



**Danvm**

Drainage Commissioners


## **Finance & Policy Committee Meeting**

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**Friday 29 March 2019  
09:30 am**

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## Purpose

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## Agenda

Finance & Policy Committee Meeting Paper  
29 March 2019

<b>1.</b>	<b>Apologies for Absence.....</b>	<b>4</b>
<b>2.</b>	<b>Declaration of Interest.....</b>	<b>4</b>
<b>3.</b>	<b>Minutes of Finance &amp; Policy Committee Meeting of 7 December 2018 .....</b>	<b>4</b>
3.1	Matters Arising Not Discussed Elsewhere.....	9
<b>4.</b>	<b>Policy .....</b>	<b>10</b>
4.1	Board and Management KPI .....	10
4.2	Task & Finish Group Policy consideration.....	15
4.3	Policy objectives – Carbon Offsetting.....	15
4.4	Health & Safety Policy .....	17
<b>5.</b>	<b>Asset Management .....</b>	<b>18</b>
5.1	Maintenance Statement 2019.....	18
5.2	Towns Drain PS.....	18
5.3	Blowell Drain .....	18
5.4	Board Owned Assets .....	18
5.5	Alternative Depot .....	19
5.6	Vehicle & Plant .....	21
<b>6.</b>	<b>Finance .....</b>	<b>24</b>
6.1	Outstanding Drainage Rate Collection .....	24
6.2	Budget 2019/20 and Special Levy Meeting.....	26
6.3	List of Payments .....	26
<b>7.</b>	<b>Date of Next Meeting .....</b>	<b>32</b>
<b>8.</b>	<b>Closed session .....</b>	<b>32</b>
8.1	Salary structure.....	32
<b>9.</b>	<b>APPENDIX A: Task &amp; Finish Group – Policies .....</b>	<b>33</b>
9.1	Investment Policy.....	33
9.2	Vehicle & Plant Replacement Policy .....	34
9.3	Asset Management Policy .....	36

## 1. Apologies for Absence

## 2. Declaration of Interest

## 3. Minutes of Finance & Policy Committee Meeting of 7 December 2018

Present: John Gilliver (substitute Andrew Cooke) (JG)  
Paul Maddison (PM)  
Steve Lomas (SL)  
Martin Falkingham (MF)  
Catherine Anderson (CAnd)  
Kyle Heydon (KH)  
Neil Welburn (NW)  
Gillian Ivey (GI)

Officers: Craig Benson (FO)  
David Blake (DB)  
Ian Benn (CEO)  
Paul Jones (Eng)  
Martin Spoor (AssetM)  
Alison Briggs (EO)

### Apologies for absence

**2018.86** Andrew Cooke, Richard Thompson. GI requested Chair the meeting. Members in agreement.

### Declaration of Interest

**2018.87** None

### Minutes of 5<sup>th</sup> October 2018 and 2<sup>nd</sup> November 2018

**2018.88 Matters arising not discussed elsewhere.** 5<sup>th</sup> October 2018 – **Minute 2018.57** AssetM requested to update Committee on VFDs. Report had been produced to Chair, Finance Committee & Board. Price increase associated with original specification of VFD at upper end of operational range of that station. View was, Board should look at larger VFD for trial to ensure use of correct piece of equipment to test with possibility for future use. Cost approximately £5,000, smaller unit £3,800, site installation 3-5<sup>th</sup> January 2019. In response to question, discussed filter used in association with pump. MF queried future use and tendering the work. Advised other VFDs on market, reason for proceeding with this trial because only one marketed purely for water industry. Others are made to fit the required environment rather than specific design. Coal Authority has changed some VFDs previously installed and now looking for consistency of type. Recommendation to date would be there is a case for consistency of use.  
JG attended 10:05.

**Minute 2018.63** and commencement of asset condition inspections. Eng. advised specification remained with EA on its PDU framework of contractors to price. Had followed up again this morning and awaiting information from EA. KH queried why work not being delivered by MEICA team. Advised not a core MEICA service, intrusive asset inspection outside their scope, involving considerably more than M&E work. Management is considering stations for inspection being those MTP due in near future. MS advised similar approach had been taken by EA at Bentley Ings to identify current status before that work was promoted. Results will

help shape MTP in terms of identified replacement life. **KH proposed Minutes 5.10.2018 recorded as true record, CAnd seconded, all in favour.**

**2018.89 PM proposed Minutes 2.11.2018 recorded as true record, KH seconded, all in agreement**  
**Policy**

**2018.90 Policy – Health & Safety –** CEO advised he had recently spoken with workforce regarding health, safety and particularly wellbeing of employees

**2018.91 Task & Finish Group –** A group was required to consider new policy requirements of the Board. **PM, CAnd, GI and MF volunteered for T&F Policy Group**, preferring end of January for meeting. Doodle poll to be issued.

**2018.92 Chair proposed to move to Item 7 Finances before discussing spending requirements. All in agreement**

#### **Finance**

**2018.93 Long term budget estimate –** DB reiterated advice previously provided regarding capital funding requirements. Presentation showed in graphical form the type of expenditure split for 2019/20 financial year. Total estimated capital cost of stations was already on the EA MTP. 2019/20 PWLB repayments would represent less than 1% of total expenditure.

11 stations are due to be repaired or replaced within decade, advising historically the Board had not saved to fund capital outlay and borrowing would be required for this work.

Calculations on repayments had been made using current PWLB interest rates. By 2028/29 Board expenditure could potentially be £2mil, with loan repayments representing 20%. To deliver that programmed work, drainage rate needs to increase over next decade to fund.

Duplicating information from presentations given to previous meetings, DB showed the effect of 0.25p and 0.5p year-on-year rate increase, which illustrated lack of available funds to deliver required investment in either 2022 or 2024 dependent upon rate increase. Potentially GiA would be available however there remains a large amount of Board funded expenditure. Eng. advised MTP submission update completed earlier this year, he warned of the need to avoid double counting and necessity for EA to fund its defence works, Councils to fund surface water schemes and IDBs to fund their schemes, all accessing the same GiA fund. Benefits associated with houses was required by EA and Councils, the Board's input into MTP is based on agricultural damages alone. In previous years the draft list allocation has been received Oct-Dec and the final list released Feb-April, but this has not occurred in recent years.

Eng. advised MTP did not guarantee future capital work schemes would receive GiA funding, all dependent upon monies available from Government. AssetM advised information presented was a worst-case scenario for managing Board asset base considering uncertainties.

Eng. advised discussions with EA reveal it wishes to utilise all properties available within Board District to protect flood risk asset funding. Every authority is putting schemes into MTP and Defra will reveal the amount of funding available in due course, advising government objectives may be changed irrespective of EU Exit. Board can demonstrate the need for funding, but Defra will decide what GiA is available and to which body.

PM aware of Workshops to be delivered on surface water flooding and considered there a lack of understanding by Defra and others what an IDB does, advising work was required as a group to raise Board profile.

Members were advised GiA not available for protection of businesses and land is not valued as equivalent of housing in terms of partnership funding calculator.

Eng. advised in receipt of outputs from model, these will update the surface water flood maps across Danvm District. Advised great dependency in Danvm area on pumping surface water as low-lying geological basin suffering mining subsidence. Water was effectively impounded; if pumping was removed, the flood risk for Doncaster and surrounding area greatly increased. Members enquired speed at which model outputs would be available for consideration in view of 11 station refurbishments/renewals within next decade. Eng. had provided some output information and advised on extent of input required to MTP. CAnd queried Board position on GiA line of applicants. Eng. advised should EA did receive GiA for flood defence projects on River Don defences, IDB function would be lost in any event.

Eng. showed Members modelling outlines under "do nothing scenario" for northern part of District and the extent of flooding, including motorway effectively revealing outline of Humber

basin. Numerous scenarios had been modelled from 2-year event to 1000-year event and a series of events on saturated catchments and a 24-hour pump station failure. Do nothing outline represents the worst-case scenario, 1 in 10-year event on saturated catchment (1/4" run-off within 24 hours) could have devastating impact on Highways England infrastructure, and impounding water north of motorway.

AssetM advised Sykehouse residents claiming pumps ineffective to protect property, however stations not designed to protect property from flooding; perception of IDB function needs to be changed.

JG queried whether modelling accounted for national resilience, and length of time water would be standing. Eng. advised model demonstrates first attempt at understanding risk and Board response plans will follow out of modelling outputs. Members reminded Board is not an emergency responder under Civil Contingencies Act, and Board may consider whether it has a role in supporting those Emergency Responders, as workforce previously done associated with 2007 floods and December 2013 flood.

Flood outlines are being compared with EA surface water flood maps. National risk maps reflect rain over topography using LiDAR whereas Board model had detailed topographic surveys giving more realistic understanding of surface water overland flow.

Eng. showed HEC-RES model to Members. Model can be used to predict what will happen under certain circumstances, some scenarios model blockages at specific locations to understand where Board attention should be focussed if that should occur.

DB returned to long-term budget estimate, advising detailed asset inspections have potential to move stations forward or back and potentially reduce capital outlay within MTP. If Board is in receipt of indicated GiA for station sites, rate increase required in 10 years may reduce from 16.0p to 13.0p. Eng. meeting with EA next week and hopes to receive steer on MTP current status.

FO advised potential rate budgeted for next year is not affected by GiA or borrowing. Board could postpone any increase however effect would be larger increase required in future. Smooth steady rate increases are better for all ratepayers. He cautioned Committee to look long-term where 13 stations required work within second decade. Reserve balance higher than 30% are required allowing Board to build monies for asset replacement.

**2018.94 5-year plan** – FO advised operational costs increase by inflation, electricity use is linked to pumping activity, dependent on rainfall, noting there can be £100k difference in electricity costs year-on-year.

Capital replacements are dominating reason for rate increases. CEO advised budget prepared on behalf of Board is realistic; pump station assets are toward end of design life. Chair agreed advising presentations were clear, required rate increases were associated with required capital work. CEO advised Board made decision several years ago to borrow to deliver asset refurbishment/replacement, not to save.

A Member suggested Board needed to view hydraulic model outputs and results of asset inspections before any decisions could be made on drainage rate. Eng. advised model and asset condition surveys were designed to provide better information however, the 5-year plan is fixed in terms of end of asset residual life.

NW advised Committee the Board must pump water in perpetuity if the land is to be farmed or developed. He supported a rate increase suggesting the Board must protect the increased income received until work required. CEO advised insufficient time existed to save adequate funds to cover required work; to be effective this should have commenced when assets built. Some IDBs are saving Boards however pre-amalgamation Boards did not consider appropriate, retaining a low drainage rate considered greater importance which has been the case to date.

A Member suggested the Board needed to review operational workforce, depot, plant, machinery and vehicles. All were reminded this had been discussed in T&F meetings from 2017, supported by Finance Committee and received by Board. Chair considered operational resource to be relatively small part of a bigger picture. Officers advised it represented 37% of current expenditure and was an area where savings could be made. Admin. noted DMBC budgets for £100,000 year-on-year increase in Levy raised on behalf of

EA and IDBs, which is received but spent elsewhere. This was acknowledged by DMBC Member informing there remained £2.4 million gap in Council budget.

PM advised Board reaches this point annually and Members must look at requirements of the Board; if Councils wish to alter Special Levy raising, that requires a change in legislation. It was appropriate the Board advised Local Authorities of its future financial requirements, but legislation covers special levy raising. **PM proposed a workshop/seminar for all Board Members to specifically discuss and agree future WLM Strategy. All in agreement.** Date for workshop to be arranged for early New Year.

Members advised all major development within Board area significantly increased special levy requirement from local authorities but that was generally dominated by commercial units, not residential.

CAnd suggested when asset condition inspection costs are available it may be appropriate to undertake all at once as there may be efficiency savings.

AssetM advised substantial number of stations managed for Coal Authority which make significant difference to water level management across district. Doncaster Area Drainage Acts apply requiring Coal Authority commitment to maintaining its assets in perpetuity. Board should uphold that position with Coal Authority, without which, should Authority seek to reduce its legislative responsibility, the Board would risk losing control of water level management across its District. Members requested to consider implications of Coal Authority doing so and where that responsibility might subsequently fall.

Based on Board requirements, suggestion is for an increase of 0.25p to recommend to Board. KH requested cash balance sheet for next meeting.

**2018.95 NW proposed recommendation to Board 0.25p rate increase and increased income be set aside MF seconded, 7 in favour, 2 against, no abstentions.**

**2018.96** Meeting with local authority finance departments to keep authorities informed. **GI, JG, AC, PM volunteered attendance.** 24<sup>th</sup> or 25<sup>th</sup> January.

**2018.97** Budget for y/e 31.3.2020 - noted

**2018.98** List of payments – No queries raised. **DA proposed approved, SL seconded, all in favour**

**2018.99** Financial Regulation amendment – Chair advised red changes had already been to Board, further changes made to sections 11.3 to 11.7 by Members. Chair requested Committee to support to move forward.

CEO advised proposed changes sought to incorporate into Policy amendment of Management contractual T&C. Changes proposed to 11.3 now referenced MTP which contradicts NEC3 core services. Specialist Services in Contract defines production of contract documentation, tender submission, appraisal and contract award, preparation of GiA and Local Levy submissions all to be Specialist Services. Clause 11.7 also varied contract in terms of additional responsibilities and production of monthly reports to Chairman. PM advised he read proposed clause 11.7 to pass the Board's burden onto Responsible Finance officer.

AssetM advised proposed changes to 11.7, if implemented, could become unworkable in terms of station sites managed by Board on behalf of third parties to which it was also a contributor and some sites were managed on behalf of multiple third parties. Members discussed work done by MEICA team for Coal Authority. CEO confirmed suggested wording would cover electricity use currently procured by Board and recharged to third parties; no contributing party would pay in advance.

Questions were raised as to location of Board Contract and what document DMBC Member had consulted which informed opinion on matter of specialist services. It was agreed the requirement for a post-Christmas meeting to discuss what may or may not be core services under current NEC3 Contract.

CAnd agreed a need to draft something that covered the large coal authority funded works currently paid in advance. Chair advised remit of Committee was to report to Board on final changes to Regulations. Members agreed to respond to suggestions by email.

#### **Asset Management**

**2018.100 Town Drain PS Consultation** – Members considered reasons for proposed consultation. PM declared an interest as WMDC officer. Chair requested PM remain in the meeting, his input was valuable. Asset M advised station built at request of WMDC and Yorkshire Water in 1980's. 87.5% capital investment from Yorkshire Water, remainder cost

WMDC however when sum due, its budgetary constraints meant Board funded its share. No contribution ever received from Yorkshire Water since either for maintenance or electricity. Yorkshire Water is in receipt of all relevant information for site however it does not wish to accept transfer of the asset. Legal Advice suggested initial engagement with Yorkshire Water then need to consult with others. PM advised internally requested to arrange meetings within WMDC to discuss. Members reviewed legal opinion noting Board at 2<sup>nd</sup> stage. Members required to advise Management on extent of public consultation it required. Chair considered it “political” consultation and question was how much consultation there should be, noting that potentially this might be unpopular with residents and important that the Board does not have to take any blame. AssetM agreed however case can be made the Board has no liability for this site but it must go through correct process to ensure it avoids judicial review and similar. Chair requested AssetM continue with the process, agreeing a joint approach between Board and Wakefield MDC would be appropriate. **All Members in agreement.**

**2018.101 Maintenance Statement 2019** – meeting with landowners suggested for late April/May. Last year’s rates contained information on access requirement and April/May is closer to maintenance commencement. Crops already planted and if there is to be a margin it will be incorporated already however the meeting is required to set out the approach Board will take where there is no margin and if access is denied where there is a standing crop. **Agreed DA, MF, NW and SL will attend representing Board.** Dates to be sent out.

**2018.102 Board owned Assets** – Monies received from sales currently in current account and not yet invested; Management awaiting instruction as to where capital fund is to be used.

**2018.103 Norton Common Access** – noted new options identified since last Board meeting following Member agreement appropriate for use by third parties. Chair noted the Board’s infrequent use of track and considered it inappropriate for third parties to use. In response to question, it was confirmed a lifting beam was used for pump removal however once pump outside building it has to be transported from site to main road and existing bridge weight limit an issue. Weed screen requires crane to lift and is primary issue, ground conditions at this time of year create impossible access. DA suggested it appropriate for Board to secure a spare pump at the building for circa. £50,000 and remove any faulty pumps from site during dry periods. Weed screen cleaner main issue, ground conditions at this time of year create huge access difficulty. **KH proposed Board proceed with less cost Option 3, CAnd seconded, all in agreement.**

**2018.104 Alternative Depot** – KH considered no comment could be made in absence of business case in support of a move.

Chair advised of another site which she considered visiting to ascertain suitability. AssetM confirmed viewing of site, which offered sufficient space and location suitable for Board use however there were concerns that site has been submitted for reallocation for housing within DMBC core strategy. AssetM could make initial contact exploring potential site, enquiring if land on market for industrial use if Committee wished. JG considered the site worth exploring however would like to see business case for moving site in first instance.

AssetM advised a comparison of sites for a new depot needs to be considered aside the Board’s position on the level of maintenance it intends to deliver in future, considering earlier budget discussions, noting approximately 40% of Board expenditure is associated with operational maintenance. Management requires Board instruction on future level of maintenance required. Information provided to this meeting was previously delivered to T&F Group, it made recommendations then supported by this Committee and Board. Chair confirmed today’s presentation extremely important and Board must plan for future. The FO has advised Board for several years of the considerable future expenditure required and advised of need to increase drainage rate.

Eng. confirmed hydraulic model shows difference between undertaking maintenance and not doing so, advising Highways England, Canal & Rivers Trust, and Network Rail all understand the IDB does not have any duty to undertake maintenance, which remains a riparian owner responsibility in Common Law, but which landowners appear not to accept. Board could be enforcing body serving notice to cleanse systems for greater good of the District.

PM agreed, advising essential if Board wished to review future maintenance activity, it must be done quickly as it was only a year since this exercise was last undertaken associated with the T&F Group work.

**2018.105 Vehicle & Plant** – Members considered no decision be taken in view of earlier discussions. AssetM advised to try and extend Komatsu life further would increase the regular



additional costs associated with its maintenance for with residual value bottomed out; additional costs this year were in the region of £18,000. PM suggested with reference to earlier discussions Board needed to retain Komatsu and continue with its maintenance, reviewing within 12 months; biggest risk to the Board was its pump stations whereas maintenance is a permissive power. Members agreed Board required a meeting early January as a workshop/seminar to discuss pump station refurbishment, maintenance and funding.

**Pump station assets**

**2018.106 Committee Chair had requested report.** PM thought spreadsheet particularly useful and informative. Members expressed concern at the number of automated weed screens not working, now requiring manual raking. Members were advised most sites were Coal Authority funded, the screens were 10-15 years old and at end of operational life. Operational work was recharged to Coal Authority. Management continues to push Coal Authority in relation to issues with its station sites and weed screens. Eng. advised currently trying to find someone capable of replacing electronic element of weed screens rather than complete structure.

**2018.107** Meeting closed 13.20