

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Executive Committee

held remotely on
18th January 2022 at 2pm

Members

Chairperson - * Mr K C Casswell

* Cllr P Bedford

* Mr J Fowler

* Mr M Rollinson

* Mr M Brookes

* Mr P Holmes

* Member Present

In attendance: Mr I Warsap (Chief Executive)
Mr D Withnall (Finance Manager)

1905 Recording the Meeting - Agenda Item 1

Committee members were informed that the meeting would be recorded.

1906 Apologies for absence - Agenda Item 2

There were no apologies of absence.

1907 Declarations of Interest - Agenda Item 3

There were no declarations of interest.

1908 Executive Committee Terms of Reference - Agenda Item 4

The proposed change from 'Chairman' to 'Chair' was noted, with Mr M Rollinson of the opinion that 'Chairperson' is preferable to 'Chair'. All AGREED that 'Chairman' be changed to 'Chairperson'.

The Chairperson noted the current expenditure limit of the committee, £40,000, questioning whether this should be increased to reflect the increase in products and services. The committee felt that £40,000 wouldn't cover that much and so all AGREED to increase the Executive Committee's expenditure to a value of £50,000.

The Finance Manager highlighted that the Delegation of Authority will need changing to reflect this increase in expenditure value and so will be presented to the Audit & Risk Committee at their next meeting in April 2022. Mr M Brookes, Chairperson of the Audit & Risk Committee, questioned whether it needed to be presented to the Audit & Risk Committee or whether it could be presented straight to the Board in February 2022 to avoid waiting until April 2022. The committee felt that it would be more appropriate for the Audit & Risk Committee to review it and be approved at the Board following that.

Mr J Fowler noted the quorum of three people, questioning whether it will also require at least three of the committee to authorise expenditure?

All AGREED to recommend the Executive Committee's Terms of Reference to the Board for approval, with the above agreed changes.

1909 Minutes of the Meeting - Agenda Item 5

Minutes of the meeting held on 2nd November 2021, copies of which had been circulated, were considered and it was AGREED that they should be signed as a true record.

1910 Confidential Minutes of the Meeting - Agenda Item 6

Confidential Minutes of the last meeting held on 2nd November 2021, copies of which had been circulated, were considered and it was AGREED that they should be signed as a true record.

1911 Matters Arising - Agenda Item 7

(a) South Lincs Water Partnership (SLWP) – Minute 1879(a)

The Chief Executive gave an update on the SLWP, explaining that a screening process has taken place to narrow potential sites down to four. A confidentiality memorandum of understanding has been signed and so specific site locations are unable to be shared at this stage, but it is hoped they will soon be released to landowners and the public.

The Chief Executive further noted that Arup have been contracted to complete a 12 month project on open water transfer (water from the Trent into the Witham into the South Forty Foot Drain (SFFD) and into the reservoir).

The Chief Executive also explained that the South Lincs Reservoir project is hoped to be completed mid 2030's, however, this one project will not meet the demand that will be required by this time and so the prospect of numerous linked reservoirs has been suggested to Defra, through Water Resources East (WRE), with their initial response being agreeable to this.

The Chief Executive concluded his update by noting that the Operations Manager is going to become more involved in the SLWP work and once the site locations have been released publicly, the Chief Executive Officer will be able to provide more detailed updates.

(b) 2022/23 Plant budget - Minute 1879(c)

The committee were informed that the JCB excavator order has been placed and is due to arrive in the next financial year – mid/late July 2022.

The Finance Manager noted that the concept of a five year replacement cycle was investigated, but wasn't financially feasible.

An update was noted that the proposed demonstration day of the Royal Smals Cutter Suction Machine was not pursued by ADA or Royal Smals.

(c) Insurance arrangements - Minute 1879(d)

The Finance Manager noted that he has not done any further work on this yet.

(d) Period 06 Management Accounts - Minute 1880

The Finance Manager noted that the court date has changed from the 22nd November 2021 to 17th January 2022, following a delay in the court's administration.

The Finance Manager attended court on the 17th January, none of the ratepayers were present. There has been one response from a ratepayer, who typically appears on the court list each year (30-2586-9), who is stating that they cannot pay due to current personal circumstances. The Finance Manager has informed them that the Board will continue with proceedings and if there is nothing for the bailiffs to recover then it will get added on to the following year's demand.

(e) Board's Phone system - Minute 1885(d)

The Finance Manager informed the committee that the Board's new phone system, Avaya, is up and running.

(f) Confidential – Chief Executive Officer – Minute 1879(e)

It was agreed and thereby RESOLVED to exclude the public from the next part of the meeting due to the confidential nature of the business to be transacted, in accordance with section 1(2) of the Public Bodies (Admission to Meetings) Act 1960.

1912 Period 08 Management Accounts - Agenda Item 8

The Finance Manager noted that the Period 09 Management Accounts have been circulated prior to the meeting and highlighted the following points in these accounts:

Overspend in Pumping Station Maintenance

There is a meeting scheduled this week to look at the Quarter 3 forecast and it is hoped that the final quarter's forecast may be able to be reduced significantly, therefore, possibly bringing pumping station maintenance back into budget.

Underspend in Drain Maintenance

There is an underspend of almost £55,000 in drain maintenance in Period 09 and so work needs to be done to understand how much needs deferring into the final quarter, but hopefully there will be some considerable savings. £40,000 is associated with summer cutting, which did finish early.

Mr P Holmes referred to the Income and Expenditure Summary for Period 08, highlighting that 'Miscellaneous' is considerably higher this year than last year, questioning why this is?

The Finance Manager explained that the biggest cost is the precept (£276,000) which wasn't paid until after this point last year. There is also £113,000 increase for contractors since last year (partly Royal Smals, partly Swaton NFM works) and extra in relation to legal and professional due to their extra legal advice required this year.

1913 2022/23 Budget & Ten-Year Estimates - Agenda Item 9

Mr P Holmes noted that he spoke with somebody from North Level IDB and they were planning to increase their rate by 8%, due to all their pumping stations being diesel, a decision that had been made before it was known that IDB operations were likely to be classified as agricultural and therefore still attract the Fuel Duty rebate.

The Finance Manager provided the following highlights from the report on the 2022/23 budget and ten year estimates:

Interest & Investment Income

The Brewin Dolphin income that originally was £17,500 is now being estimated at £14,500.

Grants and Local Levies

Expected grant income of £520,000 in 2022/23 and £2,361,000 grant income over the next four years.

Rental Income

The rental rates haven't been changed since 2017/18.

The bungalow at Hesse Drive has had a new boiler installed this year at the cost of the Board (£3,500) and requires an electrical installation check every 5 - 10 years, in addition to the boiler checks already conducted.

Mr P Holmes noted that £300 seems cheap, especially if the Board has costs relating to it, questioning whether it would be beneficial to get a comparative of a similar property?

The Finance Manager noted that he would expect figures such as £500-£600 if it were to be put out to market. It is so low because the tenant is long standing and is connected to the Board, the tenant is still employed by the Board to maintain Cooks Lock and Chain Bridge Pumping Stations. It was noted that the tenant is conscientious and maintains the property to a high standard.

Mr P Holmes then believed the rent should stay the same.

The Chief Executive noted that when the current tenants are no longer renting the property, the Officers of the Board will most likely propose to sell it.

All AGREED to make no changes to rental income rates.

Solar Panel Income

There is a detailed analysis presented on page 35 of the agenda. Swineshead Pumping Station is now generating a profit. Overall, excluding electricity used, it still owes £67,000, without taking into account any electric generated that has been used, and so in the long run, should be able to recover the money and generate income.

Pumping Station Maintenance

The average for the past nine years for electricity has been included. The pumping station maintenance budget has been completely overhauled this year and drilled into more detail to try and set a more accurate and detailed budget going forward, which will also allow for closer monitoring.

Mr M Rollinson referred to the electricity cost used, questioning whether it is units used against the current rate or units used against historic rate, noting the increase in rate over the years? The Finance Manager explained that it is the cost per year and that Woldmarsh did achieve considerable reductions when we moved the accounts to them, noting that he could go to market for electricity if that is what the committee wanted a comparison to Woldmarsh.

Mr M Rollinson noted that 2019 was a really wet year and it can't be seen how many more units were used in a wet year compared to a dry year.

The Finance Manager explained that the current process is by using an average rate applied to pump hours, so it is known how many hours the pumps work, which can then be used to estimate the bill for a certain period.

It was also noted that the next renegotiation for the electricity rate, through Woldmarsh, is 30th September 2022. The Chairperson felt that Woldmarsh do a good job.

Drain Maintenance

The Finance Manager explained that the figures within the agenda include the £33,301 that was thought was going to have to be paid for fuel duty in relation to drain maintenance. However, now there is a derogation on plant in relation to red diesel, this £33,301 budget is no longer required.

Administration and Establishment

This includes acting up rates. The Pay Award has also been confirmed by Lincolnshire ADA at 2.5% for 2022/23. The employer's pensions rates have been included as normal, but there is a tri-annual valuation due in April 2023.

The Finance Manager noted that he is conscious of the IT Costs, but felt it is balanced with the protection of the Board's systems and the information held. The Finance Manager also noted that HBP are currently working on two factor authentication, which the Finance Manager will be looking into over the next few months.

There is a system of continuous replacement of computers, every 4-5 years, which seems to be appropriate as one of the 5 year old computer's hard disk is current working at 90-100% and so wouldn't expect it to last much longer.

The network switches, which route the data around the office, are ten years old and so require replacing.

There is also the possibility of doing some more concreting bays around the back of the of the office if budget allows. It currently attracts a lot of standing water and so could be made better use of if concreted.

Development Reserve

This keeps building up from development contributions, currently at £398,161. The Operations Team are looking at ways to utilise this fund going forward.

Wages On-cost Reserve

The aim is to have a zero balance on this and so the oncost rate will require increasing from 260% to 270% in 2022/23 to achieve this.

(a) Budget with Ten-Year Estimates

The Finance Manager noted the current proposed budget, with the rate increase of 6.69% in 2022/23.

The Finance Manager next explained that when the £33,301 is taken out, following the red diesel derogation, the increase in rate could be reduced to 5.09% for 2022/23. This budget and ten year estimates was shown on screen.

The Finance Manager noted the impact this would have on the Special Levies, without any developed land movements, as below:

Boston Borough Council (BBC) – saving of £13,450

South Holland District Council – saving of £2,147

North Kesteven District Council – saving of £1,137

South Kesteven District Council – saving of £969

Cllr P Bedford noted that he was part of a briefing last night, and BBC are currently working to the figures provided by the Finance Manager by letter in October 2021 (7 - 9% increase).

The Chairperson felt that after all the help from the councils regarding this, he felt it wouldn't be right not to reflect the derogation saving in the rate increase.

Mr M Brookes agreed, also noting that they will be aware of the new derogation on red diesel and so will be aware that the IDB will therefore have a reduced expenditure than originally thought.

Mr P Holmes noted that there are some very 'grey' regulations within the derogation in that the red diesel can only be used on drainage works off agriculture land and not residential land. Mr P Holmes raised his concern that this could be a temporary derogation and if IDBs are not seen to be following the regulations within it, it could be taken away.

The Chairperson informed the committee that the total agricultural assessed area of the Board's catchment is 93.08%.

Mr M Rollinson agreed with the Chairperson that the councils have been understanding regarding the potential big increase and so felt this reduction in expenditure should be shared with them and the rate reduced.

The Finance Manager added that an accompanying letter can be sent with the Special Levies to the councils, explaining why the expected increase has been reduced.

Cllr P Bedford questioned if the increase should be reduced less, so that the Board has a 'backup' in case the derogation is taken away. Mr M Brookes felt that the council will be sensitive to this and be able to work out how much of a saving the Board are making with the derogation.

Mr J Fowler agreed that the increase should be reduced to the 5.09% suggested, adding that if energy price shocks are encountered in the future, the Board will be able to honestly explain the situation requiring an increase.

The Chief Executive also felt that the Board should be honest with the council, adding that he believes the derogation is just a respite in a bigger attempt for the country to move forward using different modes of power.

All AGREED that the increase in rate for 2022/23 be reduced to 5.09% and an explanation letter sent with the Special Levies to the councils explaining why.

The Finance Manager noted that he will work through the budget in more detail, which will be presented to the Board for ratification.

(b) 2022/23 Summary budget by month

There were no further comments or questions.

(c) 2022/23 Detailed budget by month

There were no further comments or questions.

(d) 10 Year Capital Schemes

There were no further comments or questions.

(e) 2022/23 Wages On-cost Reserve Budget

There were no further comments or questions.

(f) 10 Year Plant Replacement Budget

There were no further comments or questions.

(g) 2021/22 Cumulative Solar Panel Report

There were no further comments or questions.

1914 Future supply of fuel for Board Vehicles & Plant - Agenda Item 10

It was noted that this is no longer applicable due to the derogation on red diesel being used in IDB plant working off agricultural land. Due to the Board's catchment, by area, being 93.08% agriculturally assessed.

The below outlines the update provided by the Association of Drainage Authorities (ADA) to IDBs about this matter:

'HM Treasury clarification

On 17 December ADA received a response from an HM Treasury official providing clarification regarding the circumstances in which IDBs and their contractors may continue to use rebated fuel after 1 April 2022. It is provided as written below in full.

I thought it would be helpful to clarify the circumstances where it will remain possible to use red diesel for water level management activities, as set out in guidance here (<https://www.gov.uk/government/publications/changes-to-rebated-fuels-entitlement-from-1-april-2022/check-when-rebated-fuel-can-be-used>):

Anyone will be able to use rebated fuel in vehicles and machines used for purposes relating to agriculture, horticulture, fish farming or forestry. This includes agricultural vehicles, special vehicles, unlicensed vehicles and certain machines and appliances. For these purposes, you can use rebated fuel to travel to and from the place where the vehicle is used, except on roads in unlicensed vehicles. If a vehicle or machine allowed to use rebated fuel is transported by another vehicle, you can only use rebated fuel in the vehicle carrying or towing it if it also qualifies in its own right.

This means that both IDBs using their direct workforce and contractors will be able to use red diesel in their vehicles/machinery to complete water level and flood risk management work on land used for agriculture (working under the expectation that such activity on this land will at least in part be for the benefit of agricultural activity). As set out in your letter, nearly 70% of land at the highest risk of flooding is in agricultural use, so for a large proportion of your work, IDBs and agricultural contractors will be able to continue using red diesel. It will, however, not be possible to use rebated fuel for water level and flood risk management work on any other land (other than golf courses), unless it is for purposes relating to agriculture.'

Mr M Rollinson questioned if the Board will have to repay 7% of the rebate due to only being 93.08% agriculture?

The Finance Manager responded, no, given the above guidance and given the area that is involved, all water that goes through a residential area is also water from agricultural land.

1915 Future use of the Black Sluice Pumping Station (Boston) - Agenda Item 11

Mr J Fowler noted that he sits on the committee relating to this, noting that there isn't great progress, but they are exploring opportunities for its use which provides an annual income which provides enough to maintain the building. Mr J Fowler noted that the main driver for being on the committee is to press for future proofing the surrounds of the pumping station as a potential Van Heck emergency site.

The Chairperson explained that Cllr R Austin has approached the Board to see if we would be willing to provide any funding. The Chairperson was of the opinion that he would be happy for the Board to provide a small contribution if it showcased what the Board does.

Mr J Fowler noted that there is discussion of permanent and flexible showcase exhibitions, it being hoped that the Environment Agency (EA) would showcase their work, and, at that time, it may be time for the Board to consider having a showcase alongside it.

The Chief Executive added that he felt it would be right and beneficial for the Board to have a permanent display, but at a very small contribution.

It was felt that there isn't enough information known yet to be able to make a decision.

The Chief Executive noted that he will inform Cllr R Austin, so that he is able to prepare for the Board meeting.

1916 **Confidential - Holiday Pay relating to overtime - Agenda Item 12**

It was agreed and thereby RESOLVED to exclude the public from the next part of the meeting due to the confidential nature of the business to be transacted, in accordance with section 1(2) of the Public Bodies (Admission to Meetings) Act 1960.

1917 **Any Other Business - Agenda Item 13**

(a) **Byelaws**

The Finance Manager informed the committee that the byelaws have been advertised on the website and in the papers, no objections have been received. They will therefore be sent to the DEFRA Minister for approval in the next few days.

(b) **Water Resources East (WRE) Contribution**

The Finance Manager noted that WRE have suggested the Board may wish to sign up for another year at a similar rate, last year it was £840. All AGREED.

(c) **Policy 04: Procurement – Single tender action and frameworks**

The Chief Executive reminded the committee that the Board's catchment has 35 sub catchments, 10 of which have catchment studies completed, and a further 5 are being studied currently, through RFCC Flood Grant in Aid.

The Chief Executive continued by explaining that the Grants Manager has suggested applying to the Environment Agency (EA) for funding for all the remaining catchments, as until all of them are completed, they can't be put together to create the bigger picture.

The Grant Manager has noted that the Board's Procurement Policy does not allow for the use of a Single Tender Action or a Framework to be used in relation to procurement. Therefore, the Grants Manager has questioned if the Board's procurement rules can be changed for a single tender action i.e., The same contractor currently being used to deliver all the studies.

The Finance Manager provided some justification for this, as follows:

- The current contractor has completed all the studies within the catchment to date and so would be re-using information they already hold which would provide consistency.
- The current contractor was awarded the contract in October 2021, following a market comparison.

The Chief Executive gave an idea of the amount of funding being requested, it being c£30,000 per sub-catchment, of which there are 20.

A further suggestion from the Grant Manager was that we could consider using a Framework Supplier. Other IDB's are using Scape, that is proving very good value for money and very efficient. Other IDBs have signed up to use Scape to procure both consultancy and construction work and the Grants Manager assisted in this process and has offered to do the same for us. We also have the opportunity to use the EA's framework, although at the moment she wouldn't recommend using it because of the timescales taking to get into contract

The procurement policy was displayed on screen. Mr M Brookes was of the opinion that there needs to be an exception writing into the policy for circumstances like this with Single Tender Actions and framework agreements.

The Finance Manager could not see any benefit, in this particular case, in adding anything into the procurement policy, basing on that the commercial exercise for three competitive quotes was carried out in October 2021 and the same contractor needs to be used for all the studies for consistency.

Mr M Brookes questioned whether the Internal Auditor should be asked whether he would agree with that.

All AGREED that funding application be processed for all sub catchments using the current contractor through as a Single Tender Action based on that the commercial exercise for three competitive quotes was carried out in October 2021 and the same contractor needs to be used for all the studies for consistency, subject to the approval of the Internal Auditor. If the Internal Auditor is not in favour of this, then it will be brought to the attention of the Board for further discussion.

(d) Felling of Trees at Asgarby Estate

It was agreed and thereby RESOLVED to exclude the public from the next part of the meeting due to the confidential nature of the business to be transacted, in accordance with section 1(2) of the Public Bodies (Admission to Meetings) Act 1960.

There being no further business the meeting closed at 15:49.