

MINUTES of Meeting of Finance Sub-Committee held on Tuesday 24th September 2024 at the Ouse & Derwent Offices, Crockey Hill, York

PRESENT

Cllr J Cattnach (In the Chair)
Mr J Hopwood
Mr J Daniel
Cllr J Brooks

The Clerk – Mr W Symons

APOLOGIES FOR ABSENCE

Apologies for absence were received from Mrs F Bradley (Finance Officer) and Mr N Culpan (Engineering Assistant).

The Clerk noted that the City of York Council are advertising the position previously held by Mr S Wragg as Flood Risk Planning Manager. The advertised vacancy job description including attending drainage board meetings. Mr S Wragg previously being a council nominated member of the Board.

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 audit), with his work as Chairman of Selby District Vision.

There were no other 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.

MINUTES OF LAST MEETING

It was proposed by Mr J Daniel, seconded by Cllr J Brooks and RESOLVED that the Minutes of the meeting held on 4th June 2024, 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 informed the Board had purchased the all-terrain forklift truck.

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

RATES

The Clerk reported that he has put in place the Board's 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 two 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 recommended accepting this policy as it stands.

ENGINEER'S REPORT

The Clerk noted the Board had a meeting with the Shire Group of IDBs who produce the planning response for Selby IDB. This being aimed to create continuity in the planning responses being made.

The Clerk informed that the Engineering Assistant was currently working on the Board's pumps so had apologised for not being able to attend the meeting. The Board however had been making good progress with its channel clearing and flailing works. This along with pumping station work both on the Board's and Coal Authority's Pumping Stations. Temporary pumping arrangements being made at Stillingfleet Pumping Station.

Workforce and Recruitment

The Clerk informed that the Board's Foreman has left and the Board has advertised the position. A number of interviews have now been held and the Board has offered the position to Mr T Dundon who has worked for the Board for a number of years who has accepted the position. As the Board's previous Foreman was also an excavator driver this leaves the Board with a vacancy for someone with these skills. The Foss (2008) IDB also having a similar vacancy. In view of this a recruitment drive is underway to recruit two excavator drivers for the two Boards. Several suitable candidates have applied who are being invited to interview.

**STORM RECOVERY
AND ASSET
RENEWAL GRANT
FUNDS**

The Clerk made Members aware at the last meeting of the scheme, which originally was announced at the National Farmers Union Conference of a fund for IDBs to recover from flooding and refurbish assets. A total sum of £75 million being provided based on the following criteria:

- The investment will be made in the 2024/25 financial year;
- The Environment Agency will be administering the scheme;
- Expressions of Interest for storm recovery will be required by 7th June 2024;
- Expressions of Interest for asset improvement will be required by 28th June 2024.

The Expression of Interest required the completion of a form with supporting detail to substantiate the eligibility of the work for funding.

Storm Recovery Work

- Replacement of the broken pump at Newlands Pumping Station (this will be subject to screening for Eels Regulation compliance) – £75,000;
- Additional pumping electricity costs during the winter period higher than the last three-year average Boards additional electricity cost – £16,792. It being noted that the Coal Authority stations were excluded;
- Increased costs for bank refurbishment work – £15,000.

Asset Improvement

- Two emergency electric standby submersible pumps;
- Top up of Environment Agency High Level Water payments. Taking this from 64.9% (already paid) to 100%. The sum of £275k being required for all Boards in the Yorkshire Region.

The Clerk informed Tranche 1 has been agreed and funded however Tranche 2 is still pending. A survey being sent out by the Environment Agency on the Tranche 2 schemes of the investment can be made from 1st October if authorised. The decision on funding Tranche 2 is currently with the Secretary of State. The funding of this work is also supported by the National Farmers Union who are also pressing the Farming Minister.

The Clerk also noted that the Board's Drainage Rating Software (DRS) requires replacing. The Board through the Consortium Arrangements currently is party to two new packages:

- Foss (2008) IDB developing and funding a package for the Consortium Boards;
- Foss (2008) IDB supporting and part funding the development of a potential commercial package for wider usage with a group of IDBs. A Tranche 2 funding application under the asset improvement category has also been made.

COMPLETION OF AUDIT 2023/24

The Clerk referred to a copy of the External Auditor's certificate and opinion for the accounts for financial year 2023/24. A copy of the External Auditor's 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 Board's website.

APPOINTMENT OF
INTERNAL
AUDITORS FOR
FINANCIAL YEAR
2024/25

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 2024/25 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 2024/25 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 J Hopwood proposed, which was seconded by Mr J Daniel and UNANIMOUSLY AGREED (the Chairman abstaining) by the Sub-Committee to recommend the Board APPROVES the re-appointment of the Auditors for the 2024/25 financial year.

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.

Cllr J Brooks informs that the work was carried out twice yearly within the council but the approach taken by the Board previously was appropriate.

Members of the Sub-Committee UNANIMOUSLY AGREED 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 Board's 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.

BOARD'S
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 several 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 Board's 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.

Cyber Security

The Clerk noted the Foss (2008) IDB had given consideration of Cyber Insurance along with Cyber-crime. The topic opening a wider debate. The Foss (2008) IDB as the lead Consortium Board deciding to purchase cover across the five Boards of the Consortium. The insurance offering a helpline should any problems arise.

Electricity and Energy Supply and Costs Linked with Climate Change

The Clerk informed that storm pumping electricity supply and costs are clearly a substantial risk which requires watching and review. Climate change however remains an ongoing and developing issue with increasing flooding and impacts of events.

New Increasing Risks

The Chairman asked if any increased risks had become recently apparent.

The Clerk noting the development of the Board's Drainage Rating Software (DRS), to sustain the current system is a substantial problem at the moment.

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 Members that the Board's audit required the Board to formally consider and approve its Risk Assessment for 2024/25.

The Sub-Committee Members UNANIMOUSLY AGREED to RECOMMENDED the Board adopts and approves this policy approach to risk assessment and the evaluation carried out in the document for financial year 2024/25.

The Clerk informed that interest rates being paid were likely to drop in the near future.

BANKING
ARRANGEMENTS

Virgin Bank

The Board however had renewed its 12 month deposit account with the Virgin Bank at 4.5% which is a slight increase from last year.

Barclays Deposits

The Board has further made short term deposits from its current account which bring in variable amounts of interest, with its banker Barclays.

Nationwide Deposits

The Board having a Nationwide account with funds on a 95-day notice.

The Clerk informs the Board continues to review its investment options taking a cautious approach but is focused on its need for available cash in the event of an emergency so is keeping a contingency readily available to avoid cash flow problems.

The Sub-Committee noting and accepting the approach and avoidance of risk being taken by the Clerk.

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.

Members of the Sub-Committee UNANIMOUSLY RESOLVED recommendation that payment of these accounts be confirmed.

(SEE APPENDIX TO MINUTES)

Tuesday 7th January 2025 at 10,00am. This being prior to the Board Meeting on 21st January 2025.

Tuesday 10th June 2025 at 10.00am. This being prior to the Board Meeting on 24th June 2025.

Tuesday 23rd September 2025 at 10.00am. This being prior to the Board Meeting on 14th October 2025.

ACCOUNTS FOR CONFIRMATION

DATE OF NEXT MEETING

DATES OF FUTURE MEETINGS

ANY OTHER BUSINESS

Himalayan Balsam

The Chairman raised the topic of Himalayan Balsam and asked if it was a problem for the Board.

The Clerk informed it was prevalent in the Board's drainage district but is very difficult to control.

Board Membership Number Reduction

The Clerk highlighted the progress being made in the Board's membership reduction and informed he did not believe it will have an impact of the current year's election programme.

The Sub-Committee Members discussed the progress being made in the Board's membership number reduction.

The Chairman closed the meeting at 11.34am as there was no other business.

(APPENDICES TO FOLLOW)

**CLOSE OF
MEETING**