

Minutes of the Axe Brue Finance and Governance Sub Committee held on Tuesday 31 May 2016 at 10:30hrs at Bradbury House, 33-34 Market Street, Highbridge. Chairman: Cllr A Gilling

Action

- 1 **Attendance & Apologies for Absence:** as per register appended.
- 2 **Items Additional to the Agenda:** N Stevens (NWS) – Salaries Committee Update
- 3 **Declarations of Interest:** Cllr Gilling – all matters pertaining to planning or Ashfords Solicitors
- 4 **Policy & Strategy:** NWS advised that the new Terms of Reference for this sub-committee have provided a new layout for the agenda. It has been structured so that all items due to be reviewed at each meeting within the annual cycle are shown, however only those items emboldened will be considered at that meeting. If members wish to raise a matter on one of the other items, in plain type, they are invited to do so.
Ref. 4 - To consider and report on, where appropriate, the financial implications of matters Referred to the sub-committee by the Board.
- 5 **Budgets:**
Ref. 7 – To monitor and report the performance against budget and to report significant variances to the Board. See Ref. 9 below
Ref. 8 - To consider, on behalf of the Board, any requests for significant variations to the planned operating budget and to make recommendations accordingly.
Ref. 9 -To receive and consider the annual accounts of the IDB for recommendation to the Board. (appended) S Gee (SMG) provided an overview to the accounts with the following points of note (this list is not exhaustive):
 - Deficit for year-end approx. £40k
 - More works completed during the year than budgeted
 - Axe Brue division of SDBC surplus was greater than budgeted: Parrett 45.04% Axe Brue 54.96%
 - Machinery reserve to be set up utilising the machinery depreciation; approx. £9k to date**Proposed J Healey, Seconded J Fear ‘that the Finance and Governance sub-committee recommends the Full Board at the meeting of 14 June 2016 adopts the accounts for Year End 31 March 2016.’ Vote: unanimous RESOLUTION 1**
Somerset Drainage Boards Consortium accounts to year end 31 March 2016: (appended) SMG advised the accounts are for information purposes:
 - Additional staff costs re: SRA with increased income due to 100% recharge to SRA for staff costs
 - £40k received from SRA as backfill for NWS and I Sturdy
 - Backfill will cover costs of apprenticeships (expected in the autumn)
 - Recruitment costs: R Kidson, n McGrath and S Purchase
 - Staff training: investment may be required in training new staff as well as up-grading current staff with mentoring and appropriate trainingSMG advised that the Consortium runs on the same profile as it has done for many years. Members accepted the report.
Annual Return Section 1 Annual Governance Statement: members acknowledged their responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements by considering each of eight statements and answering Yes to each in turn.
Proposed P Thorne, Seconded W Welland ‘that the Finance and Governance sub-committee recommends the Full Board at the meeting of 14 June 2016 approves eight statements on the Annual Return Section 1 to confirm a sound system of internal control including the preparation of the accounting statements to Year End 31 March 2016.’ Vote: unanimous RESOLUTION 2
M Watts requested the rate setting of 2015 be reviewed by the internal auditor. CG confirmed that this request had been made previously and is on the work programme to be undertaken in the near future. Members were advised the rate is set using the Board area as at 31 December, as stated in the Land Drainage Act 1991, however if new information becomes available prior to the Full Board rate setting meeting regarding land transfers to Special Levy that took effect prior to 31 December, the data/documents will be updated accordingly.
Ref. 10 - To consider and make recommendations on an ongoing basis to the Board concerning the financial viability of the IDB in the short and long term.
- 6 **Governance:**
Ref. 17 - To monitor and confirm to the Board that funds are used economically, efficiently and effectively.
Ref. 19 – To review and recommend to the Board any changes to the Board’s Standing Orders and

RES 1

RES 2

Guidelines and to its Financial Regulations.

Ref. 20 - To review and recommend to the Board the Publications Policy relating to the Freedom of Information Act.

7 Banking:

Ref. 21 - To review banking arrangements, including the Board's bankers and associated fees and charges, and Treasury Management policy and make recommendations to the Board.

Ref. 22 – To consider alternative methods of collecting sums due to the Board: SMG briefed members on the desire to collect drainage rates by direct debit to reduce the annual cost of recovery by encouraging direct debit as the preferred method of rate payment, and reducing credit/debit card, cheque and cash receipts. A full discussion was held (this list is not exhaustive):

- Direct debit/electronic banking options would commence from 2017/18
- At least one group of Drainage Boards in Lincolnshire currently recover drainage rates by direct debit
- A Public Relations document should be disseminated to rate payers to explain why this process is being undertaken, to ensure full understanding and to encourage acceptance
- Rate payers have the right to refuse direct debit or electronic banking and may continue settlement by alternative payment methods
- Direct debit acceptance may take several years to put in place
- Direct Debit receipts would improve cash flow of the Board

8 Specific Delegated Authority:

Ref. 23 – The appointment of an internal auditor and arrangements for related fees and charges: (appended) C Gunn (CG) advised that South West Audit Partnership (SWAP) had conducted the Internal Audit for 6 years, and undertake audits for a number of IDB's and local authorities. SWAP have provided a written proposal for the provision of internal audit services.

Proposed R Adlam, Seconded J Fear 'that the South West Audit Partnership be appointed internal auditors for the Axe Brue Board for a three year term utilizing 15 days across the Axe Brue, Parrett and Consortium Boards.' **Vote unanimous RESOLUTION 3**

RES 3

Ref. 24 – For the Chairman and Clerk to sign Section 106 planning and other similar agreements.

Ref. 25 – Budgetary and Financial Reporting Procedures.

Ref. 26 – Purchasing Policy & Procedures.

Procurement:

a) Approval of the Procurement Policy and Procedures including the proposal for the use of supplier lists: (appended)

NWS advised that use of the procurement policy would enable use of approved supplier lists to enable procurement without the need to enter contract finder and limit administrative burden to achieve best value for the Board in securing the right contractors for the tender in question.

Sub-letting of contracts, in general, would not be permitted. In order to retain control of contracts a quality/cost analysis could be adopted for tendering processes, whilst ensuring non-discrimination in any manner.

Proposed W Welland, Seconded J Healey 'that the Finance and Governance sub-committee recommends the Full Board at the meeting of 14 June 2016 approves the Procurement Policy and Procedures.' **Vote unanimous RESOLUTION 4**

RES 4

b) Proposal to limit to 50% of budget the award value of maintenance work to any one contractor if appropriate: NWS advised that by way of the Procurement Policy, the Board can justify awarding no more than 50% of channel cleaning work to any one contractor, if appropriate, to enable diversity and provide an opportunity to encourage new and smaller contractors. Channel cleaning contracts are awarded on a three year term by catchment across the Axe Brue area.

Proposed R Adlam, Seconded J Fear 'that the Finance and Governance sub-committee recommends the Full Board at the meeting of 14 June 2016 approves to amend the Financial Regulations to include that when awarding channel cleaning three year contracts no more than 50% of channel cleaning work is awarded to any one contractor, if appropriate.' **Vote unanimous RESOLUTION 5**

RES 5

Ref. 27 – Insurance Cover.

9 Risk Management:

Ref. 28 - To keep under review the risks associated with the business of the IDB and make recommendations to the Board with a view to minimising the impact of the identified risks: (appended) NWS provided an overview and advised that the Risk Register is a working document. A full discussion was held at which members were requested to consider Public Sector Co-Operation Agreements, an update the asset survey, staff training and competency framework and the introduction of individual staff training records and guidance. The report was accepted by members.

- 10 Minutes of the F&G Sub Committee Meeting held on 26 January 2016:** Having previously been circulated the Chairman signed the minutes as a true and correct record of the meeting held.
- 11 Matters Arising: Item 10 Revised meeting calendar:** an updated meeting calendar will be provided with the June Full Board meeting documents.
Item 10 Outstanding Rates: Outstanding rates will be discussed at the June Full Board meeting as the first reminder letters will have been disseminated at that time.
Magna Carter: members were advised that the Magna Carter has been provided as a defence to non-payment of rates. Legal advice is being sought in this matter, however a Liability Order was awarded in December for outstanding rate recovery by Taunton Magistrates' Court. Recovery of rates will continue against this rate payer.
- 12 Any Other Business: Salaries Committee update:** NWS advised that approval of the Salaries Committee outcome will be sought at the Axe Brue Full Board meeting on 14 June 2016. The committee agreed 1.5% cost of living which will increase the budget by £7k, and a small number of re-grading and increments which will increase the budget by £15k, including on-costs, some of which will be recoverable from North Somerset IDB.
- 13 Date of next meeting:** Full Board 14 June 2016, 10.30hrs and F&G 04 October 2016, 10.30hrs.

C-AP

There being no other business the Chairman thanked members and officers for their time and contributions.
The meeting was closed at 12.45hrs

.....
CHAIRMAN

.....
DATE