

RAWCLIFFE INTERNAL DRAINAGE BOARD

MINUTES OF THE FULL BOARD MEETING

WEDNESDAY 9TH JANUARY 2019

91 BRIDGEGATE, HOWDEN, DN14 7JJ

PRESENT:

Ratepayer Members: Mr Chantry (C) Mr Sykes (VC) Mr Nicholson Mr Lewis

Appointed Members: Mrs Backhouse Mr McKenna Mr Shubbrook

Co-opted Members:

Members Present: 7

APOLOGIES:

Ratepayer Members: Mr Priestley Mr Blacker Mr White

Appointed Members: Cllr Fox Mr Dresser Mr Fillingham

Co-opted Members:

ABSENT:

Ratepayer Members:

Appointed Members:

Co-Opted Members:

IN ATTENDANCE:

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

Others:



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713 Welcome, Introductions and Apologies

713.1 The Chairman noted apologies from Mr Dresser, Cllr Fox, Mr Fillingham, Mr Priestly and Mr Blacker.

714 Declarations of Interest

714.1 None were given.

715 Additional Agenda Items

715.1 The AMgr informed the Board that a *Good Governance* guide had been published 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 the 20th March, which is free to attend. The CEO advised members to go along if they were available; Mr Mckenna was to attend on behalf of the Board.

715.2 The CEO invited members to attend the ADA Northern Branch Meeting to be held on 24th January.

716 Minutes of the previous Full Board Meeting, 30th July 2018

716.1 The Chairman informed that a correction was needed to the minutes of the last meeting as all Board Members had been noted as Ratepayer Members. He ran through which Members were elected and which were nominated. **ACTION CEO**

716.2 Mr Chantry also advised a correction was needed on page 20 to the spelling of the contractor Mr Colwill's name.

716.3 It was PROPOSED by MRS BACKHOUSE and SECONDED by MR MCKENNA and UNANIMOUSLY RESOLVED that (other than the corrections listed above) these minutes be adopted as a true record.

717 Matters Arising

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

717.2 The CEO reported that a decision is required on minute 697, the issue with the Santander account on which Mr Bate is still a signatory. The Chairman advised that the fault lies with Santander, adding that Mr Bate had signed and sent off relevant paperwork to the bank, but they will not accept his signature. Mr Nicholson explained that the status of the account had at some time been altered by Santander in error. The Chairman asked if it would be possible to offer costs to Mr Bate to call into the bank in person to try and sort this matter out.

717.3 It was PROPOSED by MR SYKES and SECONDED by MRS BACKHOUSE and UNANIMOUSLY RESOLVED that the Chairman contact Mr Bate and offer reasonable costs to resolve this matter. **ACTION CHAIR**

- 717.4 The CEO informed that minute 698.2 had now been resolved and a meeting had been set up with Highways England later in the week. He added that this meeting is to talk about extra funds from Highways England as they are keen for the Board to take on extra work on their behalf.
- 717.5 Mr Chantry stated that the Board had looked at undertaking further work in the past, but there had been issues with the location and the ownership of the fence line. The AMgr advised that investigations need to take place into whether the fences still belong to Highways England. Discussions took place on the best siting of the fences.
- 717.6 Mrs Backhouse enquired if further work would be charged as a commuted sum or on a recharge basis; the CEO said he hoped this could be secured on a recharge basis.
- 717.7 The CEO asked if the problem with the unsafe tree had been resolved (minute 696.5). Mr Sykes believed that it had. The AMgr clarified that this was now resolved and not the Board's responsibility.
- 717.8 There were no further matters arising.

718 Minutes of ADOC Consortium Meeting 29th November 2018

- 718.1 The CEO directed Board Members to the minutes of the consortium meeting as presented in Appendix B of the meeting papers.
- 718.2 The CEO reported that it had been agreed to hold 2 Board Meetings and 2 consortium meetings across the ADOC Boards.
- 718.3 The minutes were noted as being correct by the Chairman.

719 Invoices Paid and Accounts Settled Q1 & Q2

- 719.1 The CEO explained that going forward all invoices would be paid out of OHDB's bank account and recharged on a quarterly basis.
- 719.2 The CEO directed Board Members to Appendix C of the meeting papers which detailed the invoices for Quarters 1 & 2, and passed around a handout for Quarter 3. The CEO added that invoices can be viewed by Board Members on request.
- 719.3 Mrs Backhouse queried the amount on the Q3 handout for an unpaid cheque; the CSM confirmed that this charge was for a bounced cheque. Mrs Backhouse enquired if the amount charged should be recovered from the ratepayer. The Chairman asked the CSM to check if the bank charged the Board's account and the possibility of recovering these costs.
- 719.4 It was PROPOSED by MR MCKENNA and SECONDED by MR SCHUBROOK and UNANIMOUSLY RESOLVED that the Board APPROVES the invoices paid and accounts settled as a true record.

720 Banking Update

- 720.1 The CEO informed that Board staff are now in control of the Board's operational bank accounts however the process was somewhat challenging. He added that this didn't happen until Q3 so there were a further two recharges to apply.
- 720.2 The CEO explained that control of the Board's non-operational bank accounts is still required.
- 720.3 The CEO noted that the Board has no less than 7 bank/building society accounts and suggested that, given the relatively poor financial returns on savings now, it is recommended that funds are consolidated to a current account and savings account.
- 720.4 He added that most reserves, approximately £108k, are held in a Santander Business Bond account which is currently attracting up to 0.5% interest per annum. Approximately £70k remains in Barclays Business Savings account is attracting up to 0.3% interest per annum. There is approximately £10k total in the other accounts.
- 720.5 The Chairman expressed the need to check for the best interest rate.
- 720.6 Mr McKenna asked for caution until after Brexit on the 20th March 2019.
- 720.7 It was RESOLVED that in consultation with the CHAIR, the CEO is to look at this matter again after the Summer. **ACTION CEO/CHAIR**

721 Special Levy Transfers – Key Decision Required

- 721.1 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.
- 721.2 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.
- 721.3 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 31st December of the preceding year to account for any changes and that all values are adjusted to the 1988 values.

- 721.4 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.
- 721.5 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.
- 721.6 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.
- 721.7 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'.
- 721.8 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.
- 721.9 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.
- 721.10 He informed that sensitivity testing had been carried out across the ADOC area and gave the following results:
- 721.11 Option c) was tested with limited documentary evidence, generating a substantial cost and therefore not recommended.
- 721.12 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.
- 721.13 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.

- 721.14 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.
- 721.15 The CEO presented the Board's rate map and discussions took place into what may need to be transferred to Special Levy.
- 721.16 It was PROPOSED by MR MCKENNA and SECONDED by MR SYKES 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.

722 Budget and Rate Setting

- 722.1 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 15th February.
- 722.2 The CEO explained that the rate is calculated on the aggregate annual value (AV) of all land 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, as well as other commitments, the requirement for capital reserves and the impact of special levy transfers.
- 722.3 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 15,772 plus inflation.
- 722.4 He explained that watercourse works will involve tractor flail mowing, aquatic weed control, sludging and remedial works such as grading and piling.
- 722.5 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.
- 722.6 The CEO advised that there are no large capital expenditure requirements identified in 2019/20, other than security improvements at the pumping stations.
- 722.7 The CEO recommended that reserves should 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.
- 722.8 It was reported by the CEO that over the next decade, it is estimated there may be a requirement to make a multi-million- pound 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 affects the Board' pumping stations.

- 722.9 The CEO advised that if the government's current funding formula for capital grant remains, it will be challenging to obtain funding.
- 722.10 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.
- 722.11 The CEO ran through the Budget Estimate as set out in the meeting papers and discussions took place.
- 722.12 The CEO reported that for the year 2018/19, the Board resolved that the rate should be set at 10.71p in the £, raising £11,504 from agricultural ratepayers and £58,569 from domestic and business ratepayers (Special Levy).
- 722.13 He went on to advise that the government have provisionally indicated 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.
- 722.14 The CEO reported that the December forecast for (RPI) inflation is predicted to outturn at around 3% in Q4 2018/19.
- 722.15 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 will be playing 'catch up' in future years.
- 722.16 The CEO added that next year, assuming the completion of the Humber Head Levels Capital Maintenance Strategy and with a better understanding of the government's investment strategy, members will be able to make an evidenced decision about setting the rate to address future investment needs.
- 722.17 Discussions took place into further funding that may be available from organisations such as Highways England. Mrs Backhouse enquired if there would be a possibility of securing government grant; the CEO advised that he is looking into this, but it is very much dependant on the amount of domestic properties affected.
- 722.18 The Chairman commented that replacing the pump at a cost of £27,000 is still to come out of the reserves. The CEO replied that there will be an approximate overspend of £5k this year.
- 722.19 It was PROPOSED by MR MCKENNA and SECONDED by MRS BACKHOUSE to APPROVE that the rate is raised by 2.99% and set at 11.03p.

723 External Auditors

- 723.1 The CSM informed that the external auditors had identified minor errors on the Annual Return for 2017/18 prepared 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.

724 Rates Procedures

724.1 The CSM explained the procedure for collecting the rates.

It was PROPOSED by MR SCHUBROOK and SECONDED by MRS BACKHOUSE and UNANIMOUSLY RESOLVED 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 in October 2019 to obtain liability orders for rates and arrears owed along with reasonable costs, and that a final demand is made and paid, and debt collection agents are instructed for remaining debtors;
- in future years, the rate is raised in April, reminders are sent (usually in July/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, debt collection agents area instructed to recover debts from any remaining debtors; and
- in exceptional circumstances, the CEO/CSM may enter into a written agreement with ratepayers to allow for staged payments, and that if these are not made, the ratepayer shall immediately be liable for the full amount owed.

725 Highways England

725.1 The CEO explained that as previously discussed, the CEO and AMgr are due to meet with representatives of Highways England.

726 Health and Safety

726.1 The AMgr informed that the pump at the Dobella Pumping Station needs guarding to be fitted. **ACTION AMgr**

727 Maintenance

727.1 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.

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

- 727.3 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.
- 727.4 It was PROPOSED by MR NICHOLSON and SECONDED by MR SYKES and UNANIMOUSLY RESOLVED to APPROVE that the Board subscribe to this contract framework as soon as possible.
- 727.5 Mr Schubrook enquired if there would be a vetting process; the AMgr explained that there would be a need for the contractor to have the correct equipment for the job and a familiarity of the area.
- 727.6 Mr Schubrook informed that there is a Health and Safety website where users can search for incidents recorded for registered companies.
- 727.7 He added that the unguarded pump could present a problem if somebody were to break into the pumping station and fall in - the Board would be failing in its duty of care. The AMgr agreed that this needs addressing. Mr Schubrook offered to visit the site with the AMgr.
- 727.8 The AMgr asked Members if they knew of any watercourses that had been missed by the contractors. Discussions took place and the AMgr noted issues with slipping on the watercourse near the school and drain 56, which he had already looked at and found that the piling had moved.
- 727.9 The AMgr pointed out that a year after the pump was removed, the company replacing it are yet to do so, adding that this is unacceptable. Mr Schubrook recommended contacting ERIKS, and would email the details to the AMgr.
- 727.10 The Chairman reported that the dykes that run alongside the railway to the rear of Croda are not included on the current programme, adding that the Board had been quoted £7000 for these to be flailed, weeded and cleared of trees. The AMgr pointed out that the access here is very poor, however Mr Fletcher had recently created access on one side, so this can now be included on the programme.

728 Capital Programme

- 728.1 It was agreed that this item had been covered sufficiently earlier in the meeting.

729 Chairman's Remarks

- 729.1 The Chairman had no other further remarks.

730 Any Other Business

- 730.1 None

731 Date of Next Meeting

- 731.1 15th May 2019 at 2pm - TBC