

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Executive Committee

held at the offices of the Board on
12th December 2023 at 9am

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 D Withnall (Chief Executive)
Mr P Nicholson (Projects Director & Deputy CEO)
Mr J Scott (Brewin Dolphin)

2234 Recording the Meeting - Agenda Item 1

Committee members were informed that the meeting would be recorded. The Chairperson welcomed Mr J Scott of Brewin Dolphin to the meeting.

2235 Apologies for absence - Agenda Item 2

There were no apologies of absence.

2236 Declarations of Interest - Agenda Item 3

There were no declarations of interest.

2237 Minutes of the Meeting - Agenda Item 4

Minutes of the meeting held on 14th September 2023, copies of which had been circulated, were considered and it was AGREED that they should be signed as a true record.

2238 Confidential Minutes of the Meeting - Agenda Item 5

Confidential Minutes of the last meeting held on 14th September 2023, copies of which had been circulated, were considered and it was AGREED that they should be signed as a true record.

2239 Matters Arising - Agenda Item 6

(a) Pay Award 2024/25 - Minute 2190(a)

The committee confirmed they were happy to honour the recommended Pay Award 2024/25, as below.

- Part 1: To consolidate £1,130 of the unconsolidated payment from 2023/24 from 01 April 2024.

- Part 2: To apply a pay award to the 2023/24 Salary rates and the £1,130 consolidated in part 1, of 6.45% (being the 12 month average of the average weekly earnings figure for the public sector published by the Office for National Statistics).

(b) Electricity - Minute 2190(b)

The Chief Executive noted that there is now little difference in the day and night rates (1-2pence). The Board has therefore reverted to one pumping profile (this would have been required anyway due to the recent large quantities of rainfall). Mr J Fowler questioned when electricity negotiations would be? It was confirmed that Woldmarsh will negotiate on behalf of the Board September 2024 to commence 01 October 2024.

(c) 2023/24 10 Year Plant Replacement Budget - Minute 2190(d)

The Projects Director noted that two of the four ordered Toyota Trucks have arrived in Boston and are awaiting their tops to be fitted. The remaining two trucks are still at Burnaston (1400 trucks awaiting load liners and wiring looms for tow bars).

It was noted that the Works Supervisor's truck is the one struggling and with the highest mileage and so it can be one of the two replaced first.

It was also noted that appraisals on the current Mitsubishi trucks have taken place, but the values have not yet been shared with the Board's officers, so the trade-in value is currently unknown.

(d) Starlink Internet - Minute 2190(f)

The Chairperson noted that he has recently had Starlink installed and remarked how fast and stable it is. The Chief Executive noted that he has discussed it with HBP who are unsure if it will work for uploading backups etc. and so they are looking into it. Further noting that uploading backups is already currently an issue through BT. A BT fixed line is £500 a month so is not a financially viable option, fibre has been installed to the end of the road so it is hoped it will soon be available at the Board's offices. Mr J Fowler noted that he has not been able to stream CCTV footage through Starlink as it is not a fixed IP address.

(e) 2023/24 Capital Schemes Budget - Minute 2192(a)

Mr P Holmes questioned if the Board have been successful in their bid for the peat project, two sites at Bourne Fen.? It was noted that it has not yet been announced.

(f) 2023/24 Plant Budget – Minute 2192(b)

Cllr P Bedford questioned if the JCB excavator with the track lifting off the ground with the long reach arm has been resolved? It was confirmed that it is currently completing the summer cutting season and is due to be booked in for a counterweight adjustment as soon as summer cutting is finished.

Discussion next turned to the JCB 150, which is currently not operational due to a catastrophic failure (snapped dipper). The committee were reminded that the machine was purchased with an adapted arm (boom and dipper extended) from TC Harrison (adaption was carried out on behalf of TC Harrison prior to the Board purchasing it from them).

TC Harrison attended site on the day the damage occurred and they believe it is a high stress failure. Photos were displayed on screen. The machine is currently at TC Harrison's fabricator's. Both the fabricator's and TC Harrison are of the opinion that it is operator caused and the fact that during mechanical weed cutting operations material is cast on to the same side bank as being worked on. The Projects Director has argued that the machine was not fit for purpose as it is driven in no different way to the other excavators and how they have been for years. The Board's insurers (NFU) have sent out an engineer to assess and it is their opinion that the ram is too powerful. The cost to repair is approx. £6,500. TC Harrison are also noting that Witham 4th IDB have the same machine and that there is no issue with theirs.

Mr M Rollinson questioned what if it were to happen again? The Projects Director noted that they can lower the hydraulic pressure to the ram and are planning to internally plate the repair to the dipper.

Mr P Holmes and Mr M Rollinson were of the opinion that it is a narrow minded short term view from TC Harrison, considering the amount of machinery the Board has purchased from them. The Chairperson also agreed.

Mr J Fowler pointed out a rusted crack on the photos that looks like it has been there some time, questioning if it has been serviced lately? It was felt that it would perhaps not be seen but perhaps the booms should be inspected in future services.

It is not covered by the Board's insurance, but, as an uninsured loss the Board could use DAS Law as legal expenses to try to recover the cost. Another option would be to deal with JCB as opposed to TC Harrison. Mr M Rollinson noted he can find out who the Board needs to contact at JCB.

The Chief Executive felt that for future, Watling JCB Peterborough should be considered due to the poor service received from TC Harrison.

It was noted that a similar thing happened with one of Witham 4th IDB's larger machines.

(g) 2024 Meetings Timetable - Minte 2195

The Chairperson noted that the Northern Works Committee on 2nd July clashes with an ADA Board meeting. It was felt to leave it on that date for now.

The Chairperson introduced the planned Board inspection (retirement of the Chief Executive and Chairperson), with a proposed timeline of the day as follows:

- Board meeting 13:00
- Welcome and cake 14:30
- Bus tour inspection 15:00
- Pre meal drinks 17:00
- Meal 18:00

Potential venues were discussed, including the County Club, Poachers and Boston United Football Club. It was felt that the function room at Boston United FC would be favourable. It was also noted the attendance may reach 80-100 people.

(h) Wyberton Towns Drain Realignment - Minute 2196

The Projects Director noted that Chestnut Homes were written to as agreed in Minute 2196 but has not had a response.

(i) National ADA Conference – Minute 2199(a)

It was noted that the National ADA Conference was informative. In attendance from the Board was Daniel Withnall, Keith Casswell, Paul Nicholson and Mr M Rollinson.

(j) Crop loss Claim - Minute 2199(g)

The Chief Executive confirmed that the landowner has accepted the agreed compensation for the cradge and overspill and it has been paid. It was felt that the approach of paying for potential loss of income will be used going forward for cradges, such as these.

(k) Fens 2100+ Visit 18 October 2023 – Minute 2199(h)

It was noted that positive feedback has been received from the Fens 2100+ visit. The Chief Executive added that he has been invited to sit on the Fens 2100+ Programme Board representing Lincolnshire ADA branch (Karen Daft will represent Welland and Nene ADA branch and Paul Burrows will represent for Cambridge / Great Ouse ADA branch).

It was further noted that the wash banks now form part of the Fens 2100+ project, it also being noted at the visit that if sea levels rise by a metre, a functioning pumping station would be required at Black Sluice Pumping Station (Boston) because the tidal vacation capacity would be reduced.

The Chief Executive and Projects Director noted that if the Black Sluice Pumping Station (Boston) had been functional during the recent Storm Babet it would have been beneficial. Any help to lower the level of the South Forty Foot Drain (SFFD) would have helped everybody else in the system. Mr P Holmes noted the increased frequency of such events. It being noted that it was the cost of the maintenance of it that was a big factor in the decommissioning of it. The Chairperson added that he has suggested that if there was a functional pumping station there it could be part of the Lincolnshire Reservoir drawdown route. Mr J Fowler noted that the committee looking into repurposing the pumping station building has come to a halt.

Telemetry traces from Storm Babet were displayed on screen, with Mr M Rollinson questioning if it is the biggest 'spike' experienced? It was noted that it was worse in 2019. The committee commended the decision to lower the SFFD levels prior to Storm Babet (was only done in ten locations in the country).

Mr M Rollinson referred to the 200 acres of flooding at Burton, noting that he has since been and there is culvert blocked under the road (Cliff Beck). The Chief Executive noted that if the Board know things like this at the time of flooding, then the Board could do emergency work on behalf of the Environment Agency (EA) under the Public Sector Cooperation Agreement (PSCA).

The lack of reporting of flooding during Storm Babet was noted, it being added that those that did report and have since reported have been encouraged to also report using Flood Line to try and build a case for further maintenance funding. It was noted that the Board do not receive any information from Flood Line reports.

Mr M Rollinson questioned if the Swaton Natural Flood Management was used at full capacity during Storm Babet? The Projects Director noted that the EA wanted to run it at half capacity and monitor it, it will then be their decision if they decide to amend the capacity it runs at. The PhD Student was monitoring the site during Storm Babet.

(l) Annual Value of rating account 30-3030-5 – Minute 2199(k)

The Chief Executive informed the committee that he has written to the ratepayer with the outcome from the Board meeting held on 22nd November 2023 and that the Board consider the matter resolved, informing the committee that the ratepayer has since written requesting that this is reconsidered.

All AGREED the Board consider the matter concluded, with no need to respond.

(m) New organisation structure – Minute 2198

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.

2240 Receive a report from James Scott of Brewin Dolphin regarding the Board's investments - Agenda Item 7

This agenda item was taken at the start of the meeting and Mr J Scott only attended for this item of the meeting.

Mr J Scott presented the portfolios of the Board's two investments, with an accompanying presentation document circulated to committee members:

- BLACK1665 (Board's investment) Risk level 3
Current value: £399,509
- BLACK0962 (Bourne Fen investment) Risk level 5
Current value: £312,850

It was noted that the OCF is not commission but is made up of the Brewin Dolphin Annual Management Charge (0.75%+VAT), commission contract charges (charges associated with buying or selling) and third-party charges for fund managers.

Mr J Scott next presented the performance for a Risk Level 5 and a Risk Level 3 asset mix over the past 15 years.

Mr J Scott next presented a chart showing the performance of each portfolio against their respective ARC benchmarks, from 2019 to YTD, highlighting that 2022 was difficult.

Mr J Scott further presented graphs for each of the portfolios showing periods of underperformance (red blocks). The first period being Spring 2020 during the start of the COVID-19 pandemic, the next periods of underperformance being throughout 2022. Mr J Scott expanded on the difficulties experienced in 2022 and referred the committee to a scatter graph showing US equity and bond nominal yearly returns from 1871 to 2022. MR J Scott explained that if it is closer to the left it is bad performance and if closer to the right it is good performance in terms of US stocks on this graph. Next explaining that the lower it is, the worse performing it is in terms of US bonds on this graph.

The year 2022, highlighted in red on the graph, sits in the bottom left quarter of the graph, outlining that both US stocks and US bonds are negative simultaneously. It being the worst year in 150 years.

Mr J Scott next showed the greatest Treasury bear market of all time (bonds), the worst being October 2022, with a drawdown of -24.70%. The two second worst were back in 1861 and 1839. Mr J Scott next referred to the recovery in relation to these drawdowns and that in the 12 months from the trough of 1861 and 1839 there was recovery of 32.4% and 19% respectively. In the 12 months following the trough in October 2022, there has been no recovery. Inflation has now started to abate, and it being believed that peak interest rates have now been reached. Predictions have now begun around when and how quickly interest rates will fall over the coming year.

Mr J Scott further referenced a graph showing S&P 500 Performance and the difference between the top 10 companies and the remaining.

Mr J Scott invited any questions.

The Chief Executive referenced account BLACK1665 and the fact that the Board originally invested £500,000, noting that the income from that is taken each month and that the book cost of that account is now £446,000, questioning where the other £54,000 has gone? Mr J Scott explained that the book cost is reset every time something is bought or sold and so if something is sold for less than is bought then it has crystallised a loss effectively.

Mr J Scott continued that the figure to be more focused on is the market value, which is currently £400,000. The net income has been c£80,000 meaning it is around £20,000 short of the original investment of £500,000.

It was confirmed that the charges are taken from the capital and that the income generated is free of any charges. The Chief Executive felt it would be beneficial for the income to be taken annually (as opposed to currently monthly) and for the fees/charges to be taken out of the income then. Mr J Scott noted that this can be done, but ultimately the totals will remain the same.

Mr J Scott referred to the graph showing the performance of an asset mix at Risk Level 5 over the past 15 years (academic exercise), noting that although there were several drawdowns due to external influences (factors such as Brexit, COVID-19 etc.), the gain over the period was still 164.8%. Mr P Holmes referred to this graph, noting that it starts at the low in 2009, questioning where it was at in 2007/08 before the drawdown? Mr J Scott noted that for the same comparison but from June 2007 – June 2022, the gain over the period was 139%.

The Chief Executive referenced the same graph showing the performance of an asset mix at Risk Level 3 over the past 15 years and that if he looks at it from when the Board invested in July 2018, according to the graph, it has increased by 11.76%. It was confirmed that the graph doesn't include charges and if they were added in, the graph would not be as flattering as it appears.

The Chairman questioned that if the Board wanted to cash it all in tomorrow, how much would they get? Mr J Scott confirmed it would be the market value of £400,000, but because the Board has drawn out c£80,000 of income over its time, the net effect would be £20,000 loss.

The Chief Executive questioned if the charges/fees could be taken from income as far as they can? Mr J Scott confirmed this is viable.

The Chief Executive noted that his concern is the false perspective to the Board and that by doing it this way it will then be obvious to the Board where a loss/gain is made e.g. if at the end of the financial year the income is £17,000 but the charges are £19,000 the loss of £2,000 is easily identifiable. The Chief Executive added that it would be beneficial to have it by / on the 31 March, even if it is a month behind (end of February paid in March).

Mr J Fowler questioned how heavily Brewin Dolphin are trading the Risk Level 3 portfolio? Noting his concern that the element reducing the capital value is the ongoing trading charges and that trading too heavily during bad periods will negatively impact performance. Mr J Scott noted that there are two charge structures, one is fee only and one is fee and commission. This is reviewed annually between Mr J Scott and the Chief Executive and is moved between the two based on the most cost efficient. Mr J Fowler questioned what the fixed fee cost is? Mr J Scott noted that fee only is 1.3% + VAT and fee and commission is 0.75% + VAT. Mr J Scott noted that he can analyse the fees and charges since inception on an annualised basis and see which would be the most cost beneficial option. Mr J Scott noted that he personally prefers fee only as it removes any wider conversations around motivation for buying and selling. Mr J Fowler further questioned if this rate has changed recently, noting that some other asset managers have reduced rates. Mr J Scott noted that the charging structure hasn't changed for around ten years, but he believes it may do in the coming 12-24 months. The Chief Executive presented the dealing statement for the last twelve months on screen, noting there has not been a lot of movement.

The Chairperson noted that it is a matter of riding it out. Mr J Fowler noted that the lower risk portfolios have been hit harder than the higher risk.

Mr M Rollison agreed with the Chief Executive's suggestion of having the fees taken out of the income as it will give a more honest perspective of it and makes it easier for comparison purposes.

Mr J Scott noted that, in his opinion, cashing out for a fixed term investment would not be the most beneficial option. Adding that, over time, cash doesn't outperform inflation nearly as often as equities outperform inflation. Mr M Rollinson noted that at the time of inception the available fixed term interest rates were very low (0.01%), the Board has received c£80,000 in income and the value will come back.

The Chief Executive and Mr J Scott to discuss and progress this outside of the meeting.

The Chairperson thanked Mr J Scott for his attendance, who then left the meeting.

2241 Period 08 Management Accounts - Agenda Item 8

The Chief Executive presented the Period 08 Management Accounts, highlighting the below:

- Interest and investment income £31,428 more than budget
- Drain maintenance – summer cutting underspent due to delays in the programme because of Storm Babet and bushing has not yet commenced.
- Overspend on desilting is due to the works brought forward from last year.
- Plant account has recovered to roughly the same surplus at this point last year.
- Wages oncost account is supposed to be reducing this year, currently a surplus.
- Electricity budget YTD £396,892 with a spend of £206,000 so is currently positive.

2242 Receive an ADA Press Release regarding a Local Government Association Special Interest Group seeking a new approach to funding IDBs - Agenda Item 9

The Chairperson noted that although the help received last year was termed as a 'one-off', it has now been achieved once and so it is hoped it could happen again going forward. Noting that it is not fair on those councils subject to IDB special levy.

Mr P Holmes referred to the following sentence within the article '*the levy varies from year to year and the Councils have no control over the sum*', noting he felt this wasn't entirely accurate as they do have some control through appointed councillors on the Board.

The committee noted their support for the work of this local government association special interest group seeking a new approach to funding IDBs.

2243 Indicative report for the 2024/25 Budget & Ten-Year Estimates - Agenda Item 10

(a) 2024/25 budget and 10-year estimates

The Chief Executive explained that the Quarter 2 Forecast has been used to set the benchmark for the budget as usual.

Further noting the £477,422 showing as the deficit for the year but that, it actually includes a lot of the grant money being brought forward. If grant money is taken out, it is actually a surplus and therefore increase in reserves as per the Board's aim.

The Chief Executive noted that the figure being aimed for at the end of the ten-year period is substantially less than what was estimated last year due to the change in electricity costs and is now being estimated at just below £2million (£959,362 per year for two years).

The Chief Executive noted that in the absence of the Maintenance Director he has been reviewing the Drain Maintenance Budget and has managed to work a like-for-like budget but has also managed to include early flailing by the Twigas from April-July.

Based on the above, the current proposal is for a 7.47% increase in rates April 2024.

Cllr P Bedford questioned if that is a high enough increase due to the recent Storm Babet? The Chief Executive noted that he is reasonably confident with the electricity estimates and therefore reasonably confident that 7.47% is enough. Mr M Brookes felt it was right to base it on the estimated electricity costs as was done last year. The Chairperson added that if a lot of pumping is required in the coming month/s then there is still time to increase it.

Mr M Rollinson noted the large standing charges (£160,000 for the year). The Chief Executive noted that National ADA are trying to get an exemption with Ofgem.

(b) 10 Year Plant Replacement Budget

The Projects Director noted that the only change is the addition of the next new machine. He further noted previous discussion around potentially keeping the Hitachi longer, noting that it may be beneficial but that also it may be more costly. It was noted that the Finance and Admin Director is currently doing some work to aid this decision and looking at the whole life cost of each of the machines, efficiency of fuel and maintenance, cost per machine hour and whole life per machine hour for comparison. The Chairperson noted that if the Board kept the Hitachi longer, its resale value would decrease, however, Mr P Holmes noted that it would get to a certain point and plateau. The Projects Director added that it is about weighing up whether it would be beneficial to have a higher initial cost but retain them longer.

Mr P Holmes questioned the recent issue with the Unimog? The Projects Director confirmed it was related to the AdBlue and a fault code with the brakes. Mr P Holmes referenced the issue of AdBlue with the Unimog and the 8-inch Board's portable pump and that he has had experience with tractors that have been de-AdBlued (after warranty expires) which have had no operating issues since. Mr P Holmes noted his only concern if the Board were to do it is the point of the Board being a Public Authority. The Projects Director noted that the pump had issues because the engine wasn't being run hard enough and engine not getting hot enough.

The Chairperson referred to the Hooby and that it won't be known what it is operating like before another machine is needed to be ordered. The Projects Director noted the new model of Twiga which is supposedly more reliable.

(i) New flail for Aebi

The Projects Director noted the operational problems being encountered with the current Aebi flail (Muthing) and highlighted to the committee the possible replacement options outlined within the report in the agenda (Bomford Robin or McConnell PA3430). The current Muthing flail is putting too much stress on the lift arms and is bending the lift arms in operation.

Mr P Holmes questioned if there is a flail with a smaller head? The Projects Director explained that in order to be able to cut the area required the larger head is required.

The Chairperson questioned whether an arm mower is suitable for the Aebi? The Projects Director noted that Witham 3rd IDB have got one and have bent their arm, but their arm doesn't float.

Mr P Holmes felt that the Bomford Robin and McConnell PA3430 would encounter the same issues as the current. Mr P Holmes noted that Burgess Swineshead sells the Bomford Robins.

The Projects Director also noted that he has asked ID Spares (company the Board purchased the Aebi from) if there are any other alternatives, they are looking into it.

(c) 2024/25 estimated electricity costs

These were noted within the 2024/25 budget and ten-year estimates.

2244 Receive a report on the process of employee drug testing - Agenda Item 11

The Chairperson noted that he is uncomfortable with this and doesn't believe it is necessary with the small number of employees the Board has. The Chief Executive added that he is of the same opinion.

It was noted that there had been concern around a couple of the workforce being over the limit on a Monday morning, but this seems to have been resolved and can be dealt with on an ad-hoc basis going forward through a disciplinary process.

The high costs were also noted.

It was confirmed that if the Board's policy was not in place at all the Board would not be able to test an employee.

Mr M Rollinson questioned if one of the Board's employees had an accident and was over the limit, are the Board liable? The Chief Executive believed not as they are driving under their own licence.

All AGREED that routine substance (alcohol/drugs) testing is not reasonably practicable.

2245 Any Other Business - Agenda Item 12

(a) Bourne Fen Slipes Rental

The Chief Executive noted that the current tenant of the Board's 6.8 acres of grazing land at Bourne Fen Slipes has given notice to terminate the tenancy. It was noted that the condition of the fence needs to be established. The committee suggested contacting Will Barker regarding finding a new tenant.

(b) Finance & Admin Director attendance for specific elements of the Executive Committee meetings

It was felt that it would be beneficial for the Finance and Admin Director to attend Executive Committee meetings for items such as budgets and approval of accounts as she is the one producing them. It was suggested that it would help build the confidence of the Finance and Admin Director presenting to the smaller Executive Committee prior to the Board.

(c) Feedback on Lincs Reservoir questions

The Chairperson referred to the information circulated to the committee prior to the meeting around the benefits the Board would like to see emerging from the Lincolnshire Reservoir, being questioned by Anglian Water. The Chairperson felt this was a 'tick box' exercise.

The committee felt the Board want to see improved drainage and improved flood risk management. The Chief Executive noted he will respond with this information.

(d) Workforce Standby Christmas 2023

The Chief Executive noted that following Storm Babet, the current high South Forty Foot Drain levels and saturation of the catchment, proposed that there are two members of the workforce on standby each day over the Christmas break (additional cost to budgeted). All AGREED.

There being no further business the meeting closed at 11:25.