

MINUTES of Meeting of Finance Sub-Committee held on Tuesday 27th September 2022 at the Ouse & Derwent Offices, Crockey Hill, York

PRESENT

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

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 and Mr J Daniel.

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

Mr R E Britton moved that the Minutes of the Meeting held on the 14th June 2022 a copy of which had been sent to all Sub-Committee Members, are APPROVED and that they are forthwith signed by the Chairman as a correct record. This was seconded by the Chairman, both Members being in attendance at the meeting and UNANIMOUSLY AGREED.

MATTERS ARISING

There were no matters arising from the Minutes which were not covered under the agenda items.

RATES

The Clerk reported that the Board has a policy of progressing court action on accounts with sums in excess of £30.00 or accounts which had not been paid for a period of three years or more. Court action will only be taken following a final demand letter along with a Pre-Action Protocol Form and information sent as required. This also relating to the Clerk's discretion in relation to matters where land transfers are in hand or the ownership or occupation of the land is uncertain.

The Clerk recommending sustaining this policy without any changes.

Sub-Committee Members recommend accepting this policy as it stands.

COMPLETION OF
AUDIT 2021/22

The Clerk referred to a copy of the External Auditors certificate and opinion for the accounts for financial year 2021/22. A copy of the External Auditors Report/Certificate has been circulated to the Sub-Committee Members prior to the meeting. The report stating *“on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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. Other matters not affecting our opinion which we draw to your attention – None.”*

The Board have advertised the outcome in the prescribed way on the Boards website.

REVIEW OF THE
EFFECTIVENESS
OF INTERNAL
CONTROL

The Clerk further referenced the historical concerns of the External Auditor regarding the review of the effectiveness of internal control. In previous years the Board had agreed for its Internal Auditor to review and report on its ‘Effectiveness of Internal Control.’ The Board having the alternative option to set up a Sub-Committee to review this item and present a report to the Main Committee, this along with any other approach they may wish to take.

Mr R E Britton proposed, which was seconded by Mr S Wragg and UNANIMOUSLY AGREED by the Sub-Committee to recommend that the Board should continue to review its effectiveness of internal control by the Internal Auditor. This being on the basis that a report will be prepared on the findings of the review. This will then be considered and actions taken as required at a future meeting of the Board. This approach being taken as the Internal Auditor is believed to be impartial to the interests of Members and the Boards Consortium staff. This therefore aims to avoid any potential conflict of interest.

However, the Board’s Clerk should review the documentation and scope of this report to ensure that the audit compliance requirements are fully covered.

APPOINTMENT OF
INTERNAL
AUDITORS FOR
FINANCIAL YEAR
2022/23

The Clerk advised the Sub-Committee that the audit of the Board's accounts is reasonably complex along with the Consortium arrangements. Any new auditor would require some time to understand the working arrangements currently in place. It also may be difficult to find an alternative firm with the relevant experience to tender for the work. It was further noted that in the Drainage Board industry limited experienced Internal Auditors were readily available. In view of this it would appear impractical to change the Board's Auditor at this stage.

The Clerk further noted that financial year 2022/23 would continue to use External Auditors appointed under a small body contract (Parish Councils and IDBs). This following the abolition of the Audit Commission some years ago who used to organise the contract for this work. The current arrangements appearing to run smoothly. It therefore appears prudent to sustain continuity with the Internal Auditor and to remain consistent with the other Boards who are Members of the York Consortium.

The current Auditors, Brodericks (Doncaster), who have carried out audits for a number of other Boards, are familiar with the Consortium arrangements and the Audit Commission requirements.

The Chairman noted that he was using the services of Brodericks (Doncaster) for Selby District Vision. He declared this as a potential interest to make Members aware.

The Clerk asked if our existing Auditor can be retained for the 2022/23 financial year audit because of the familiarity of our current systems. The cost of last year's audit, support and production of the required reports for the Board was £1,150 plus VAT; however, the cost could increase depending on the requirements of the audit.

Mr S Wragg proposed, which was seconded by Mr R E Britton and UNANIMOUSLY AGREED by the Sub-Committee to recommend the Board APPROVES the re-appointment of the Auditors for the 2022/23 financial year.

BOARDS BUSINESS
RISK ASSESSMENT

The Clerk informed Members that the Association of Drainage Authorities have issued a model policy document for the Boards Risk Assessment. This has been in place a number of years. The format is in the form of a 3 x 3 matrix which evaluates the likelihood of an event happening against the consequence if it occurred. A draft updated Risk Assessment for the Board on this basis has been prepared which Members considered at the meeting. The text with changes being highlighted and underlined.

It was noted that the Risk Assessment can be updated as new risks are established and mitigated. The Risk Assessment has been updated with the comments following the report of the Boards Internal Auditors' letter along with the Report on the Effectiveness of Internal Control.

The Clerk ran through the items on the assessment with a score which had been identified as 4 or higher.

The Sub-Committee Members reviewed this document and considered the higher risk matters.

Brexit, Materials, Energy Supply and Climate Change

The Clerk highlighted how the risk of Brexit with markets and supply appear to have settled down. This along with COVID pandemic and restrictions diminishing. In the time following the pandemic shortages of raw material such as steel, cement and wood are not as prevalent as initially predicted. Costs however appear to have increased and timber used in watercourse bank works is in short supply at a reasonable cost. The ongoing energy crisis is clearly worsening economically. This having an impact on fuel and electricity costs although the government support for the next six months for electricity will clearly help. Electricity supply and costs clearly being a developing risk which requires watching and review. Climate change however remains an ongoing and developing issue.

The Sub-Committee considering these risks not only from the perspective of drainage board maintenance operations but also from the ability of our ratepayers and councils paying Special Levies to fund our activities. Councils have seen large payments due to recent events and financial funding restrictions. This along with landowners/occupiers could see unfavourable market conditions for agricultural products or excessive overheads and may influence if they can pay drainage rates.

The Clerk informed the Board that the Boards Audit required the Board to formally consider and approve its Risk Assessment for 2022/23.

Mr R E Britton proposed, which was seconded by the Chairman and UNANIMOUSLY AGREED by the Sub-Committee to RECOMMENDED the Board adopts and approves this policy approach to risk assessment and the evaluation carried out in the document for financial year 2022/23.

DERWENT HOUSE
REPAIRS AND
BROADBAND

Repairs

The Clerk informed that refurbishment work to address wall dampness and improve the toilets was still outstanding as an item to progress. This recently has not been a priority but would be good to progress in the near future.

Office Broadband

The Clerk informed that a rural broadband scheme appeared to be being progressed which might include the offices at Derwent House. An internet green box installation is being progressed in Deighton. To date the fibre cables have not been installed from Deighton to the office although the contractors doing the installation believed it may be installed in the next couple of months. To keep up to date the Clerk has registered an interest with the rural broadband supplier but as yet not had any response. In the office we will also watch to see if the fibre cable is installed.

Mr R E Britton was aware of a number of rural broadband schemes being progressed locally which was good news.

Information Technology Review (IT) Meeting with our Support/Suppliers

The Clerk informed that he had a recent review meeting with our information system suppliers in relation to keeping our systems up to date and ensuring data security. At this meeting it was confirmed that the Boards computer system wiring would be appropriate to move to an internet telephone system if an improved broadband service was provided.

Office Lease

The Clerk confirmed that the office lease is being sustained on the same terms for another year in 2023/24 as agreed at the last meeting.

ELECTRICITY COSTS

The Clerk had included with the Agenda an analysis on electricity costs both for the Board and the Coal Authority to be able to consider the potential impact of the increasing costs. The Board and Coal Authority pumping stations contracts are as follows. The Coal Authority pumping stations mostly are on a fixed two-year rate from March 2022. A few stations remain with a renewal in November 2022 along with the Boards Stations. The market currently being a little uncertain in relation to future costs and uncertainty in committing under contract to fix unit electricity costs for one or two years.

Government Energy Support Scheme

The Clerk informed in the last week since the agenda was sent out the Government have announced an Energy Support Scheme. The details however are a little uncertain but the scheme appears to be running for six months. It caps electricity unit rates at 21.1p but the subsidy is only up to 61.6p above which the difference will have to be paid. It is then uncertain in the new financial year if any further support will be given. At the current time it might be prudent if possible, to fix the unit rate under contract as winter months are approaching with potential increased pumping which could occur along with the energy crisis appearing to worsen.

Mr S Wragg believed it was difficult to make a decision but recognised it was important to make one if necessary but to recognise because of the uncertainty it may not turn out to be correct.

The Sub-Committee Members RECOMMEDED that the Clerk using the information available should be delegated to make any decisions on fixing the Boards electricity contracts if appropriate. They however recognise the future is uncertain with consumption requirements and unit costs. Winter pumping requirements also being very uncertain.

Mr R E Britton highlighted the difficulties of generating electricity if the pumping station supplies were not available if shortages occur.

The Engineering Assistant believed that limited capacity (e.g., running single pumps) to match available electricity supplies and utilising channel storage is a possible option.

WORKFORCE

The Clerk reported for a number of reasons the Board had not yet recruited the new Member to join the Boards workforce.

ENGINEER'S
REPORT

The Engineering Assistant provided a report which had been circulated with the Agenda. He ran through the report highlighting the purchases being progressed as per the report.

New Excavator

The Sub-Committee Members noted the progress on ordering the Excavator and the earlier delivery date.

Tipping Trailer

The Sub-Committee Members RECOMMENDED the Board should progress the purchase of the Graham Edwards tipping trailer with a delivery within six months from the order.

Mr R E Britton asked about the Boards waste management carrying licences.

The Engineering Assistant explaining the current arrangements.

Grab for Tree Works

The Sub-Committee Members recommended purchasing the excavator attachment grab for tree works for a 1/3rd contribution of £1,116.66 plus VAT. The purchase being shared if all Boards are in agreement with Foss (2008) IDB and Ainsty (2008) IDB. Foss (2008) IDB to purchase, sharing costs, maintenance and eventual sales over time.

Newlands Pumping Station Improvement Works

The Sub-Committee Members noted the Board was awaiting a start date from Xylem Pump Contractors for the works.

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.

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

(SEE APPENDIX TO MINUTES)

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

ACCOUNTS FOR
CONFIRMATION

DATE OF NEXT
MEETING

FUTURE MEETINGS

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 being no further business the Chairman declared the Meeting closed at 2.15pm.

(APPENDICES TO FOLLOW)