

NORTH LEVEL DISTRICT INTERNAL DRAINAGE BOARD
MINUTES OF GOVERNANCE AND AUDIT COMMITTEE MEETING
8th January 2019

Present:	J. W. J. Sly	Chairman
	J. A. Clarke	
	N. J. Harris	
	A. J. Wadsley	
	Cllr J. Holdich OBE	
	Cllr Mrs K. Mayor	
In Attendance:	P. D. Sharman	Chief Executive
	J. Stubley	Operations Engineer
	Mrs S. Drew	Finance Officer
	Miss S. Smith	Secretary

1 APPOINTMENT OF CHAIRMAN

RESOLVED that J. W. J. Sly be appointed as Chairman of the Governance and Audit Committee for a 3 year term.

2 APOLOGIES

C. J. T. H. Brewis.

3 MINUTES OF LAST MEETING

The Minutes of the Meeting held on the 5th June 2018, copies of which having been circulated with the Agenda, be taken as read and being a correct record of the business of such meeting.

4 MATTERS ARISING OUT OF THE MINUTES

Item 5 – Employers Pension Discretions Policy

The Chief Executive advised that there are changes to the LGPS Pension and as a result there will be some changes required to the Employers Pensions Discretions Policy. Training is in progress to deal with the changes and the amended Policy will be available to review at the next meeting of the Governance and Audit Committee Meeting on 18th June 2019.

Item 6 – Annual Internal Audit Report

The Finance Officer confirmed that the Chief Executive signs off Journals on a monthly basis. She confirmed that two of the Boards current investments only provide annual statements but Santander do send statements on a monthly basis.

The Finance Officer confirmed that the Administration Clerk has been trained to run Sage 50 Payroll in the absence of the Finance Officer.

5 REVIEW OF THE BOARD'S STRATEGY PLAN 2019-2024

The Operations Engineer took the Committee through the Strategy Plan and pointed out the updated activities which have taken place and recorded to raise the profile of the Board.

The Operations Engineer confirmed that changes are minor and are marked in 'red'.

In answer to a question from J. Clarke the Operations Engineer confirmed that the Badger setts are in situ and Badgers using some of the artificial setts and most importantly are not residing in the raised banks.

N. Harris asked if the EA have indicated that they would like the Board to work on the River Welland. The Chief Executive responded 'not at Peakirk, only in Spalding.'

The Operations Engineer advised Members of the additional information included regarding refurbishing pumping stations, advice on SUDS and recent visits to raise the profile of the Board.

In answer to a question from J. Holdich, the Chief Executive confirmed that the Lead Local Flood Authorities in the North Level area are Peterborough City Council, Cambridgeshire County Council and Lincolnshire County Council.

In answer to a question from N. Harris the Chief Executive confirmed that the Board has a good working relationship with the EA and this accounts for the amount of work taken on by the Board on behalf of the EA.

The Committee considered the suggested amendments to the Strategy Plan for 2019-2024.

It was agreed to review the Strategy Plan annually, accepting there may be few changes.

The Strategy Plan was Approved and accepted by the Governance and Audit Committee.

6 2018/2019 INTERNAL AUDIT PLAN

The Chief Executive explained that the Audit Plan is tailored to the Board's Annual Return. The Finance Officer confirmed that Moore Stephens have a good idea of what is required within an audit of the Board's practices and the relationship is working well.

Following a brief discussion the Committee accepted and noted the contents.

It was **RECOMMENDED** that:

The Board approve and accept the Internal Audit Plan 2018/19.

7 TO REVIEW THE FOLLOWING POLICIES

- (a) Computer Use and Internet Policy – This Policy remains unchanged;
- (b) Corporate Procurement Policy – The Chief Executive explained that minor changes had been made to this Policy and he explained the increased value for the Purchase of Goods and Services, being mainly fuel expenditure which has increased considerably. It was agreed that other items of large value will require agreement by the Board;
- (c) Pay Policy – This Policy remains unchanged;
- (d) Whistleblowing Policy – The Chief Executive explained that minor changes had been made to this Policy, being change of Internal Auditor details and amended address for the Public Concern at Work Charity.

Members discussed pump repair expenditure and agreed that using Fenflow, who are a local company for pump repairs was the most sensible option. The Chief Executive confirmed that most other surrounding Boards also use Fenflow.

The Chairman advised that the 'National Average Earnings' given in the Sunday Times at the end of December 2018 was 3.3%, it was agreed that the same would be considered from the Sunday Times in January 2019, at which point it would be decided if a twelve month average could be considered.

Members agreed that the Pay Policy should remain as is for 2019 and be reviewed again in June 2019.

J. Clarke asked what progress had been made to secure HR advice. The Chief Executive responded that Roythornes had quoted an annual retainer cost of £3K per year, with a discounted rate or to engage them as and when required. J. Clarke advised that some HR advice can be free, based on number of staff and should be the first port of call. He advised that the Board should seek to secure HR advice for peace of mind.

The Chief Executive explained that most staff appraisals had now been carried out and that one of the staff had expressed a wish to undergo formal HR training. Members agreed that HR should be pursued from an outside source and be kept at 'arms length'.

It was **RECOMMENDED** that

The services of an HR advisor should be sought from an external HR provider.

As part of the review of the above policies the Committee considered the review dates and amended them as they considered reasonable and in line with any statutory deadlines.

The following Policies were reviewed, amended and adopted by the Governance and Audit Committee, subject to the above amendments to:

- (a) Approve and accept the Computer Use and Internet Policy, to be reviewed in January 2024;
- (b) Approve and accept the Corporate Procurement Policy with minor amendments, to be reviewed in January 2024;
- (c) Approve and accept the Pay Policy, to be reviewed in June 2019;
- (d) Approve and accept the Whistleblowing Policy with minor amendments, to be reviewed in January 2024.

8 GOVERNANCE AND AUDIT COMMITTEE ANNUAL REPORT 2018/2019.

The Chairman provided information regarding the Governance and Audit Committee Annual Report 2018/2019.

The Chairman requested that page 11, bullet point 2 be amended to read '*appointed for the five year period from 2013-2018*';

The Finance Officer reported an issue regarding Valuations, Fixed Assets and Purchase Price and advised that depreciation is shown in the Annual Return and confirmed that the Board are following the current guidance.

Following a brief discussion it was **RECOMMENDED** that:

The Board approve and accept the Governance and Audit Committee Annual Report 2018/19 as amended.

9 FINANCIAL ESTIMATES 2019/20

The Chief Executive referred to his estimates of the financial requirements of the Board for the twelve months ending 31st March 2020, a copy of which being included with the Agenda of the meeting.

The Chief Executive gave a detailed explanation of the estimated items, the high value of Peterborough land charges, the increase in administration charges being due to the increase in Employer Pensions contribution, due to the 'black hole' of £2.7m as at 31st March 2018, not due to pay rises.

He explained that flail mowing had been good but had been stopped in November so that an overspend was not incurred.

The Finance Officer explained the pension deficit 'black hole' which currently stands at £2.7m and the options available to the Board:

a) Leave the LGPS;

If the Board leaves the scheme it would be valued by an actuary and the amount of deficit would be called-in.

b) Close the scheme to new employees;

The LGPS would treat this as cessation by the Board and would push up the costs and again cause the deficit to be called in.

c) Appoint someone to look at costs involved and other options.

The LGPS has appointed an actuary to look at bodies, this is expected to be concluded by the Summer of 2019, this should show what is reflected in the Board's pension 'pot' and show if current rates can be reduced.

The Finance Officer advised that option c) would be the best way forward and Members agreed that the Board should wait for the findings of the actuary before considering a way forward.

The Chief Executive continued by giving a detailed explanation of the estimated items before recommending that rates for all three drainage districts be increased by an average of 3%. He provided comparisons of pence in the £ of other Boards which highlighted percentages and show that costs for this Board are good value for money.

J. Clark advised that the Board should look at ways of reducing reserves and they should not be built up. He questioned why we budget for drawdown from reserves, however rarely do so. The Finance Officer explained the disposal of plant and assets which accounted for most of last years profit, namely the sale of Mouth Lane Pumping Station.

The Chief Executive asked Cllr Holdich for his view on the increase. Cllr Holdich responded that the proposed £16K would be a direct cost to Peterborough City Council (PCC) and would not be offset by Business Rates as they are paid directly to Government and not received by PCC.

The Committee discussed in detail ways of reducing reserves, running costs and raised their concerns that reserves are too high. They supported the Board's provision to address the pension deficit. The Chief Executive reiterated that the Board is constantly trying to hold costs down and explained increasing charge out rates for Operatives and the need to address the pension deficit, being dependent on the review of the actuary.

After a full discussion with the Chief Executive answering member's questions in connection with his estimates

It was proposed by J. W. J. Sly and seconded by J. Clark and agreed that the Board be **RECOMMENDED** to:

Refuse the proposed rate of 3% and increase the rate for all three drainage districts by an average of 2.5%.

10 TO REVIEW THE GOOD GOVERNANCE GUIDE

The Chief Executive advised the Committee that this is a good guide from ADA and drew Members attention to page 17 of the document in relation to Defra recommendations for IDB's to reduce Board numbers to be no larger than 21.

The Chief Executive confirmed the current Board is 29 Members.

The Committee discussed the previous and the reduction to the current number of Members, how the numbers are constituted from elected Members, and those from Councils.

The Chief Executive explained the numbers and how they are elected using the Annual Value and Special Levy cost. He explained there are currently no vacancies and to decrease the Board numbers would have to be in line with the next election due in November 2019.

It was **RECOMMENDED** that the number of Members on the North Level Board should remain as is and no changes be made.

J. Clark asked how many View Days are planned and suggested that there should only be a View Day when there is something new of interest to be seen by Members and when attendance can be maximised.

N. Harris commented on the importance for new Councillors and Board Members to be aware of the Boards operations and **RECOMMENDED** that they should receive a tour of the North Level as part of their induction.

11 ANY OTHER BUSINESS

It was **RECOMMENDED** that Pensions be included on the agenda for the 18th June 2019 meeting.

The Finance Officer confirmed that she would arrange for a visit from the LGPS at a future Governance and Audit Meeting.

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Chairman

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Date