

**DEMPSTER INTERNAL DRAINAGE BOARD**

**MINUTES OF THE FULL BOARD MEETING**

**TUESDAY 8<sup>TH</sup> JANUARY 2019**

**91 BRIDGEGATE, HOWDEN, DN14 7JJ**

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**PRESENT:**

Ratepayer Members: Mr Jacklin (C) Mr Backhouse Mr Cowling  
Mr Chantry Mr Phillipson Mr Hall

Appointed Members: Cllr Frost

Co-opted Members:

Members Present: 7

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**APOLOGIES:**

Ratepayer Members: Mr Walton Mr Johnson Mr Bradwell

Appointed Members:

Co-opted Members:

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**ABSENT:**

Ratepayer Members:

Appointed Members:

Co-Opted Members:

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**IN ATTENDANCE:**

Officers: Mr McLachlan – Chief Executive  
Mr Towse – Asset Manager  
Miss Cowen – Corporate Strategy Manager  
Mrs O’Driscoll – Board Secretary (Minutes)

Others:



## Contents

1658	Welcome, Introductions and Apologies.....	3
1659	Declarations of Interest.....	3
1660	Additional Agenda Items.....	3
1661	Minutes of the previous Full Board Meeting, 16th July 2018.....	3
1662	Matters Arising.....	3
1663	Minutes of ADOC Consortium Meeting 29 <sup>th</sup> November 2018.....	3
1664	Invoices Paid and Accounts Settled Q1 & Q2.....	4
1665	Banking Update.....	4
1666	Special Levy Transfers – Key Decision Required .....	4
1667	Budget and Rate Setting .....	6
1668	External Auditors.....	8
1669	Rate Procedures.....	8
1670	Thorne Moors.....	9
1671	Health and Safety.....	9
1672	Maintenance .....	9
1673	Capital Programme .....	10
1674	Chairman’s Remarks.....	10
1675	Any Other Business .....	10
1676	Date of Next Meeting.....	10

**1658 Welcome, Introductions and Apologies**

1658.1 Apologies were given for Mr Walton, Mr Johnson, and Mr Bradwell.

**1659 Declarations of Interest**

1659.1 None were given.

**1660 Additional Agenda Items**

1660.1 The CEO invited members to the ADA Northern Branch Meeting on the 24<sup>th</sup> January.

1660.2 The AMgr informed the Board that a good governance guide has been published by DEFRA which can be found on the ADA website. He went on to say that along with this guide there is to be a workshop held at Doncaster Rugby Club on 20<sup>th</sup> March, which is free to attend. The CEO advised members to go along if free to do so, adding that he would encourage the Chairman to attend.

**1661 Minutes of the previous Full Board Meeting, 16th July 2018**

1661.1 Mr Backhouse reported that a correction needed to be made to the minutes of the previous meeting as Mr Bradwell was in attendance. **ACTION CEO**

1661.2 It was PROPOSED by MR COWLING and SECONDED by MR JACKLIN and UNANIMOUSLY RESOLVED that these minutes be adopted as a true record.

**1662 Matters Arising**

1662.1 The CEO explained that he keeps a register of matters arising in the meeting papers until such time that they are resolved.

1662.2 The CEO brought up minute 1634, in which it was agreed the Chairman would be remunerated for extra Board work carried out. He explained that on reading the Land Drainage Act, before this can be implemented it would need to be put to a vote and ministerial authorisation sought. Mr Backhouse asked the amount the Chairman was paid last year. The CEO advised that the Chairman had put in numerous hours during the transition of management to the Board and that the amount would be in the ball park of £1,000. Cllr Frost recommended the amount be set at a maximum of £1,000 and then less than this can be claimed depending on workload. **ACTION CEO**

1662.3 It was PROPOSED by CLLR FROST and SECONDED by MR CHANTRY and UNANIMOUSLY RESOLVED that the Board applied to the Secretary of State for the Chairman's allowance of £1,000 per annum, awarded at the discretion of the Board.

**1663 Minutes of ADOC Consortium Meeting 29<sup>th</sup> November 2018**

1663.1 The CEO directed Board Members to the minutes of the consortium meeting, presented in Appendix B of the Meeting Papers.

1663.2 The Chairman advised there was a minor correction to be made; at minute 4.5 the Dyke referred to is called Sandhills not Sandhall.

1663.3 Otherwise the minutes were noted as being correct by the Chairman.

#### **1664 Invoices Paid and Accounts Settled Q1 & Q2**

1664.1 The CEO explained that going forward all invoices would be paid out of OHDB bank account and recharged on a quarterly basis.

1664.2 The CEO directed Board Members to Pages 36 & 37, Appendix C of the meeting papers which detailed the invoices for Quarter 1 & 2, and passed around a handout for Quarter 3. The CEO added that these invoices can be made available to Board Members on request.

1664.3 Mr Backhouse queried the amount on the Q3 handout for a bounced cheque and whether the Board should be reimbursed by the Ratepayer. The CEO advised that the CSM would explain what this amount was for when she joined the meeting later.

1664.4 It was PROPOSED by MR BACKHOUSE and SECONDED by MR PHILLIPSON and UNANIMOUSLY RESOLVED that the Board APPROVES the invoices paid and accounts settled as a true record.

#### **1665 Banking Update**

1665.1 The CEO explained that after some considerable difficulty and many hours of trying, Board Staff are now in control of the Board's bank accounts.

1665.2 The Chairman asked the CEO for the amount that he can authorise to be paid in any one transaction. The CEO confirmed that the amount is £50,000, he did stress that this was different to the amount in the Financial Scheme of Delegation.

1665.3 The CEO added that the Chairman will get a quarterly report for information.

1665.4 The CEO noted that the Board operates two savings accounts, both with HSBC, and recommended that these be consolidated into one account. **ACTION CSM**

1665.5 It was PROPOSED by MR BACKHOUSE and SECONDED by MR HALL and UNANIMOUSLY RESOLVED that the Board consolidate HSBC accounts ending 982, and 221 into one account.

#### **1666 Special Levy Transfers – Key Decision Required**

1666.1 The CEO directed Board members to section 9 of the Meeting papers, and gave an in-depth explanation of Special Levy. He explained that the Special Levy is a demand from the Board, telling the council to raise funds from Council Tax and Business rate Payers on its behalf. Part of these funds are reimbursed to the council by central Government through the local services support grant. The purpose of the special levy mechanism is to ensure that there is fair distribution of local tax burden for the provision of flood risk and land drainage services between all types of tax payers.

- 1666.2 The CEO went on to say it is important to understand that levies and precepts are generally designed to raise hypothecated taxes, these being public funds obtained for a particular purpose rather than spent on any number of things, for example the amount raised through the precept for policing as opposed to other general local services.
- 1666.3 The CEO also informed members that under the Land Drainage Act 1991, the Board is required to set the rate on an annual basis, based on the aggregate Annual (Rental) Value (AV) of agricultural land and buildings plus the aggregate AV of other land and buildings in the district. He added that these values are determined as of the 31<sup>st</sup> December of the preceding year to account for any changes and that all values are adjusted to the 1988 values.
- 1666.4 The CEO advised that changes such as new development may result in land moving from agricultural use to non-agricultural use. Adjustments to records to account for these changes are known as special levy transfers.
- 1666.5 He informed Board Members that it had not been possible to establish any Special Levy transfers since 1991, despite the fact that land uses have clearly changed, and under Section 37 of the Act the Board is required to identify and record these changes annually.
- 1666.6 The CEO continued that the original calculations for the aggregate AV of non-agricultural land is presumed to be made on property that existed in 1989 at 1988 values. He explained that given the passage of time staff have been unable to locate any reliable historic data sets that were used to make this calculation.
- 1666.7 He went on to advise that to calculate changes in value of the non-agricultural land, there are two methods set out in the Act. The first method of calculation cannot be repeated due to the lack of historical data, while the second method is to determine values by multiplying the area of land by such a unit that represents an average value per hectare of land where values have been determined in accordance with the original calculation, known as the 'multiplier'.
- 1666.8 The CEO informed that the existing aggregate annual value of the non-agricultural land and buildings was notified by the Board under the previous administration; the source figures were published under a section 42 notice. He explained that the non-agricultural AV is found by dividing the special levy amount by the pence in the pound rate.
- 1666.9 He continued that there are three potential options to establish the multiplier:
- a) The aggregate non-agricultural AV of land and buildings in the district (calculated from Section 42 notice) is divided by the number of hectares of non-agricultural land in the district giving a multiplier.
  - b) The aggregate non-agricultural AV of land and buildings in the district (calculated from the last Section 42 notice) is divided by an estimate of the area in hectares of non-agricultural land in the district that had an annual rental value in 1989, giving a multiplier.

- c) A revaluation is undertaken based on historic records and sample valuations, employing methods such as scaling factors and inflation indices in part or all the district. This will give a baseline figure in the current year and allow a multiplier to be established for future years.
- 1666.10 He informed that sensitivity testing had been carried out across the ADOC area and gave the following results:
- 1666.11 Option c) was tested with limited documentary evidence, generating a substantial cost and therefore not recommended.
- 1666.12 Option b) although this was probably the most accurate secondary method, it generated several anomalies and a high multiplier value of up to c£8,000 per ha.
- 1666.13 Option a) resulted in multiplier AVs ranging from £1,142 - £4,131 per hectare; consultation with other internal drainage boards established that these values were typical.
- 1666.14 The CEO advised that the recommended option is Option a), adding that board members should know that this is a conservative estimate, likely to slightly favour domestic and business ratepayers, but there is a risk that other options may result in challenge and/or high costs, netting off any financial benefit to local land drainage services in the medium term.
- 1666.15 The CEO presented the Board's rate map and discussions took place into what may need to be transferred to Special Levy.
- 1666.16 It was PROPOSED by CLLR FROST and SECONDED by MR JACKLIN and UNANIMOUSLY RESOLVED that the aggregate non-agricultural AV of land and buildings in the district (calculated from the last Section 42 notice) is divided by the number of hectares of non-agricultural land in the district, giving a multiplier that shall be used to make the Section 37 calculation.

## **1667 Budget and Rate Setting**

- 1667.1 Miss Cowen (CSM) joined the meeting.
- 1667.2 The CEO advised Board Members that the Board is required to set the rate and special levy demand, so that the local authority can be notified no later than the 15<sup>th</sup> February.
- 1667.3 The CEO explained that the rate is calculated on the aggregate annual value (AV) of all land and property and property within the drainage district based on values equivalent to 1988. He added that the Board must first decide on their budget requirement, both in the next and future years and that the Board should consider the operational and capital requirement for 2019/20, other commitments, the requirement for capital reserves and the impact of special levy transfers.
- 1667.4 The CEO informed that there is a small uplift in management fees this year due to the change in administration, meaning next year's fee shall be £8,889 plus inflation.

- 1667.5 He explained that watercourse works will involve tractor flail mowing, aquatic weed control, sludging and remedial works such as grading and piling.
- 1667.6 The CEO informed that maintenance work shall be required on the Board's structures and assets. He added that following an inspection by the Board's insurer, it is recommended that security is improved with the installation of new suite of locks.
- 1667.7 The CEO advised that there are no large capital expenditure requirements identified in 2019/20.
- 1667.8 The CEO gave his recommendation that reserves be held at 66% or 2/3 of Board's operational budget in case of unforeseen disaster or emergency, such as the 2013 surge event. He added that the Board's assets will be assessed as part of the upcoming Humber Head Levels Capital Strategy which should be available for the 2020/2021 budget setting.
- 1667.9 It was reported by the CEO that over the next decade, it is estimated that there may be a requirement to make a multi-£000K investment in the Board's assets due to life expiration, electrical compliance, Eel Regulations, general health and safety requirements and other matters. He explained that this mainly effects the Board's pumping station.
- 1667.10 The CEO stated that the recent exercise to accurately map land parcels estimates that the AV of agricultural land in the district was overvalued by £5,453; the adjustment resulted in a decrease in income of £457 in 2018/19 against the approved budget. He advised that although this adjustment only equates to 0.7%, it should be taken account of when setting the rate.
- 1667.11 The CEO commented that because special levy transfers have not been undertaken for several years, there will be a modest increase in funds raised through the special levy.
- 1667.12 The CEO ran through the Budget Estimate as set out in the meeting papers and discussions took place.
- 1667.13 The CEO reported that for the year 2018/19, the Board resolved that the rate should be set at 8.38p in the £, raising £11,353 from agricultural ratepayers and £20,696 from domestic and business ratepayers (Special Levy).
- 1667.14 He went on to advise that the government have provisionally indicated that council tax will be capped at 2.99% for general expenditure with 2% on top of this for adult and social care, giving a maximum of 4.99%. Given the spending pressure on local authorities it was expected that ERYC would apply the maximum amount allowable.
- 1667.15 The CEO reported that the December forecast for (RPI) inflation is predicted to outturn at around 3% in Q4 2018/19.
- 1667.16 He stated that although a 3% rise is required, just to cover inflationary costs, members may wish to recognise pressures on other local services and hold the rate at 2.99% in line with the likely council tax rise. He strongly advised members not to set the rate lower than this as the Board would be playing 'catch up' in future years.

- 1667.17 The CEO added that next year, assuming the completion of the Humber Head Levels Capital Maintenance Strategy and with a better understanding of government's investment strategy, members will be able to make an evidenced decision about setting the rate to address future investment needs.
- 1667.18 The Chairman queried if a government grant would be possible for capital schemes; the CEO replied that grants favour residential property and therefore the Board may be lucky to get 25% towards the cost of a new pumping station. He added that there may be some funding made available due to the change in the Eel regulations.
- 1667.19 The CEO added that there may be a need to take out a Public Work Loan in the future for work that needs to be carried out.
- 1667.20 Discussions took place into what the rate increase should be for 2019/20.
- 1667.21 It was PROPOSED by MR BACKHOUSE and SECONDED by MR JACKLIN to APPROVE that the rate is raised by 2.99% and set at 8.63p
- 1667.22 It was PROPOSED by Mr CHANTRY and SECONDED by MR PHILLIPSON to APPROVE that the rate is raised by 3.5%.
- 1667.23 The CEO took a vote on the above options; a rate increase of 2.99% was voted for by 3 Board Members and an increase of 3.5% was voted for by 4 Board Members. The CEO announced that an increase of 3.5% was therefore carried by a majority vote.

#### **1668 External Auditors**

- 1668.1 The CSM informed that the external auditors had identified minor errors on the Annual Return for 2017/18 made by the previous administration, which will need resolving for the 2018/19 return. She added that the internal auditors are satisfied with how the accounts are being recorded for the ADOC Boards.

#### **1669 Rate Procedures**

- 1669.1 The CSM explained the procedure for collecting the rates, adding that there are only a few accounts outstanding, including Natural England and the Environment Agency.
- 1669.2 Mr Chantry queried the bounced cheque on the hand-out for Q3, mentioned earlier in the meeting; the CSM confirmed that the £6.04 was for charges applied by the bank from a cheque that had bounced. She added that going forward, such costs could be recovered from the ratepayer.
- 1669.3 It was PROPOSED by MR CHANTRY and SECONDED by CLLR FROST and UNANIMOUSLY RESOLVED to APPROVE that for 2018/19 reminder letters are to be sent to outstanding ratepayers in January, with a further reminder letter informing non-payers of potential legal action in March, followed by court proceedings probably in October 2019 to obtain liability orders for rates and arrears owed along with reasonable costs, and that a final demand is made and debt collection agents instructed if no payment is received.

1669.4 It was PROPOSED by MR CHANTRY and SECONDED by MR JACKLIN and UNANIMOUSLY RESOLVED to APPROVE that in future years, the rate is raised in April, reminders are sent (usually in July and August) with court proceedings (usually in October) to obtain liability orders for rates and arrears owed along with reasonable costs, and that after a final demand is made and not paid, debt collection agents area instructed.

1669.5 It was PROPOSED by MR CHANTRY and SECONDED by MR PHILLIPSON and UNANIMOUSLY RESOLVED to APPROVE that in exceptional circumstances, the CEO/CSM may enter into a written agreement with ratepayers to allow for staged payments, and if these are not made the ratepayer shall immediately be liable for the full amount owed.

#### **1670 Thorne Moors**

1670.1 The AMgr presented a map of the Thorne Moors.

1670.2 The CEO reported that formerly, there had been a full-time drainage team in place but that this had changed when Natural England purchased the site. Discussions took place into the potential risks the site poses to properties and land in the area.

1670.3 Mr Chantry queried if drainage is going into the Dempster Drains; the CEO replied that there is no barrier to stop it coming into the system.

1670.4 The CEO added that along with the AMgr, he is meeting with representatives from Natural England next week to discuss concerns about the maintenance of the drainage system on Thorne Moor, and will update Board Members at the next meeting.

#### **1671 Health and Safety**

1671.1 The AMgr reported that there had been no health and safety incidents within the Dempster Board area.

#### **1672 Maintenance**

1672.1 The AMgr advised that the security of the pump station was being looked at, with a pilot being run in OHDB area. He added that a was awaiting a quote for a new suite of locks for the OHDB stations.

1672.2 The CEO informed that the AMgr is currently setting up a contract framework for maintenance provision. He added that the makeup of the existing contracts raised some level of concern in both protecting the Board and ensuring the agreed standard of maintenance is met. He was concerned that, in the case of a dispute, a resolution would be unlikely.

1672.3 The CEO reported that the Board's solicitors had been commissioned and a meeting was due to take place later that week, to advise on the new framework and ensure it is robust and legally compliant in respect of Public Procurement Regulations.

1672.4 He went on to say that the contracts within the framework will be based on very accurate watercourse records, include defined activity schedules to ensure quality, and be based on unit rate and/or cost component schedules.

1672.5 The Chairman queried the recommendation to approve the framework as the Board have not seen the finished framework. The AMgr advised the recommendation is to agree the principle of the framework at this stage.

1672.6 It was PROPOSED by MR CHANTRY and SECONDED by MR HALL and UNANIMOUSLY RESOLVED that the Board AGREE in principle and subject to review with the Chairman and Vice Chairman in consultation with ADOC to subscribe to this contract framework.

1672.7 The AMgr asked Board Members if they knew of any other watercourse, other than Sandhills that had been missed. Discussions took place with the AMgr into what works still needed to be completed.

### **1673 Capital Programme**

1673.1 All agreed that this had been covered previously in the meeting.

### **1674 Chairman's Remarks**

1674.1 The Chairman also brought up the possibility of applying for extra funding from the community funding set up by the windfarm companies. The CEO informed that this is something he is to investigate. **ACTION CEO**

### **1675 Any Other Business**

1675.1 AMgr and Mr Chantry to look through rate plans at the close of the meeting for possible amendments needed.

### **1676 Date of Next Meeting**

1676.1 W/C 13/5/19 – TBC by CEO