

Witham First District Internal Drainage Board

Minutes of the eighty second meeting of Witham First District Internal Drainage Board held on Tuesday, 25th June 2013 at Washingborough Village Hall.

Present:

Mr. R.A. Fletcher	Chairman
Mr. P Gilbert	Vice-Chairman
Mr. E. Applewhite	
Mr. D Armstrong	
Mr.S. F. Cobb	
Mr. J. R. Crust	
Cllr. R. Cusksey	
Mr. T Gilbert	
Mr. R. Hall	
Mr. M.D Harrison	
Cllr. G. Hewson	
Mr. L. Maplethorpe	
Mr. S Maplethorpe	
Mr. D.N Means	
Mr. J F Money	
Mr. N Osborne	
Cllr. C.R Oxby	
Mr. E. Tonge	
Cllr. P. Vaughan	
Mr. A. S. Whitehead	

In attendance:

Mrs. Jane Froggatt	Chief Executive
Mr. Martin Shilling	Director of Operations
Mr. Steve Larter	Interim Finance Manager
Mrs. Anna Wilson	Finance and Rating Assistant
Mr D. Gowing	Internal Auditor

The Chairman welcomed Members and Officers to the meeting and introduced David Gowing, Internal Auditor, and Steve Larter, Interim Finance Manager, to Members.

1811 Apologies

Apologies for absence were received from Mr. R. Hickling, Cllr. D Jackson, Mr. B.S. Leggate, Mr. S. B. Leggate, Mr. J. Mair, Mr. N. Maplethorpe and Dr. V. Stanton.

1812 Declarations of Interest

Members appointed by City of Lincoln Council and North Kesteven District Council declared interests relating to their respective Councils. There were no further declarations of interest.

1813 Chairman's Announcements

The Chairman made Members aware of the following:

Board Membership

The two District Councils which nominate Members to the Board started their new Civic year in May and City of Lincoln Council nominated Member Mr Richard Coupland has left the Board. A letter of thanks for his service to the Board had been sent to him. City of Lincoln Council's other nominees remain as is, that is Cllr Pat Vaughan, Cllr David Jackson and Cllr Gary Hewson. There had been no changes in nominations to the Board by NKDC, that is Members remain Cllr R Cusksey and Cllr C R Oxby.

Summer Inspection

Members were asked to confirm today whether or not they would be attending the Summer Inspection on Tuesday, 02nd July. It would start at 9.30 am from Washingborough Hall Hotel, returning for lunch at 1 pm.

ADA Demonstration

Members were asked to confirm whether or not they would be attending the national ADA demonstration on Wednesday, 17th July at Cross Guns PS near Wisbech. A coach would leave Haverholme Farm near Sleaford at 8.30am.

1814 Minutes of the Board meeting on 30.04.13.

The Minutes of the Board Meeting held on Tuesday, 30th April 2013 were approved as an accurate record subject to the following amendment:

Mr David Armstrong and Mr Steve Cobb had been omitted from the list of attendees, but were present on 30th April.

MATTERS ARISING:

1764 Bridges and Culverts

The liability for maintenance of the 18 bridges and culvert structures from the Board to LCC had not yet transferred. The Board had first to register title with the Land Registry and transfer to LCC through a legal agreement and payment of the commuted sum of £354,480.93. The Board had received the PWLB loan monies in December 2012 to enable the transfer and LCC had agreed to hold the transfer sum at the 2012/13 price level. However, the Land Registry was querying whether the Board had valid proof of title to the 18 structures, there being no deeds, and an information pack had been provided on each. The Chairman had signed a Statutory Declaration to assist the proof of ownership. However, the matter was not yet resolved. An update will be provided to the next meeting of the Board by the Chief Executive.

1766 New Cut Access Track at Digby

This case was not yet resolved, albeit the Board's legal costs were to be met by the Environment Agency. The EA had approached the Board in May 2012 seeking to agree the purchase of an additional access licence for the Board's track near Digby

PS so that this could be passed to the new owners of Dorrington Clay Pits when the EA sold them. No further information from the Board is outstanding and the matter remains for conclusion between respective Solicitors.

1815 Minutes of the Executive Committee meeting on 11.06.13.

The Minutes of the Executive Committee meeting held on Tuesday, 11th June 2013 were approved as an accurate record. There were no matters arising, given all were covered by the agenda. Members NOTED recommendations from the Committee on items on the agenda.

1816 Internal Auditor's Report on 2012/13

Mr David Gowing, Internal Auditor to the Board for the last 3 years, presented his independent report on 2012/13 to the Board, which had been circulated with the agenda. The report had been completed in accordance with the CIPFA Code of Practice for Internal Audit 2006 and having regard to the ADA Practitioners' Guide. It was explained that the Internal Audit function is designed to provide an assurance function which provides an independent and objective opinion on the control environment.

He had visited on 10th June 2013 to conclude his work on 2012/13 [on that occasion reviewing Bank reconciliations, investments, VAT return, asset register, annual stock take results, debtors, financial monthly in-year reports and reserves] and his findings in the report indicated there were no material concerns about 2012/13.

The 2012/13 audit included a review of previous audit actions, a review of systems changes, sample testing of transactions and provision of best practice advice obtained through working across a number of IDBs. The Internal Auditor also confirmed that he had reviewed the key points arising from the Caldicot and Wentlooge Levels IDB Public Interest Report [published on 08.10.12] and had met with the chief Executive to go through these.

The audit 2012/13 main findings were summarised from his written report as:

- Accurate, well presented accounting records for most of the financial year.
- Recent absence of a key staff member during the key stage of Accounts 2012/13 closure caused some disruption. This he flagged as a risk to continuity in small teams but he acknowledged the part-time resource [Steve Larter] which the Chief Executive had brought into the team and the priority which had been given to year-end closure. This necessary focus on the year-end did mean that there is a risk that any problems with the new SAGE finance system will not be quickly identified, as no month end reconciliations would be done from 01.04.13 until closure of accounts was complete.
- Information provided to the Board has significantly improved with more detail, especially on financial matters. Meeting minutes have also improved.
- The Rates system has been upgraded and the finance system [Dataflow] has been replaced and the implementation, testing and training was completed on schedule. This will help improve control, reports and management information will be easier to obtain and the overall systems and records keeping will be more efficient.

- The majority of agreed recommendations from the 2011/12 audit have been implemented.
- Policies are being reviewed and/ or introduced during 2013.
- The level of debt [miscellaneous income and rates] is low.
- VAT is under claimed on mileage allowance.
- No significant issues were found from his review of the key points from the Caldicot and Wentlooge Levels IDB Public Interest report. A number of areas for improvement were identified but mainly relate to the review or introduction of Policies. The most important matter is to formally document and gain approval for a Strategic and Operational Plan.

Members' attention was then drawn to Section 3 of the Report, the Management Action Plan which the Internal Auditor confirmed he had discussed and agreed with the Chief Executive. There were no critical or high priority actions, all were medium or low with timescales.

Finally, the Internal Auditor confirmed his ADEQUATE ASSURANCE rating on the system of control for 2012/13. Members NOTED this and ACCEPTED the independent Annual Audit Report from the Internal Auditor.

The Chairman thanked David Gowing for his presentation and Report and he stayed for the remainder of the meeting.

1817 Risk Register

Members had been circulated with an updated Risk Register, version 4, with the agenda. The Chief Executive outlined that following original approval of the Risk Register on 27.06.12, the Board had approved a revised version before agreeing the 2013/14 Budget on 12.02.13 and Members were now asked to consider the latest version, in the context of the Internal Auditor's Report on 2012/13 and before being asked to approve the Annual Accounts 2012/13.

It was pointed out that the Auditor was recommending that lead officer responsibilities and timescales be clarified further in the Register and this would be done in the next version. Members of Upper Witham IDB had yesterday asked that the format of the report be adjusted to include the risk scoring matrix and key to risk scores be included and so Members noted this would be done for all 3 Boards' Risk Registers.

With these amendments for future versions, the Board noted the Corporate risk issues as detailed, together with the mitigation actions and risk scores and APPROVED the Risk Register.

1818 Annual Accounts 2012/13

The Chief Executive introduced the item, setting out the Annual Accounts closure process for 2012/13. She thanked Steve Larter, Interim Finance manager, for assistance at short notice in helping the Board and partner two IDBs in the closure exercise. She also advised Members of the flexibility and additional hours worked in the last couple of months by Anna

Wilson and Lorraine Sayce. She was pleased that the closure process had been completed on schedule and the Accounts 2012/13 were with the Board for approval before the 30th June deadline for submission to External Audit.

The first of four papers was written by the Interim Finance manager. The second was the completed Audit Commission IDB Annual Return to 31.03.13 [section 2 included the Annual Governance Statement for 2012/13 which she drew to Members' attention and explained the need for all Members to be content with, before the Chairman and she signed it on the Board's behalf; section 4 incorporated the Internal Auditor's signature of 10.06.13 on the 10 Internal Control Objectives]. The third set of papers was the Statement of Accounts 2012/13 and associated Annual Report. The final paper was a revised IDB Annual Return Section 1 which, following discussion with Grant Thornton, External Auditors, provided a restated Box 9 position as at 31.03.12 for 2011/12 on the total fixed assets plus long term assets owned by the Board at £2,935,970 [not £3,272,825]. The need for this restatement was explained as because whilst depreciation was being charged to the income and expenditure account, all assets had been held in the balance sheet at historic cost. These needed to be included at depreciated cost for vehicles, plant, machinery and ICT equipment and hence the adjustment.

The Annual Report summarised the 2012/13 year. The Board had agreed on 07.02.12 to a 4.28% increase to rates and Special Levies in order to set a balanced 2012/13 budget of £734,584, including the plant and machinery programme and a modest programme of developments. The year started with a Defra drought summit but by the end of April 2012 there had been heavy rainfall events and high rainfall events continued throughout the year. The Board's pumps in its 13 Pumping Stations were used for a comparatively high number of hours, reflected in the high expenditure on electricity at £111k against a budget of £72k and in sharp contrast to electricity expenditure in 2011/12, which was £29.8k. Timberland No1 pump failed catastrophically in April with a repair cost of £22.5k and a subsequent condition survey of the Board's pumps' electrical motors led to a decision on 07.08.12 to vire monies within existing budgets to accommodate a programme totalling £71.5k of priority electrical motor repairs, against a budget for pump maintenance of £20k for the year. Priority repairs were Digby No1 and No2 pumps, Nocton No1 and [to a lesser extent] No2 pumps, Timberland No2 pump and Billingham pump. Overtime costs were approximately 29% of basic pay, this level reflecting again the high rainfall events and the number of occasions on which the Board's staff were called upon.

The pump repair programme, higher than usual electricity costs and overtime costs meant that the planned telemetry project and the replacement of the Pump Man's van were delayed. Developments were necessarily limited in 2012/13, therefore, but the Board did proceed with its plan to refurbish Nocton Fen Pumping Station's control panel at a cost of £31.2k.

The Board's Summer 2012 and Winter 2012/13 maintenance programmes progressed well despite disruption throughout the year due to heavy rainfall events in the district and the Board's workforce being diverted to the patrol and inspection of culverts, bridges and water courses to keep them running freely.

The Board remained a signatory to the Lincolnshire Biodiversity Action Plan. In 2012/13 the Partnership achieved the status of Greater Lincolnshire Nature Partnership. The Board continued to monitor and record locally important species on all drains and rolled out its programme of owl box installation and monitoring in partnership with the Hawk and Owl Trust.

From April 2012 the Board, in common with other IDBs in Lincolnshire, had provided a consents and enforcements service in the Board's extended catchment for Lincolnshire County Council [LCC], the Lead Local Flood Authority in Lincolnshire, under a Memorandum of Understanding and for which the Board had been reimbursed costs.

The Board determined to transfer its liability for future maintenance of 18 bridges and culvert structures to Lincolnshire county Council and in November 2012 permission was received from Defra for the Board to take a £354,480.93 loan from the Public Works Loan Board [PWLB] over a 14.5 years period. The Board received the monies in December 2012, in anticipation of completing the transfer in 2012/13.

The Board continued with its Joint Administration agreement with Witham Third DIDB and Upper Witham IDB and collectively the 3 Boards developed some of their essential support services during the year. For example, the Board's Graphical Information System [GIS] was upgraded to Arc View 10.1. There was investment in an upgrade of the Board's Rating System and from January to March 2013 a new finance SAGE 200 system and SAGE 50 Pay system was implemented to go live on 01.04.13.

Whilst the year had been extremely challenging, the majority of planned works had been completed, the Board's pumps electrical motors had been overhauled and a limited programme of development had been achieved. The three main factors of electricity high cost, overtime levels to respond to high rainfall events and electrical motor repairs well above planned maintenance levels combined to account for the year end position of **£54,321 deficit as at 31st March 2013.**

The Interim Finance Manager then took Members through the Statement of Accounts, which had been subject to Internal Audit and covered in the Internal Auditor's Report presented earlier. The Internal Auditor had signed off Section 4, the 10 Internal Control Objectives. He drew Members' attention in particular to the Income and Expenditure Account which showed an actual **total income of £733,880** against an actual **total expenditure of £788,201** to 31st March 2013 [a **deficit of £54,321**]. He also drew Members' attention to the Balance Sheet which as at 31st March 2013 showed total **Current Assets of £674,135**, **Creditors of £50,520** and therefore **Net Current Assets of £623,615** plus **Fixed Assets of £2,964,808**, giving an **Assets total of £3,258,390**. He then went through the IDB Annual Return and outlined the additional information which the External Auditors had requested by 28.06.13.

He asked Members to note that this year the Accounts have been prepared on a full accruals basis and therefore some transactions may appear different to those in previous years. This means that income and expenditure is accounted for when it is due rather than when it was actually received or paid. Assets are now shown on depreciated values for plant, machinery and ICT equipment rather than at historic cost, which means that asset values are stated as lower than in previous years. Buildings, Pumping Stations and the

Depot have been held at non-depreciated values. After consultation with the External Auditor, the 2011/12 comparable figures had been restated to show how the Accounts would have looked on the same basis. He also advised that bank reconciliations and stocks have been validated and that Pensions have not been included on an FRS 17 basis, due to time constraints, but that the implications of this are not material.

In summary, he outlined the significant improvements made to the 2012/13 Accounts but stated that further improvements are required ahead of the 2013/14 Accounts. Following discussion it was AGREED:

- To APPROVE the Statement of Accounts 2012/13 and associated Annual Report, noting actual income of £733,880 and actual total expenditure of £788,201 for the year ended 31st March 2013, generating a year end deficit position of £54,321 and noting the Balance Sheet assets total as £3,258,390 as at 31.03.13.
- To NOTE the Internal Auditor's completed Section 4 of the Annual Return.
- To AGREE the Annual Governance Statement, mandating the Chairman and Chief Executive to sign it on the Board's behalf.
- To APPROVE the IDB Annual Return, including the Restatement of 2011/12 fixed assets as agreed with Grant Thornton, External Auditors.
- To submit the IDB Annual Return as stated to the External Auditors, together with the additional information they have requested, by 28.06.13.

1819 Schedule of Expenditure

The Chief Executive presented the Schedule of Expenditure that the Board incurred for the 2 months from 1st April 2013 to 31st May 2013, totalling £119,737.78 gross or £114,242.20 net of VAT. The expenditure was *NOTED*.

1820 Briefing Note on the Board's Insurances

Members had received a Briefing Note with the agenda on the Board's insurances which were due for renewal on 30th June 2013. The Board has in place 10 policies, with a variety of insurance companies, negotiated on the Board's behalf by Towwergate.

The Chief Executive and Director of Operations had met with John Cooke, Insurance Broker, on 06th June and renewal quotations were imminent. They had been advised that premium costs were likely to remain stable for 13/14 but that due to the wet year and heavy claims level across some IDBs, there may well be a price increase for insurance across the industry from 2014. He would be testing the market in depth between July and December 2013, an exercise undertaken every 3 years, for insurance renewals in 2014.

The cost of insurance for June 2012 to June 2013 was £20,377.92 and once comparative actual costs are known for the forthcoming year, these will be reported to the Board.

1821 ADA Lincolnshire Branch Recommended Pay Award 2013/14.

A Briefing Note had been circulated with the agenda which recommended to the Board adoption of the ADA Lincolnshire Branch recommended 1% pay award for 2013/14, from 01.04.13. in line with Treasury guidance to public bodies.

Last year was the third and final year of a 3 year pay agreement. The pay formula used was 90% of the national Average Earnings Increase, as published in The Sunday Times on the third Sunday in January. This formula meant there had been a 1.44% pay increase in 2010/11, a 1.89% pay increase in 2011/12 and a 1.71% pay increase in 2012/13. An extension of the pay formula on a similar basis would have generated a recommended increase for 2013/14 of 1.17%.

The Chief Executive confirmed that the approved budget for 2013/14 had assumed a 2% pay award.

Members AGREED the ADA Lincolnshire Branch recommended pay award of 1% for 2013/14, payable from 01.04.13 and tasked the Chief Executive with implementing it across all wage and salary scales.

1822 Code of Conduct for Officers

The Chief Executive presented the draft Code of Conduct for Officers, explaining that following on from the revised Members' Code of Conduct and Register of Members' Interests approved at the last meeting, this Code for Officers followed on as one of the suite of Policies she had agreed with the Internal Auditor would be put in place or reviewed in 2013. The document circulated with the agenda was an amalgamation of the ADA model, the Bedford Group of IDBs' Code and similar documents elsewhere in the public sector. It was not exhaustive and aimed to provide a guide.

The draft before Members had been considered by Upper Witham IDB on the previous day and by Witham Third DIDB earlier today. Some minor amendments had been suggested, and as for this particular Policy it was necessary to have one version for all staff, she outlined these changes and asked members to consider incorporating these changes.

Following discussion, it was AGREED to incorporate minor amendments and to APPROVE the Code of Conduct for Officers.

1823 Director of Operations' Report

The Director of Operations presented his report and gave a presentation to members for the 3 months period 01st April to 30th June.

In particular, he highlighted completion of the Board's winter 2012/13 maintenance programme totalling 9.3 miles on Middle Drain, North Drain, Ten Foot Drain, Black Drove Drain, Swallows Drain, South Drain, Millers Lead Drain and Old Eau.

He reported that the Board's maintained Drains have suffered a high number of bank slips during the winter months and repairs had started. Timber boards, fir piles and gravel rejects had been purchased to allow the reinstatement of slips when ground conditions permit. Repairs had been completed on New Drain [25m], Todhill Drain [20m+ 30m], Allotment Drain [10m], Drury Dyke [5m] and Five Mile Roadside [110m]. In addition, slips had been pulled out on Dales Dyke and Mill Drain, with no revetment installed, to remove the obstruction to flows. Permanent repairs, where necessary, will be undertaken

Summer 2013 maintenance has started with the handwork being undertaken at Sleaford Drove Dyke, Branston Beck and Digby North Branch.

Nocton Fen PS motor No1 had now been re-commissioned following completion of major repairs. This was the last of the electrical motor repairs agreed by the Board last year.

The Board's work force had also had refresher training, as appropriate. For example, the two trained chain saw users and all drivers on the hazards of working in close proximity to overhead cables.

An update was given on the Board's participation in Woodhall Spa Show on 19th May, the Timberland Diesel Pumps Open Day on 02nd June and Lincolnshire Show on 19th and 20th June.

There was then discussion on the potential areas for the Winter 2013/14 maintenance programme, Walcott and Billingham Fen areas being proposed for de-silting. Members were supportive of this and the Director of Operations would provide further information for the next meeting.

A question was asked about the potential financial loss to land owners if spoil was deposited on ELS grass margins. The Director of Operations outlined the basis of the agreement in place with Defra such that spoil deposited by IDBs on such margins, by Boards conducting maintenance should not result in financial detriment . He undertook to enquire further as some Members reported that this agreement was not being universally adhered to by Natural England.

Adrian Whitehead raised the condition of 2121 Middle Drain at Anwick Fen, which the Director of Operations undertook to review.

The Director of Operations advised that Paul Tonge had convened a meeting of the EA with local land owners at Timberland on 11.07.13 [10 am] regarding the Timberland Delph overtopping incident for 6 days on 25.12.12, to understand the EA's plans and maintenance in the locality. He would also attend and report on the outcome to the next Board meeting.

Members thanked the Director of Operations for his report, the content was NOTED.

1824 Outline Programme for the Board's Summer Inspection

The Director of Operations outlined the programme for the Board's Summer Inspection on 02.07.13. Departing from Washingborough Hall, Members would visit Sandhill Beck PS, Five

Mile Lane BOAT and piling scheme in Five Mile Roadside Drain, Branston Delph, Branston Engine Drain Culvert and Branston PS, Nocton Fen PS and ending at Middle Drain in Nocton Fen.

1825 Consents and Enforcements

Members had received the consents and enforcements report, in the drainage district and for the extended catchment, for the period to 11th June 2013. There was a high number [22] of enforcement cases in the extended catchment, compared with 2 in the district.

Members received and NOTED the report.

1826 Schedule of Planning Applications

The Schedule of planning applications was received and comments submitted to LPAs were NOTED.

1827 Bank slip repair scheme at Chapel Hill

Members had received with the agenda a Briefing note from the Board's Engineer as to the state of the Twenty Foot Drain at Chapel Hill following the major bank slip. The Engineer is assessing the scale of works required, developing a scheme which will come to the Board in due course.

1828 Any Other Business

There were no further items of business.

1829 Date, Time and Place of Next Meeting

The Board's next meeting was confirmed for Tuesday, 6th August 2013, at Washingborough Village Hall, commencing at 10am [not the usual 2 pm].

.....Chairman.....Date

JEF/W1st BM 25.06.13.