

MINUTES of Meeting of Finance Sub-Committee held on Tuesday 1st October 2019 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 Bill Symons
Finance Officer – Mrs F Bradley

APOLOGIES FOR ABSENCE

The Clerk reported that no apologies for absence had been received for the meeting.

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 at the meeting for inspection and update as required.

Loss of a Sub Committee Member

The Sub Committee recognised the sad loss and input that Mr B Marshall had given to the Board over the years. The recent funeral of Mr B Marshall and its large attendance was noted.

SUB COMMITTEE MEMBERSHIP

Mr R E Britton suggested that the Board should seek to fill the vacancy created on the Sub Committee with another ‘Nominated Member’ from Selby District Council to sustain continuity of representation.

The Chairman noted he agreed with this approach and he was seeking nomination of a new Member for the Board from Selby District Council. He also believed this person may be a suitable candidate for the Sub Committee. He therefore recommended pursuing this option to find a new Member which was agreed by the Sub Committee Members.

MINUTES OF LAST MEETING

Mr R E Britton moved that the Minutes of the Meeting held on the 28th May 2019 along with the Private and Confidential item, a copy of which had been sent to all Sub Committee Members, are APPROVED and that they be forthwith signed by the Chairman as a correct record. This was seconded by Mr J Hopwood.

MATTERS ARISING

Vehicles and Trailer Purchase and Sales

The Clerk informed that the Board had sold the 2003 Land Rover Defender for £5,500 plus VAT and purchased the 4x4 Isuzu Eiger Pickup. The Board had also purchased the Ifor Williams trailer and part exchanged the old one for £900 all as approved at the last meeting of the Board.

There were no further 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. The policy remaining that a third reminder needs to have been sent. This also relating to the Clerks discretion in relation to matters where land transfers are in hand or the ownership or occupation of the land is uncertain.

Sub-Committee Members accepting this policy as it stands.

The Chairman viewed a copy of the report on the list of unpaid drainage rates. This highlighting the accounts which, in line with the above policy, court action was either already underway and or likely to be progressed unless these accounts are paid shortly. All accounts overdue prior to court action being taken will have had a final demand letter along with pre-action protocol form and information sent as required.

Sub-Committee Members discussed the options for collecting rate income.

The Clerk and Finance Officer explaining the potential of debit/credit income collection along with the current benefits and costs of cash, cheques, Direct Debit and Bank Giro transfers.

COMPLETION OF THE AUDIT 2018/19

The Clerk referred to a copy of the External Auditors certificate and opinion for the accounts for financial year 2018/19. A copy of the External Auditors Report/Certificate has been circulated to the Sub-Committee Members prior to the meeting with the Agenda. 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 on the local Parish Council noticeboards in the prescribed way and on the Boards website.

The Chairman asked for it to be recorded in the Minutes the Sub Committee's appreciation for completing the audit.

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 J Hopwood 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 2019/20

The Clerk advised the Board that the audit of the Board's Accounts are 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 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 2019/20 would be the third financial year with External Auditors appointed under a small body contract (Parish Councils and IDBs). This following the abolition of the Audit Commission 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.

In view of this the Clerk proposed that our existing Auditor is retained for the 2019/20 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.

The Chairman proposed which was seconded by Mr J Hopwood and UNANIMOUSLY AGREED by the Sub Committee to recommend the Board APPROVES the re-appointment of the Auditors for the 2019/20 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, which were highlighted in the assessment.

Brexit and Climate Change

The Clerk highlighted the matters included in relation to climate change and Brexit. Brexit causing uncertainty with currency fluctuations and trade restrictions. This could have cost or supply difficulties for fuel, machinery chemicals and parts purchase. A further significant factor is if it has an impact on agriculture making landowners/occupiers unable to pay drainage rates if the market for agricultural products changed unfavourably.

Consortium IT Systems and Slow Broadband Speeds

The Clerk highlighted the investment being made to remain compliant with the General Data Protection Regulations (GDPR) and providing security of the Boards statutory databases. This requiring updating of various software and hardware systems to sustain updates for security being provided. This along with managing slow office Broadband speeds because of the office location.

The Clerk informed the Board that the Boards Audit required the Board to formally consider and approve its Risk Assessment for 2019/2020.

The Sub-Committee UNANIMOUSLY RECOMMENDED the Board adopts and approves this policy approach to risk assessment and the evaluation carried out in the document for financial year 2019/20.

RECONSTITUTION REDUCTION IN MEMBERSHIP

The Clerk had provided with the agenda a summary sheet of the options for numbers of Members in relation to reconstituting the Board with a reduced Membership. As Nominated Membership had to be one more than Elected Members an odd number was required. In relation to Special Levy payments York City Council is roughly half of Selby District Council.

Type	Rating Million	Members Option 1	Members Option 2	Members Option 3	Members Option 4
Elected	£1.892	9	10	11	12
Nominated	Agri +1	10	11	12	13
Selby	£5.996	7	7	8	9
York	£3.168	3	4	4	4
Total		19	21	23	25

The Clerk has been informed that Defra's preference is that Boards are reconstituted with no more than 21 Members (option 2). The Board however considered that Option 4 would be favourable to sustain the existing Elected Membership of 12. However considering the ratio between Selby and York Special Levy payment for Council Nominated representatives Option 3 of 23 Members has the closest representation of Council Nominated Members.

Mr S Wragg believed York City Council has difficulties providing the required number of Nominated Members for the Board but also believed that the quality and enthusiasm was more important than overall numbers. In summary he was in support of advancing Option 3.

The Sub Committee proposed by the Chairman and seconded by the Vice Chairman recommended that the Board advances Option 3, a Membership of 23 recognising that this may result in a real reduction in Elected Members. The decision however being related to the closest representation of Nominated Members to Special Levy payments from the two Councils.

Election Requirements

The Clerk reported as far as he was aware following the reconstitution the Board will be reformed which will amend the number of Members. An election is then expected to be held in the year after 18 months following the reconstitution.

Environment Agency Input to Progress the Reconstitution

The Clerk has now been informed of the Agency Officer dealing with the matter along with the Environment Agency Solicitors contact details.

The Clerk had circulated a summary of the works carried out and proposed at Derwent House moving on from the work agreed at the last meeting. A further sheet being circulated at the meeting. The costs have increased slightly because the outside barn planning requirements had required a full planning application having to be made which was not expected. This had then required some conservation surveys.

The office chimney removal is not being progressed until other issues are addressed.

The Clerk is proposing refurbishing of gents and ladies toilets along with making access to the gents from additionally inside the building and outside. This also refurbishing the damage caused by the damp if resolved with the work already carried out.

Works Completed

The Finance Officer reported on the works completed to date which include:

- the access road addressing the breached damp proof course of the building;
- Surveying of office electrics (five year requirement);
- updating the Boards electrical system from survey;

DERWENT HOUSE IMPROVEMENTS

- Installed the outside building security system and lighting;
- No progress on Broadband speed improvement;
- Removal of the Nissen hut although extra cost for additional asbestos removal;
- Floor slab installed in garage store building.

MINISTERIAL
LETTER TO IDBs

The Clerk had circulated a letter from the Minister in relation to the Boards IDB1 returns and analysis carried out on the content and the conclusions drawn. This being proved for Members reference and consideration.

The Sub Committee Members noted the letter and report and did not consider any action was required.

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.

The Chairman asked about the Boards electricity provision contracts.

The Finance Officer explained the Boards approach to the electricity contracts which are grouped as large and small stations. The contracts being awarded as two packages following tendering. Any award being made currently on a one or two year basis depending on the rates and supporting costs offered.

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

(SEE APPENDIX TO MINUTES)

DATE OF NEXT
MEETING

Tuesday 14th January 2020 at 1pm. This being prior to the Board Meeting on 28th January 2020.

FUTURE MEETINGS

Tuesday 26th May 2020 at 1pm. This being prior to the Board Meeting on 16th June 2020.

Tuesday 29th September 2020 at 1pm. This being prior to the Board Meeting on 20th October 2020.

ANY OTHER
BUSINESS

Septic Tank Installations and Discharges

Mr J Hopwood noted the changes which were occurring in septic tank discharges and how they may have implications to the Board which could need clarifying.

Mr R E Britton believes this will have no impact on existing so is probably not retrospective.

The Clerk thinks that implications certainly will occur on new installations but may occur if the existing arrangements are causing a problem.

There being no further business the Chairman declared the Meeting closed.

(APPENDICÈS TO FOLLOW)