



Sow & Penk

Internal Drainage Board

**Tonge Suite
County Showground
Weston Road
Stafford
ST18 0BD**

Meeting Papers

*Wednesday 5 February 2020
Meeting at 11:00am*



Shire

Group of IDBs

**Epsom House
Malton Way
Adwick le Street
Doncaster DN6 7FE**

T: 01302 337798

info@shiregroup-idbs.gov.uk
www.shiregroup-idbs.gov.uk

Meeting Papers

Prepared by:

Clerk - Ian Benn - PG Dip H&S & Env Law, Dip. NEBOSH, Grad IOSH, MCQI
CQP

Engineer - Paul Jones ONC, HNC, BSc (Hons) MSc (Eng) GMICE

Environment Officer – Alison Briggs BSc (Hons), MSc, CEnv. MIEMA

Asset Manager - Martin Spoor BSc (Hons) Engineering, Geology, and
Geotechnics

Finance Officer - David Blake BSc (Hons) Accounting

Finance Officer - Mark Joynes BSc (Hons) Mathematics

Rating Officer - Janette Parker

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.

Carbon Footprint



A printed copy of the main text in this document will result in a carbon footprint of 173g if 100% post-consumer recycled paper is used and 220g if primary-source paper is used. These figures assume the report is printed in black and white on A4 paper and in duplex.

Agenda

1.	Governance	4
1.1	Apologies	4
1.2	Declaration of Interest.....	4
1.3	Complaints and FOI.....	4
1.4	Minutes of Meeting 20 November 2019.....	4
1.5	Matters arising there from not elsewhere on the Agenda.....	7
2.	Clerk's Report	8
2.1	Policies for Adoption	8
2.2	Legislation.....	8
2.3	ADA.....	8
2.4	Board Key Performance Indicators.....	9
3.	Financial Report.....	10
3.1	Rating Report.....	10
3.2	Schedule of Payments.....	11
3.3	Audit.....	12
3.4	Estimates, Rates and Special Levies for the year Ending 31 March 2021	12
3.5	Five Year Budget Estimate	13
4.	Engineer's Report.....	14
4.1	Asset Management.....	14
4.2	Planning, pre-application advice and consents	14
5.	Health and Safety Report.....	15
5.1	Health and Safety Boards Contractor	15
6.	Environmental Adviser's Report.....	16
6.1	Policy	16
7.	Any Other Business	16
8.	Date of Next Meeting	16
9.	APPENDIX A – Reserve Policy	17
10.	APPENDIX B – Minutes of the Audit Review Meeting.....	21
11.	APPENDIX C – Risk Register.....	23

1. Governance

1.1 Apologies

1.2 Declaration of Interest

1.3 Complaints and FOI

1.4 Minutes of Meeting 20 November 2019

Present

Ray Sutherland (RS)
Len Bates (LB)
Ralph Cooke (RC)
Andrew Harp (AH)
Angela Loughran (AL)
Graham Bower (GB)
Neil Brown (NB)
Anthony Parrot (APt)
Jeff Sim (JS)

Also in attendance Phil Bates (SBC)
 Jamie Cooper (SCC)

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

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

Apologies for Absence

Apologies were received from Ian Benn, Frances Beatty and Mark Winnington

Election of Chairman

2019.55 AH proposed RS. This was seconded by NB and approved by all members. The Chairman thanked members for their continued support.

Election of Vice Chairman

2019.56 RC proposed AH. This was seconded by AL and approved by all members.

2019.57 The Chairman welcomed the new members to the Board. LB who represents South Staffordshire District Council and AL who represents Staffordshire Borough Council.

Declaration of Interest

2019.58 There was none given.

2019.59**Complaints and Freedom of Information Requests****2019.60** None had been received.**Minutes of the Last Meeting****2019.61** Minutes of the last meeting held on 28 May 2019 copies of which had been previously circulated to members with the meeting papers were taken as read, proposed by RC, seconded by RS, approved by the Board and signed by the Chairman.**Matters Arising**

There were none.

Clerks Report**2019.62** The Clerks Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.**Matters Arising****2019.63 Election Year**

Members noted the outcome of the election of agricultural members to the Board and that there was currently one vacancy. APT suggested that the Board write to the local NFU to see if they could recommend an appropriate member.

2019.64 Legislation – Environment Bill

It was noted that the progression of the Bill through Parliament would be held up as a result of the forthcoming General Election.

2019.65 ADA – National Conference

Members were advised that the conference took place on Wednesday 19 November and that the report on the conference would be contained in the next ADA Gazette that would be available next year.

2019.66 KPI Indicators – Members noted the KPIs and that the “Reduction of waterlogging & Flood Risk to assets” section was still “Adequate”. The Engineer confirmed that the scoring would change as a result of the Hydraulic Modelling that is to be undertaken within the Board’s district. Members discussed the recent flooding in and around Stafford and what action their constituents should take. The Engineer advised that if properties are flooding adjacent Main River then the Environment Agency should be contacted to report the events and that under Section 19 of the Flood and Water Management Act the County Council would carry out an investigation.**Financial Report****2019.67** The Financial Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

Matters Arising**2019.68 Rating –**

Members noted the current position.

2019.69 Schedule of Payments

The Board approved payments totalling £65,900.76, of which £437.68 were approved by the Officers only.

2019.70 Audit – Internal Audit

Nothing to report.

2019.71 Internal Audit Review Meeting

The FO reported that this meeting would take place on 25 November 2019. The minutes of which would be circulated with the next Board meeting papers.

2019.72 External Audit

Members reviewed the comments made by the external auditor under “other matters” on the Annual Return namely “the AGAR was not accurately completed before submission for review and has been amended for the correct treatment of deferred income and the year-end grant balance.” The FO confirmed that the Board’s accounts had been amended and members approved this action.

2019.73 Budget Comparison for the Year Ending 31 March 2019

The budget comparison that was circulated to members was noted.

2019.74 Five Year Budget Estimate

The Board noted the five-year forecast that included provision for the Catchment Modelling of the district.

Engineers Report

2019.75 The Engineer’s Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted.

Matters Arising

2019.76 Asset Management – Hydraulic Modelling – The Engineer confirmed that the surveyors had been out in the district and making progress with delay related to recent flooding around the Board’s district. The Engineer confirmed that an Application for Local Levy funding to the Trent RFCC was being progressed with the EA to contribute towards the model.

2019.77 Watercourse Maintenance Contract– The Engineer referred to the “Checkpoint Report” that was circulated with the meeting papers. He confirmed that the Board had received three tenders for consideration. The recommendation was to offer the successful tenderer a five year contract with five one year extensions. The Chairman added that one tenderer’s submission showed a lack of understanding of the Board requirements. Members agreed with the recommendation to award the Contract to Littlehailes Plant Hire Ltd.

2019.78 Eccleshall Flood Action Group – The Engineer informed members that he had received further letters and phone calls from owner occupiers seeking reimbursement for works they undertook on the River Sow. The Engineer had contacted the owner occupiers to reiterate and accept the Board’s position.

- 2019.79** **Planning, pre-application advice and consents** – Members noted the comments made by the Board. JC enquired about the Board’s role in the consenting and planning process and the Engineer confirmed the Board’s involvement. LB added that there was a significant amount of development planned to take place in and around Penkridge. LB suggested that the Engineer reviewed the Allocation document. Engineer advised that he would review. JC confirmed that SCC had previously had sight of the document and that they would review the latest version.

Health and Safety Report

- 2019.80** The Health and Safety Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted with no accidents or incidents to report since the last meeting.

Environmental Adviser’s Report

- 2019.81** The Environmental Adviser’s Report, copies of which had been circulated to members with the last meeting papers, was considered and adopted. JS reviewed the results of the Biodiversity Action Plan and commented on the presence of Flowering Rush and lack of water voles within the Board district. JS also noted the increase in otter and potential for increasing water vole population in future. JS also updated members on the natural flood management works that the Staffordshire Wildlife Trust were carry out in neighbouring areas just outside of the Board’s district. The Board approved the resolution to carry out a review of the completed BAP and produce a new plan for the next five years which would incorporate new targets and actions.

Any Other Business

None.

Date of Next Meeting

- 2019.82** The next meeting will be held on Wednesday 5 February 2019 at County Showground.

1.5 Matters arising there from not elsewhere on the Agenda

2. Clerk's Report

Recommendation:

- Members note information contained in the Report
- Approve the Reserve Policy (2.1 Appendix A)

2.1 Policies for Adoption

2.1.1 Reserve Policy

The proposed Reserve Policy can be viewed at Appendix A. Members are requested to review and approve the policy.

2.2 Legislation

2.2.1 Environment Bill

Includes clauses which will be incorporated into the Land Drainage Act if passed. Changes are associated with the creation of new IDBs and the ability for IDBs to extend boundaries to include areas from which water flows into catchments. ADA has lobbied Defra for amendments to the ways in which annual values are calculated which ADA believes will reflect a fairer approach to collection of drainage rates.

2.3 ADA

2.3.1 ADA Conference 2019

Conference took place on Wednesday 13th November 2019.

2.4 Board Key Performance Indicators

		Key Performance Indicators					
		Inadequate	Work to be done	Adequate	Good	Very Good	
SOW & PENK INTERNAL DRAINAGE BOARD	Management of the Board	Compliance with Audit Requirements					
		Health & Safety					
		Partnership Working					
		Overall					
	Reduction of waterlogging & Flood risk to assets	Asset Management					
		Flood Risk management strategy					
		Flooding- Learning Outcomes					
		Overall					
	Environment	Water Framework Directive					
		Invasive Species/Designated Sites					
		Conservation & Biodiversity					
		Biodiversity Action Plan					
		Overall					
	Supporting	Financial Statements					
		Receipt of Drainage Rates					
		Governance Documentation					
		Overall					
	Overall Performance						

3. Financial Report

Recommendation:

- To note the information contained in this report
- To approve the rate removals (3.1)
- To approve the schedule of payments (3.2)
- To approve the risk register (3.3.2 Appendix B)
- To approve the Estimates for the Year Ending 31 March 2021 (3.4)

3.1 Rating Report

Details of the Rates and Special Levies issued, and payments received up to and including 20 January 2020: -

	£	£
Balance Brought forward at 1 April 2019		946.28
2019/2020 Drainage Rates and Special Levies		
Drainage Rates		11,108.93
Special Levies		
Stafford Borough Council	103,706.00	
South Staffordshire District Council	3,786.00	107,492.00
Total Drainage Rates Due		<u>119,547.21</u>
Less Paid: -		
Drainage Rates		11,059.25
Special Levies		
Stafford Borough Council	103,706.00	
South Staffordshire District Council	3,786.00	107,492.00
Total Drainage Rates Paid		<u>118,551.25</u>
Balance Outstanding as at 20 January 2020		<u>995.96</u>

PROPOSED RATE REMOVALS – FOR BOARD APPROVAL				
	HECTARES	A.V.	RATES TO BE REMOVED	REASON
	1.457	163.00	10.60	Uncollectable Arrears
TOTALS	1.457	163.00	10.60	

3.2 Schedule of Payments

Payments made since those reported at the previous meeting:

DATE		REF	PAYEE	DESCRIPTION	TOTAL	
					£	
2019						
Nov	4th	-	Lloyds Bank plc	Lloyds Commercial Fees	50.00	*
		-	NatWest	Bank Fees	3.52	*
	15th	-	NatWest	Bankline Fees	20.00	*
	29th	-	NatWest	Bank Fees	5.00	*
Dec	2nd	-	Lloyds Bank plc	Bank Fees	3.82	*
	3rd	-	Lloyds Bank plc	Lloyds Commercial Fees	50.00	*
	4th	20	ADA Trent Branch	Branch Subscription Fees	45.00	*
		13	Danvm Drainage Commissioners	Cardnet Fees	10.88	*
		14	PKF Littlejohn	External Audit Fee 2018/19	480.00	*
		22	Stafford Showground Ltd	Meeting Expenses	180.00	*
		21	Environment Agency	Flood Defence Levy	2,158.75	
		19	JBA Consulting	District Modelling	2,090.40	
		25-6	Littlehales Plant Hire Ltd	Maintenance	30,190.12	
	16th	-	NatWest	Bankline Fees	20.00	*
	23rd	27	Danvm Drainage Commissioners	Cardnet Fees	10.91	*
		23	Schofield Sweeney LLP	Legal Advice - Unpaid Rates	148.86	*
	31st	-	NatWest	Bank Fees	5.00	*
		-	Lloyds Bank plc	Bank Fees	3.05	*
2020						
Jan	3rd	-	Lloyds Bank plc	Lloyds Commercial Fees	50.00	*
	16th	28	ADA	Annual Subscription	1,039.20	
			JBA Consulting	Fee Accounts: -		
		29		Management Services	5,826.77	
		30		District Modelling	7,066.80	
			Total Amount of all Payments		49,458.08	
			* Total Amount of Cheques sent out signed by the Clerk Only		1,086.04	

3.3 Audit

3.3.1 Internal Audit Review Meeting

The minutes of the meeting are attached at Appendix B

3.3.2 Risk Register

Members are required to review and approve the Risk Register that is attached at Appendix C.

3.4 Estimates, Rates and Special Levies for the year Ending 31 March 2021

Approved Estimate	2019/20	Estimated Out-Turn			2020/21	
£	£	£	£		£	£
				INCOME		
				Drainage Rates on Agricultural Land:-		
11,105		11,105		6.65p in £ on AV of £170,744	11,354	
				Special Levy:-		
				Stafford Borough Council		
103,706		103,706		6.65p in £ on AV of £1,595,476	106,099	
				South Staffs District Council		
3,786		3,786		6.65p in £ on AV of £58,240	3,873	
0		35,000		EA Grant - Doxey & Tillington Marshes SSSI WLMP	0	
0		200		Other Income	0	
<u>200</u>	<u>118,797</u>	<u>165</u>	<u>153,962</u>	Interest etc	<u>200</u>	<u>121,526</u>
				EXPENDITURE		
8,900		8,635		Flood Defence Levy	8,900	
				Conservation Budget:		
3,000		3,000		Biodiversity Action Plan	3,000	
0		0		Doxey & Tillington Marshes SSSI WLMP	0	
				Maintenance:		
77,967		77,967		Maintenance	79,739	
32,500		34,270		Catchment Modelling	30,730	
				Administration:		
2,000		2,256		County Showground	3,000	
<u>25,765</u>	<u>150,132</u>	<u>25,814</u>	<u>151,942</u>	Administration	<u>26,241</u>	<u>151,610</u>
	(31,335)		2,020	Surplus - (Deficit)		(30,084)
	<u>126,135</u>		<u>128,280</u>	Balance Brought Forward		<u>124,300</u>
	94,800		130,300			94,216
	<u>6,000</u>		<u>6,000</u>	Transfer To Doxey & Tillington Marshes Acc.		<u>6,000</u>
	<u>88,800</u>		<u>124,300</u>	Balance Carried Forward		<u>88,216</u>
Previous Years Rates in the £						
1995/1996 : 4p - 1996/1997 : 4.2p - 1997/1998 : 4.2p - 1998/1999 : 4.2p - 1999/2000 : 4.2p - 2000/2001 : 4.2p - 2001/2002 : 4.2p						
2002/2003 : 4.2p - 2003/2004 : 4.4p - 2004/2005 : 4.4p - 2005/2006 : 4.4p - 2006/2007 : 4.4p - 2007/08 : 4.4p - 2008/09 : 4.6p						
2009/10 : 4.6p - 2010/11 : 4.6p - 2011/12 : 5p - 2012/13 : 5.4p - 2013/14 : 6p - 2014/15 : 6.12p - 2015/16 : 6.12p - 2016/17 : 6.24p						
2017/18 : 6.24p - 2018/19 : 6.36p - 2019/20 : 6.5p						
Penny Rate : £18,245						

3.5 Five Year Budget Estimate

Sow And Penk IDB	0	0	1	2	3	4	5
Revenue Account	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	App	Estimated Out-turn					
	Budget						
	£	£	£	£	£	£	£
Income							
Drainage Rates	11,105	11,105	11,354	11,611	11,952	12,379	12,806
Special Levies	107,492	107,492	109,972	112,453	115,760	119,894	124,029
Foreign Water Contribution		-	-	-	-	-	-
Doxey & Tillington Marshes SSSI WLMP	-	-	-	-	-	-	-
Grant In Aid- Catchment Modelling	-	35,000					
Recoverable Work		-	-	-	-	-	-
Bank Interest, Other Contributions	200	365	200	200	200	200	500
Total Income	118,797	153,962	121,527	124,263	127,912	132,473	137,335
Expenditure							
Flood Defence Levy	8,900	8,635	8,900	8,900	8,900	8,900	9,167
Administration	25,765	25,814	26,241	26,503	26,768	27,036	27,306
Maintenance of Drains	59,967	59,967	64,739	66,681	68,682	70,742	72,864
Additional Maintenance	18,000	18,000	15,000	15,450	15,914	16,391	16,883
Catchment Modelling	32,500	34,270	30,730	-			
Biodiversity Action Plan	3,000	3,000	3,000	3,000	3,000	3,000	3,090
County Show Budget	2,000	2,256	3,000	2,500	2,500	2,500	2,500
Total Expenditure	150,132	151,942	151,610	123,035	125,764	128,569	131,810
Surplus/(Deficit)	(31,335)	2,020	(30,083)	1,229	2,149	3,904	5,524
Balance Brought Forward	126,135	128,280	124,300	88,217	83,446	79,594	77,499
Balance	94,800	130,300	94,217	89,446	85,594	83,499	83,023
Transfer to Doxey & Till Marshes Account	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Balance Carried Forward	88,800	124,300	88,217	83,446	79,594	77,499	77,023
Doxey & Tillington Marshes Acc	45,722	61,234	66,034	70,834	75,634	80,454	85,274
Penny Rate in £	6.50p	6.50p	6.65p	6.80p	7.00p	7.25p	7.50p
Penny Rate £18,245	57%	79%	56%	65%	60%	58%	56%

	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Doxey & Tillington Marshes Acc	App	Estimated Out-turn					
	Budget						
	£	£	£	£	£	£	£
Income							
Transfer from I&E	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Interest	30	30	30	30	30	50	50
Contribution to Scheme							
Total Income	6,030	6,030	6,030	6,030	6,030	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)	4,800	6,030	4,800	4,800	4,800	4,820	4,820
Balance Brought Forward	40,922	55,204	61,234	66,034	70,834	75,634	80,454
Balance Carried Forward	45,722	61,234	66,034	70,834	75,634	80,454	85,274

4. Engineer's Report

Recommendation(s):

- To note the information contained in this report

4.1 Asset Management

4.1.1 Hydraulic Modelling

JBA Consulting were awarded the Contract and survey of all ordinary watercourses is underway. The surveyors are following Littlehales through the District to obtain the best data possible after maintenance.

The Environment Agency have confirmed that the Board's bid for £35,000 local levy towards the Project was approved by the Trent RFCC on 20 January.

4.1.2 Ordinary Watercourses

Watercourse Maintenance Contract

The contract has been awarded to Littlehales and no challenges were received from the other tenderers during the standstill period.

Watercourse Maintenance 2019/20

Due to weather conditions maintenance delivery is being impacted this season, however, Littlehales are progressing as and when ground conditions permit.

4.2 Planning, pre-application advice and consents

4.2.1 Planning applications

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

Officers have reviewed planning applications between October 2019 and January 2020, none of which have required comment on behalf of the Board.

4.2.2 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 October 2019 and January 2020.

5. Health and Safety Report

Recommendation:

- Members note information contained in the Report

5.1 Health and Safety Boards Contractor

5.1.1 Accidents and Incidents

Nothing to report.

6. Environmental Adviser's Report

Recommendation:

- Members note information contained in the Report

6.1 Policy

6.1.1 Biodiversity Action Plan

The review of the BAP will be undertaken by the Board's Environment Officer and a new BAP produced for period 2020-2025 which can incorporate new targets and actions to reflect findings. This will be produced in conjunction with Staffordshire Wildlife Trust.

7. Any Other Business

8. Date of Next Meeting

27 May 2020

18 November 2020

9. APPENDIX A – Reserve Policy

A copy of the Board's proposed Reserve Policy can found over the following pages.



Sow & Penk

Internal Drainage Board

Reserves Policy version 1-2020

Purpose:

The purpose of the Reserves policy is to maintain an adequate level of funds to support the ongoing operations of the Board and to provide a source of internal funds for operational priorities such as watercourse maintenance, pumping station running costs and repair, capital replacement and improvement programmes, opportunity and capacity building and unforeseen expenditure.

The Reserves policy will be implemented in association with other governance and financial policies of the Board and is intended to support the goals and strategies contained in these policies, and in strategic and operational plans.

Definitions:

Revenue Account Balance - Operating Balance

The Operating Balance is intended to provide an internal source of funds for the day to day management of the Board including a sudden increase in expenditure, one-time unbudgeted expenditure, unanticipated loss of funding and uninsured losses. The Operating Balance will be reviewed regularly to ensure sufficient funds are available. The Operating Balance is defined as the designated fund for the day to day management of the Board.

Doxey and Tillington Marshes Account Balance

The Doxey and Tillington Marshes Balance will provide a source of funds for the ongoing maintenance and future capital replacement of the assets installed on the Marshes.

Goals:

Revenue Account Balance - Operating Balance

The minimum amount to be designated as Operating Balance will be an amount sufficient to maintain the annual ongoing operations and programmes of the board. Fundamentally it will be based on the accounting concept of "Going Concern" which assumes that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realise its assets and settle its obligations in the normal course of the business. -

<http://accounting-simplified.com/financial-accounting/accounting-concepts-and-principles/going-concern>.

Reserves Policy version 1-2020

The Operating Balance will be reviewed and adjusted in response to both internal and external changes.

The target Operating Balance is equal to 50% of average operating costs. The calculation of average operating costs includes expenditure on watercourse maintenance, administration and environmental works. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average expenditure includes any transfers to the Doxey and Tillington Marsh Account.

The target level of the Operating Balance will be calculated each year and presented with the annual budget for approval by the Board and included in the regular financial reports (Five Year Budget Estimates).

Doxey and Tillington Marshes Account Balance - DTM Balance

The target amount of the DTM Balance will be determined by the maintenance and asset replacement programme and be of a sufficient level to meet the Board's current and future requirements. The amount will be calculated each year and presented with the annual budget for approval by the Board and included in the regular financial reports (Five Year Budget Estimates).

Accounting for Reserves:

The Board's Reserves will be recorded in the financial records as Reserves. Reserves will be held jointly with general cash and investment accounts of the Board.

Funding of Reserves:

The Operating Balance will be funded by the Agricultural ratepayers and Special Levy paying councils together with bank interest, rental and other income.

The DTM Balance will be funded by setting aside funds from the Operating Balance, public works loans, bank interest, rechargeable scheme works and grant monies.

Use of Reserves:

Use of the Operating Balance requires three steps:

1. Identification of appropriate use of reserve funds.

The Finance Officer will prepare an annual budget for the Board that identifies the proposed income and expenditure for the forthcoming year. This step requires analysis of the current year's expenditure to date and projected out turn figures along with the following years estimate costs.

Reserves Policy version 1-2020

The Finance Officer will liaise closely with the Engineer and Asset Manager to verify the planned capital expenditure and additional maintenance works that will be likely in the forthcoming years.

The Board will meet to discuss the proposals and to consider any changes that are deemed necessary.

The Budget is compiled in conjunction with the Board's five-year budget estimate where the future impact of the budget can be assessed to ensure it is in keeping with this Reserve Policy.

The Board will be asked to approve the budget and set the level of drainage rates for the forthcoming year.

2. Authority to use Reserves.

Refer to the Board's Financial Regulations with regard to budgetary expenditure and unplanned expenditure.

3. Reporting and monitoring.

The Finance Officer is responsible for assuring that the Reserve funds are maintained and used only as described in this Policy. Upon approval for the use of Reserve funds, the Finance Officer will maintain records of the use of funds (Budget Estimate, Five Year Budget Estimate and Annual Accounts) and plan for increases, if required. The Finance Officer will provide reports to the Board of progress to restore the Reserves to the target minimum amount, if required.

Relationship to Other Policies:

The Board maintain other approved policies, which may contain provisions that affect the creation, sufficiency, and management of the Reserve Policy. This policy will therefore adhere to these provisions.

Review of Policy:

This Policy will be reviewed in 2021 by the Board and Finance Officer, or sooner if warranted by internal or external events or changes.

Approved by the Sow and Penk Internal Drainage Board at their meeting held on 5 February 2020.

10. APPENDIX B – Minutes of the Audit Review Meeting

**Held at JBA Consulting, Epsom House,
Monday, 25 November 2019**

Present:	Mr David Hinchcliffe (DH)	Black Drain Drainage Board
	Mrs Gillian Ivey (GI)	Danvm Drainage Commissioners
	Mr Adrian Black (AB)	Scunthorpe & Gainsborough WMB
	Mr Andy Cane (AC)	Brodericks GBC

In Attendance on behalf of JBA Consulting:

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

Introductions and Apologies for Absence

MJ welcomed the members. Apologies for absence were received from Mr Ray Sutherland, Mr Christopher Day and Mr Michael Dougherty.

Minutes of the Last Meeting / Matters Arising

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

Risk Register

The panel discussed the document. The overall view was very positive. AC said it was important not just to compile the document, but also that Boards adopt the register and provide feedback accordingly. DH said the general feeling was good and the document looked excellent. He also said the traffic lighting system highlights any issues well. MJ said the risk register though useful, is still only a piece of the wider risk management jigsaw. AC also commented it was easier to use than the previous one. DH said risks should be managed with due diligence and should not be treated as a back-covering exercise.

DB said the document presented to the panel provided the core for the custom registers that would be issued to the individual members. GI said the tailored, individual registers were more critical. DB also said the draft custom registers would be issued to the chairs before the Christmas break for inclusion in the January/February 2020 meetings. GI asked if the register was kept under regular review. DB said it was reviewed and updated on a quarterly basis.

DB also said the recent issues with the telemetry system previously came under a generic heading, but now a specific item had been added to cover this kind of situation, along with the corresponding mitigation.

Internal Auditor's Report

The internal auditor reviewed the work undertaken on the 2018/19 accounts. In general, the internal auditor was satisfied with how things were run and said there were no major concerns. The panel then discussed the following points:

Supplier Bank Details and Associated Fraud Risk

AC said that further to the previous year's review, a six-point procedure had been adopted. He also mentioned an individual Internal audit report, quoting some specific statistics. GI said online software gave indications of redirected payments. MJ said this provided good evidence of changes to creditor bank details. DH said the sector had now settled down somewhat, various banking

restructures now being largely complete. AC said there was always an element of risk. MJ reminded the panel a log was maintained showing all instances both of suppliers changing their bank details and of new suppliers being added to the system.

Decision Making & Member Attendance

The panel briefly discussed this issue. AC said that while this may not be a huge issue, it arose every meeting. DH asked if new members were routinely given copies of governance documents. MJ confirmed they were.

External Auditor's Report

The Annual Returns were reviewed by the panel and more specifically the External Auditors' comments. The panel was pleased to note there were no major issues. The panel went on to discuss the following issue:

Deferred Income

MJ gave the panel a brief summary of the situation, in particular how drainage boards are required to write all grant funds received to their reserves in the year of receipt. He also explained that writing money to the 'deferred income', 'monies received in advance', etc. was problematic for the auditors because there is no scope for including these on the AGAR. MJ said it was wrong to compromise principles in order to meet the limitations of that document, but they had little choice. AC said this practise was contrary to basic accounting practises. CB said many drainage authorities were undertaking capital schemes, and that the misleading increases in reserves could create the impression the boards do not need to increase their rates. However, the problem could be circumvented by creating dedicated, appropriately named reserves for this purpose. He also mentioned some authorities may record multiple project costs under single reserves. AB mentioned Scunthorpe & Gainsborough WMB's 'New Work & Plant' account and the possible impacts this may have.

Any Other Business

The Board briefly discussed the impact of qualified audit opinions. GI said that as the meetings took place after the audits were complete, there was nothing that could be done to affect the outcome. MJ said the meetings were a chance to address the reasons why such an opinion had been given and to prevent recurrence in future audits.

Date of Next Meeting and Close of Meeting

The next meeting of the panel will be held on Monday, 23 November 2020 at 10.00am at the offices of JBA Consulting, Epsom House, Chase Park, Redhouse Interchange, Doncaster, DN6 7FE.

MJ thanked the members for attending. The meeting was closed at approximately 10:25am.

11. APPENDIX C – Risk Register

A copy of the Board's Risk Register can be found over the following pages.

OBJECTIVE	RISK	Current Controls/Assurances	Risk			Status	Mitigation/Action Plan	Owner/Target Date	
			Impact	Likelihood	Score				
S U S T A I N A B I L I T Y	Objective 1 : Provide & Maintain Sustainable Flood Protection through Water Level Management	Lack of direction, Conflicting aims & objectives (Internal & External)	Policy statement on Flood Protection and Water Level Management The board has an extensive list of policies	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20	
		Human Resource Risk- Contractors	Contractors go through tender process if necessary Timely Contractual performance review- Time & Quality All Legislation and requirements made clear to all contractors All Contractors must meet basic requirements	Med	Likely	4	REDUCE- ACTION REQUIRED TO REDUCE RISK	Happy with the current contractors but AM will build into Contingency Plan going forward Asset Manager- 2020	
	Objective 2: Promote & Integrate Biodiversity with the boards primary and operational activities	Risk of prosecution for not adhering to Environmental Legislation	Board directly employs a suitably qualified Env. Officer	Extensive Environmental Surveys carried out Species reporting on all new watercourses	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Refresher presentation to be given to Operatives & Contractors before start of summer works season. Continue to communicate Environmental best working practices Env Officer- Apr 20
			The board has a Biodiversity Action Plan						
		The board does not deliver on the duty to protect and where practicable enhance the environment	Produce Environmental Annual Report and Action Plan for the year ahead.	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20	
		Lack of staff training, not provided with the relevant training and information to ensure necessary steps are taken with regard to Diversity	Contractors are advised in environmental matters Training made available (Badgers License etc) Develop plans to mitigate the risk of destroying habitat	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Refresher presentation to be given to Operatives & Contractors before start of summer works season. Continue to communicate Environmental best working practices Env Officer- Apr 20	
	I N N O V A T I O N	Objective 3: Embrace new technology/methods introduced into the industry	Financial Limitations	Cost Savings- Payback Calculation	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20
				Research & Development Included in Budget					
				PWLB- Potential to borrow					
		Historical Viewpoint- 'we've always done it this way' can stifle innovation	Long Term Asset Management Strategy Adopted	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20	
Forward Thinking Board									
Uncertainty- results limited as technology/methods are in early stages of its lifecycle		The Board would always look to trial new technology	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20		
		Economies of Scale through Shire Group of IDBs reduces risk to SPIDB Regulation with in the industry							
Objective 4: Promote Innovation, ensure the board is continually looking at ways to improve and grow		Members lack understanding of the Board's objectives, latest legislative requirement and latest developments in the industry.	Land Drainage Act provides for election of members every 3rd Year	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Member Interaction/Presentations	Ongoing
			Training Courses for board members						
		Board Structure- Limited diversity of members background	Elected/Nominated split dependant on Annual Values	Low	Likely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20	
	Nominated members typically have knowledge of WLM								
	Short Termism- Reduction of cost philosphy	STP/MTP/LTP	Low	Likely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20		
Long Term Forecasting, 20 years Budget plans, Long Term Capital plan									
Unsuitable members appointed to the Board	Elected members must be nominated by Landowners in the district Members register of interest	Low	Unlikely	1	ACCEPT- RISK LEVEL ACCEPTABLE	Next Review 30/06/20			

OBJECTIVE	RISK	Current Controls/Assurances	Risk			Status	Mitigation/Action Plan	Owner/Target Date														
			Impact	Likelihood	Score																	
STAKEHOLDER VALUE	Objective 5: To be a self sufficient IDB that provides value to 'our' stakeholders at all times	Reduction in income to the Board to maintain an appropriate provision of services	Systems and processes to maximise income opportunities and collection Timely invoicing of Drainage Rates account holders annually, monitoring of collection rates and take follow-up action when non-payment. Submit Highland Water claims to the EA.	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Provide all significant ratepayers/creditors with the Long-Term forecast, allowing them to make provisions accordingly.	Senior Finance Officer Mar 20													
		Overspending, not obtaining value for money	Monthly Budget reviews, Budget to date and out turn analysed by members at meetings	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Cash Flow analysis incorporated into monthly budget review, ensure value for money is sought on every purchase	FO-2020													
			Financial Regulations- >£5000 2 quotes > £20,000 Tender Process Approved Suppliers List with specific criteria that is regularly monitored																			
		Perception that this isn't the case	Internal/External Audits & IDB1 forms Website promoting board Activities	Med	Likely	4	REDUCE- ACTION REQUIRED TO REDUCE RISK	Promote the board, shout about the good work Sow & Penk IDB do Tap into to Social Media to do this	SGAT- Ongoing													
	Lead Role in partnership working/PSCA agreements																					
	Flood damage to third party	Insurance Policies to cover main risks including asset failure and indemnity for third party damage	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Insurance policies reviewed annually for the Board and risks required changes to cover reassessed.	SFO- Jan 2020														
		Catchment Mapping completed																				
	Objective 6: To be a champion of partnership working, work collaboratively where this can deliver shared research objectives more cost-effectively and for the wider good of all connected	Miscommunication causing differing expectations/goals	Close working relationships with all connected stakeholders Historic Agreements Drive for partnership working	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Monitor all relationships with all connected stakeholders, continue to be a champion of partnership working	Next Review 30/06/20													
			Lack of formal structure and clear risk-sharing arrangements							Good working relationship with LLFA Clear definition of role between IDB & other Stakeholders	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Monitor all relationships with all connected stakeholders, continue to be a champion of partnership working	Next Review 30/06/20						
		Internal & External Conflicts, which could create a lack of trust	Conflict Management Policy Open & Honest- 100% Transparent- Minutes on website	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Monitor all relationships with all connected stakeholders, continue to be a champion of partnership working	Next Review 30/06/20													
	COMPLIANCE	Objective 7: Ensure that the board always complies with all recommended accounting practices	Adverse audit reports, legal action and loss of confidence in the IDB.	Adhere to Board Approved Financial Regulations Experienced and suitably qualified finance officers	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	1. Continue to work with Internal Auditor to always minimise risks associated with accounting practices, especially when new risks emerge 2. Review current SGAT processes & procedures and update where appropriate	Finance Team- May 2020 & Ongoing												
Loss of Cash through error or fraud			Bank Mandate in place, always two signatories needed New Supplier Checks- Proof of Banking Details All Purchase Ledger Transactions are reviewed by the board Adequate Insurance to cover such Losses	High							Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Continually Review current SGAT processes & procedures and update where appropriate	Finance Team- Ongoing							
			Loss of Control through inadequate processes.													Audit approved documented processes, that have a clear segregation of duties Bank Mandate in place, always two signatories needed	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Continually Review current SGAT processes & procedures and update where appropriate	Finance Team- Ongoing
																Liquidity issues, lack of reserves						
Objective 8: Ensure that at all times the board complies with all current EU & UK legislation		Risk to Board Members	Qualified & experienced staff attempt to advise the board Ultimately, all decisions should be discussed and made as a collective Adequate Insurance underaken	Med	Unlikely	2	ACCEPT- RISK LEVEL ACCEPTABLE	Monitor any changes to current EU & UK legislation	Next Review 30/06/20													
		Non-compliance with legislation, regulations good practice resulting in prosecution, fines /penalties / sanctions and loss of confidence in the Board(s).	Access specialist advice as required, eg Finance, Legal, H&S, Insurance, etc. Peer Group support, e.g. ADA's Policy & Finance and Technical Committees Inter-agency working amongst FRM authorities	High	Unlikely	3	REDUCE- ACTION REQUIRED TO REDUCE RISK	Monitor any changes to current EU & UK legislation	Next Review 30/06/20													

**Shire Group of IDBs
Epsom House
Malton Way
Adwick le Street
Doncaster DN6 7FE**

**T: 01302 337798
info@shiregroup-idbs.gov.uk
www.shiregroup-idbs.gov.uk**

JBA Consulting has offices at

**Coleshill
Cork
Doncaster
Dublin
Edinburgh
Exeter
Glasgow
Haywards Heath
Isle of Man
Leeds
Limerick
Newcastle upon Tyne
Newport
Peterborough
Saltaire
Skipton (Belle Vue Mills)
Skipton
Tadcaster
Thirsk
Wallingford
Warrington**

