

MINUTES OF THE AXE BRUE FINANCE AND WORKS SUB COMMITTEE MEETING HELD AT BRADBURY HOUSE ON 17 JAN 2019

Attendance:			
Elected Members: Mr J Fear (Chair) Mrs P Thorne Mr D Tratt Mr M E Wall	Appointed Members: Cllr A Gilling Cllr W Human Cllr R Keen Cllr L Scott	Officers: Mr R Burge Mrs M Hammond Mrs C-A Morgan Mr I Sturdy	Public: Mr A Dowden
Apologies:			
Did Not Attend:			
	Cllr D Hill		

Agenda Item:	Detail:	Action:
1. Attendance and Apologies	Apologies as per the above Attendance List.	
2. Items Additional to the Agenda	Mr M E Wall: ADA Gazette Governance Report.	
3. Declarations of Interest	Cllr A Gilling: any matters relating to planning and Ashfords Solicitors.	
4. Approval of Minutes	4.1. The Minutes of the Finance & Works Sub-Committee Meeting of 10 Oct 18 were accepted unanimously and signed by the Chair as a true and accurate reflection of the Meeting.	
5. Matters Arising	<p><u>Review of Actions</u></p> <p>5.1. Action AB/20181010-01 from the previous P&W Meeting for the Clerk to update Finance & Works Terms of Reference to reflect amended Membership and signed out of Meeting by the Chair. The Clerk reported this action as complete. All agreed. Action closed.</p>	Action AB/20181010-01: CLOSED

	<p>5.2. The result of Action AB/20181010-02, for an explanation of SDBC accounts and complexities of the Consortium arrangements was reported by the Clerk as complete following the Board Member Training Day on the subject of Finance held on 08 Jan 2019 at Bradbury House. All agreed. Action closed.</p> <p>5.3. Action AB/20181010-03 (A 3 year Programme of Works Schedule from FY2019 onwards to be re-introduced to reflect identified schemes); Dir of Ops reported that he would provide a full update on this action at Agenda Item 7. All agreed. Action closed.</p> <p>5.4. Action AB/20181010-04 (to conduct a review of the Machinery & Plant across both Boards with a view to VfM and Risk); The Clerk reported that this Action remained ‘on-going’ and would be reported in due course..</p> <p>5.5. Action AB/20181010-05 (Research ‘Making Tax Digital’ and review its potential implications to the Board); The Responsible Finance Officer reported that the Board’s current finance software (SAGE) was being updated to align with the requirements of ‘Making Tax Digital, allowing on-line Tax submissions as from Oct 19. All agreed. Action closed.</p>	<p>Action AB/20181010-02: CLOSED</p> <p>Action AB/20181010-03: CLOSED</p> <p>Action AB/20181010-04: On-going</p> <p>Action AB/20181010-05: CLOSED</p>
6. Finance Report	<p>6.1. The Responsible Finance Office (RFO) confirmed that the quarterly accounts reconciliation had been completed with no matters of concern.</p> <p>6.2. The RFO introduced the 2019/20 Budget & Rate-Setting stating that a number of ‘Assumptions’ had been used when setting the Annual Budget.</p>	

	<p>These Assumptions were:</p> <ul style="list-style-type: none"> • Consortium is fully staffed. • Budget does not take into account potential NSLIDB integration. • Cost of living salary increase of 2%. • Re-charging of Staff costs more realistic based on experience of current FY. • EA and ADA costs increase by 2%. <p>6.3. Option 1: Penny Rate Increase of 22% (£188k across LAs)</p> <ul style="list-style-type: none"> • Attributable to: <ul style="list-style-type: none"> • Increase in Consortium Costs of £80k from 2018/19. • Failure to realise original estimated Staff (Management) Recharge Costs. • Increase in planned Board Schemes of £94k from 2018/19 <p>6.4. Option 2: Rate reduced to a 2.76% increase in Penny Rate.</p> <ul style="list-style-type: none"> • Do not recruit to current Staff Vacancies (Senior Engineer & Project Engineer) <u>and</u> do not deliver any new Board Schemes this Year. (It was considered critical to recruit the vacant Parrett Area Manager Post). • Impacts: 	
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	<ul style="list-style-type: none"> • Staffing capability remains to deliver outstanding Board Schemes from previous years • Option is only possible for one FY. • No funding raised to deliver new Board Schemes in-year. • Reduced Capacity to progress Organisational Improvement <p>6.5. Option 3: Rate reduced to a 4.1% increase in Penny Rate:</p> <ul style="list-style-type: none"> • Do not conduct pro-active maintenance <u>and</u> do not deliver any new Board Schemes this Year. • Impacts: <ul style="list-style-type: none"> • Maintain full SDBC Staffing Levels and ability to progress Organisational Improvement. • Sufficient capability to deliver outstanding Board Schemes from previous years. • Inability to conduct pro-active maintenance activities <p>6.6. Option 4: Penny Rate reduced to a 5.6% increase;</p> <ul style="list-style-type: none"> • Do not deliver any new Board Schemes this Year (Saving £163k) (£75k to be allocated to West Rhyne). • Impacts: <ul style="list-style-type: none"> • Maintain full SDBC Staffing Levels and ability to progress Organisational Improvement. 	
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	<ul style="list-style-type: none"> • Capacity to deliver outstanding Board Schemes from previous years. • No funding for new Board Schemes. <p>6.7. The RFO also stated that the Budget Assessment was a realistic view of Board Costs and that the Penny Rate has remained within 0-2% since 2014/15, despite additional Board activity expectations.</p> <p>6.8. The Clerk recommended Option 4 to the Committee, reducing the Penny Rate to a 5.6% increase, whereby the Board would deliver outstanding Project Schemes from previous years plus continuation of West Rhyne Project, with no new Schemes or Projects. The Clerk emphasised the need to fund the employment of the currently vacant Senior Engineer and Project Engineer posts as this was having a detrimental impact on the ability to progress operational improvement and safety and was impacting on the Dir Ops' work-life balance in trying to cover three posts.</p> <p>6.9. Acceptance of Option 4 would increase Special Levy contributions as follows:</p> <ul style="list-style-type: none"> • Sedgemoor DC: £46.5k • North Somerset C: £0.7k • Mendip DC: £5.9k <p>6.10. The RFO confirmed that the Board held approximately £300k in 'Reserves' to cover Risk.</p> <p>6.11. Mr D Tratt proposed, seconded by Cllr A Gilling that the Axe Brue Finance & Works Committee recommend adoption of Budget & Rate Setting Proposal Option 4 at the Full</p>	<p>RESOLUTION 1</p>
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	<p>Board Meeting to be held 31 Jan 19.' All agreed. Motion carried.</p> <p>6.12. A vote of thanks was expressed to the RFO, Clerk and all Staff for their work in preparing the Budget and Rates and for the clarity provided.</p>	
7. Engineering Works	<p>7.1. Dir Ops advised that a 3-year Programme of Works Schedule had been re-introduced for FY2019 onwards to reflect the intended programme for identified Schemes. The programme included a breakdown of engineering costs for Members' understanding of Projects and Schemes.</p> <p>7.2. Pint Pot Cottage: The Clerk advised that handwork had been undertaken during 2018 and that discussions continue with the land owner for future works.</p>	
8. Maintenance Works	<p>8.1. Dir Ops reported that Works had progressed as expected.</p> <p>8.2. A new 3-year Coastal Catchment maintenance contract was currently out to tender. A full report would be provided at the Full Board Meeting of 31 Jan 19.</p>	
9. Risk Review	<p>9.1. The Clerk provided an overview of the Risk Register, presenting the 'Top 5' Financial Risks facing the Board.</p> <ol style="list-style-type: none"> 1. LEP funded works not reaching delivery stage. 2. Unforeseen overspend. 3. Cuts in machinery budgets. 	

	<p>4. Increased watercourse maintenance responsibility as a result of EA stopping maintenance works.</p> <p>5. Cut-backs in Budget restrict critical Capital/Maintenance works</p> <p>9.2. The full Risk Register would be reported at the Full Meeting of 31 Jan 19.</p> <p>9.3. The populated Risk Register was a live document and is reviewed on a monthly basis at Officer Management Meetings.</p>	
10. Item Additional to the Agenda	<p>10.1. The Clerk provided an overview of the ADA Good Governance Guide, stating that a copy will be made available to all Members at the Full Board Meeting on 31 Jan 19.</p> <p>10.2. Mr M E Wall advised that Board Members wished to be actively involved in Board matters i.e. site meetings, tendering and planning discussions.</p> <p>10.3. The Clerk confirmed that a Finance & Rating Training Day had been held on 8 Jan 19.</p> <p>10.4. He further reported that a ADA Good Governance Guide workshop was scheduled to be held in March. This matter would be discussed further at the Full Board Meeting of 31 Jan 19.</p>	
10.Date of Next Meeting	<p>11.1. The date of the next Finance & Works meeting was reported as 2 Apr 19.</p> <p>11.2. Future key dates in the short-term were highlighted as:</p> <ul style="list-style-type: none"> • Axe Brue Full Board: 31 Jan 19 	

	<ul style="list-style-type: none"> • Catchment Forum: 28 Feb 19 • SDBC Annual General Meeting: 11 Feb 19 • SDBC Salaries Committee: 11 Mar 19 	
AOB	There being no other business, the meeting was closed at 12.30.	

Annex:

A. Axe Brue Board – Table of Outstanding Actions

CHAIRMAN.....DATE

**ANNEX A TO
AXE BRUE F&W COMMITTEE MINUTES
DATED 17 JAN 19**

AXE BRUE BOARD – TABLE OF OUTSTANDING ACTIONS

Action Number:	Action:	Actionee:
AB/20181010-04:	To conduct a review of the Machinery & Plant across both Boards with a view to VfM and Risk.	Clerk