

Sow and Penk Internal Drainage Board

Chetwynd Room
Stafford Borough Council
Civic Centre
Riverside
STAFFORD
ST16 3AQ



Meeting Papers

Wednesday 10 February 2016
11:00am

Shire Group of IDBS
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Meeting Papers

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Engineer to the Board

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/Env Law, Grad IOSH, CQP

Clerk to the Board

Purpose

These meeting papers have been prepared solely as a record for the Internal Drainage Board. JBA Consulting accepts no responsibility or liability for any use that is made of this document other than by the Drainage Board for the purposes for which it was originally commissioned and prepared.

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1. Governance

1.1 Apologies

1.2 Declaration of Interest

Board Members are advised to declare a pecuniary or non-pecuniary interest on any item in the Agenda.

1.3 Complaints

1.4 Minutes

Meeting of the Sow & Penk Internal Drainage Board held on 25 November 2015

Present

Ray Sutherland
John Hilderley
Graham Bower
Neil Brown
Andrew Harp
Frances Beatty
Ralph Cooke
Anthony Parrot
Geoff Rowlands
Royston Wright

Also in attendance

Phil Gammon (Stafford Borough Council)

In attendance on behalf of JBA Consulting, Clerk, Engineer and Environmental Adviser:

Ian Benn (Clerk to the Board)
Craig Benson (Finance Officer to the Board)
Paul Jones (Engineer to the Board)

Apologies for Absence

2015.44 Apologies for absence were received from Jonathan Price, Helen Dale and Phil Bates.

Declaration of Interest

2015.45 There were no declarations of interest.

Complaints

There were none.

Minutes of the Last Meeting

- 2015.46** Minutes of the last meeting held on 24 June 2015 copies of which had been previously circulated to members with the meeting papers were taken as read, approved and signed by the Chairman.

Matters Arising

- 2015.47** 2015.26 – Board Development – The Chairman expressed his wish that the Member training sessions continued and it was agreed that a training seminar would be take place following the next Board meeting in February. It was also noted that the seminar would last about 60 minutes.

Clerks Report

The Clerks Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

- 2015.48 Board Website** – Members were advised that it was necessary to renew/update the Shire Group website and the likely cost to renew was in the region of £6-£10k. The Board's share was calculated at 4.5% of the total cost. The CEO confirmed that a specification would be prepared for suitable companies to price. A further update will be given at the next meeting as this task is progressed. The Board agreed to the recommendation to update the website and that this Board's contribution would be £500.

- 2015.49 Public Sector Cooperation Agreements (PSCA)** – The CEO reviewed the current position of the Environment Agency of dealing with predominately flood protection to properties and businesses and that they are expecting further significant cuts to their maintenance budget. The CEO informed members that they had now the opportunity to undertake works on main rivers within their district via the PSCA. Members agreed for the CEO to sign the PSCA on behalf of the Board.

- 2015.50 Board Logo** – The CEO confirmed that the college would be designing the logos and that an update on progress would be given in the new year.

- 2015.51 Environment Agency** – The Chairman informed members that he and two other Board members are invited to the annual EA Liaison Meeting that is held in November of each year. He asked Members to consider attending this meeting.

- 2015.52 ADA** – It was reported at the ADA Trent Branch AGM, the new Chairman of the RFCC was unveiled. His name is Vij Randanji and he had spent thirty years in a similar role within the Fire Industry.

Financial Report

The Financial Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

Matters Arising

- 2015.53 Rating Report** – The Board were given an update as to the year-end position and noted that the balance of £1,365.12 related to sixteen accounts. One ratepayer debt was nearly half of the total outstanding. Contact had been made with the landlord who had confirmed the name and address of his tenant. The Rating Officer was pursuing the debt.

- 2015.54 List of Cheques** – The Board approved the list of cheques that had been signed since the last meeting totalling £67744.58 of which £143.50 were approved by the Clerk only and a further £2,213.00 that were paid direct from the Bank Account which were approved by the Clerk only.

2015.55 Audit – Internal Audit. The FO confirmed that he was reviewing the provision of the internal audit service with a view to appoint an auditor for the next five years.

2015.56 External Audit – Members noted the report from the external auditors that they had signed off the Board's Annual Return.

2015.57 Budget Comparison for the Year Ending 31 March 2015.

The FO reviewed the current financial statement of the Board in comparison with the approved budget. Members noted that both income and expenditure forecasts were on target to be met.

2015.58 Five Year Budget Estimate - The FO reviewed the Board's five year income and expenditure estimates and it was noted that the Board continued to be in a position to meet its projected expenditure levels.

2015.59 Provision of Banking Services

The FO confirmed that he had approached Lloyds Bank with a view to transferring accounts to them. The Bank were very keen to acquire the Board's business and they had offered the same free banking package as provided to the other members of the Shire Group. Following discussions, Members agreed to change banks and instructed the FO to facilitate the transfer.

Engineers Report

The Engineer's Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

2015.60 Asset Management – The Engineer informed members of the new International Standard for Asset Management and how this approach might assist the Board with long term capital and maintenance decisions. Following discussions it was agreed that the Engineer would deliver a presentation to the Board at their next meeting.

2015.61 Watercourse Maintenance – Members were advised that the watercourse maintenance was nearing completion.

2015.62 Gnosall Development – The Engineer confirmed that the Board had been approached by a developer who had asked if the Board would consider taking over the maintenance of their system. The watercourse in question is located 9km outside the Board's district. The Engineer recommended that the Board decline the offer and Members agreed to this course of action. The Board also agreed for the Engineer to produce a SUDS statement for the benefit of developers in the future.

Health and Safety Report

The Health and Safety Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

Environmental Adviser's Report

The Environmental Advisor's Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

- 2015.63 Biodiversity Action Plan 2015-2020** – Members approved the Staffordshire Wildlife Trust's monitoring and delivery strategy for the Biodiversity Action Plan.

Miscellaneous Correspondence

- 2015.64** There was none.

Any Other Business

- 2015.65** Stafford Western Access Route – The Engineer confirmed that this item had been discussed previously by the Board and that the developer had been made aware of the Board's requirements.

Date of Next Meeting

- 2015.66** The next meeting will be 3 February 2016 in the Chetwynd Room, Stafford Borough Council, Civic Centre, Riverside, Stafford commencing at 11:00am.

Subsequent meetings will take place on

22 June 2016 and 23 November 2016.

1.5 Matters arising there from not elsewhere on the Agenda

2015.26 Board Development – Development on logo has ceased for the time being, students are working on their final projects.

2. Clerk's Report

Recommendation:

- Members note information contained in the Report

2.1 Production of 'Individual' Board Logo

Your Clerk met with 25 students from Doncaster College in early January and some example of logos will be available for the meeting.

2.2 Board Website

A specification has now been produced and the next stage will be to identify possible service providers.

2.3 Legislation

Nothing to report

2.4 Environment Agency

2.4.1 Pevensey and Cuckmere Water Management Board

This will be discussed at the meeting

2.4.2 Public Sector Cooperation Agreement (PSCA)

We have now signed a PSCA with the Environment Agency to permit partnership working on Low priority Main Rivers. This may include activity shown in Schedule 2 below but is still subject to financial agreement between both parties.

S13 FWMA 2010
Cooperation Agreement



SCHEDULE 2 - SPECIFICATION

The specification of Works and Activities included in this Agreement are described by the following :-

- a) Overall Scope of Works and Activities, as identified at commencement of Agreement or as varied in accordance with Clause 16
- b) Annual Programme comprising outline Works and Activities, to be reviewed annually or as otherwise agreed
- c) Specific Works and Activities agreed and confirmed in writing by the Parties prior to any expenditure or liability being incurred in accordance with Clauses 3.3 and 16

1.1 SCOPE OF WORKS AND ACTIVITIES

The Agreement includes but is not limited to the following types of Works and Activities

- | | |
|---|--|
| <ul style="list-style-type: none">• Asset condition inspection• Operational inspection• System monitoring• System operation• Maintaining structures• Grass cutting (Hand or mechanical)• Tree Works• Defence Repair• Work on flood storage reservoir• Obstruction removal / debris clearance• | <ul style="list-style-type: none">• Environmental management• De silting and dredging• Pumping operations• Bank reprofiling/ reinstatement• Asset improvement works• Transportation of plant• Weed control (mechanical and chemical), pest/ vermin control.• Support in managing a Flood Incident by carrying out any of the activities above |
|---|--|

1.2 ANNUAL PROGRAMME OF WORKS AND ACTIVITIES

The Works and Activities of the outline Programme and each Annual Programme will be agreed by the Parties. These will set out the best information the Parties have at the time as to work undertaken in forthcoming year, to be agreed in outline form. This will also include annual rates as referred to in Clause 6.1 and, as far as it is known, work to be carried out by the Parties without charge in the coming year.

Potential 2015/16 Works on drains and watercourses classified as Main river within the Board's area (to be confirmed)

- Flail mowing, vegetation control - locations to be agreed
- Obstruction removal, inspection and assistance including those during a flood incident

2.5 Association of Drainage Authorities (ADA)

Your Clerk has been appointed Senior Advisor to ADA on matters of Health, Safety and Welfare. The Finance Officer has been appointed to ADA Policy & Finance Committee and the Environmental Officer appointed to ADA Technical & Environment committee.

2.5.1 Technical & Environment Committee

Your Environment Officer has been appointed to the Committee. At the meeting on 12 January discussions surrounded working groups for:

- Data and evidence
- Total catchment management
- Public sector co-operation agreements
- Biodiversity 2020
- WFD opportunities
- Water transfer and abstraction
- Planning, Suds and consenting
- Asset Management

2.5.2 Policy & Finance Committee

Your Finance Officer has been appointed to the Committee. At the meeting on 12 January discussion surrounded working groups for:

- Ratings
- Audit – Transparency Code and Fund, Practitioners' Guide
- Asset transfer and Main River demaining
- ADA Business Plan 2017-2020
- The Environment Agency (EA) must be allowed to invest to withdraw. Consideration needs to be given in supporting Local Authorities for increases in special levy payments. The EA assets must be returned to good condition.
- The Lincolnshire Flood Risk and Drainage Partnership is a good example of coordinated resources and planning with works being delivered through the partner best suited in terms of cost benefit and practicality.
- Embedding successful partnership working takes persistence which requires having a joint vision by all parties regarding flood risk, emergency planning delivered through a common works programme.
- Ultimately, if strategic planning, investment and recognition of local needs is understood, then through partnerships we can;
- Do more for less money
- Attract more 'new' money
- Identify the most appropriate partner to deliver
- Innovate
- Work together to achieve consistent and effective water level management.
- Technical & Environmental Committee
- Discussions took place surrounding:
 - Water Vole Class Licence
 - Eels Regulations
 - Rebranding of ADA

2.5.3 Press Releases

Including as a supplement for information only.

2.6 Defra

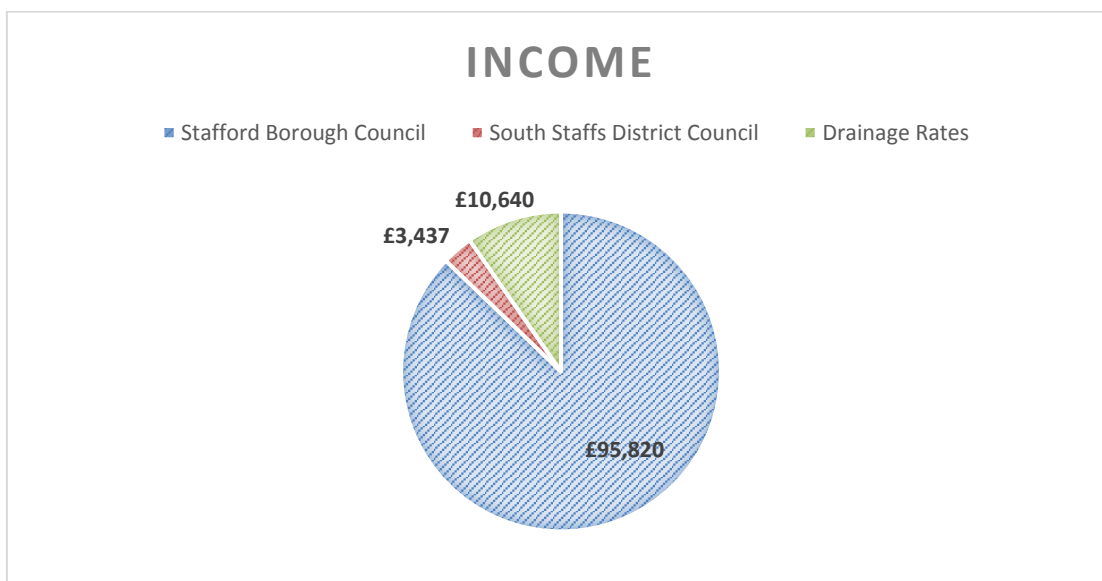
Nothing to report.

2.7 Board Information

The data in this section is intended to provide background information to the constitution of the Board.

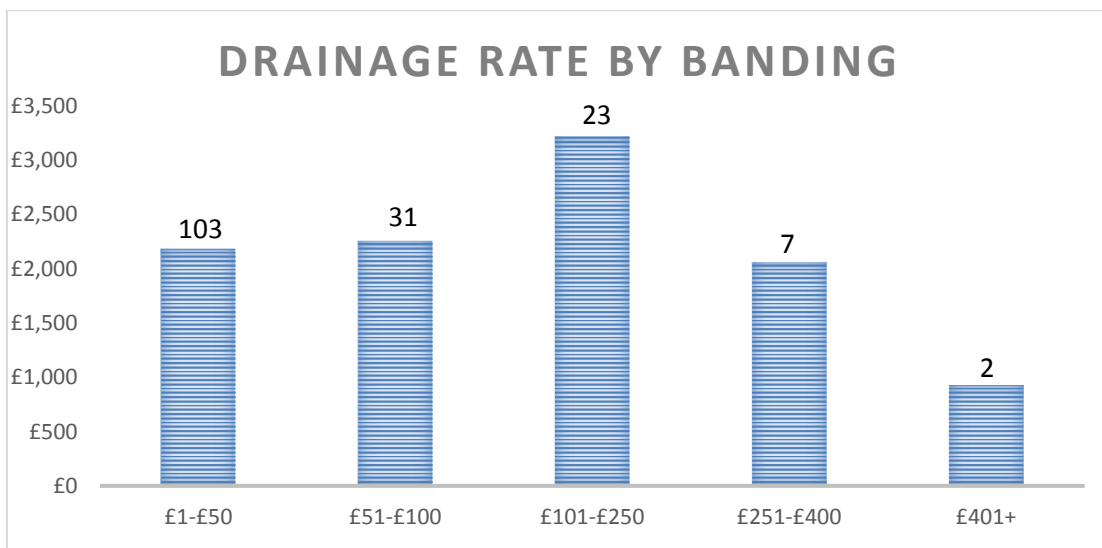
Income Split

Total income from Rates/Levies is **£109,897**, **90%** of which is made up of Special Levies. The Special Levy payment is collected by the District Council on behalf of the board.



Rate Payers

A total of **£10,640** is collected from **166** Ratepayers. **9** Ratepayers contribute **28%** of all rates collected. While **103** ratepayers contribute **20%** of all rates due. The highest amount paid by an individual ratepayer is **£489**. The chart below sets out the banded drainage rates payable.



3. Financial Report

Recommendation:

- Members note information contained in the Report
- Members note the information in the Internal Audit Review meeting
- Members approve the Risk Register
- Members approve the budget estimate for the year ending 31 March 2017

3.1 Rating Report

Details of the Rates and Special Levies issued and payments received up to and including 12th January 2016:-

	£	£
Balance Brought forward at 1 April 2015		1,058.04
2015/2016 Drainage Rates and Special Levies		
Drainage Rates		10,640.09
Special Levies: -		
Stafford Borough Council	95,820.00	
South Staffordshire District Council	<u>3,437.00</u>	99,257.00
Total Drainage Rates Due		<u>110,955.13</u>
Less Paid:-		
Drainage Rates		10,382.21
Special Levies: -		
Stafford Borough Council	95,820.00	
South Staffordshire District Council	<u>3,437.00</u>	99,257.00
Total Drainage Rates Paid		<u>109,639.21</u>
Balance Outstanding as at 12th January 2016		<u>1,315.92</u>

3.2 List of Cheques

DATE		CHEQUE	REF	PAYEE	DESCRIPTION	TOTAL	
						CHEQUE	
2015						£	
Dec	15th	000781	29	Environment Agency	Flood Defence Levy	2,158.75	
		000782	27	JBA Consulting	Tillington Asset Inspection	470.40	
		000783	28	Littlehales Plant Hire Ltd	Maintenance	15,397.13	
2015							
Jan	15th	000784	32	ADA	Annual Subscription	987.60	*
		000785	33	JBA Consulting	Tour of Inspection Costs	1,340.40	
		000786	31	Littlehales Plant Hire Ltd	Maintenance	21,393.53	
				Total Amount of all Cheques		41,747.81	
				* Total Amount of Cheques sent out signed by the Clerk Only		987.60	

3.3 Other payments

DATE		REF	PAYEE	DESCRIPTION	TOTAL	
2015					£	
Oct	30th	-	NatWest	Bank Fees	8.52	*
Nov	16th	-	NatWest	Bankline Fees	28.30	*
	30th	-	NatWest	Bank Fees	8.12	*
Dec	15th	-	NatWest	Bankline Fees	25.00	*
	17th	30	Doncaster East IDB	Cardnet Fees	34.89	*
	31st	-	NatWest	Bank Fees	7.51	*
2016						
Jan	15th	-	NatWest	Bankline Fees	27.90	*
	20th	30	Information Commissioner	Data Protection Registration	35.00	*
			Total Amount of all Payments		175.24	
			* Total Amount of Cheques sent out signed by the Clerk Only		175.24	

3.4 Audit

3.4.1 Internal Audit

The internal audit service has been subject to a review as it had been in place for ten years and the outcome was to invite quotations from suitably qualified companies to undertake this important role. The result of this process is that the current provider will continue to provide the service for the next five years.

3.4.2 System of Internal Audit Review and Risk Register

Please find attached at Appendix A the minutes of the internal audit review meeting and the Risk Register, at Appendix B that requires formal approval by the Board.

3.4.3 External Audit

Nothing to report.

2015/16				2016/17	
Approved Estimate		Estimated Out-Turn		Estimate	
£	£	£	£	£	£
INCOME					
Drainage Rates on Agricultural Land:-					
10,632		10,632		6.12p in £ on AV of £173,729	10,632
Special Levy:-					
95,820		95,820		Stafford Borough Council 6.12p in £ on AV of £1,565,683	95,820
3,437		3,437		South Staffs District Council 6.12p in £ on AV of £56,159	3,437
20,000		20,000		EA Grant - Doxey & Tillington Marshes SSSI WLMP	10,000
0		100		Other Income	0
<u>200</u>	130,089	<u>150</u>	130,139	Interest etc.	<u>200</u> 120,088
EXPENDITURE					
8,894		8,635		Flood Defence Levy	8,900
Conservation Budget:					
1,000		1,000		Biodiversity Action Plan	3,000
20,000		20,000		Doxey & Tillington Marshes SSSI WLMP	10,000
Maintenance:					
70,000		75,000		Maintenance	72,500
Administration:					
<u>22,800</u>	<u>122,694</u>	<u>22,500</u>	<u>127,135</u>	Administration	<u>23,000</u> <u>117,400</u>
	7,395		3,004	Surplus - (Deficit)	2,688
	<u>135,110</u>		<u>129,893</u>	Balance Brought Forward	<u>126,897</u>
	142,505		132,897		129,585
	<u>6,000</u>		<u>6,000</u>	Transfer To Doxey & Tillington Marshes Acc.	<u>6,000</u>
136,505		126,897		Balance Carried Forward	123,585

DOXEY & TILLINGTON MARSHES SSSI WLMP ACCOUNT

2015/16				2016/17	
Approved Estimate		Estimated Out-Turn		Estimate	
£	£	£	£	£	£
<u>INCOME</u>					
6,000		6,000		6,000	
<u>10</u>	6,010	<u>10</u>	6,010	<u>10</u>	6,010
<u>EXPENDITURE</u>					
<i>Maintenance:</i>					
1,230		0		1,230	
<i>Capital Expenditure:</i>					
<u>0</u>	<u>1,230</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,230</u>
	4,780		6,010		4,780
	<u>18,033</u>		<u>18,036</u>		<u>24,046</u>
22,813		24,046		Balance Carried Forward	
				28,826	

3.6 Five Year Budget Estimate

Sow And Penk IDB		0	1	2	3	4	5
Revenue Account	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	App Budget	Estimated Out-turn					
	£	£	£	£	£	£	£
Income							
Drainage Rates	10,632	10,632	10,632	10,632	10,632	10,841	11,049
Special Levies	99,257	99,257	99,257	99,257	99,257	101,203	103,149
Doxey & Tillington Marshes SSSI WLMP	20,000	20,000	10,000	-	-	-	-
Bank Interest, Other Contributions	200	250	200	200	200	200	200
Total Income	130,089	130,139	120,089	110,089	110,089	112,244	114,398
Expenditure							
Flood Defence Levy	8,894	8,635	8,900	9,000	9,270	9,548	9,835
Administration	22,800	22,500	23,000	23,000	23,230	23,462	23,697
Maintenance of Drains	70,000	75,000	72,500	74,675	76,915	79,223	81,599
Biodiversity Action Plan	1,000	1,000	3,000	3,000	3,000	3,000	3,000
Doxey & Tillington Marshes SSSI WLMP	20,000	20,000	10,000	-	-	-	-
Total Expenditure	122,694	127,135	117,400	109,675	112,415	115,233	118,131
Surplus/(Deficit)	7,395	3,004	2,689	414	(2,326)	(2,989)	(3,733)
Transfer to Doxey & Till Marshes	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Balance Brought Forward	135,110	129,893	126,897	123,586	118,000	115,674	112,684
Balance Carried Forward	136,505	126,897	123,586	118,000	115,674	112,684	108,952
Doxey & Tillington Marshes Acc	22,813	24,046	28,826	33,626	38,436	43,256	48,076
Penny Rate in £	6.12p	6.12p	6.12p	6.12p	6.12p	6.24p	6.36p
Penny Rate £17,956	111%	100%	105%	108%	103%	98%	92%
Rate Av £173,729	5.71p	5.95p	5.97p	6.10p	6.25p	6.41p	6.57p
Levy Av £1,621,842							

	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Doxey & Tillington Marshes Acc	App Budget	Estimated Out-turn					Estimated Out-turn
	£	£	£	£	£	£	£
Income							
Transfer from I&E	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Interest	10	10	10	30	40	50	50
Contribution to Scheme		-	-				
Total Income	6,010	6,010	6,010	6,030	6,040	6,050	6,050
Expenditure							
Capital Expenditure		-	-				
Maintenance	1,230	-	1,230	1,230	1,230	1,230	1,230
Total Expenditure	1,230	-	1,230	1,230	1,230	1,230	1,230
Surplus/(Deficit)	4,780	6,010	4,780	4,800	4,810	4,820	4,820
Balance Brought Forward	18,033	18,036	24,046	28,826	33,626	38,436	43,256
Balance Carried Forward	22,813	24,046	28,826	33,626	38,436	43,256	48,076

3.7 Provision of Banking Services

The change of banking provider has been set in motion.

4. Engineer's Report

4.1 Asset Management

4.1.1 Our Asset Management journey

We will be providing a presentation on what our Asset Management journey means for the Sow & Penk IDB and in particular focusing on the value of assets from understanding the benefits of maintaining ordinary watercourses and main rivers to stakeholder expectations.

4.2 Maintenance

4.2.1 Ordinary Watercourses

No issues have arisen that require the attention of the Board and scheduled maintenance is substantially complete for this season (mid-July/August to December/January).

Stafford Borough Council have instructed Littlehales Plant Hire Ltd. to undertake riparian maintenance (flail mow, weed cut and desilt) of the ordinary watercourse between Radford Bank and the River Penk. Littlehales Plant Ltd. commenced work in early December but completion will be subject to ground conditions.

4.2.2 Main River

The Chairman has wrote to the Chief Executive and Leader of Stafford Borough Council with assistance from ourselves in relation to how the Board currently works with Risk Management Authorities to reduce the risk of flooding around the Stafford area as shown in the extract below.

Working in partnership to reduce the risk of flooding

I write on behalf of the Sow & Penk Internal Drainage Board following December 2015 weather events in Cumbria and Yorkshire to inform you how this Board work with other Risk Management Authorities to reduce the risk of flooding in and around the Stafford area.

Since 1997 the Board has used its powers under the Land Drainage Act 1991 (as amended) to manage water levels for the benefit of the Drainage District (see details attached) which currently includes 40km of Ordinary Watercourse and gravity outfalls flowing into the River Sow and River Penk.

Through Public Sector Cooperation Agreements the Board works with the Environment Agency to consider maintenance of low priority Main River systems. These are currently low priority nationally, but have a clear benefit for our local Drainage District. The Board currently pays an annual precept to the Environment Agency of c.£8,000 representing 7% of Agency maintenance expenditure in this area.

The Board currently spend c.£70,000 per annum on maintaining watercourses to permit flow including floodplain areas such as Rickerscote and Doxey & Tillington Marshes.

The Board is committed to continue to manage water from a catchment perspective and will continue to work in partnership with the Environment Agency, Staffordshire County Council (Lead Local Flood Authority), Staffordshire Borough Council and other partners to identify the most cost beneficial future for managing water for this local Drainage District.

4.3 Planning, pre-application advice and consents

4.3.1 Planning applications

Our email address for planning enquiries is planning@shiregroup-idbs.gov.uk

Planning applications have been reviewed and no applications have required comment on behalf of the Board between 4th November 2015 and 19th January 2016. All other applications reviewed relate to discharge into mains sewers and/or soakaway systems.

4.3.2 Land Drainage Act 1991 Section 23 and 66 (Byelaw) Consents

Our email address for consent applications is consents@shiregroup-idbs.gov.uk

No consents have been issued on behalf of the Board between 4th November 2015 and 19th January 2016.

5. Health and Safety Report

5.1 Health and Safety Boards Contractor

5.1.1 Accidents and Incidents

There have been no accidents or incidents to report since the last meeting.

6. Environmental Adviser's Report

Recommendation:

- Members note information contained in the Report

6.1 Legislation

6.1.1 Proposed Water Vole Class Licence

ADA has agreed to accept the introduction of a Water Vole Class Licence in respect of use of displacement techniques.

Natural England is to amend its Guidance following examination of Counsel's opinion obtained by the Kings Lynn/Bedford Boards.

6.1.2 BAP 2015-2020

Staffordshire Wildlife Trust has delivered a report on BAP actions relating to collection of baseline data for Water vole (*Arvicola amphibious*) and Flowering-rush (*Butomus umbellatus*). The document is included as a supplement.

7. Any other business

8. Date of next meeting

9. APPENDIX A: Minutes of the Meeting of the Audit Review Panel

**Held at JBA Consulting, Epsom House
Monday, 23 November 2015**

Present:	Mr Adrian Black	Scunthorpe & Gainsborough WMB
	Mr David Hinchcliffe	Black Drain Drainage Board
	(standing in for Mr Martin Oldknow)	
	Mrs Veronica Chapman	Doncaster East IDB
	Mr Andy Cane	Brodericks GBC

In Attendance on behalf of JBA Consulting:

Mr Craig Benson (Senior Financial Officer to the Shire Group of IDBs)
Mr Mark Joynes (Financial Officer to the Shire Group of IDBs)
Mr David Blake (Financial Officer to the Shire Group of IDBs)

Introductions and Apologies for Absence

Apologies for Absence were received from Christopher Day, Mr Peter Horne, Mr Steve Lomas, Mr Martin Oldknow, and Cllr. RM Sutherland.

Minutes of the Last Meeting/Matters Arising

The panel approved the minutes as a true and fair record with no matters arising.

Paperless Accounting Systems & Electronic Payment Systems

David Blake set out the work done and the position of the Shire Group officers. He explained that dealing with large volumes of paper invoices is both time-consuming and inefficient. He also set out some of the advantages of electronic filing systems, including tighter controls, better time-efficiency and a better audit trail. He advised the panel that the team had obtained quotes from various service providers and were currently preparing a business case.

David Hinchcliffe raised concerns about the use of emails to send confidential/commercially sensitive information. Craig Benson gave a brief outline of the current process, pointing out that the smaller Shire Group members still use cheques. The panel discussed whether it was worthwhile the smaller members adopting electronic payment systems. Craig Benson pointed out Lloyds bank plc are not currently charging for online banking facilities. The finance officers explained payments are made through a secure online facility, requiring passwords, pin sentries, etc. The only information sent by email are schedules of the invoices to be paid and scans of the invoices themselves, though Adrian Black pointed out that many supplier invoices contain beneficiary bank details. David Blake gave a brief description of the controls currently in place to prevent fraud and error.

Risk Register

The finance officers explained the register had been updated in November 2015 and adjustments to dates were shown as highlighted. Inserted text was shown as underlined and Craig Benson suggested new text ought to be highlighted also. The panel discussed the following items before approving the document.

Training Seminars

Adrian Black enquired whether the training seminars had proved useful. Craig Benson pointed out that DEFRA had recommended the boards carry out such training sessions and that they had indeed proved very useful. He also pointed out that the sessions were open to all members. David Hinchcliffe felt the sessions were a good idea and would like to see them rolled out to other boards including Black Drain Drainage Board. Craig Benson said the intention was to roll out the program with the possibility of joint boards, drawing attention to the benefits of different views being heard. Veronica Chapman said the sessions were generally very good although not particularly well attended, wondering if some members felt they didn't need or want training.

Register of Members' Interests

Adrian Black enquired how often the register is updated. Craig Benson said members should advise Shire Group officers whenever there are any changes so the register may be updated. He further suggested a reminder could be included in the boards' meeting papers every year.

Internal Auditor's Report

The internal auditor reviewed the work undertaken on the 2014/15 accounts. In general, the internal auditor was satisfied with how things are running. The panel discussed the following points:

Decision Making

Once again the panel noted this issue had been raised in all eight reports, emphasising the danger of decisions being taken without appropriate input from the financiers. The auditor acknowledged it was not possible to force members to attend but expressed concern that the % split in members attending did not reflect the % split in the boards' constitutions, between elected and nominated members. Adrian Black said this was a difficult issue, and that boards could hardly throw out selected members at meetings in order to achieve a particular % split. Craig Benson said it is important to encourage members to attend. He said DEFRA are not particularly looking at this issue at the moment but it is likely to rumble on and on. David Hinchcliffe expressed concern at poor attendance and pointed out the different, important skills that elected and nominated members bring. Veronica Chapman said she had always lauded IDBs and recommended all members definitely attend, though she acknowledged that members have other meetings, engagements, etc. to consider. In summary the internal auditor remarked this was an easy matter to bring up but a difficult one to resolve.

Reserves Policy

The panel discussed the reasonableness of reserves policy. Craig Benson said they were flexible and this is an ongoing issue. Adrian Black suggested having a policy 'set in stone' is the worst thing to do. Veronica Chapman pointed out the difficulties of new bodies adopting such policies.

Unsigned Cheques

The internal auditor reported this was an issue they had closely investigated, not only authorisations on cheque payments but also online payments. David Hinchcliffe expressed concern that the bankers no longer employ stringent checks when processing cheque payments. Craig Benson said the onus was on signatories and Shire Group officers to carry out their own checks.

Future Audits

The internal auditor asked if there were any areas the panel would particularly like to be covered when planning subsequent audits. Adrian Black suggested direct debit payments could be reviewed, as the chairman doesn't generally see these items. Craig Benson said that, according to financial regulations, officers have the right to approve budgeted expenditure, but that this was contradicted elsewhere in the regulations, in that officers are restricted in the amounts they can authorise. Adrian Black pointed out the restrictions on bank mandates are also likely to prove an obstruction.

External Auditor's Report

The Annual Returns were reviewed by the panel and more specifically the External Auditors' comments. The following matters were discussed.

Treatment of Fixed Assets

The panel discussed the new practitioners' guide which sets out valuation methods for fixed assets. Members expressed concern about the creation of new revaluation reserves and the danger of this artificially increasing the boards' reserves. Andy Cane stressed new items on the balance sheet could not be regarded as 'cash'. Craig Benson reminded the panel that detailed guidelines had not yet been published. David Hinchcliffe noted that government grants were not as available as they may have been in previous times. The internal auditor advised the boards' should not adopt a policy of depreciating their fixed assets as this would only increase the danger of users misunderstanding the financial statements, and that depreciation amounted to little more than guesswork. Adrian Black recalled the time Scunthorpe IDB used depreciation

and the confusion it caused. Craig Benson recalled the Dun Drainage Commissioners' use of 'negative budgeting' in order to allow for depreciation. The panel were in agreement the boards should not depreciate their fixed assets.

Future Audits

Craig Benson advised the panel the officers will continue to work closely with the internal auditors and will continue to comply with regulations. He noted the information sent to external audits is minimal, and that the boards can incur fines for sending too much information. He wondered how an external audit can realistically carry out an audit without ever having sight of the accounts. It was assumed the external auditor places heavy reliance on the findings of the internal auditor. David Hinchcliffe noted that the nature of audit had changed much over recent years. Craig Benson informed the panel the boards will have some choice in appointing external auditors going forward, and that the Association of Drainage Authorities are currently drafting guidelines. He suggested there was no need to change auditors and recalled the time when there were five separate auditors working on Shire Group members' accounts. Adrian Black agreed more auditors could create more problems.

Any Other Business

Internal Audit Contract

Craig Benson advised the panel the contract with the current internal auditor was under review. He stressed he was very happy with the internal auditors who had submitted tenders and that a decision would be announced at the January/February 2016 board meetings.

Date of Next Meeting and Close of Meeting

The finance officers thanked members for attending and, in particular, encouraged David Hinchcliffe to attend subsequent meetings. The next meeting of the panel will be held on Monday, 28 November 2015 at 10.00am at JBA Consulting, Epsom House, Redhouse Interchange, Doncaster, DN6 7FE.

10. APPENDIX B: Risk Register

Introduction

All organisations face risks from both fraud and error. They are compelled to have in place a robust system of internal controls to prevent & detect such occurrences, thus safeguarding against these risks. The main types of risks facing the organisation are:

- Governance
- Operational
- Financial
- External
- Compliance with law and regulation

Risk Registers

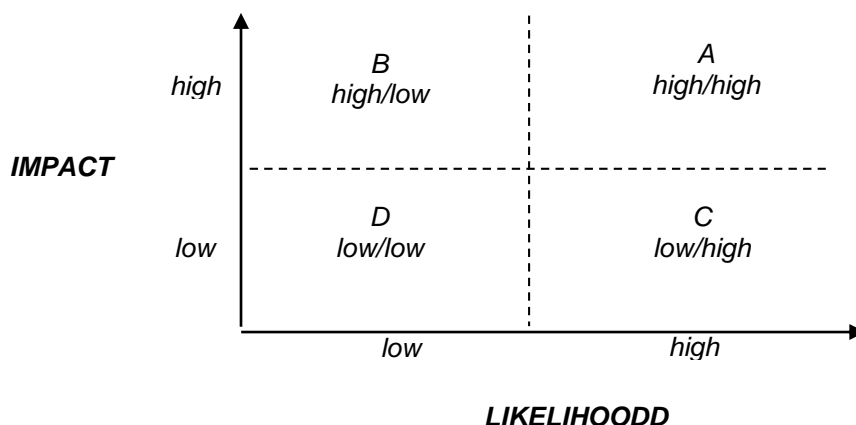
A crucial risk management tool is the Risk Register. Maintaining such a register helps an organisation operate more efficiently. It will help the organisation achieve its goals and help to ensure that undesirable events do not occur, or at least to ensure that the risk of occurrence is reduced to an acceptably low level.

The original register was drafted by the internal auditor. It is reviewed & updated by the clerks and internal auditor every year, with any changes from the previous year marked in red.

Note that the all the boards are required to approve the register individually. Any points made or queries raised by this panel will be reported to all the boards.

Risk Mapping

The areas of risk are categorised in terms of both likelihood of occurrence, and impact in the event should they occur. They are graded from A to D accordingly:



A = Immediate action

B = Consider action and have a contingency plan

C/D = Consider action or keep under periodic review

The Register

The register can be found as an attached document. It was updated in November 2015



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