

MINUTES of Meeting of Finance Sub-Committee held on Tuesday 13th June 2023 at the Ouse & Derwent Offices, Crockey Hill, York

PRESENT

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

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

APOLOGIES FOR ABSENCE

No apologies for absence were received as all Members were in attendance.

DECLARATION OF INTEREST

The Chairman informed he was a council nominated Member of Selby IDB and uses Brodericks, the company providing the Boards 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 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 10th January 2023, a copy of which had been sent to all Sub-Committee Members, be taken as read and approved and that they be forthwith signed by the Chairman as a correct record.

MATTERS ARISING

New Member of the Boards Workforce

The Clerk informed that the Board was in the process of recruiting the proposed new member of the workforce with interviews in hand. A newsletter having also been sent out to the Workforce informing of the positions which had been agreed at the Consortium Management Committee Meeting. It been noted the good response the Board was having with applicants applying for the vacancies.

Membership of North Yorkshire Council

The Clerk informed that the Council had nominated its Members to the Board for 2023/24. He also thanked the Chairman for assisting in the new council to have the Nominated Membership confirmed. He further informed about the progress in advancing the Boards membership number reduction.

There were no matters arising from the Minutes which were not covered in the Agenda.

The Clerk had circulated with the Agenda the current Scope of the Finance and General Purposes Sub-Committee document for review this remaining the same as last year.

The Sub Committee Members noted and discussed the content in particular the Committees current make up of three elected Members and two Nominated Council Members. This including one from North Yorkshire Council and one from City of York Council. This being in relation to the Boards ‘Special Levy’ income and agricultural drainage rates.

Mr R E Britton noted the document under ‘membership’ required Selby District Council representation to be updated to North Yorkshire Council.

The Clerk informed that the Sub-Committee recommendations made were then agreed by the Main Board but also could be challenged by the Main Board.

Mr S Wragg noted the above arrangements but informed usually the recommendations of the Finance Sub-Committee were carried.

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.

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 2022/23 year-end audit. This is to try to ensure compliance and to avoid audit prequalification.

SCOPE OF FINANCE AND GENERAL PURPOSES SUB- COMMITTEE

REVIEW OF THE AUDITOR CERTIFICATE 2021/22

The Clerk had circulated with the Agenda a copy of the External Auditor comments of 2021/22 (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 2022/23.

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 2023 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.

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.

APPROVAL OF THE
ANNUAL
GOVERNANCE
STATEMENT

The Clerk informed the Audit Commissions Annual Return has been completed for 2022/23 which includes the Governance Statement Section 1. A copy of the Statement was circulated with the meeting agenda.

ACCOUNTING STATEMENTS

The Committee considered Section 1 of the Annual Return and it was UNANIMOUSLY AGREED to RECOMMEND the Board approved the Annual Governance Statement. It was also RECOMMENDED for the Board to agree for the Chairman and Clerk to sign Section 1 – Annual Governance Statement 2022/23.

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 2023. The accounts having been internally audited, with the Auditor having completed and signed off Section 3 Annual Internal Auditor Report 2022/23 of the IDB return.

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

Income and Expenditure 2022/23

The Clerk highlighted the income of £802,538.84 and expenditure of £806,180.67 and the resultant deficit of £3,641.83.

The Finance Officer explaining the Board had hoped to have carried out maintenance works at Newlands Pumping Station which would have increased the deficit. This work is now planned in the current financial year. The Board also seeing increased interest rates and larger than estimated Highland Water payments from the Environment Agency along with increased Coal Authority works on pumping stations. The Board also not having recruited a new Member of the workforce, further reducing proposed expenditure.

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 2022/23.

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 2022/23.

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.

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 2023/24.

The Clerk had circulated a draft document for the Sub-Committee’s consideration. This being divided into two parts. Part 1 being the delegation of health and safety responsibilities. Part 2 being the detailed arrangements of the policy.

The Clerk asked the Sub-Committee if the Board should circulate the document in hard copy to the Main Board.

Members RECOMMENDED the Board accepts the draft document and it is circulated in hard copy and electronic copy. This is unless the Member has specifically requested documents are only sent electronically.

Mr S Wragg asked how the workforce will be informed about the documents.

TERMS OF REFERENCE FOR INTERNAL AUDIT

HEALTH AND SAFETY POLICY PART 2 UPDATE

ACCOUNTS FOR
CONFIRMATION

The Engineering Assistant informing about the approach to be taken and the requirement for the document to be signed off.

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.

Matters Raised on the Accounts

The Chairman explaining how the Board had implemented electronic authorisation for the Chairman for higher value invoices.

Mr R E Britton asked if the Board had sought prices for moving the Boards equipment.

The Engineering Assistant reported that the Board had, but the Board also needed flexibility in transport arrangements and vehicle types which influences the specific contractor to be used.

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

GERMANY BECK
DEVELOPMENT
AGREEMENT

The Clerk ran through the report with an attached revised agreement proposed by the developer circulated at the meeting with the Agenda. The matter having a long history but the developer now wanting to progress formalising the agreement between the Board and the development management company.

The Clerk asked as requested in the report for a recommendation from the Sub-Committee in principle for a direction on how they would wish him to progress the matter.

The Engineering Assistant explaining the activities with the maintenance access constrained with the access roads and road walls are likely to result in additional costs.

Mr S Wragg believed that the Board should take this matter forward updating the legal documents. He further gave an update on how the planning application for the pumping station was progressing.

The Sub-Committee Members RECOMMENDED that the Clerk pursues an agreement with the Developer and Management Company. This will be on a similar basis to the agreement agreed by the Board previously but on the basis which reflects the current situation. They further offered to attend a specific meeting if further consideration of the matter is required.

GERMANY BECK
PUMPING STATION
PROPOSALS

Mr S Wragg had provided a document for Members consideration dated 9th June 2023. He explained the design of the proposed pumping station, sharing drawings of the proposal at the meeting. The document highlighting that the planning application was likely to go to the Planning Committee for determination in August. The work is then likely to go out to tender if planning approval is granted. To date it has not been possible to hold formal discussions on adoption, maintenance and operation until this detail is finalised, but some assurances are needed in principle on how this will be carried out.

Mr S Wragg seeking a letter of comfort to the applicant that the adoption, maintenance and operational approaches detailed in the document dated 9th June 2023 are acceptable.

The Sub-Committee Members excluding Mr S Wragg considered the request.

Mr R E Britton informed he would be prepared to support the proposal in principle.

The Clerk noted that the pumping station was part of a wider system of flood walls and penstock all of which will require maintenance in the future. The larger benefits of the scheme stopping the A19 and Fordlands Road from flooding appear to relate to the highway function. At this stage the details Mr S Wragg is seeking the proposal in principle is very high level and it is unclear which organisation would be responsible for providing the overall asset function. As an example, if the walls become damaged in the event of a traffic accident.

Mr S Wragg informed that he was not seeking the adoption of the highway walls and the appraisal of the pumping station scheme considers that flooding benefits will be achieved for some properties. In view of this he is seeking agreement for the proposed additional works. He believes if commitment is made now to the scheme it is likely to continue to be funded in the future.

The Engineering Assistant believes the Board's workforce as already maintaining pumping stations in normal working hours have experience and potential capacity to take the work on.

The Chairman asking Mr S Wragg what recommendation the Sub-Committee can make to the Main Board.

The Clerk not wanting to make a commitment which might be misleading. He further noted that if any delegated authority was required for the Sub-Committee it would need to be requested at the next meeting.

DERWENT HOUSE
VALUATION FOR
INSURANCE
REBUILD COSTS

INSURANCE SCOPE
AND RENEWAL
COSTS

The Clerk summarised the current situation without more detailed information which is the Board would be happy to maintain the pumping station day to day (not out of hours) if funding is made available/allocated. They will give this matter further consideration when more detailed information becomes available.

The Sub-Committee Members excluding Mr S Wragg AGREED to RECOMMEND the Clerks summary above at this stage.

The Clerk informed he had a report providing a valuation for the rebuild costs of Derwent House. It being noted the increasing costs of reconstruction of commercial property and the potential risk of being under insured. He noted that the Boards insurance renewal costs increase the rebuild costs to those recommended in the report.

The Sub-Committee Members noted the report and the values recommended.

(SEE APPENDIX TO MINUTES)

The Clerk reported that the Board's insurance policies have renewed in early June. A schedule of the insurance costs has been circulated with the Agenda. The Board using Towergate as the Board's broker to obtain the required covers. He explained the background to the cover previously provided with AXA. The policy cover now being split will be 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 Chairman noted a large increase in insurance costs has occurred with Selby IDB.

The Clerk noting the comments on the sheet highlighting the cover required and changes made along with the increases overall of the individual premiums.

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 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.

ENGINEER'S REPORT

OPENING OF AND CONSIDERATION OF FLAILING TENDER DOCUMENTS

BYELAWS SAVINGS FOR OTHER AUTHORITIES

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.

(SEE APPENDIX TO MINUTES)

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	36p/metre	£69 for machine and operator

The Clerk was concerned that only one tender had been received although tenders had been sent to a number of 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. 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.

The Clerk had circulated a briefing note on the Boards Byelaws – Savings for Other Bodies for information in relation to North Yorkshire Highways Authority.

OFFICE LEASE
RENEWAL

The Clerk informed that the Boards office lease has been extended year on year with uncertainty in the local rental value and uncertainty about the impact of inflation. In view of this he asked the Sub-Committee for a recommendation on the approach to be taken for the office lease renewal for the next financial year.

The Sub-Committee RECOMMENDED that the Board required one commercial valuation and recommended that this was advanced obtaining a valuation for guidance using Stephenson's (potentially Ian Reynolds) for consideration at the next Finance Sub-Committee Meeting to consider the cost to be charged in the next financial year.

DERWENT HOUSE
REPAIRS AND
IMPROVEMENTS

Broadband

The Clerk informed that Derwent House has now been provided with fibre broadband under a rural broadband scheme.

Office Repairs

The Clerk noted the ongoing problems with the damp problems in the walls at Derwent House. It potentially has been established why this is occurring and it is hoped this will be addressed in the future along with other building works required to the toilet facilities.

The Engineering Assistant and Finance Officer explaining the problems and difficulties finding appropriate contractors.

(SEE APPENDIX TO MINUTES)

DATE OF NEXT
MEETING

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

FUTURE MEETINGS

Tuesday 9th January 2024 at 1pm. This being prior to the Board Meeting on 23th January 2024.

Tuesday 11th June 2024 at 1pm. This being prior to the Board Meeting on 25th June 2024.

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

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 3.15pm as there was no other business.

(APPENDICÈS TO FOLLOW)