

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Audit & Risk Committee

held at the Offices of the Board on
12th October 2021 at 2pm

Members

Chairman - * Mr M Brookes

Mr W Ash	Mr V Barker
Mr R Leggott	* Mr N Scott
* Cllr R Austin	* Cllr S Walsh

* Member Present

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

1862 RECORDING THE MEETING - Agenda Item 1

Committee members were informed that the meeting would be recorded.

1863 APOLOGIES FOR ABSENCE - Agenda Item 2

Apologies for absence were received from Mr R Leggott, Mr W Ash and Mr V Barker.

1864 DECLARATIONS OF INTEREST - Agenda Item 3

No declarations of interest were received.

1865 MINUTES OF THE LAST MEETING - Agenda Item 4

Minutes of the last meeting held on 10th May 2021, copies of which had been circulated, were considered and it was AGREED that they should be signed as a true record.

1866 CONFIDENTIAL MINUTES OF THE LAST MEETING - Agenda Item 5

Confidential Minutes of the last meeting held on 10th May 2021, copies of which had been circulated, were considered and it was AGREED that they should be signed as a true record.

1867 MATTERS ARISING - Agenda Item 6

(a) POLICY 01: RISK MANGEMENT STRATEGY

1.1(b) Fluvial flooding from failure or overtopping of defences

It was confirmed that the Environment Agency (EA) documentation required, will be discussed at Minute 1869(e).

Cllr R Austin noted his previous concern about the Nav Lock doors not opening as wide as they could. The Finance Manager explained that at the Northern Works Committee Inspection, the EA staff addressed this on the site visit, explaining that a permanent solution is being developed so that they can open wider.

1868 RECEIVE THE ANNUAL RETURN INCLUDING EXTERNAL AUDITORS' OPINION FOR 2020/21 - Agenda Item 7

The Chairman informed the committee that no issues have been identified, it is a 'clean' report.

The Chairman, and committee, expressed their thanks to the Finance Manager and team to achieve this.

All AGREED to receive the Annual Return including External Auditors Opinion for 2020/21.

1869 TO REVIEW THE FOLLOWING BOARD'S POLICIES - Agenda Item 8

The Finance Manager explained that these are polices that have been identified for review and any changes have been made in red and any additional notes made in green.

(a) ANNUAL ACCOUNTS

The Chairman noted that all the committee are considering with the annual accounts is their format.

The Finance Manager explained that they are in UK Generally Accepted Accounting Principles (GAAP) format, from when we were required to produce financial statements in that format, and show a lot more detail than the annual return.

The Committee RESOLVED to recommend that the format of the Annual Accounts be approved at the next Board meeting.

(b) POLICY (B): LAND DRAINAGE BYELAWS

The Finance Manager explained that these byelaws were presented to the Board in 2017 but were never signed off by Defra. There are very few differences between the current byelaws and those proposed now.

The Finance Manager noted the 'revocation' paragraph (32) which should be the following date; 3rd March 1989.

The Finance Manager noted that these are to be agreed by IDBs across the country and so all IDBs will be working to the same byelaws.

Cllr R Austin questioned if there was a particular byelaw that generates the Board more work than others?

The Finance Manager referenced Andrew Scott, the Board's Planning & Byelaw Officer, who's job is predominantly generated from the byelaws. The Finance Manager further noted the importance of these byelaws and enforcing them to ensure that the Board's system is maintained and works.

The Chief Executive added that the most time consuming Byelaw 10 – 'No obstructions within 9 metres of the edge of the watercourse'.

The Finance Manager noted that the signatures will be made by the Chairman and Chief Executive as opposed to the Chairman and Clerk.

The Committee RESOLVED to recommend that the Land Drainage Byelaws (Policy (B)) be approved at the next Board meeting.

(c) POLICY No. 04: PROCUREMENT

The Finance Manager explained that there are two elements behind the proposed changes:

- To introduce the Works & Engineering Manager into the allowance of £2,000 – £10,000, which also introduces him into the management team definition.
- To introduce some control to budgets. Proposed paragraphs 4.2(c), 4.3(a) and 7.4 were highlighted to the committee. These additions provide more consideration to the budgets and earlier awareness of overspend.

The Chairman suggested that an additional paragraph needed to be added to reflect the current restrictions in the Chief Executive's role.

The Finance Manager and Chairman suggested the following:

8. Addendum

From 12 May 2021, all duties and responsibilities included in this policy of the Chief Executive Officer are delegated to the Operations Manager until further notice.

It was noted that this statement should also be added to the Financial Regulations (Policy No. 03) and Delegation of Authority (Policy No. 10). In regard to the Delegation of Authority, it will only relate to the three financial responsibilities.

The Finance Manager noted that he can show this to the Internal Auditor prior to the Board meeting.

The Committee RESOLVED to recommend that the Procurement Policy (No. 04) be approved at the next Board meeting, with the proposed additional paragraph as shown above.

The Committee RESOLVED to recommend that the Financial Regulations (No. 03) be approved at the next Board meeting with the proposed additional paragraph as shown above.

The Committee RESOLVED to recommend that the Delegation of Authority (No. 10) be approved at the next Board meeting, with the proposed additional paragraph as shown above.

(d) POLICY No. 08: RELAXATION OF BOARD BYELAW No. 10 (9 METRE BYELAW)

The Chief Executive explained that there are no proposed changes to this policy.

The Committee RESOLVED to recommend that the Relaxation of Board Byelaw No. 10 (9 Metre Byelaw) Policy (No. 08) be approved at the next Board meeting.

(e) POLICY No. 13: EMERGENCY RESPONSE PLAN

The Chief Executive presented the policy, page by page, highlighting some of the key changes, noting that confidential information has been removed.

- Page 12 – Metric gauge boards have been implemented on the South Forty Foot Drain (SFFD) outfalls. Imperial measurement used to be the lead, and so this has been changed to metric units. More information has also been included regarding the new telemetry control system.

Cllr S Walsh noted that there is nothing included in the paragraph regarding the telemetry control for if it fails.

All AGREED to include the back up of manual control if the telemetry control failed.

- Page 14 – The Chief Executive explained that the Pump Engineer and Finance Manager have used the knowledge from previous events to amend and simplify the table, showing target winter levels, target summer levels and the emergency profile levels.

The Chief Executive noted that the Environment Agency (EA) include this document within their own emergency plan. Further questioning how the EA's documentation regarding the operation of the Nav Lock should be incorporated with this document (when received)? All AGREED that the documentation be an appendix to the Emergency Response Plan.

The Chief Executive reminded the committee that he was assured by the EA that this documentation would be completed and published by the end of September 2021. On the 23rd September 2021, the Operations Manager questioned the EA about when it would be available and received the following response;

'The emergency contingency plan is with the catchment engineer to be signed off and until it is finalised, I don't feel it's best to share it wider. The best I can do is some screenshots to show the structure of the document.'

The operations and mechanical manual for the gravity sluice is made up of big documents. The lock, for example, has three large folders I believe, and I would need to check the protocol for sharing these. Again, we do have the operational detail in the contingency plan which I can extract to give a summary to the committee.'

The Chief Executive also noted that he has requested the attendance of EA employees at the Board meeting in November to introduce this documentation to the Board.

The Chief Executive introduced the extracts provided by Abi Jackson at the EA, noting that Abi has summarised extracts from the document, as opposed to screenshots.

The Chief Executive presented the slides provided by Abi Jackson.

The Chief Executive expressed he is feeling more secure, seeing this in writing, having never seen it from the EA in writing before. The Chief Executive noted that he will circulate these slides with the committee following the meeting.

Cllr R Austin noted that he doesn't understand the EA's reluctance to share.

Black Sluice Outfall & Lock: Operational Overview

The first set of slides summarised the following points:

- Outfall and lock combined operational overview in normal times
- Managing levels in the South Forty Foot Drain (SFFD) during high rainfall events
- Duty Officer Procedures

The Chief Executive noted that this documentation, when received, will form the appendix of the Emergency Plan, as agreed previously.

Cllr S Walsh noted that the documentation will make them more accountable.

Black Sluice Operational Contingency Plan (OCP)

The second set of slides summarised the Black Sluice Complex Operational Contingency Plan (OCP). The Chief Executive explained to the committee that this documentation considers a plan for if the complex failed. Further explaining that a few years ago, the Chief Executive introduced Van Heck to Black Sluice Pumping Station (Boston) and asked them to provide a quote for a contingency plan to be passed onto the EA. Van Heck also looked at Holland Fen Pumping Station and Chain Bridge Pumping Station and the Board have purchased their recommendations for those two pumping stations, whilst also using those recommendations to produce a contingency plan for all the Board's pumping stations. The Chief Executive noted that these slides are not very detailed and so, dependant on the document contents, once received, the Board may challenge them about their contingency plan. The Chief Executive also noted that pumps have to be as close to water level as possible. Cllr R Austin noted The Range carpark.

The Chief Executive highlighted the list of contingency plan scenarios covered in the Black Sluice Complex OCP, noting that the scenario of both pointing doors failing is not included on this list, but added that it could be a mistake in collating the list for this presentation.

The Chief Executive explained that the Board need to understand if part of their contingency plan involves allowing the South Forty Foot Drain (SFFD) to fill and overtop at low spots. If this is the plan, then the Board need to be aware where the low spots are.

Black Sluice Complex Operation and Maintenance Manual

The Chief Executive noted that the MEICA elements (Mechanical, Electrical, Hydraulic, Civil) are complex, and Abi has suggested that Jamie (EA Pump Engineer at Black Sluice Pumping Station (Boston) prior to it's decommission) would be the best person to introduce this to the Board's operational and engineering team.

The Chairman suggested that a link to the documentation may be as beneficial as including the whole document itself.

Cllr R Austin noted that when speaking with Abi Jackson previously, Hubberts Bridge was identified as a 'pinch point', meaning that the water levels upstream of the bridge are higher than downstream.

The Chief Executive added that when funding was obtained to increase three pumps to five pumps at Black Sluice Pumping Station (Boston) pinch points and friction banks were identified for removal to ensure the quantities of water could reach the increased pumps. However, the pinch point and friction banks work was never completed.

The Chief Executive noted that he wants to give the EA a time limit to publish these documents in full. All AGREED that the Board should set a timeline for the EA to make the documentation available. The Chairman noted that if EA employees are attending the Board meeting then they may be able to suggest how long they think it will take.

The Committee RESOLVED to recommend that the Emergency Response Plan (Policy No. 13) be approved at the next Board meeting.

1870 RECEIVE THE CATALOGUE OF BOARD POLICIES WITH RECOMMENDED APPROVAL DATES - Agenda Item 9

The Finance Manager noted that, on the request of the Internal Auditor, the Financial Regulations (Policy 03) has been changed to a three year review. Therefore, suggesting that the Procurement Policy (Policy 04) and Delegation of Authority (Policy 10) should also be changed to a three year review, as they all tie in together. All AGREED.

The Finance Manager also noted that Insurance Arrangements will be presented in April 2022 also.

The Committee AGREED that the Catalogue of Board Policies be adopted with the above amendments.

1871 TO REVIEW THE RISK REGISTER - Agenda Item 10

The Finance Manager noted the amended risk register circulated separately to the agenda. The change being to Risk 1.8 – Loss of Senior Staff. It was agreed at a previous meeting to change the potential impact to 'medium' and potential likelihood to 'high' giving a risk score of 6. This change had not been made but has now in the amended version.

The committee reviewed the risks with a risk score of 6 or above:

1.1(b) Fluvial flooding from failure or overtopping of defences

The slides previously presented from the EA gives encouragement that the EA documentation being awaited will be forthcoming. Progress has been made, but the risk score cannot yet be decreased due to only seeing draft snippets of the documents. All AGREED.

1.8 Loss of Senior Staff

This will be resolved by the next meeting, one way or another, at which point the committee will review the risk again. All AGREED.

Cllr S Walsh questioned whether Risk 1.9 – Insufficient funds to carry out works needing considering? The Finance Manager noted he doesn't believe it is at that point yet, with more information to come regarding availability of finances in the following agenda item – insurance arrangements.

The committee returned to this agenda item, following discussing the insurance arrangements.

The Finance Manager referenced Risk 1.3, noting the impact is 'high' and likelihood 'low', suggesting that there is no change to the risk score, but that the self-insurance and increase in reserves from 20% to 30%, should be documented within the Risk Management Strategy, which the committee will review at their next meeting in April 2022.

The committee AGREED that the Risk Register be accepted.

1872 RECEIVE A REPORT ON INSURANCE ARRANGEMENTS - Agenda Item 11

The Finance Manager highlighted the overall increase in insurance premium of 93.25%, further highlighting the 180.46% increase in the Commercial Combined premium.

The Finance Manager explained, regarding the Commercial Combined insurance, £45,000 of the £61,389.10 insurance premium is attributed to the £65 million worth of cover for the pumping stations, buildings contents, damage etc.

The Finance Manager continued by explaining that the Executive Committee have analysed the big increase in insurance premium, with Mr J Cooke in attendance. The Finance Manager reflected on this meeting, explaining to the committee that Mr J Cooke's reasoning for such a large increase is that it is a 'correction' to bring the Board's premium into line with current rates. Six years ago, when the initial Long Term Agreement (LTA) was made, Towergate undercut other insurers and then entered a 3 year LTA, which the Board renewed again for another 3 years at the similar rates. The insurance market has seen substantial increases, with other IDBs also seeing increases, although not to this extent.

The Finance Manager noted that because the Board were coming to the end of the LTA, quotations were sought:

- NFU – Looked at the requirement and said they wouldn't be competitive and so wouldn't quote

- Marsh Commercial Lincoln – Witham 4th IDB use these insurers. They agreed to give a quotation, but didn't, it was very hard to contact them when trying to chase the quote. The Finance Manager noted he felt that they just didn't want the work.
- Towergate – current insurer and current quotation. This was received by the Finance Manager less than a week before the renewal date, despite chasing for it. This has given very little option, and only a few days extension was given.

The Finance Manager further explained that the Executive Committee assessed the Towergate quotation and assessed the risk of self-insurance, concluding that the risk score would not change if the Board were to self-insure as opposed to insure through Towergate. The Executive Committee have therefore concluded that the Board will self-insure everything in relation to pumping stations and will increase the target on the General Reserve, over ten years, from 20% to 30%. With this self-insurance, the increase in insurance premium reduces to 4.11%. The Finance Manager also noted that the Executive Committee have also decided to remove the Engineering Insurance because it was mainly to cover the break down of pumps which is covered within the Board's day to day maintenance.

The Chairman noted that this committee usually consider and analyse the insurance arrangements, but time did not allow it this year. The Finance Manager noted that this has only been agreed for one year and so the quotes next year will be reviewed by this committee.

Cllr S Walsh questioned the Customer Service Charge? The Finance Manager explained that it used to be as a percentage of the commercial combined but, given the increase, Mr J Cooke was not comfortable in taking a percentage of that and so instead included a set figure.

Mr N Scott noted that it is an appalling service from Towergate and that the Board shouldn't use them again. Mr N Scott also felt that the service from Marsh should have been better, suggesting that Marsh London may be better as they have a division called 'public body'.

The Chairman referred back to the decision the Executive Committee has made, noting that there is a move towards self-insurance in local government now, noting that it won't take long to 'build up' the reserve to a significant amount. The Finance Manager added that 10% of about £3 million is around £300,000 over ten years. The Finance Manager noted that this won't cover all scenarios but noted that Bellwin funds should be available in major disasters as a local authority.

The Chairman noted that it is also only for one year and so there is nothing to stop the Board covering more with the insurance next year.

Mr N Scott noted that self-insurance works on a cycle; the market increases, the decision is made to self-insure and then there is a claim that isn't affordable.

Mr N Scott recommended taking out an insurance policy with £300,000 excess, as it will be cheap and cover any big claims above £300,000.

The Finance Manager added that a policy with £100,000 excess was considered but Towergate had reported it wouldn't significantly reduce the premium.

Mr N Scott was shocked by this, noting that the Board should inform the insurers of Towergate's poor service. Equally, when service is good, acknowledge that.

The committee RESOLVED to recommend that consideration be given to cover the self-insured elements (pumping stations) with an excess of £300,000, to be presented to the Executive Committee on 2nd November 2021, followed by the Board on the 23rd November.

1873 ANY OTHER BUSINESS - Agenda Item 12

(a) FUTURE MEETING ARRANGEMENTS

The Chief Executive questioned if there were any concerns or opinions about holding the November 2021 Board meeting physically in the Board Room?

The Chairman responded that he would be happy for it to go ahead physically, noting that it can be a hybrid meeting, so that those who don't feel comfortable to attend physically can still attend virtually.

Mr N Scott suggested that members are requested to take a lateral flow test on the morning of the meeting. The Chairman agreed with this suggestion.

(b) MAINTENANCE OF RIPARIAN DYKES

Cllr R Austin noted his concern around riparian dykes, being filled in or lack of maintenance etc., questioning whether the Board has enough power to deal with these scenarios? Especially noting developments.

The Chief Executive responded that if there is a problem identified by a neighbour upstream or downstream to them then that problem can be brought to the Board because it can't be resolved with the riparian owner. The Chief Executive noted that the Board have the power, through the Land Drainage Act, to request the riparian owner maintains what they are responsible for. If they don't, then the Board can, and have, maintained it, and then charged the riparian owner for the work.

The Chief Executive noted that if Cllr R Austin is identifying any issues, then please inform the Board.

The Finance Manager highlighted that the Board can only deal with it at the time it becomes a 'nuisance', as per the Land Drainage Act.

The Chairman noted that Highways have transferred powers to the IDB. The Chief Executive confirmed that the Board has a Memorandum of Understanding with Lincolnshire County Council to undertake work on their instruction.

(c) SOUTH LINCS RESERVOIR (SOUTH LINCOLNSHIRE WATER PARTNERSHIP)

Mr N Scott asked for an update on the South Lincolnshire Reservoir, noting that the documentation published at the end of July includes photographs of land within the catchment, which has caused concern with landowners.

The Chief Executive acknowledged this, confirming that the producer wanted to show the potential reservoir and associated elements on an Ordnance Survey map for reality and scale, further confirming that the locations used are purely concept and has no bearing on the location of the reservoir. The location of the reservoir has not yet been determined; a process of fine screening is now underway to determine the potential one site in February 2022.

The Chief Executive noted that he is pushing that it is now time the landowners are involved, noting there are so many positives.

The Chairman thanked everybody for their attendance and expressed his thanks to Mr N Scott and Mr R Leggott, who will not be on the Board from 1st November 2021. The Chairman noted that their input has been appreciated and valued, wishing them luck.

There being no further business the meeting closed at 15:43.