



Danvm

Drainage Commissioners


Finance & Policy Committee Meeting

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**Friday 23 March 2018
10.00am**

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Purpose

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1. Apologies for Absence

Apologies have been received from Richard Ward, Catherine Anderson. Barry Roughley and Frank Jackson (DMBC) are to substitute. Richard Thompson apologies were received.

2. Declaration of Interest

3. Minutes of Finance & Policy Committee Meeting on 5 December 2017

Present: Andrew Cooke (Chair)
Gillian Ivey (GI)
Mike Jordan (MJ)
David Atkinson (DA)
Paul Maddison (PM)
Steve Lomas (SL)
Paul Maddison (PM)
Martin Falkingham (MF)
Neil Welburn (NW)
Frank Jackson (FJ) for Catherine Anderson
Barry Roughley (BR) for Richard Ward

Observer: Terry Grady (TG)

Officers: Craig Benson (CB)
Ian Benn (IB)
Paul Jones (PJ)
Martin Spoor (MS)
Alison Briggs (AB)

Appointment of Committee Chair

2017.63 GI proposed AC to be Finance & Policy Committee Chairman, seconded NW. No other nominations. All in favour.

Apologies for absence

2017.64 Noted MJ had been able to attend the meeting following the date change. Apologies from Richard Ward, Catherine Anderson, both of whom were being substituted, Richard Thompson apologies were receive.

Declaration of Interest

Declaration of Interest – Chair declared in 5.5 Norton Common Access, his land being required for recent access and 5.7.1 Lake Drain PS operational base which he also used part of access track, indicating he may make comments to make but would not vote. NW declared interest.

Minutes of the Joint Committee meeting held 6 October 2017

2017.65 Approval of Minutes of Joint Committee – **MJ moved, all in agreement.**

2017.66 Matters arising not elsewhere on Agenda – none.

Committee Membership Terms of Reference

2017.67 Committee Membership – GI confirmed her request to be put on Agenda. Believed unnecessary or desirable to invite current Vice Chair as observer, noting anyone can attend meeting if they wish and open to the public. Wording also requires Committee to ensure balance of representation would be in accordance with income, but Committee could not ensure that. **GI proposed take out section relating to Vice-Chairman and use “endeavor” to ensure. MJ seconded, all in agreement.** CB advised the imbalance in representation would be recorded by the Internal Auditor as a Governance.

2017.68 Terms of Reference – GI concerned about electronic communication. MJ felt email inappropriate as not participation in a meeting. **MJ proposed delete “email”, seconded GI, all in agreement.**

Asset Management

2017.69 Overview – IB advised Catchment Manager had alerted management to data and information not previously passed from foreman to management. This information was key to expenditure decision making requiring overview of water level management and delivery holistically. All decisions are inextricably linked, looking at elements in isolation is reactive ineffective and ultimately costlier. The Board must devise a cohesive strategy for delivering its overarching Vision and Policy Objectives. It is not possible to deliver an effective strategy without considering several different objectives and interconnectivity. MS delivered the presentation.

2017.70 Asset Management – The delivery of Board function is an Asset Management function, with 6 key elements which drive this. Each key element is presented with aspects which either require current decisions or support for approach and delivery. With continued development and management further key elements will be added within each key area. This may be a cross cutting theme, such as carbon reduction or PSCA’s or specific themes such as Training & Development or Apprenticeships.

2017.71 Asset Management – Catchment rationalization shapes future delivery and funding requirements of the Board and its Partners. The second stage of the Hydraulic Modelling will further inform catchment optimisation, strategic importance, economic benefits, and future funding potential through Grant in Aid. This requires close engagement and working relationships with funding partners (Coal Authority, Highways England, EA & CRT) to achieve alignment with Capital Programmes.

2017.72 Asset Management – Pump stations. The Hydraulic Modelling has shown Pump Stations to be the key asset and infrastructure delivering Board function of water level management through IDB ownership or operation and management on behalf of others. Water level management can now be driven at Catchment level with further future improvements.

2017.73 Asset Management - Operational delivery/prioritization. The Hydraulic Model outputs enabled prioritisation of primary watercourses. Remaining watercourses will be further categorised and assessed on an annual basis for need of maintenance requirements that year, creating a dynamic regime and approach. The Operational Resource delivery needs to be assessed by the Board and a long-term approach agreed and implemented; options include fully retained workforce, external contractors, or a combination. To facilitate the efficient maintenance of primary watercourses there remains the need to address access margins and continuity of access along the length of primary watercourse. Decisions on access inform future plant purchases should the Board decide to deliver maintenance through retained workforce.

2017.74 Asset Management – Maintenance delivery. Revisions have been made to the WLM Statement requiring full support of Board Members in implementation and advice to those outside the Board. The statement may require further amendment once the Committee has reached a final decision regarding access. Priority watercourses require annual maintenance; secondary and tertiary watercourses will be reviewed annually, work undertaken based on need, Operational delivery will become more dynamic. Demands of delivery will inform the

V&P Forward Plan, recommend covering a 10-year period. Decisions are required on funding the V&P forward plan, continue with loans or initial Board capital funding linked to depreciation. Should workforce delivery be applied, existing and future employees will be developed as multi-functional and capable of support MEICA delivery outside of the Operational maintenance season.

2017.75 Asset Management – base of operation. The current base of Operation struggles to support the efficient and effective delivery of operational maintenance and storage of plant and equipment. Geographically, a base would be situated along the A19 Corridor; Board owned land fits the criteria, but would need significant capital investment to bring forward, to include land raising, new buildings, services and security and access upgrading.

2017.76 Asset Management – resource management – The funding of the Boards Resources continues to be scrutinised and will come under pressure. The MEICA Team are self-funded through contributions from CA and PSCA works. MEICA staff currently are zero cost to the Board and generate income circa £10,000. Potential to further increase income via PSCA's remains strong, especially with the EA which is impressed with level of ability of MEICA team. PM advised WMDC use of Danvm MEICA team and very pleased with rate of recharge and work done. Costs associated with Operational Delivery are high, any future commitment to a retained workforce will potential increase this. Total costs currently running at approx. £400K per annum, £320K of which is associated with Operational delivery. The use of Contractors has the potential to reduce these costs, but needs to be considered in terms of quality.

2017.77 Task & Finish Group outcomes – Actions arising from group meeting discussed and noted reference within presentation on certain elements. Purchase of wheeled machine has impact on budget, outcomes of any future T&F Group discussions will support whether prepared budget is agreed or requires revision. Noted riparian responsibility on culverted system had been agreed as a general statement. Work done by committee provided guidance on water maintenance statement.

2017.78 Watercourse Maintenance Statement Review – Appendix A – PM concerns about *will not* undertake maintenance if access prohibited. NW noted requirement to emphasise landowners will have to do own drains if Board cannot get access. Small amendments suggested and agreed. **GI proposed Members happy with changes and amendments thereto, AC seconded, all in agreement.**

2017.79 Watercourse Maintenance 2018/19 – Members raise concerns about sections of watercourse downstream of pump station where subsided basins pump into unsubsidised areas. Will be discussed following end of meeting.

2017.80 Norton Common access – GI chaired this item. MS advised plant and equipment required on site, landowner served notice for access via field margins due to weight restrictions on Stubbs Grange Bridge. Asset Management of the station is an issue, recommendation for hydraulic modelling Norton Common PS to inform decisions. Potential options could include:

Rationalize station by linking to Lake Drain – would require Coal Authority agreement

Is current station sited correctly?

Could old course of Went be reused?

Station refurbishment at current location would require new access.

AC advised use of hydraulic model vital to any decision. PM advised obtain price to model scenario around Norton Common PS and reuse of old course of Went. PM noted in terms of current Management Services contract, if Board is asking management to undertake optioneering there will be an associated cost. **MJ proposed a short-term approach and service of notice on land owner to access weed screen for repair and long-term alternatives need to be considered for which optioneering is required, FJ seconded, all in favour.**

2017.81 Bramwith Rands pipeline – AB advised history associated with culvert and current requirement to comply with Eel Regulations. Noted potential reduction in pumping at Kirk Bramwith in dry weather flows. **MJ proposed installation of stop logs, MF seconded, all in agreement.**

- 2017.82** Vehicle & Plant, Staff resource – future maintenance requirements – Noted proposals for McCormick tractor and flail to trade in, replace. Noted in forward plan and budget 2018/19 expenditure. Need to place orders with suppliers, payment net financial year with delivery pre-maintenance.
- 2017.83** Fleet vehicles – will be rationalized into current fleet of Ford vehicles.
- 2017.84** Operational base – discussed previously. Lake Drain presents opportunity to develop as a base. Members suggested other sites including Carrcroft and Askern. No work done yet on costings however requirements will be 2 large shed buildings with welfare facilities, to accommodate new machinery and office facilities land levels would need to be raised, access upgrade needs considering. PM advised decisions are required as they have a bearing on operations moving forward; any decision by Committee requires linking with other aspects of overview presentation first given. **AC recommended existing T&F Group consider issue immediately post-Christmas. All in agreement.**
- 2017.85** Board employees – MS advised operational staff remains 2 short over last 2 years, full complement of staff may include requirement for full road haulier operations. GI noted apprenticeship completed early as of October. GI advised herself and Vice Chair decided to offer permanent employment on completion of apprenticeship, requesting Committee support of decision. AC enquired salary cost. Advised salary structure provided to T&F Group which considered figures presented appropriate. GI noted differed from those supported by herself and C Anderson in September. MS advised appropriate salary based on qualifications, innovation shown by MEICA team several occasions, and value to Board as source of income. Team managed £50,000,000 IDB owned and Coal Authority stations. Bulk of salary met with Coal Authority contributions and MEICA PSCA work to Black Drain and Goole & Airmyn meant Team were zero cost to Board and excellent value for money. MS concerned application of suggested salary will create difficulties, staff had already been approached by others keen to secure their skills. CEO advised an extensive 10-page report provided to Board Chair and Vice Chair on MEICA team; this Committee had delegated power to approve salary on his recommendation which was application of higher figure. IB advised information provided to T&F Group on proposed pay structure contained career increments as previously requested by Board Chair. GI advised opportunity to consider increase in April 2018 at review time. **GI proposed figure agreed at her previous meeting, seconded MJ, all in agreement.**

Finance

- 2017.86** Board land sale – Concerns expressed by RT in email advised to Board. Committee agreed land sale appropriate but expressed concerns about future sales and whether auction or informal tender process may provide better results and whether this the right time to sell. AB advised Board relied on advice of its Land Agent, a report had been produced to protect Board on appropriateness of method used.
- 2017.87** Audit – Review of effectiveness will take place in January. External Auditor appointment been received for 2018/19 for 5 years as PKF Littlejohn.
- 2017.88** Estimates, Rates & Special Levies – proposal to increase by 0.25p. Detailed discussions on budget brought forward for discussion and headings under which figures are included. 9.75p increases to 14p over next 5 years to deliver pump station refurbishments and plant and equipment purchases discussed earlier. Rate increase over 5 years however forecast reduced reserve balance below that required in Reserves Policy. 16 pump stations are 100% Board owned, level of grant funding unknown and likely cost of replacement is circa £16,000,000. Penny rate will increase and continue to increase as Board continues doing same work year on year. FJ advised of C Anderson question via email related to cost of borrowing and would use of hydraulic model show potential for pump station rationalization. Agreed it would.

MJ confirmed proposed rate increase equates to 2.6% increase to Selby DC and would only accept 2% increase to avoid Selby DC cut in services. AB informed Members obliged to consider what Board required, not personal or political requirements. CB confirmed budget presented would deliver what Members had just agreed required for water level management. MS counselled Members to recognize it was for the Board to decide whether and what it was



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willing to cut in terms of operational function if they were to consider Charging Authorities objections to rate increases. GI advised her support for current rate rise but would not accept a year on year increase as provided for in budget forecast. Committee should look at cutting costs before 2019/20 budget setting, charging officers with providing proposals to reduce expenditure and contain within approved rate level of £0.0975. **NW proposed rate increase at £0.0975, seconded MF, 8 in favour, 1 against. Majority carried.**

2017.89 List of payments – **MJ proposed Members approved list of payments by cheque and from Board accounts totaling £205,496.54 of which £101,500.57 were approved by the Clerk and Engineer, seconded FJ, all in agreement.**

Date of next meeting

2017.90 23 March 2018 – GI gave apologies.