributions

Mr R E Britton asked how Highland Water claims were calculated and paid.

The Clerk explained the process and eligibility of costs.

The Finance Officer explaining the database which supports the process capturing the costs used in the calculation of the claim a year after it has been expended.

Year on Year Variation of Coal Authority Income

The Chairman asked about the variation in costs recharged to the Coal Authority.

The Clerk explained that it depends on the amount of electricity used along with the amounts on repair and replacement of pumps and auto weed screens. Increasing costs also creating variation year on year.

Interest Rates on Boards Funds

The Clerk explained the Boards position on investment and interest rates currently being achieved and believed that interest rates may increase in the near future.

Approval of the Accounting Statements by Resolution

The Sub-Committee considered Section 2 of the Annual Return and RECOMMENDED the Board APPROVE the Annual Accounting Statement for 2021/22.

Authorise the Chairman to Sign and Date the Statements

The Sub-Committee considered Section 2 of the Annual Return with the accounting statements and it was RECOMMENDED that the Board authorises the Chairman and Clerk to sign and date Section 2 – Accounting Statements 2020/21.

The Sub-Committee further RECOMMENDED the Board authorised the Chairman and Clerk to sign and date the balance sheet of the accounts.

The Clerk had circulated a draft document for the Scope for the Board’s Internal Audit with the Agenda. This document following the Audit Commissioner’s guidance is required to be able to review the effectiveness of the Internal Auditor if required when the Internal Audit is complete.

The Clerk noted that the guidance from ADA on the Governance and Accountabilities in Internal Drainage Boards in England a Practitioners Guide (2006) updated 2007 has been updated more recently but this now puts the onus on the Board to define the scope of its own internal audit.

TERMS OF REFERENCE FOR INTERNAL AUDIT

The Sub-Committee considered its content and UNANIMOUSLY AGREED to RECOMMEND the acceptance of the Board for the Scope of the Internal Audit to be able to formally review the Effectiveness of the Internal Audit for financial year 2022/23.

FINANCIAL
REGULATIONS
REVIEW

The Clerk had circulated a draft document for the financial regulations review the changes being highlighted in red which he noted and explained the reason for the changes. He further noted a number of purchases can only be obtained by quotation rather than tender. Quotations also include electricity which was missed in the document. The document also being adjusted to match changing banking options and closure of bank branches for cheque and cash deposits.

Members RECOMMENDED the Board accepts the draft document with the inclusion of electricity requiring quotations rather than tender returns in clause 11.4. The Chairman can then be authorised to sign the document.

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 Sub-Committee Members with the Agenda.

Mr R E Britton asked about the electricity meter supply costs.

The Finance Officer explained about the contract with the electricity company to provide half hourly reading meters required on larger supplies for pumping stations to which the cost applies.

The Committee reviewed and considered the list of accounts for confirmation and AGREED to RECOMMEND APPROVAL to the Board.

(SEE APPENDIX TO MINUTES)

INSURANCE

The Clerk reported that the Board's insurance policies are due for renewal in early June. A schedule of the insurance costs has been circulated with the Agenda. The Board using Towergate as the Boards broker to obtaining the required covers. He explained the background to the cover previously provided with AXA. The policy cover will be split and shared with Coverna. The costs overall will be similar but giving wider cover and less excess to pay in the event of a claim.

The Clerk further noted the Towergate Assist commercial which is used should loss adjusters be required at the Boards and Coal Authority pumping stations. In the past this cover has been good when negotiating the Boards claims. The cost however has increased a significant amount but for the service provided still remains worthwhile.

The Engineering Assistant noted a small problem with a previous claim with the Board charging for its workforce to clear out a pumping station out following flooding. This however was addressed.

The Clerk noted that the cost was shared with the Coal Authority who will also share the increase. He further confirmed that the policies also included the LOLA lifting equipment inspections on the Boards machines. This along with the Boards vehicles on the motor policy which had changed from last year with replacements.

A further shared policy on group personnel is being considered across the York Consortium Boards.

The Clerk highlighted concerns on the potential rebuild costs of pumping stations in the event of catastrophic failure. In particular with uncertainty in increasing costs of contractors' materials and supplies. It is however possible to both over insure or under insure but it is noted that claim costs are increasing.

The Sub-Committee considered it appropriate to continue as at present but to give the matter further consideration.

The Chairman asked about Towergate as the Boards Brokers.

The Clerk informed that they specialise in IDB cover and he would have concerns with others if they would be able to provide the continuity in cover across Consortium arrangements. However alternative brokers exist but many IDBs use Towergate who can potentially obtain better quotes because of the amount of the sector for which it is purchasing.

The Sub-Committee reviewed the insurance costs and covers proposed and RECOMMENDED they are accepted by the Board.

The Engineering Assistant had circulated a report with the Agenda which he ran through highlighting the items raised.

ENGINEER'S
REPORT

Excavator Replacement

The Engineering Assistant explained the situation in relation to changing the Boards excavator as provided in the report. He had tried to establish four quotations/tenders however two supply companies had not wished to quote believed to be driven by uncertainty in price and the long delay to be able to provide new equipment.

The two offers were:

Filter-Mech, Barnsley

A Doosan DX140LC-7 the offer is a purchase cost of £117,000 and a part exchange of 30,000 for the Boards existing machine.

Taylor and Brathwaite, Appleby, Cumbria

A Hyundai HX140AL with a purchase cost £105,000 and a part exchange of £35,000 for the Boards existing machine.

The Engineering Assistant discussing the lead time to delivery and how the prices can be held also the possibility of the old machine achieving a higher price by private sale. He further noted the good service the current machine had provided and the workforce seeking the Board to replace the current Hyundai machine through Taylor and Braithwaite.

The Sub-Committee RECOMMENDING the Board accepts the offer of Taylor and Brathwaite and part exchange unless a higher value can be achieved on the current machine with a private sale.

Tipping Trailer Purchase

The Engineering Assistant explained the situation in relation to purchasing a tipping trailer. In particular the uncertainty in the prices and long delay for delivery. The tipping trailer being hoped to increase productivity to be able to tip material rather than manually forking it out. In the report he provided prices for supply. However, it was uncertain when the trailer could be supplied and it was likely the cost could increase. In view of this he asked if delegated authority could be given to both the Chairman and Vice Chairman to decide from further information when provided. This potentially to include other makes of trailer such as Graham Edwards who may be able to supply more quickly a similar type of trailer. The delegated authority being intended to be able to authorise the expenditure as the Board wishes to progress an order as soon as possible.

Members of the Sub-Committee UNANIMOUSLY RECOMMENDING this approach of giving delegated authority to the Chairman and Vice Chairman to decide on the trailer and price for its purchase.

Newlands Pumping Station – Improvement Works

The Engineering Assistant ran through the report seeking to replace the two older pumps at the Boards Newlands Pumping Station. These pumps originally being installed in circa 1950s. The work including control panel changes to accommodate the new pumps. The overall pump capacity performance needs to match the volume of the station header tank so it does not overtop during operation. Consideration of replacing the third pump can then be made in the future.

Three companies were approached for tenders/quotations for the works for both the pumps and changes to the panel. The Board in its budget estimating a cost of £105,000. This however was prior to the current difficulties and increases in cost for this type of work.

One quote/tender has been returned from Xylem Water Solutions UK Ltd and one from TT Pumps Woore Cheshire. Fluid Pumps from Knottingley declined to quote.

The quotes were as follows:

Xylem Pumps – £124,900.40

TT Pumps – £199,795 and £1,500 for a site inspection to confirm.

MEMBERSHIP
FORMAL
REDUCTION IN
NUMBERS

OPENING OF AND
CONSIDERATION OF
FLAILING TENDER
DOCUMENTS

The Clerk informed it is hoped a refurbishment would improve pump efficiency and reduce electricity usage.

The Engineering Assistant believed if a decision can be made fairly soon to award to Xylem pumps the Board could see the work carried out this summer.

The Sub-Committee Members RECOMMENDED the Board commits to the replacement of the pumps as above and in the Engineer's Report placing an order with Xylem Water Solutions UK Ltd in the sum of £124,900.40.

The Clerk had provided a table with the Agenda in relation to elected Member numbers. The question arising if the Board wish to sustain its historical three districts when formally reducing its membership number. Then if this is required how the elected Members would be allocated to each of the three districts. The table provided showing the potential options for each district.

The Sub-Committee concluded and RECOMMENDED to the Board in reducing its Membership size it does not wish to sustain the three historical districts.

Flail Mowing Contract Tender Returns

The Clerk reported that one tender submission had been received for the Board's annual flailing contract. The invitation to tender having been sent to a number of potential contractors.

The Chairman opened the tender documents in the meeting showing and reading out the tendered rates.

The table below shows the rates quoted:

	Rate/Linear Metre	Extra Hourly Rate
Contractor 1	33p/metre	£65 for machine and operator

The Clerk was concerned that only one tender had been received although tenders had been sent to at least six contractors. The Contractor being Mr A Bowman who had previously conducted the Boards flailing work.

The Sub-Committee Members considered this matter in detail and RECOMMENDED to the Board that the Board could consider awarding the work to Mr A Bowman who had submitted the tender having considered the rates offered.

The Sub-Committee RECOMMENDED that the Engineering Assistant was asked to award the work on this basis. Any award would be subject to confirmation and checking of the completed tender documents and the provision of required documents and satisfactory completion of the Board's Health and Safety questionnaire.

(SEE APPENDIX TO MINUTES)

OFFICE LEASE
RENEWAL

The Clerk informed the office lease had been sustained this financial year (2022/23) at the same rate from the previous lease for a second year. The commercial market remaining uncertain. He therefore suggested that for the third year Financial Year 2023/24 the Board sustains the rent again at the same rate with the same terms. The alternative being obtaining commercial valuations for advice for revaluation.

The Chairman believed that sustaining the lease at the current value would require revaluation for financial year 2023/24.

Mr R E Britton thinks this is a sensible suggestion and was uncertain the value currently obtaining commercial rental valuations from commercial surveyors.

The Sub-Committee therefore RECOMMENDED that the office lease terms and rent should remain the same for financial year 2023/24.

DERWENT HOUSE
REPAIRS

The Clerk noted the ongoing problems with the damp problems in the walls at Derwent House. It being a little uncertain how they were occurring however it could be linked to a historical conservatory being removed from the side of the building.

The Engineering Assistant and Finance Officer explaining the problems and difficulties finding an appropriate contractor. It however was uncertain exactly what was causing the problem.

The Sub-Committee recognised that a more detailed proposal was required for the Sub-Committee consideration at a future meeting but clearly an issue which needs addressing.

(SEE APPENDIX TO MINUTES)

DATE OF NEXT
MEETING

Tuesday 27th September 2022 at 1pm. This being prior to the Board Meeting on 18th October 2022.

FUTURE MEETINGS

Tuesday 10th January 2023 at 1pm. This being prior to the Board Meeting on 24th January 2023.

Tuesday 13th June 2023 at 1pm. This being prior to the Board Meeting on 27th June 2023.

Tuesday 26th September 2023 at 1pm. This being prior to the Board Meeting on 17th October 2023.

ANY OTHER
BUSINESS

There was no other business.

CLOSE OF MEETING

The Clerk thanked Members for attending the meeting.

The Chairman closed the meeting at 2.56pm as there was no other business.

(APPENDICÈS TO FOLLOW)