

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Audit & Risk Committee

held at the offices of the Board on
28th September 2016 at 1pm

Members

Chairman - * Cllr M Brookes

* Mr W Ash	* Mr V A Barker
* Cllr R Austin	* Mr R Leggott
* Cllr B Russell	* Mr N J Scott

* Member Present

In attendance: Mr I Warsap (Chief Executive)
Mr D Withnall (Finance Manager)
Mr J Cooke (Towergate Insurance) attended for Agenda Item 5

The Chairman welcomed members to the meeting thanking them for agreeing to an earlier start. He outlined the programme for the meeting stating that Mr John Cooke from Towergate Insurance will be attending at 2pm.

1003 APOLOGIES FOR ABSENCE - Agenda Item 1

There were no apologies.

1004 DECLARATION OF INTEREST - Agenda Item 2

There were no declarations of interest.

1005 MINUTES OF THE AUDIT & RISK COMMITTEE MEETING - Agenda Item 3

Minutes of the last meeting held on the 27th April 2016, copies of which had been circulated, were considered and it was agreed that they should be signed as a true record.

1006 MATTERS ARISING - Agenda Item 4

(a) Risk Management Strategy - Minute 929(a)

Mr V Barker asked if the BSIDB workmen had been invited to the Black Sluice pumping station. The Chief Executive answered that so far there has only been one event and they did not receive an invite. He added that it had been genuinely overlooked by the Environment Agency and confirmed that they will be invited to the next one.

(b) The 9 Metre Byelaw Policy - Minute 935

The Chairman suggested that the following policies would be better reviewed by the Bridges and Culverts Committee who have the expertise and are formulating other policies that these were dependent upon.

- B2 Standard conditions for relaxing byelaw No 10 (the 9 metre byelaw)
- C2 Standard conditions of structures in watercourses
- C3 Policy on Culverting
- C4 Specifications for works in a Board maintained watercourse
- C5 Guidance on piping or filling in watercourses (or other works in or near a watercourse)
- C6 Specifications for works in a privately maintained watercourse

The Committee unanimously agreed to the Chairman's proposal.

The Chief Executive presented the 9 metre byelaw policy in the agenda papers along with the standard conditions for relaxing a byelaw policy which go out together.

He highlighted changes to section 6.8 "Electricity Poles Lighting Columns etc." by adding this note "(to ensure the correct safe working distance, the minimum clearance distance from ground level may increase depending on the voltage of the wire)" he stated that this is a typical addition and there are no specific measurements or conditions, just additional information. He added that this has been amended by himself and other Officers and asked the Members to review and highlight any observations, then once approved the new policy is to be implemented and presented to the Board.

Cllr R Austin asked, as electricity lines near works must be a major hazard does this have any impact on the insurance? The Chief Executive answered that currently the insurance covers damage to or relating to electricity poles or any other apparatus. He stated that this is clearly one of the purposes of this byelaw moving forward even though historically there are cables above ground within 9 metres but in the future this document will control the application process. If we do have a relaxation of the 9 metre byelaw it is clearly documented and identified on the Boards GIS mapping system so we are aware of those cables in closer proximity to Board maintained watercourses. He added now the correct procedure will be implemented going forward, recorded and documented but clearly for any unconsented works in the past we will still have issues. He clarified that regarding insurance we will be adequately covered if we had such a strike.

Cllr B Russell added that from the insurers point of view we are covered by employer's liability if there is any damage or injury to an employee involved in such acts.

Mr V Barker stated that the members understand the wording used in these policies but somebody could look at them and refer to three or four different words relating to distance in terms of tow, brink, centre and bank being in one place plus 9 metres from the tow, 9 metres from the centre, 9 metres from the brink and they are all different things. He asked could the words be standardised.

The Chief Executive answered by saying that he understands where Mr Barker was coming from in layman's terms but it would be very difficult to standardise i.e. an underground pipe to say 9 metres from the brink of the pipe that should be edge of the pipe. The purpose of this wording is in relation to the relaxation of the 9 metre byelaw and he is sure if anyone had difficulty in understanding they would need to have negotiations with one of the Officers to understand, particularly on the three cross sections diagrams, where we are showing the different types of embanked watercourses, open watercourse, or a piped culvert because there are different points of reference and people think a drain is a drain, but they are different. He acknowledged but felt the Officers would be able to address these issues prior to the application being completed and submitted.

Mr R Leggott stated he agrees in the main with the policy on relaxing the byelaw but perhaps a few items need defining a bit better, he detailed the following;

No 5 Guidelines – he looked at the list and felt it is missing cesspits and digestion units; the Chief Executive answered in global terms this consent is for anything within 9 metres we don't have to list or document all. The Chairman agreed that it is a good point as it is something which is placed into the ground. Cllr B Russell added that if you start listing specific things once you miss something out you can come into problems so a generic term would be better looked for.

No 5.1 last line - "distance from the drain as the existing building", he recommended adding "existing building on that property" because someone will look at one nearby and say that's different and if they can do it, I can do it. The Chief Executive stated that the relaxation is pertaining to that property and it will be amended.

No 5.3(b) – he noted if we are looking for give and take because we can give on one side and take a bit the other with a little bit of encouragement in some cases but what happens if both sides are actively applying for something at the same time? The Chief Executive answered that each application is looked at within its own merits, should two applications come in at the same time that would be brought to Committee for a decision.

Standard Conditions No 3 – states "the Board accepts no liability for any structural damage" but thinks "structural" should be removed – Members agreed.

The Chief Executive concluded the most significant change is on the cross section turning this into a true 9 metre byelaw whereas before the last culverted watercourse used to be 4.5 metres from the centre pipe. We have changed to 9 metres with no difference to whether it is a watercourse with or without embankments, they are all now culverted watercourses, people can still apply to have a relaxation but we are now going with the standard 9 metres.

The Chief Executive concluded by saying for member's information, most of the IDBs throughout the country go to 9 metres; and recently an engineer from Mid Level IDB implemented a 21 metre byelaw consent.

Mr N Scott referred to the Standard Conditions No 6 where it talks as if you are committing yourself to indemnifying the Board but does not actually say that. By putting in an indemnity the applicant will indemnify the Board if any damages were to be caused is quite an easy language to prove in law and to make your claim against.

If you have an indemnity from the applicant, you know if they are going to put a building or a pole or a fence whatever it is and cause some damage or slippage or issues if they have indemnified you for damages then that is quite a simple recourse to follow. The Chief Executive clarified this point so we can implement it on the consenting application. Mr Scott clarified if you say "the applicant will indemnify the board for any loss or damage caused". The Chairman agreed that this should be incorporated – all agreed.

Mr N Scott asked if a lawyer reads through these policies or do we produce them ourselves? The Chief Executive answered historically they have been produced with ADA in the back ground and they have probably gone to lawyers but we know we have got to the point that these have been looked at several times, whether we should consider these being looked at by a legal expert. He added that is for this Committee to agree the way forward and find the budget. The members agreed that it is important that people are able to interpret these policies. Cllr B Russell added he would not want to involve a lawyer and that using generalisation of wording and as part of this review, this Committee has picked up wording as part of the Boards examination, the descriptive terms associated with drainage boards are well known because as an IDB we know more of what we are doing.

The Chairman asked the Committee to recommend the 9 metre byelaw policy to the Board – all agreed.

1007 TO RECEIVE A REPORT ON INSURANCE RENEWAL - Agenda Item 5

The Chairman asked members to have a discussion on the insurance renewal before Mr John Cooke joined the meeting.

Cllr B Russell asked a question regarding page 22 the Combined Policy surface structures – this is something we should look at very carefully, the Insurance company is not saying that you must do it, they are saying that it might be prudent but the increase in premium seems excessive. The Finance Manager stated that the NFU (previous insurers) gave the Board a quote to cover 5 months' insurance to the end of our term which equated to an annual premium increase of £25,000 for the sub structures to be included and increase the building value. He added this current renewal has included sub structures with an increase of £4,700 actually compared to NFU quote for £25,000, this quote is more where we should be and based on the additional value and additional cost because these are actual rebuild costs for an extra £28 million of cover £4,700 is not unreasonable.

Cllr B Russell stated he had an unfortunate impression of NFU, in his past history they are very good and very expensive. The Chief Executive added that full loss insurance is on the two pumping stations alongside the main sea line defence, Wyberton and Kirton Fen whereby an extreme tidal surge could wash the banks away around them and arguably just fall over but for the other 32 pumping stations the sub structure are all encompassing below ground level the Board is not covered for and if they are going to be knocked down, vandalised, tidal surge, whatever realistically the nuts and bolts of it will remain. We asked NFU to give a quote because this Committee and others had requested one but it actually scared us away from it.

Cllr B Russell concluded they would not wish to give cover for either subsidence or ground movement but basically you should know and have information on that but you are not talking about trees growing close.

The Chief Executive agreed with the Finance Manager that £4,700 for the additional sub structure cover is a good deal. The Chairman added that after consultation with the Finance Manager and the Chief Executive he came to the same conclusion.

Cllr B Russell asked is it an all risk cover? The Chief Executive answered it would be a question to ask Mr Cooke today.

The Chief Executive reported over the last year the Officers have tried to build up a relationship with John Cooke in the same way we had the relationship with Phil Ingleby (NFU) as we did not know a lot about Towergate Insurance. He explained he had spoken to other IDBs in the County asking who their insurers were and they introduced the company Towergate, subsequently the Officers found out that Towergate cater for 30 to 40 other IDBs in the Country. They have the expertise and the Officers have been quite encouraged by Mr J Cooke's level of expertise within the IDB industry.

Mr N Scott asked who is the insurer on the combined policy? The Finance Manager answered the combined policy is with Allianz, the motor fleet is with Equity Red Star and the indemnity for directors and officers was still left with NFU as it overran by a year at renewal date, after the renewal date was moved from April to September. This Finance Manager concluded that this policy has ended now and at this renewal Towergate will pick that up.

Cllr B Russell stated that within the industry it used to be that 2.5% was added for site clearance and 5% of the sum insured for underground damage, damage to drains pipes and foundations so you would usually add 7.5% onto your sum insured, the premium for this renewal quotation seems even less than that percentage.

Mr N Scott asked have we been with Towergate for one year or is Towergate quoting to get the business from NFU? The Chief Executive answered we are currently approaching the end of the first year with Towergate Insurance. Mr Ash pointed out that the price we are paying at the moment is less than we paid the NFU in 2014. The Finance Manager stated that this is last year's quote and John Cooke will be bringing this year's renewal terms with him today.

Mr Barker expressed that the £4,700 seems a very good quote for the underground structures. He suggested that the Board could consider looking at the larger pump houses and then look at the single and double pump houses separately. The Chief Executive reminded the members that Jacksons Engineers had carried out a study on all of the Boards pumping stations, if there were to be rebuilt tomorrow how would they be rebuilt. Jacksons Engineers had produced an excellent report detailing the cost and method of rebuilding all the Boards pumping stations, these valuations were used by Towergate in supplying the quotation, in theory if the Board were claiming on a rebuild it would be on the new configuration of pumping station with the sub structure in whatever format.

Mr N Scott asked if that was where the £27 million comes from as it seems a funny number for an insurance company to come to; the Chief Executive and the Finance Manager stated that they have provided those figures to Towergate. Mr N Scott read from Towergates' quotation regarding the upper and lower structures this is an issue it should be defined correctly. The Chief Executive answered that they have tried to define it, there is a ground level and this pertains to everything below it and part of the motor and some of it is above ground, it could be awfully complex if there was to be a claim.

Mr Scott asked what is underground? The Chief Executive answered that the substantial amounts of rebuild costs associated are with costs below ground level, being amounts of reinforced concrete and the flumes. The Chief Executive added that including the entire pumping station will remove any of the contentious issues if we ever make a claim because we will be fully covered.

Mr John Cooke arrived at the meeting and was invited by the Chairman to go ahead with his item.

Insurance Law Reform Act 2016

Mr J Cooke stated that for issues that are not already insured but other issues that were pertinent for general consideration at the beginning of the document he had put the Insurance Law Reform Act 2016 on page 21. This legislation which came into effect in Summer 2016 regarding declarations of the full facts and information provided to insurers which need to be made on the insurances, there are changes to the law in respect of warranties and conditions which apply to insurance policies. In affect there has been a trade-off that much more information goes to the insurers at the start and in return for that they ease off with the requirements, conditions and the circumstances under which they can turn down insurance claims. He believes in some ways its quite a good piece of legislation for policy holders in other ways it puts a little bit more responsibility both on the Board and Towergate to make sure we have all the necessary information produced and provided for insurers, all in all it is positive for policy holders.

Insurance of the underground structures under the buildings cover

Mr Cooke stated that one of the main concerns identified is the exclusion of the substructures at pumping stations and that he believed that underground structures should be included. If they are not included and there was damage to both under and over ground structure, what is the over ground structure going to be built on in the event there is substantial damage for whatever reason.

The Chief Executive enquired as to the claims history relevant to other IDBs below ground claims at pumping station; Mr Cooke answered he has had two in 25 years, one was impact damage from a piece of machinery which took a big chunk out of the corner which weakened the building leading it to be reconstructed, the other had been subsidence to an underground structure that was able to be repaired relatively cheaply but if the whole lot was to subside you cannot rebuild the surface structure until the underground structure has been resolved.

The Chief Executive asked if subsidence would be included in a policy incorporating the substructures? Mr Cooke confirmed that subsidence is included and also earth quake is covered.

Cllr Russell asked is there any difficulty where we have a structure that has a ground level but also a sub-basement level, or chamber? how do you define which is above ground and which is underground? Mr Cooke answered that yes it can be tricky on some of the buildings. The Chief Executive explained that his terminology of above ground level is the floor level in relation to threshold level of the door as you step into the pumping station very similar to external ground levels.

Mr Cooke said that it frequently is and all the machinery below the ground would be covered because it is part of the machines moving parts.

Mr Scott asked at what stage are you at the moment, you have gone to market and you have quotes here for us today; Mr Cooke answered that it is the number from the existing insurers which is Allianz; he added that we do an exercise each year because we look after so many IDBs we do an overall exercise to use the buying power for an overall trade, as the insurers know the trade they appreciate the risk of the trade and they buy into the benefits of the way that an IDB works and is governed. Mr Scott asked is this Board in the drainage board package, Mr Cooke stated correct and added that he has just started the one for 2017. Mr Scott asked which insurers do you go to; Mr Cooke stated all of the main insurers and some of the not so main insurers, they are all financially secure insurers, it's the main 10 to 20 insurers and for various risks we go to Lloyds and other London markets as they are more specific and specialist in the type of insurance that they deal with. At the moment this one is Allianz the main combined policy is with Allianz, the engineering cover is with Allianz and the motor is with Equity Red Star. Mr Scott asked if he had viewed the previous NFU policy; Mr Cooke answered at different times yes; Mr Scott asked in terms of like for like; Mr Cooke replied some of it is like for like and some is better because some of it is specialist for drainage boards so that it's as good as anything out there. Mr Scott asked do you have 30 IDBs; Mr Cooke answered no, more than 30 he stated he looks after 47.

Cllr Russell asked if you are insuring IDBs in a group to the market is the main risk being taken by a panel of insurers or one individual insurer? Mr Cooke answered at the moment it is one individual insurer; Cllr Russell added it must be getting to the point where you would be looking at having two companies involved in a proportional? Mr Cooke answered at the present time we are in discussion with AXA on another individual board which is a tester to see how they perform with that board. At the moment we have all of the boards with Allianz and we do an annual revamp and broker the whole thing. We go to the major insurers with all of the policy information for all of the boards; Cllr Russell asked is that on the basis of a package for all boards? Mr Cooke answered yes. Cllr Russell asked does that gives you a lot of buying power in the market. Mr Cooke answered yes it does in one way but in another way it also provides for considerable protection for individual boards which might suffer losses or significant losses at different times because it dissipates into the overall size of the premiums. If a board has a particularly bad year one year then an insurer will only look at it to a certain extent because it is only one particular board, if the Board was on its own if it has a bad claims year one year it could end up with premiums increasing considerably.

The Chairman acknowledged that the Committee has asked all the questions regarding this item and if anyone thinks of anything more then we will come back to Mr Cooke.

Terrorism Risks

Mr Cooke then stated that the next item is straight forward. It is a quotation for terrorism which is a fairly straight forward as he has not had any claims for terrorism for IDBs. The Committee did not believe that the risk was substantial enough to consider insuring.

Fidelity Guarantee

Mr Scott asked who is initiating the increase in cover? Mr Cooke answered it is to make sure we are protected to the correct extent.

Mr Scott asked if the fidelity cover is just for the employees defrauding and Mr Cooke answered it included Board members and employees.

Management Liability Insurance

Mr Cooke had looked to see if it would be advantageous to increase the limit of indemnity on the management liability insurance from £2 to £3 million. As it happens the cost of increasing to £3 million with an alternative insurer is cheaper than the £2 million option that the Board presently have.

The Finance Manager asked if this is something which is ongoing because we don't want to be looking at increasing that now if we suddenly get a hike in 12 months' time. Mr Cooke agreed there is little point in that, the cover is the standard rates for the insurer and also includes some employment law protection as well

Mr Barker asked about claims from all industries, is £3 million sufficient? Mr Cooke stated that in his view the £3 million is more than most people have.

Professional Indemnity Insurance

Mr Cooke then stated that hand in hand with the management liability is professional indemnity insurance, which has previously been with AIG, and gives protection largely against errors and omissions involved in planning consents and the like. The policy which has run for most drainage boards goes considerably beyond that and Mr Cooke's recommendation to go with this alternative policy because it does give wider protection. He said not to say drainage boards have large professional exposures because by and large they don't but there are certain exposures which arise in other areas which would be advantageous to insure against. In addition to that the limited indemnity in the policy at the moment is £1 million. With work being undertaken for the PSCA that requires a £2 million limit therefore the limit will have to be increased to £2 million, if undertaking work under the terms of the PSCA. The Chief Executive added that the Board is still in the process of challenging this as the purpose of the PSCA is to work under instruction not to offer any design to the work. Mr Cooke added that he does not see any PSCA risk whatsoever in the works the boards carry out under this Environment Agency contract. The Chief Executive stated that it is currently being reviewed by Ian Russell, in theory should we have an increase premium for such cost then the Board in turn should be recharging the EA for that premium.

Mr Cooke stated that in the event of any contractors having given you advice but then maybe wind the company up and cancels their insurance, the Board could be left without that support therefore it's important to have professional indemnity cover at the outset. Cllr Russell stated that is a good point and other Members agreed. Mr Cooke stated that this policy is a safety net in most instances.

Deception and Crime Insurance

Mr Cooke moved onto the newest style of insurance cover. Members will all be aware from newspaper reports of people who suffer from fraud & deception and lose money from bank accounts, conmen wheedle their way into your confidence and extract information from you that enables them to defraud you of money. For example, somebody in Russia/Poland sends out a fishing email that snags into one of your emails, replicates it and sends an email back into the office to say that a customer you deal with has changed their bank account details and could you please pay into

this account instead of the original account. The number of victims who automatically alter their records so that monies are sent to the new fraudulent email address is quite alarming. The number of theft and burglary claims these days now are relatively minor but the number of these types of instances that are starting to appear is a definite increasing trend. Mr Cooke asked the Committee if they wished to investigate cover for this or are the current protections within the Board sufficient to withstand it. The Finance Manager answered that he believed the checks and training already in place is sufficient moving forward and certainly the exposure will be limited for excessive amounts the details would be checked. The Chief Executive added that cover will not stop the fraud happening obviously just protection for if it does. Mr Ash asked what the premium cost of this would be; Mr Cooke answered that it varies depending on the number of records but should not be a great deal. It does vary quite a lot taking into account the systems in place and the volume of electronic transactions and the amounts of the Boards electronic footprints throughout the market. The insurers look at that because it gives the initial indication as to the general exposures, there is also the secondary exposures to protection and processes within the office.

The Chairman asked Mr Cooke to clarify the cost of this policy to better inform the Members. Mr Cooke answered yes he would prepare a quotation. The Chief Executive expanded and asked if this policy was purely for cash transactions and also is there an excess payment; Mr Cooke answered that there could be an excess with this type of policy. The main client policies, Robson Alliance do one, where they are just a "crime policy" and it picks up burglary, theft, assault, deception and also a whole range of things. It could in the future become a class of insurance in its own, as it is robbery crime deception across the board.

Cyber Liability – cover for consideration

The Finance Manager asked does the deception include by means of cyber; Mr Cooke answered yes, there are some cyber policies around which include crime and that is where it starts to get a bit confusing. The Finance Manager clarified that the most common one at the moment is they find out the Chief Executive is away and send an email "before I went on holiday I forgot to process this payment can you do it today, immediately" alarm bells would ring in the case of this Board as it comes to the Finance Manager to authorise. Mr Scott added that if deception and crime covers cyber perhaps just look at one of those; Mr Cooke answered that for a group client policy which covers both cyber and crime there are other insurers that will cover cyber plus consequence crime arising as a result, the question is what they class as cyber and what they class as subsequent crime to cyber. The two can be different between a lot of insurers so you can get a little bit of crime cover and with other insurers you can get quite a lot of crime added in.

The Finance Manager answered that Cyber Liability cover has been considered and rejected before and we have introduced additional active support with our IT consultants as well as the enhanced systems and the unified threat management suite. The Finance Manager has attended cyber security briefings and is going to implement a training programme to the staff to cover things like what they should and should not click on email attachments. He will be attending a demo regarding a new system which prevents files from being encrypted and if it is a reasonable price it will be an advantage to get it sooner rather than later.

The Chairman asked that if this policy is a combined deception and crime insurance then it could be an interesting one. The Chairman then asked could Mr Cooke obtain a quote for review by the Members.

Mr Cooke then added that the other side of the cyber protection is the data protection area, which provides an indemnity of actions against the Board in an event of unfortunate release of data or theft of data of any sort. There are new rules of how you should notify people who have been affected by it. The cost of that can bring in another important strand to a cyber-type of cover in addition to all the protections against viruses and other sorts of malware. The Finance Manager clarified by asking Mr Cooke whether these policies can be added after renewal, so that members are not required to make a decision for this renewal; Mr Cooke answered yes they can be added later.

Mr Cooke clarified that insurance cover for these types of things are worth considering now and in the future. Cllr Russell agreed it is worthwhile asking for a quotation.

The Chairman thanked Mr Cooke stating it had been very useful for this Committee to have him at the meeting and asked Members if there were any further questions.

Mr Scott asked what is the brokerage and is it moving or changing, is it a different rate for different policies; Mr Cooke answered that a couple of policies don't pay anything and the remainder of the polices pay a certain amount. Mr Scott asked what is that? Mr Cooke answered that he could work it out and then let the Committee know a specific figure.

Mr Cooke responded that it had been a worthwhile exercise and not enough IDBs did it. He left the meeting.

The Members had the general consensus that Mr Cooke had approached the subject well and answered all questions with a good knowledge in his responses.

Following further discussion, the Committee agreed to recommend to the Board that:

1. The underground structures of the pumping stations should be included in the insurance policy for the indicated premium of £4,714;
2. Terrorism insurance should not be taken out at a premium of £4,129;
3. The Fidelity Guarantee limit should be increased from £600,000 to £1,000,000;
4. Management Liability cover should be increased from £2,000,000 to £3,000,000 and include £1,000,000 Employment Law Protection with a reduction in premium;
5. Professional Indemnity insurance cover should be increased from £1,000,000 to £2,000,000 with a reduction in last year's Towergate premiums;
6. The Board should request a quote for the Deception and Crime insurance including cyber insurance.

Mr Leggott asked if the Board had another quotation? The Finance Manager answered no not this year as the Board negotiated a three-year agreement which gives a discount, assuming the renewal premium is not above the inflation rate which Mr Cooke has assured the Finance Manager it will not be, then we will continue to deal with Towergate for the next two years.

Cllr Russell added that it is a good deal and agreed you get a better deal with a long term agreement.

1008 TO RECEIVE THE ANNUAL RETURN FOR THE YEAR ENDING 31 MARCH 2016 INCLUDING EXTERNAL AUDITORS OPINION - Agenda Item 6

The Finance Manager presented the completed Annual Return drawing attention to page 29 the External Auditors Report.

The Chairman remarked that it is excellent that we are in this position. Mr V Barker asked if the pension funds go to the Council and does it use SERCO? The Finance Manager responded that this is not affecting the Board, the pension fund is a Lincolnshire County Council local government pension scheme and administered by West Yorkshire Pension Fund so SERCO is not involved.

The Chairman concluded that the Members should congratulate the Finance Manager, Chief Executive and everyone involved – well done all agreed.

1009 TO RECEIVE THE AUDIT STRATEGY AND PLAN FOR 2016/17 - Agenda Item 7

The Finance Manager stated that Mr Gowing has reduced his internal audit time to 3.5 days and this is made up of testing transactions, feedback and comparing the Board with other IDBs. He asked the Committee if they would like to identify any areas for the Internal Auditor to look into and stated that this strategy was agreed at the meeting held on 27th April 2016.

The Chairman stated that it is as agreed, after a discussion with the Committee without Officers present, and has been acted on. The Chief Executive added that other IDBs have more number of days and it is unlikely that it will be reduced any lower than 3.5 days. Cllr B Russell highlighted that it was good that the auditor is only coming for half a day for systems review which must indicate that he is fairly comfortable and if you have a system that is right he just checks the system is being managed properly.

The Chairman asked the Finance Manager does this need to go to the Board with this Committees recommendation. The Finance Manager responded that as it did not go in June then it will need to go in November. The Committee agreed to recommended the Audit Strategy & Plan for 2016/17 to the Board.

1010 TO REVIEW THE POLICY FOR THE CONTROL OF RAGWORT - Agenda Item 8(a)

The Chief Executive stated that there are four policies for review, any amendments are highlighted in red and words lined through if deleted.

The Chief Executive explained that the "Weeds Act 1959" is to be deleted and the "Ragwort Control Act 2003" added.

Cllr B Russell asked how much of a problem is ragwort for the Board. The Chief Executive explained that it is not a problem for the Board but it does grow on banks. He reminded members that the Board does not own banks. He had reviewed the control methods on the internet, as pulling the ragwort can disperse its root, but we mechanically flail or hand cut only in areas that we cannot get the mechanical flail into. He explained that the pressure is on livestock banks and land adjacent to these banks. He also indicated that the EA are receiving a particularly large amount of criticism this year with regards to ragwort and they do own the banks.

They tender out banks for livestock whether there is ragwort control involved through that tenancy is another matter. However, they are receiving criticism of ragwort along footpaths and bridle paths alongside banks which is for them to resolve with the tenant but it continues to be an expanding problem. Cllr Austin added that it has been a good ragwort year this year.

Mr V Barker stated that the problem is the arisings, because whilst it's growing it is bitter and livestock leave it alone but as soon as it's mown i.e. into hay or whatever it's sweet and that's the problem. He believed that the Boards operators ought to be aware of placing arisings into a grass field as a danger point.

The Chairman enquired presumably the operatives are aware of this? The Chief Executive answered yes as well as other more significant invasive species yes they are aware and also reminded at the pre-cutting brief every year.

Mr Ash asked whether if the operators see ragwort would they continue and mow the bank and is it up to the landowner to remove the arisings. He then asked is it the Boards responsibility to inform the landowner? The Chief Executive responded that as good practice if we came across a lot of ragwort on the brink of the bank growing into a field we would notify the landowner.

The Committee RESOLVED to recommend that the Policy for Control of Ragwort should be approved at the next Board meeting.

1011 TO RECEIVE THE POLICY ON TILE DRAINS DISCHARGING INTO BOARDS MAINTAINED WATERCOURSES - Agenda Item 8(b)

The Chief Executive presented the Tile Drains discharging into Boards maintained watercourses policy and stated that on this policy and others we are particularly trying to change the meaning with a word. The previous wording was policy on tile drains discharging into board watercourses which gives a lot of the concept to the layman that the Board own the watercourses that we maintain, in fact we don't own many of these watercourses at all. Changing the description by putting in the word "maintained" to read that they are "Board maintained watercourses" will make more emphasis. He added that we receive a lot of phone calls asking us "to get rats out of your banks" and we have to inform them that they are not our banks.

Mr Ash asked why the word tile? Although it is a regularly used word from the old concept of quarry clay pipes. Mr Scott said that when he read this he thought that as most of his are plastic that this perhaps should be changed to land drain?

The Chief Executive acknowledged that this is the purpose of putting these policies to committees. The Committee agreed that "tile drains" should be replaced with "land drains".

The Committee RESOLVED to recommend that the Policy on Land Drain discharging into Board maintained watercourses should be approved at the next Board Meeting.

1012 TO RECEIVE THE POLICY FOR CONTROL OF RABBITS, RATS & OTHER RODENTS IN BOARDS MAINTAINED WATERCOURSES - Agenda Item 8(c)

The Chief Executive stated that again the change is adding the word "maintained watercourses". The amendments to the Policy for Control of Rabbits, Rats & Other Rodents in Board maintained watercourses, and other amendments shown in red.

Mr Ash asked if badgers could be included in that policy? The Chairman answered no.

Cllr B Russell asked under the methods of control operations (c) is the problem only in the watercourse or is it associated with an adjoining site. The Chief Executive answered that historically we have gassed rats when we were allowed to but we have realised that gassing rats in the bank does not remove the problem. Many rats are in an adjoining building we therefore have had to investigate with the landowner just where the cause of the problem is coming from.

The Committee RESOLVED with the above amendments to recommend that the policy be approved at the next Board Meeting.

1013 TO RECEIVE THE GIFTS & HOSPITALITY POLICY - Agenda Item 8(d)

The Chief Executive stated that in section 6 the description has been expanded to include "relevant conferences, courses, equipment/plant inspections, suppliers or services" more in line with modern day working.

The Committee RESOLVED to recommend that the Gifts & Hospitality Policy should be approved at the next Board Meeting.

1014 TO REVIEW THE BOARD'S ANNUAL ACCOUNTS - Agenda Item 9

The Finance Manager stated that it is part of this Committees terms of reference to review the annual audited statement and the management accounts once a year, these are alternated and are included, the annual governance statement on page 46 has been reviewed in detail at the previous meeting because of the new guidance rules.

The Chairman asked the Committee members if there were any questions, the Committee reviewed and had no further questions.

1015 TO REVIEW THE BOARD'S CATALOGUE OF POLICIES - Agenda Item 10

The Chairman presented the catalogue of policies stating some have already been reviewed. The Finance Manager stated that from the 1st April 2016 it was expected that there would be a new ADA "White Book" which is the terms and conditions of service we share with other Lincolnshire ADA IDBs.

Due to the delay in the pay agreement it has not been issued and one of the big changes is that the grievance, disciplinary, capability and communication policies are all going to be completely removed from the White Book or placed in the annex, as ADA have been advised by a solicitor that they should not form part of the terms of conditions of service. This also applies to maternity pay, paternity pay and statutory sick pay all these elements will be dealt with under statutory law. The current sick pay terms are a lot better so will stay. This will mean that those policies may need to be reviewed. The solicitor actually said that the policies need to be simplified because when we have had to use them over the last 5/6 years, the solicitor thinks the disciplinary and capability procedures are over burdening and putting obstacles and extra actions in that they are not required. Once the White Book has been published then the Officers will look to see whether we adopt the policies as they are in the annexes or if the Officers bring new policies to this Committee.

The Finance Manager stated that the IT & Communications policy is outdated back from when the internet was first discovered, is based on dial up speeds and suchlike. He explained that this policy will need to be reviewed and others dependant on how they are integrated into the White Book.

The Chairman clarified to Members that we are looking at what policies are to be reviewed at the next meeting.

The Chief Executive confirmed that should these policies be required that they are brought to this Committee for review. The Finance Manager stated that if required these four policies will be brought to the meeting in April 2017. Also the Lone Worker Policy and the two rechargeable policies will be brought forward for review which were not due until April 2019. The Chairman added that in his opinion the Lone Worker Policy did need to be reviewed sooner rather than later. He explained that the contracts for lone worker devices is up for renewal at the end of 2017 so either April or September.

The Chairman then clarified that the Lone Worker Policy plus the additional possible four other policies should be reviewed at the meeting in April 2017, the Committee agreed. Mr Ash asked if the Lone Worker Policy should be reviewed more frequently say annually. The Chairman and Members agreed it would probably be best to review it annually.

1016 TO REVIEW THE RISK REGISTER - Agenda Item 11

The Chairman then presented the next item, a review of the risk register. The Finance Manager stated that the Committee reviewed this register at the April meeting in detail and then reminded the Committee of the items which are highlighted with a score of 4 or above. The Chairman added that nothing has changed since April 2016 and accepted the register as recorded.

1017 ANY OTHER BUSINESS - Agenda Item 12

(a) Cyber Training

Mr Barker pointed out that the Finance Manager had referred to cyber training and asked if Board Members should have some training or something to make the Members more aware of what is happening. Mr Barker added that he would pay for the training.

The Finance Manager answered that he will probably be giving the training and if the Chief Executive is happy then you would be welcome to come along at no cost.

The Chairman clarified that when the Finance Manager is giving training to members of staff we could invite Board Members along. Cllr Russell then asked if there were routes in from Board Members systems perhaps equipment; the Finance Manager answered no.

The Chairman added that sitting on the local Councils, Councillors are being reminded of it all the time. Mr Leggott agreed that if Members could be invited to cyber training that would be very beneficial.

(b) Boston Barrier

The Chief Executive stated that the Boston Barrier Transport Work Act is currently in place and all the documentation is available. He added that he has reason to believe that it will be challenged and therefore go to enquiry which arguably is what the Environment Agency want because they will define the programme route. In theory every question that could be asked is inside the documents with drawings available. These are available for any member to take and review.

There being no further business the meeting ended at 3:15pm.

