

REEDNESS AND SWINEFLEET INTERNAL DRAINAGE BOARD

MINUTES OF THE FULL BOARD MEETING

MONDAY 7th JANUARY 2019

91 BRIDGEGATE, HOWDEN, DN14 7JJ

PRESENT:

Ratepayer Members: Mr Barker (C) Mr Cowling Mr Backhouse Mr Oldridge

Appointed Members: Cllr Barrett Miss Sargeantson

Co-opted Members:

Members Present: 6

APOLOGIES:

Ratepayer Members: Mr Hirst

Appointed Members:

Co-opted Members:

ABSENT:

Ratepayer Members: Mr Reed

Appointed Members:

Co-Opted Members:

IN ATTENDANCE:

Officers: Mr McLachlan – Chief Executive
Miss Cowen – Corporate Strategy Manager
Mr Towse – Asset Manager
Mrs O’Driscoll – Board Secretary (Minutes)

Others:



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30 Welcome, Introductions and Apologies

30.1 The Chair gave apologies from Mr Hirst and Mr E Allen (Chief Engineer).

31 Declarations of Interest

31.1 None were given.

32 Additional Agenda Items

32.1 Rate-maps were to be discussed at the end of the meeting, to see if any adjustments need to be made.

33 Minutes of the previous Full Board Meeting, 18th June 2018

33.1 The Chairman directed members through the minutes from the last Board meeting

33.2 The Chairman asked Russ Towse, the Board's Asset Manager (AMgr), to introduce himself to Board members as he has been appointed to the role after the last Board Meeting. Mr Towse introduced himself and explained his role.

33.3 The CEO explained the internal audit Procedure, advising that this happens 4 times a year and that of the external audit which happens once a year.

33.4 The Chairman asked if all members had read through the Minutes from the previous Full Board Meeting.

34 Matters Arising

34.1 The Chair asked if there were any matters arising from the last meeting.

34.2 Mr Backhouse brought up point 24.3 and asked the CEO if he had spoken to contractors about the work they undertake. The CEO asked members to contact him if a contractor doesn't carry out work that is on the programme. The AMgr remarked the new contract proposals should resolve these issues in the future.

34.3 The Chairman asked if the opportunity arose, would it be possible for a Board Member to instruct a contractor on work that needs to be carried out. The CEO indicated that he was uncomfortable with this in respect of control of finances and safety and would advise against this, principally to protect members personally should fault or blame occur. He added that his advice from the Boards auditors is the same.

34.4 Mr Backhouse asked the CEO how work needing to be carried out will be monitored, the CEO advised that there will normally be an inspection of the Reedness and Swinefleet area once a week.

34.5 The CEO ran through the matters arising from the previous meeting advising that all had now been resolved apart from 8.0 – AMgr to investigate value of contract spraying. The AMgr explained that there had been a problem with the type of spray used not touching the weeds.

Discussions took place on when best to start spraying. The CEO advised that so far this year £1,200 had been spent on spraying. Mr Backhouse suggested a spraying trial, it was decided this would be investigated and the Chairman is to monitor areas already sprayed. **ACTION AMgr**

- 34.6 It was PROPOSED BY MR COWLING and SECONDED by MISS SARGEANTSON and UNANIMOUSLY RESOLVED that these minutes be adopted as a true record.

35 Minutes of the ADOC Consortium Meeting 29th November 2018

- 35.1 The Chairman directed members to Appendix B of the meeting papers and asked if there were any matters arising.

- 35.2 Mr Backhouse asked about setting out expected standards for maintenance works so landowners know what to expect when the IDB comes on their land and the possibility of sending this out to ratepayers. **ACTION CEO**

- 35.3 It was noted by the Chairman that these minutes were a true record.

36 Invoices Paid and Accounts Settled Q1 & Q2

- 36.1 The CEO explained that going forward all invoices would be paid out of OHDB bank account and recharged on a quarterly basis.

- 36.2 The CEO directed Board Members to Pages 36 & 37, Appendix C of the meeting papers which detailed the invoices for quarter 1 and 2 and passed around a handout for Quarter 3. The CEO added that these invoices can be viewed at any time by Board Members. He noted an error in respect of machine hire costs, for correcting. **ACTION CSM**

- 36.3 The Chairman asked if the electric for the pumping station was charged on an estimated basis. The AMgr replied that a reading would need to be taken.

- 36.4 It was PROPOSED by MR OLDRIDGE and SECONDED by MISS SARGEANTSON and UNANIMOUSLY RESOLVED that the Board with corrections approves the invoices paid and accounts settled as a true record.

37 Banking Update

- 37.1 The CEO explained that after some considerable difficulty and many hours of trying, Board staff are now in control of the Boards bank accounts. He added that the service received from Natwest was below an acceptable standard and had resulted in him seeking compensation. Although considerably less than the costs actually incurred, a compensation amount of £250 was credited to the Boards account. The CEO asked Board members permission to draw these funds down to offset part of his extraneous staff costs.

- 37.2 Mr Backhouse enquired if the Chairman and other Board members are on the Banking Mandate and therefore able to draw money from the account should a situation arise. The CEO advised that both the Chairman and the Vice Chair are on the Banking Mandate.

37.3 It was PROPOSED by MR BACKHOUSE and SECONDED by MISS SARGEANTSON and UNANIMOUSLY RESOLVED that the Board APPROVES the drawing down of £250 to offset extraneous staff costs.

38 Special Levy Transfers – Key Decision Required

38.1 The CEO directed Board members to section 9 of the Meeting papers, and gave an in-depth explanation of Special Levy. He explained that the Special Levy is a demand from the Board, telling the council to raise funds from Council Tax and Business rate Payers on its behalf. Part of these funds are reimbursed to the council by central Government through the local services support grant. The purpose of the special levy mechanism is to ensure that there is fair distribution of local tax burden for the provision of flood risk and land drainage services between all types of tax payers.

38.2 The CEO went on to say it is important to understand that levies and precepts are generally designed to raise hypothecated taxes, these being public funds obtained for a particular purpose rather than spent on any number of things, for example the amount raised through the precept for policing as opposed to other general local services.

38.3 The CEO also informed members that under the Land Drainage Act 1991, the Board is required to set the rate on an annual basis, based on the aggregate Annual (Rental) Value (AV) of agricultural land and buildings + the aggregate AV of other land and buildings in the district. He added that these values are determined as at the 31st December of the preceding year to account for any changes and that all values are adjusted to the 1988 values.

38.4 The CEO advised that changes, such as new development may result in land moving from agricultural use to non-agricultural use. Adjustments to records to account for these changes are known as special levy transfers.

38.5 He informed Board Members that it had not been possible to establish any Special Levy transfers since 1991 even though land uses have clearly changed, and under Section 37 of the Act the Board is required to identify and record these changes annually.

38.6 The CEO continued that the original calculations for the aggregate AV of non-agricultural land is presumed to be made on property that existed in 1989 at 1988 value, after a search, and given the passage of time staff have been unable to locate any reliable historic data sets that were used to make this calculation.

38.7 He went on to advise that to calculate changes in value of the non-agricultural land there are 2 methods set out in the Act. The first method of calculation cannot be repeated due to the lack of historical data, the second method is to determine values by multiplying the area of land by such a unit that represents an average value per hectare of land where values have been determined in accordance with the original calculation. He explained this is known as the multiplier.

38.8 The CEO informed that the existing aggregate annual value of the non-agricultural land and buildings was notified by the Board under the previous administration, the source figures were

published under a section 42 notice, he explained that the non-agricultural AV is found by dividing the special levy amount by the pence in the pound rate.

38.9 He continued that there are three potential options to establish the multiplier:

- a) The aggregate non-agricultural AV of land and buildings in the district (calculated from Section 42 notice) is divided by the number of hectares of non-agricultural land in the district giving a multiplier.
- b) The aggregate non-agricultural AV of land and buildings in the district (calculated from the last Section 42 notice) is divided by an estimate of the area in hectares of non-agricultural land in the district that had an annual rental value in 1989 giving a multiplier.

38.10 A revaluation is undertaken based on historic records and sample valuations, employing methods such as scaling factors and inflation indices in part or all the district. This will give a baseline figure in the current year and allow a multiplier to be established for future years.

38.11 He informed that sensitivity testing had been carried and across the ADOC area and gave the following results:

38.12 Option c) was tested with limited documentary evidence, which was of little use. He added that this would be of significant cost and was therefore a not recommended.

38.13 Option b), although this was the most accurate secondary this generated several anomalies and a very high multiplier of up to c£8,000 per ha.

38.14 Option a) resulted in multiplier AVs ranging from £1,142 - £4,131 per hectare. Consultation with other internal drainage boards established that these values were typical.

38.15 The CEO advised that the recommended option is Option a), adding that board members should know that this is a conservative estimate, likely to slightly favour domestic and business ratepayers, but there was a risk that other options may result in challenge and/or high costs, netting off any financial benefit to local land drainage services in the medium term.

38.16 It was PROPOSED by MISS SARGEANTSON and SECONDED by MR BACKHOUSE and UNANIMOUSLY RESOLVED that the aggregate non-agricultural AV of land and buildings in the district (calculated from the last Section 42 notice) is divided by the number of hectares of non-agricultural land in the district, giving a multiplier that shall be used to make the Section 37 calculation.

39 Budget and Rate Setting

39.1 The CEO advised Board Members that the Board is required to set the rate and special levy demand, so that the local authority can be notified no later than the 15th February.

39.2 The CEO explained that the rate is calculated on the aggregate annual value (AV) of all land and property within the drainage district based on values equivalent to 1988. He added that the Board must first decide on their budget requirement both in the next and future years and that

the Board should consider the operational and capital requirement 2019/20, other commitments, requirement for capital reserves and the impact of special levy transfers.

- 39.3 The CEO informed that there is a small uplift in management fees this year due to the change in administration making next years fee £13,297 + RPI inflation costs. He added that the Boards arterial watercourses need intervention and so Members should consider initially setting aside £10K for these works.
- 39.4 Mr Backhouse enquired if the two £10K mentioned in the meeting papers were two separate amounts. The CEO explained that there was £10K needed for the arterial watercourses and another for the outfalls as maintenance work will also be needed on these structures.
- 39.5 Mr Backhouse also queried what was meant by works needed in order to be compliant with Eel regulations as referred to in the meeting papers. The CEO explained the Eel regulations which will possibly come into effect in 2021 and may have a significant impact on capital investment requirement.
- 39.6 The CEO went on to say that other works will involve tractor flail mowing, aquatic weed control, sludging and remedial works such as grading and piling. He advised that the Board consider rationalisation of the maintained system so that focus can be given to selected watercourses.
- 39.7 Discussions took place between Board Members about the possibility of rationalisation. Mr Backhouse commented that this may not be easy to do in the R&S district. The Chairman commented that he thought rationalisation may be a possibility and asked if an agreement could be made that some will be taken on for a year to see how this would work out.
- 39.8 The CEO informed that it is recommended that, as an interim measure a contractor is employed to carry out works to both river outfalls to improve the operation of the existing doors and valves. He added that this would be an interim measure pending major capital investment. He advised the Board should consider setting aside £10K for this activity.
- 39.9 He notified that for the weed boat to be launched on the Swinefleet Warping Drain it will be necessary to install at least one ramp, ideally two, with a ballpark cost estimate of £3,000.
- 39.10 The CEO recommended that reserves are held at 66% or 2/3 of the Boards operational budget in case of unseen disaster or emergency such as the 2013 surge event. He informed that the Boards assets will be assessed as part of the upcoming Humber Head Levels Capital Maintenance Strategy which should be available for the 2020/21 budget setting.
- 39.11 He added that it is estimated that at least £3.5m of investment will be needed to bring the Boards assets up to an acceptable standard, this includes improving the Boards existing pumping station to make it compliant with the Eel regulations, replacing tidal outfall doors and installing a much-needed pumping station at the end of Swinefleet Warping Drain. These works were discussed by Board Members.
- 39.12 The CEO reported that the current Swinefleet Warping Drain Pumping Station out-turn cost estimate is £2.5m which included 66% optimism bias.

- 39.13 The CEO stated that hopefully the Board will have a Capital Maintenance Programme next year and may therefore be able to evidence a higher rate. He added that if the government sticks with the current funding formula for capital grant, which is based mostly on residential property, most of the funding will need to be found from other sources. Adding that at present the only realistic other income source is the rate.
- 39.14 The Chairman reported that Goole Fields IDB do not pay much for draining into Warping Drain. Discussions took place on Statutory funding and it was questioned if money could be applied for from the community funding set up by the Wind Farm Companies, for warping Drain, Miss Sargeantson is to make enquiries at the next parish council meeting. **ACTION LS**
- 39.15 The CEO advised that although Special Levy transfers have not been undertaken for several years, due to the lack of development in the district these values are unlikely to make a substantial difference to income.
- 39.16 The CEO ran through the Budget Estimate as set out in the meeting papers and discussions took place.
- 39.17 The CEO reported that for the year 2018/19 the Board resolved that the rate should be set at 13p in the £. This raised an estimated £38,359 from agricultural ratepayers and £20,484 from domestic and business ratepayers (Special Levy). (Note approved special levy adjustments would amend this figure).
- 39.18 He went on to advise that the government have provisionally indicated council tax will be capped at 2.99% for general expenditure with 2% on top of this for adult and social care, giving a maximum of 4.99%. Given the spending pressure on local authorities it is likely our local authority will apply the maximum amount allowable.
- 39.19 The CEO reported that the December forecast for (RPI) inflation is predicted to outturn around 3% in Q4 2018/19.
- 39.20 He stated that although a 3% rise is required just to cover inflationary costs, members may wish to recognise pressures on other local services and hold the rate at 2.99% in line with the likely council tax rise. He strongly advised members not to set the rate lower than this as the Board will be playing 'catch up' in future years. He explained that this means that this year the Board will operate with a slight budget deficit funded from reserves.
- 39.21 The CEO added that next year, assuming the completion of the Humber Head Levels Capital Maintenance Strategy and with a better understanding of the governments investment strategy, members will be able to make an evidenced decision about setting the rate to address future investment need. This will include a decision about building up reserves.
- 39.22 It was PROPOSED by MR BACKHOUSE and SECONDED by MISS SARGEANTSON and UNANIMOUSLY RESOLVED to APPROVE that the rate is raised by 2.99% and set at 13.39p.

40 External Auditors Report

40.1 The CEO informed that the external auditors had identified minor errors by the previous administration.

41 Rates Procedures

41.1 The CSM ran through the procedure for collecting the rates. She explained that bills had been sent out and that around a 5th of the rates owed are still outstanding. She added that reminders are to be sent out to ratepayer next week.

41.2 She went on to say that the bills for next year will be issued in April followed by reminders in July.

41.3 Mr Backhouse commented that historically some ratepayers of small land parcels had consistently not paid and asked if anything had been done to collect these arrears. The CSM informed that arrears totalled approx. £2000 and reminders had gone out to the ratepayers concerned.

41.4 It was PROPOSED by MISS SARGEANTSON and SECONDED by MR COWLING and UNANIMOUSLY RESOLVED to APPROVE that for 2018/19 reminder letters are to be sent to outstanding ratepayers in January, with a further reminder letter informing no-payers of potential legal action in March, followed by court proceedings probably in October 2019 to obtain liability orders for rates and arrears owed along with reasonable costs, and that a final demand is made and paid, debt collection agents are instructed and;

that in future years the rate is raised in April, reminders are sent (usually in July and August) with court proceedings (usually in October) to obtain liability orders for rates and arrears owed along with reasonable costs, and that after a final demand is made and not paid, debt collection agents are instructed, and;

that in exceptional circumstances the CEO/CSM may enter into a written agreement with ratepayers to allow for staged payments, and if these are not made the ratepayer shall immediately be liable for the full amount owed.

42 Thorne Moors

42.1 The Chairman reported that he had along with the CEO attended a meeting in London regarding peat land where they had raised the issues of the Moors.

42.2 The CEO added that he had been on a tour of the Moors in November. He explained that there had formally been an IDB type system in place but that this had been found to be in an exceptionally poor state. Discussions took place into the possible risk the site poses to properties and land in the area and the possibility of a pump being installed on Warming Drain end, possibly through the Land Drainage Act.

42.3 The CEO informed Board Members that he and the AMgr are to meet with representatives from Natural England in January to discuss the concerns about the maintenance of the land drainage system on the moors.

43 Health and Safety

43.1 The AMgr explained that security of the Pumping Station is being looked at and new locks may be fitted. Discussions took place on getting structures up and running, so they are safe and operational.

44 Maintenance

44.1 The CEO informed that the AMgr is currently setting up a contract framework for maintenance provision. He added that the makeup of the existing contracts raised some level of concern in respect of public procurement regulations and ensuring the agreed standard of maintenance is met.

44.2 The CEO reported that the Boards solicitors have been commissioned and a meeting is to take place later this week, to advise on the new framework to ensure it is robust and is legally compliant in respect of Public Procurement Regulations.

44.3 He went on to say that the contacts within the framework will be based on very accurate watercourse records, include defined activity schedules to ensure quality, and be based on unit rate and/or cost component schedules.

44.4 The Chairman asked if problems would arise should a one-off job need to be completed which wouldn't be on the contractor's schedule and therefore not in the contract. The CEO explained that a daywork rate could be written into the contract if this is needed.

44.5 The AMgr added that the Framework would ensure that work was completed and not missed as had previously happened in the past, he continued that by signing up to the framework the contractor is signing up to the Terms and Conditions.

44.6 The CEO explained that in order to monitor work that had been completed and before invoices are paid the contractor will be issued with a defined map, on which they will highlight work completed on a watercourse, take a picture of the map and then email it into the office.

44.7 Mr Cowling left the meeting.

44.8 It was PROPOSED by MR BACKHOUSE and SECONDED by CLLR BARRETT and UNANIMOUSLY RESOLVED to APPROVE that the Board subscribe to this contract framework as soon as possible.

45 Capital Programme

45.1 The CEO advised that it is too early to report anything back, he is looking into the state of the Pumping Station and other assets with a view to securing funding through a capital maintenance strategy.

46 Chairman's Remarks

46.1 The Chairman asked the AMgr to have a look at assets that need to be repaired and report back, adding that the penstock needed to be repaired. **ACTION AMgr**

46.2 The CEO floated the possibility of employing a full-time craftsman over all 5 Boards. The Chairman thought this was a good idea but thought it would be difficult to find someone with the relevant skills and suggested that the AMgr look at building relationships with local contractors.

46.3 The Chairman asked the CEO about appointing new members to the Board as there had previously been 3 appointed members on the Board. Discussions took place and it was agreed that 1 more appointed member would probably be needed on the Board along with a couple more elected members. Miss Sargeantson is to bring this matter up at the next Parish Council Meeting to see if there is any interest. The CEO added that members who are not appointed can be co-opted onto the Board before elections take place. **ACTION LS**

46.4 The Chairman discussed the planning application on the peat works and the issue of contaminants that may end up in watercourses should this be allowed to go ahead. The CEO advised that until drainage issues are met the objection will remain and advised that a condition may be requested to be written in by the planning authority. In-depth discussions took place.

47 Any Other Business

The AMgr invited members to check through the rate plans for any inaccuracies.

48 Date of Next Meeting

48.1 13th May 2019, The Boards Offices, 91, Bridgegate, Howden