

BLACK SLUICE

INTERNAL DRAINAGE BOARD



Executive Committee Meeting

Wednesday 24th May 2017 at 2pm

Station Road, Swineshead, Lincolnshire PE20 3PW



Black Sluice Internal Drainage Board

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Our Ref: IW/DPW/B10_1

Your Ref:

Date: 17th May 2017

To the Chairman and Members of the Executive Committee

Notice is hereby given that a Meeting of the Executive Committee will be held at the Offices of the Board on Wednesday, 24th May 2017 at 2pm at which your attendance is requested.

Chief Executive

AGENDA

1. Apologies for absence
2. Declarations of Interest
3. To receive and if correct sign the Minutes of the Executive Meeting held on 14th December 2016 (**pages 1-19**)
4. Matters Arising
5. To consider Period 12 Management Accounts (**pages 20-22**)
6. To receive 2016/17 Unaudited Financial Statements (**under separate cover**)
7. To receive the Annual Return for the year ended 31st March 2017 (**pages 23-28**)
8. To receive the 2016/17 Annual Internal Audit Report (**pages 29-37**)
9. To consider the Board's Investment Strategy and the future (**pages 38-41**)
10. To review and approve accounts of Bourne Fen Farm Account (**pages 42-43**)
11. To consider a confidential report of a proposed workforce pay re-structure (**to be sent under separate cover via email**)
12. To consider a confidential report of a proposed Operational re-structure (**to be sent under separate cover via email**)
13. To consider a confidential report on staff salary reviews (**to be sent under separate cover via email**)
14. Any Other Business.

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Executive Committee

held at the Offices of the Board on
14th December 2016 at 9am

Members

Chairman - * Mr K C Casswell

* Cllr P Bedford * Cllr M Brookes
* Mr J Fowler * Mr P Holmes
* Mr M Rollinson

* Member Present

In attendance: Mr I Warsap (Chief Executive)
Mr D Withnall (Finance Manager)

1055 APOLOGIES FOR ABSENCE

There were no apologies.

1056 MINUTES OF THE LAST MEETING

Minutes of the last meeting held on 13th September 2016, copies of which had been circulated, were considered and it was agreed that they should be signed as a true record.

1057 MATTERS ARISING

(a) Works Committee Membership- Minute No 994(a)

The Chairman asked both Works Committee Chairmen if they had progressed any further with their discussions on membership. Mr Rollinson agreed that both himself and Mr Holmes should meet up to discuss this especially with the inspection days in March 2017.

The Chairman added that a request has been received from Mr N Morris from Welland & Deepings IDB who would like to visit on the Southern Works Inspection Day.

The Chairman concluded that it will be left for the Works Committee Chairmen to discuss and present at the Board Meeting on the 8th February 2017.

(b) Drainage Rate Account 2781 - Minute No 995(3)

The Chairman asked if payment has been received for this account. The Finance Manager answered no - £8,815.75 being drainage rate charge levied to the 'old' company which has been submitted to the administrators, however due to the value of assets left it is unlikely that this will be recovered.

The 'new' company has been sent an apportioned drainage rate bill for £21,113.02 which is at the stage of having been sent a first reminder. He stated that the new company have indicated that payment should be received this month. He also added that he believed that North Level IDB, who had a similar drainage rate bill, has received payment, he concluded that he has requested the Rating Officer to investigate.

(c) Review of Purchases, Upgrades & Contract Renewals - Minute No 1000

The Finance Manager informed the Committee Members;

(i) Telephone system

The Finance Manager stated he had obtained an additional quote from Timico, coincidentally he attended a Cyber Security briefing hosted by Natwest which was at Timico's premises therefore he received a demonstration but unfortunately he was not impressed. Later that same day he viewed a demonstration by BT who produced a better system for a more competitive quotation, therefore an order has been placed with BT.

(ii) IT Support Contract

The Finance Manager stated that he had relayed the Executive Committees decision regarding the three year IT support contract with HBP and that HBP have accepted the yearly payment scheme.

(iii) CCTV System

The Finance Manager stated that the additional three digital cameras have now been installed. He explained it is a hybrid system which has both views but the quality of the digital picture compared to the analogue is shocking, it shows how bad the picture quality is using analogue cameras compared to the digital on screen.

He stated that these analogue cameras were installed in 1997 and that as cameras breakdown they should be replaced with digital ones; it will be a case of upgrade as required but at some time a decision could be made when there are only a few remaining that they will all be replaced.

Mr Rollinson asked how many cameras are there? He responded 7 analogue plus the 3 additional digital ones.

(iv) Entrance Signage

The Finance Manager stated that an order has been placed to produce the signs using a colour match from the signage at the front of the building.

The Chairman stated that coming along the A17 he had struggled to see the building sometimes when the hedges are full and thought they would need to be trimmed. The Chief Executive and Finance Manager both added that they can view from a section on the A17 as they are more aware of where the gaps are.

The Chief Executive stated that when the contractor comes back with signage suggestions for the rear of the building it will be offered up and viewed from the A17 before a decision is made. The Chairman added that yes it would be better in the Spring when the leaves are out to see if it can be viewed.

Mr Holmes agreed that with the full growth on the hedges and trees it is difficult to view the rear of the building from the A17 and asked if we have access and/or control of them; the Chief Executive responded that we control the shrubs on the landscaping banks but he was unsure about the roadside trees.

The Chief Executive clarified that the signage had only been a request from ADA to raise the profile of drainage boards.

(v) Solar Panel Maintenance

The Finance Manager stated that a request has been submitted for the contract which still has not been received and the contracts are due now and concluded he will be chasing it.

1058 TO RECEIVE THE PERIOD 8 MANAGEMENT ACCOUNTS - Agenda Item 4

The Finance Manager presented the period 8 management accounts and highlighted the following items;

- Drainage Rates & Levies – (£32,000) still due which is an unusual position made up of £29,000 single unpaid drainage rate with the remaining rates under recovery action.
- Interest & Grants - £60,000 this is a number of FDGiA schemes which will be off set in the schemes later on.
- Schemes – the amended forecast figures are complete now and will appear in Period 9.
- Pumping Station Maintenance – the situation with British Gas invoices is all 34 pumping stations have transferred over from May 2015 but a considerable amount of estimated bills are still being received. All the pumping stations have smart meters fitted, which is frustrating, that we cannot receive accurate bills. Five years ago the tender stipulated that smart meters were to be fitted to all pumping stations. British Gas' contract is up for renewal in April/May 2017 and the Finance Manager would not be recommending them going forward because of the lack of value for money and estimated bills.

Mr Holmes commented that there still may be a difficulty drawing a line under the contract with British Gas. The Finance Manager responded that at the changeover point it will be a case of going out to every pumping station and taking photographic evidence of each meter reading on the changeover day. The Chief Executive agreed that this could be done by the workforce.

Mr Rollinson offered information on a company called Stark who can organise the smart meter readings be sent to the office. The Finance Manager agreed to look into this, he stated he uses Orsis for the PV. It will help give an idea for budgeting purposes even if British Gas would not accept the smart meter readings.

The Chairman added that we are in the position that over this contracted period we have had a low pumping period, it could have been that we were pumping continually and this would have led to the bills being thousands out which could have been very serious for the Board.

The Finance Manager also added that he has spent the equivalent of days trying to sort this situation out, plus the Finance Assistant has spent weeks in time costs, as each month she does a reconciliation for each of the pumping stations to try and work out what is based on actual v estimated readings, and over the last 18 months it has a cost to the Board. An administrative claim has been submitted through the Brokers and we await to see the outcome.

The Chairman asked if we could pursue a complaint at a higher level; the Finance Manager responded Ofgem – we have followed British Gas' complaints procedure and they have not even attempted to resolve it. The next step is to go to Ofgem for them to resolve it, the Members agreed that this should be done.

Mr Fowler added that he has endured similar problems with British Gas and has moved his supply to the buyer group 'Woldmarsh' to hand them the problem and potentially they will be able to deal with the power distributors.

The Finance Manager asked if when tendering for renewal of the contract next year should he go through the Broker and Woldmarsh. The Members felt it should be explored through Woldmarsh who use a yearly contract.

- Drain Maintenance – some recovery savings have been made in period 6 and 7 but unfortunately in period 8 it is (£13,000) these accounts were produced on 7th December and investigations have not been initiated.
- Environmental – is under spent.
- Administration & Establishment – regarding the budget for the Business Administrative Apprentice, the recruitment process has been progressed, 21 applications received, with a shortlisted of four for interview and the position has been offered to Jessica Baxter who will be starting in January 2017.
- EA precepts – timing issue.
- Solar panel – no expenses currently because they have not sorted the contract out yet.

Balance Sheet

The Finance Manager outlined some amendments on the balance sheet;

- Monmouthshire BS @ 0.60% from 1st October 2016
- Co-op Community Account finishes in April 2017
- Natwest Reserve Account @ 0.01%

He stated that Natwest have increased their charges estimated at (£2,500) per year, at the recent Natwest Banking Manager meeting there was nothing they could do and more or less said if we did not like it we could move banks.

The Finance Manager stated that if we were to look into a new bank it would be too tight for April 2017 it would need to be considered for April 2018. Reminding Members that the change of bank from Lloyds to Natwest was due to difficulty paying in cheques, but now that Natwest Kirton branch has closed alternatives are Sleaford and Spalding. The Finance Manager concluded that he could investigate lower bank charges, he noted Lloyds were offering 0.7% balance interest. The Chairman stated that Lloyds still have Donington branch with concise opening times. The Chief Executive added that payments can be paid into the Post Office.

The Chairman reiterated perhaps it could be looked into for April 2018
Members AGREED.

1059 TO CONSIDER THE 2017/18 BUDGET AND TEN YEAR PROJECTIONS -
Agenda Item 5

The Chairman wanted to thank the Finance Manager for putting together a budget at this point in the year because he normally has a few more weeks in which to prepare these.

The Finance Manager presented the 2017/18 budget and stating that there are some similarities in the presentation documents but due to the difficulties in drain maintenance early on in the year he has reviewed how this could be looked at in more detail. He stated that these reports are produced anyway so to be included for the Committee was not a problem. He pointed out that the important change is in the way we have worked out the plant recharges & labour recharges, by the hour of each week throughout the year because this way gives a better grip on what labour and what plant we have used. He stated that we had £2.6 million income two years ago, £2.3 million last year and this year we could achieve £2.1 million therefore it has reduced by half a million in two years. It is the labour and plant recharges plus the extra money from FDGiA and rechargeable works that has been keeping the men employed and the plant working. At the end of this year we were £100,000 short on labour recharge and £63,000 on plant recharge. Consideration needs to be given to how we use our workforce and labour, and how we monitor it month by month.

The Chief Executive stated that this information is produced for the Senior Managers and asked whether the Members of this Committee would like to see it in this detail.

The Finance Manager summarised:

- (a) Rates & Levies – maintaining the rate at 12.60p therefore zero increase, he noted that there is a substantial development in Boston Borough Councils' area which relates to a 2.4% increase but that is all from land being developed from agricultural use to residential use.
- (b) Interest – details have been given at the Balance sheet there is nothing which will happen to improve the market, he added that it may not meet the £5,000 budget.
- (c) Development Fund – there is no planned expenditure from this fund at the moment however this is assuming that the Quadrant development

funding will be used from monies they have paid for their development charge.

- (d) Rental Income – the mast at the rear of the depot, currently has a 2G microcell this is going to be upgraded to a 2G/4G transmitter. The difference being a couple more cabinets in the 3m x 3m space which is provided is not a problem but as part of the ten year lease with them from 2000 which has rolled over the last 5/6 years they pay £300 for electricity which on a 2G microcell, a lower power cell, was sufficient. They are going to upgrade the power from a 16mm 40W supply to a 25mm 63W supply which would suggest the new mast is going to use more power. The contractor has nothing to do with EE and the company that arranges the lease has nothing to do with EE the people dealing with electricity are different to those who deal with the lease and the Finance Manager has not been able to speak to anyone to sort the lease out.

Mr Rollinson asked if there is potential for the rental on the mast to increase? The Finance Manager answered subject to a rent review in 2015 which has not happened and the electricity is part of the lease and therefore we require a new lease and a whole new negotiation. He clarified that the Board can give them one months' notice but the problem is getting in touch with them.

- (e) Hessle Drive rent is at the same rate as 2016/17 as is the Swineshead, Bourne Slipes and New Hammond Beck land rental.
- (f) The Port of Boston still continues to use electricity and is charged £115.50 per quarter.
- (g) Other Income – consent applications nominal figure remains the same. Highland water that is based on actual costs and paying 16% admin charge, this remains the same.
- (h) Solar Panel Income – detailed information regarding the solar panels is at appendix 9, page 27. Mr Rollinson asked about the rate of return on the capital cost as a percentage. The Finance Manager responded, they are producing above the government projected rate. Office electricity is being saved by approximately £500 per month during the summer months and all the pumping stations are performing better than budget.
- (i) Capital Schemes – the Chief Executive referred to the scheme detail listed and highlighted the secured £60,000 FDGiA for Malting Lane, Donington which is scheduled to commence and be completed this financial year. For general culvert replacement, if there is any balance, to move to culvert replacements.
- (j) Pumping Station Maintenance – we have managed to work within the budget for 3 years now and still maintaining it at the £370,000 without any increase for inflation. The only reason this may increase is if additional electricity is required for pumping due to rainfall. Mr Holmes believed that as we have had 3 years of reasonable rainfall we are probably due a wet one. The Chairman added that we need to be mindful of setting a tight budget that it could get blown out of the water with a fortnights serious rainfall.

When you are running a budget really tight this could mean paying out of reserves at some point if there is say a £50,000/£60,000 electricity bill. The Chief Executive stated at the Clerks meeting he asked a general question regarding levels of reserves by other IDBs and most IDBs are running at a very similar position to ours, c20% of annual expenditure.

- (k) Drain Maintenance – this has increased by £10,000 to £710,000 the operations programme now matches the budget programme so the two should work hand in hand next year. It will be monitored week by week to make sure that when it says that this man is going to this job for 38 hours that is what he is actually doing, if not or for additional overtime which has not been included in the budget, it can be challenged week by week rather than month by month.

The Chairman added there are not many areas where you can make huge savings without compromising what we are about as a Board or what we are meant to be doing which could be a challenge.

The Finance Manager stated that the Board could reduce the workforce but when they are needed for cutting and they are not available it could be a problem. He added that either we need to put more resources into drain maintenance because the budget is tight or consider losing a man or two.

Cllr Brookes asked would it be practical to have seasonal workers; The Chief Executive answered yes it could be explored, we do hire in one specialist machine with hired operator and put our own cutting basket on for 12 weeks.

Cllr Brookes asked would there be any flexibility with working with other IDBs; Chief Executive answered we are regularly questioned by other Councils and Members and yes it is a genuine question but we all bush at the same time because of the environmental reasons, we all summer cut because its summer cutting, we all cleanse because its winter cleansing, I think the only realistic approach is to change the recognised format of maintenance. By bushing in the summer it would be more expensive because there would be more environmental inspections but if it is an option for splitting a specialist hedge cutting machine between two boards it may be a way in the future.

Mr Holmes expressed that looking forward it may be that if we take on extra highland work or South Forty Foot work we are going to need to call upon skilled operatives and it would be silly to let them go for 6 months when in 12 months' time we are going to need them.

The Chairman stated that the budget has to be set to what we know now and not what might be.

- (l) Environmental Works – this has been reduced by £10,000 which was transferred to drain maintenance, on the Chairman's instruction.
- (m) Environment Agency Precept – the Finance Manager and Chief Executive attended the RFCC meeting in January 2017 to approve the current year's precept.

There was warning that this year they would be looking to increasing the EA precept, and if they increased the IDBs then they will also increase the Councils contributions. However, the authority which covers Bedford have increased their precept by 2% in this last year so there is a precedent. It has been fixed for 6/7 years and if they put it up now I think the Board would challenge. At the RFCC meeting in January 2017 they may go for an increase; the Chairman concluded that all IDBs should show a united front.

- (n) Administration & Establishment – the Finance Manager stated admin salaries are as agreed at the September 2016 meeting and the Chairman has a pink paper later on in this meeting. This year has been the tri-annual evaluation of the pension fund. The contribution rate was 22.5%, it has reduced to 16.8% and they have increased the deficit payment from £66,000 to £93,000. This works out at £7,000 savings assuming that current staff remain and if we secure the EA work and take more people on then it will be a bigger saving because instead of paying the 22.5% employers contribution we will only be paying 16.8% - it has become cheaper to employ people and the reasons they are doing this is because most public workforces are shrinking, by keeping that deficit at a fixed amount they are getting more money from it.

An allowance has been included for a pay award of 2% but assume it will be 1%. There is still no Pay & Conditions Committee. At the Clerks meeting on 13th December 2016 it was noted that no IDBs had informed them who was joining the Committee. The Finance Manager stated that the Chairman had communicated and he had followed it up in writing to confirm that the Chairman and the Finance Manager will be members on this committee. The Chief Executive added that Mr D Withnall has volunteered to become Secretary of this committee, within the terms it is recommended that you cannot have a chairman and secretary from the same IDB. The Chairman then added that Welland & Deeping IDB are not going to participate within the Pay & Conditions Committee.

The Chief Executive reported that they do not have a strong union representation across the IDBs if something happens to Welland & Deepings IDB members the union could call on other members in other IDBs in the County and surrounding area to act in industrial action on their behalf. For Welland & Deeping to say they are not involved or don't want to be involved it is putting all IDBs in a very difficult position.

- (o) Office – costs remain the same also included details of increase plant charges in the administration.
- (p) Inspection –The Chairman requested that £3,500 be included for a study trip in 2017/18.
- (q) Equipment – previously at £20,000 for the last two years now £15,000. The Finance Manager then introduced an anti-virus type system called Sophos Intercept X and presented a video presentation. The system will monitor our systems more comprehensively than it does at the present time, it will physically stop a crypto locker virus by its behaviour rather than by name or what it looks like and if it misses it can then unencrypt and go back to the previous set up.

The Finance Manager had looked into it stating we currently pay £2,000 for our antivirus solutions for 3 year period for this system to be installed the intercept X plus Sophos advance it comes out at £7,000 for 3 years less the £2,000.

He clarified that whatever happened the Board wants the security training which is committed, to do a days' worth of cyber security training with the staff.

The Finance Manager stated that this system at £7k needs to be looked into in more depth but he wanted to ascertain the Committees initial thoughts. He clarified that the previous crypto locker attack took 2.5 days plus half days' work to return the system to where it was, asking is that worth £7,000?

The Chairman believed this attack was caught whilst in progress and asked if you had not, how many days would it have been; the Finance Manager responded HBP's cost at £1,300 per day, time for the staff, the worst case scenario would be a fortnight lost work unless it was at the wrong time of year ie rate sending out time it could be worse.

He also felt that it needed an offsite back up system in place because if we evacuate for a fire all the backups are in the office on site. He stated that he has arranged to take a backup tape to Scunthorpe and they are going to set up a virtual system of our servers to prove that it works it should be possible to be set up as a virtual set up and use the system as if we were sat in the office. From a disaster recovery point of view, we have got a solution if it's a cyber-attack encrypting files.

Cllr Bedford asked about possible suspicious email, are they always sent to spam? He suggested the Finance Manager talk to the Clerk at BBC as they have a system where as every email comes through, if it is not recognised it is placed as possible spam.

The Chairman asked Members if the Finance Manager needed to look into this more and put a report together to the Members – all agreed; The Finance Manager reminded Members that Townergate are putting together insurance against crypto locker attack, actually these could be tied together, we may not need the insurance cover or vice versa.

- (r) Depot – included as previous years because the solar panels have worked well this year and reduced electricity costs.
- (s) Bungalow - as discussed in September, budget remains at £200 plus £3,500 to replace the driveway - quotations to be requested.
- (t) Admin - The Finance Manager stated that Admin overall has increased by 4.03% which equates to £19,320 real costs which is included in the budget.
- (u) Wages On Cost Reserve – the figures which go through the budget which are in the wages on cost account on page 23; £668,286 to recharge rates which matches the figures on page 24, on cost rate has been increased from 240% to 260% to cover the ever increasing

unavoidable employment costs such as pensions and employer national insurance.

- (v) 8 Year Plant Estimates – the plant replacement budget on page 25 again we have £142,500 generated in the plant estimates which used to be separate to the budgets; the amount calculated after recharges and expenditure will actually be available to this account each year. This exercise will be completed to make sure that the operational plans match the budget plans this will hopefully give a better view of the position and control the costs.
- (w) General Reserve – the target is to be at 20% in 2026/27, this spreadsheet with an allowance for 2% inflation we are at 20.45% maintaining the rate for 2 years then an average increase of 1.76% for the other eight years.

The Chairman asked if Members had any questions? The Chairman asked, if the rate is held for two years what is the situation for Boston Borough, Council as our biggest contributor, in two years' time; Cllr Bedford answered he did not know but we are the only Board that has committed to doing it for 2 years.

Mr Rollinson asked if other IDBs were completing a 10 year budget; the Chairman answered; no, adding that they started as 5 year projections and have progressed to 10 years which is something Mr M Scott had instigated. It gives a longer term plan and it helps to make decisions when you see the longer term impact of a rate change.

Mr Holmes suggested that ADA could encourage other IDBs to investigate producing 10 year budgets, it might be a good idea to put it in the mind of ADA to advise other IDBs.

The Chairman concluded that more should be done to encourage MPs within this County which is a large area prone to flooding, informing them that from drainage rates collected by the County Councils the government is keeping 40%. Boston Borough Council is only receiving 60% back and the MPs need to see the whole area because the East coast is getting kicked by central government

The Committee AGREED to recommend to the Board a penny rate of 12.60p for 2017/18 with an average 1.76% increase for the following eight years.

1060 TO CONSIDER THE OPERATIONS MANAGER VEHICLE ARRANGEMENTS - Agenda Item 6

The Chief Executive informed the Committee that he has been approached by Mr P Nicholson (Operations Manager). Mr Nicholson has requested, due to personally circumstances, to amend his terms & conditions to an essential car user.

The Chief Executive stated that he made Mr Nicholson aware that if this was agreed then there would be a requirement for him to purchase a high ground clearance 4 x 4 type vehicle which Mr Nicholson agreed. He also informed him that there would be no adjustment or review of his current salary due to any changes.

Mr Nicholson stated that he would accept these proposed requirements if the essential users allowance was at the top of band D. If the decision was yes, but the annual essential user rate was lower, he would have to keep his company vehicle; he is aware that it is a financial decision.

The Chief Executive stated that the Finance Manager has reviewed and outlined the financial implications for the Board in the last three paragraphs on page 28 and asked for any questions from the Committee.

Mr Holmes asked was the works vehicle due to be replaced in 2019/20. The Finance Manager responded that the costs allowed for on page 28 are the charge out rates that allow for replacement of the vehicle, made up of the 56p a mile less the Operations Managers contribution of 29p for private miles, this allows them to be replaced every 4 years. This is the true cost of the vehicle and what it would cost to put him on essential user. The Finance Manager added that there is the option for a 4x4 vehicle requirement for the pumping station groundsman there is options to move things around from this point of view.

Mr Holmes asked if the vehicle was sign written and if this is beneficial; the Chief Executive responded he was amazed by the vehicle recognition, within a week or two people had challenged him and would approach, but then they become accustomed to his vehicle.

The Chief Executive stated that the agenda item has been viewed by the Operations Manager.

The Finance Manager clarified that as part of the budgetary process all salaries are reviewed.

The Chairman recommended for the Operations Manager to be informed that he can either keep his BSIDB vehicle or be placed on the essential user rate top of rate C (£2,147) to include no adjustment or review of his current salary. The Members AGREED.

1061 TO RECEIVE VERBAL UPDATE ON ENVIRONMENT AGENCY AND CATCHMENT MATTERS - Agenda Item 7

The Chief Executive presented a number of verbal reports on the following items:

(a) Boston Barrier and Haven Banks Works

The Chief Executive has received a document which is available for distribution if Members would like to review a copy.

He stated that Defra are holding a public local enquiry into the Boston Barrier application and the timeframe is unknown, he referred to the document from the Transport and Works enquiry procedure briefly outlining; there were 34 responses during the 42 day submission period - 24 letters classified as objections and 7 were classified as representations and 3 letters in support of the scheme, one of which was a letter of support from BSIDB.

Objections were:

- the efficiency of the proposed barrier
- the location of barrier at the mouth of the Haven and its effectiveness
- the increase fluvial flood risk
- the increased tidal flooding at Wyberton, Fishtoft and Frampton
- the flood banks navigation predicted increase in flow rates
- navigation safety during construction and operation of the proposed barrier, securing navigation mitigating measures
- removal of water level management
- inclusion of a lock
- permanent relocation of fishing fleet
- impact on the Port of Boston
- impact on Frontier Agricultural Ltd
- impact on utilities
- impact on cultural heritage
- a complaint about the consultation
- alternative locations
- Royal Mail
- Witham 4th IDB has submitted a representation seeking confirmation that the Agency's works would not prevent it from carrying out its functions. The Agency will continue to work with Witham 4th IDB to ensure that, as far as reasonably practicable, access to its existing apparatus is maintained and that the Agency will not impede the discharge of water from the existing apparatus in the Plots. It is anticipated by the Agency that any concerns that the Witham 4th IDB might have will be addressed prior to the inquiry.

Within this document there are the EA responses to all of those concerns above and their statement which they will state at the public enquiry. The Chief Executive asked if anyone wants a copy of the document to please let him know and he will forward a copy.

He believed that with all probability the BSIDB and Witham 4th will be involved in raising the levels of both Haven banks through their PSCA, it will be c£1 million from Defra/EA with a matched funding bid for £1 million. Once approved BSIDB will be approached in line with the construction programme of the barrier to carry out these flood bank raising/protection works. The proposed construction programme being November 2017 - December 2019.

Mark Robinson (EA) is in discussions with Ian Russell the ADA liaison officer at EA to make slight changes to the wording of the PSCA to include front line defence bank work and to use the Black Sluice IDB as we are professed to be the more readily acceptable contractor. This will result in a substantial income to the Board.

(b) Black Sluice Catchment (South Forty Foot Catchment) Steering Group

The Chief Executive reluctantly reported that this group last met on 30th June 2016, after being challenged with producing a 20 year maintenance expenditure programme for all EA assets and main river maintenance (c£50m) which included bringing existing assets back to

their original condition (c£13m). Figures were submitted to the EA on 2nd August 2016, but with no response to date. The Chief Executive has been recently informed, after several complaints, that the EA will be responding in the very near future.

Due to lack of response there was no purpose in arranging a further meeting and arguably the Defra initiative Black Sluice Catchment Frontrunner Project has taken over.

ADA have complained higher up the EA management structure. The Chief Executive stated that he received an email on 7th December 2016 – quoting from the email received from Deborah Campbell (EA Area Flood & Coastal Risk Manager) saying;

“there seems to have been some confusion with progression of the Operational Plan. Kevin was waiting for me to have a conversation with you about it before progressing any further so it would appear the delay is of my making. Apologies for this.

I have a number of comments that were produced on the submission you made which require further discussion. I think this would be easier done as a face to face meeting with probably yourself and your team. I will ask our new Local Delivery Lead (tbc imminently) to get a date in the diary as soon as possible. My apologies again”.

(c) Water Resource East (WRE)

The Chief Executive reported that a WRE Black Sluice Case Study Group on the 25th November 2016 at Spalding was attended by around 90 persons.

He explained that there are various long term concepts revolving around water transfer and collection through our catchment (north to south) initially for AWS who are trying to identify a reliable and sustainable c150 mega litres per day source for public water supply. (NB; 2.5 mega litres is one Olympic sized swimming pool, therefore 60 swimming pools a day).

This catchment has c200 mega litres of water per day running off the catchment and being discarded into the River Haven on an average rainfall of 600mm per year. Using 22nd November 2016 as an example following heavy rainfall over 3-4 days averaging 10 - 20mm a day the water volumes flowing out to sea can be four fold the average for up to two weeks before the catchment recovers.

Further water supply/use is required by others partners, for example the Fens Agricultural Water Group (agricultural irrigation) and the South Lincolnshire Fens Partnership (wet fenland recreation).

This can only be guaranteed by partial transfer from other sources, in our case primarily the River Witham or the Kyme Eau (higher quality). Therefore, there would be a requirement to link into the River Witham north of our catchment, at the same time enhancing the 36km length of the SFF drain to create a 'river reservoir' thereafter to continue the water transfer by further linking into other main rivers to the south or to

purpose built reservoirs in south Lincolnshire in order to continue with the AWS transfer requirements.

The new enhanced SFF drain would not only benefit our catchment by increasing flood resilience, it will also offer multiple benefits for agricultural growth, environmental enhancements, tourism & leisure, navigation, WLM benefits at Boston etc.

Black Sluice IDB Direct Benefits

- Increasing the South Forty Foot Drain's (SFFD) capacity along with river bank enhancements and improvements, at the same time introducing an alternative SFFD southern outfall will create and offer a reduction in flood risk throughout the entire catchment.
- Reducing the flows from the SFFD into the River Haven will also reduce the pumping requirements at the Black Sluice Pumping Station (BSPS).
- A 'fit for purpose' increased capacity SFFD with a reduction in the pumping requirements at BSPS will offer a reduction to the overall catchment operating expenditure.

Next steps are an official presentation and launch event in April 2017 to the WRE Leadership Group (Henry Cator is Chairman) seeking approval for AWS to continue. Possible development of a limited company or trust, the main question being who owns the water? Answer no one 'owns' the water without a licence.

EA 'Slowing the Flow' i.e. Swaton Catchment

Awaiting confirmation from Defra that the financial application has been approved, BSIDB prepared to contribute £18k from our capital fund.

(d) Partnership Approach to Catchment Management (PACM)

This project started in December 2015 when numerous risk management authorities were informed by the EA about their impending 'Unfunded Watercourse' approach.

They were reviewing how to develop a partnership approach in order to develop a catchment wide approach to the management of their systems and develop a long term maintenance programme with a focus on efficiencies and lining up the objectives of the all risk management authorities and local deliveries partners.

This work is being funded by the RFCC and a report is being delivered at the April 2017 RFCC meeting for review.

Relevant to the Black Sluice catchment, 'Electricity UK plc' ref Bicker Fen National Grid connections, Network Rail through our catchment and Weston Power distribution depots within our catchments all require increased flood resilience and financial contributions for unfunded or part funded systems should be sought from these organisations.

(e) SFFD De-Silting Works through our PSCA

The Chief Executive confirmed that he has received verbal approval to go ahead with the de-silting works from the Black Hole Drove pumping station to Neslam Bridge circa 7km. Our quotation is c£586k and we have now identified a UK based company which can offer a similar process for the silt cutting and pumping work and we are waiting for their quotation. Hopefully an order will be received to commence works on site in January 2017 through to early June.

We have indicated the financial benefits in retaining the specialist equipment on site in order to continue the de-silting works through to the A52 and await a response.

The Chief Executive believes there could be a potential order for c£200k this financial year with a further c£800k in 2017/18.

All the silt will be pumped into silt lagoons and retained for up to 5 years or at land owners' discretion to spread and level it within that time period.

(f) Public Sector Co-operation Agreement

The Chief Executive stated that the EA have agreed a 3 year order for at least the minimum of the works completed last year and there is a meeting on 15th December 2016 to look to increase the work load along with possible associated bank machinery access works. The Operations team have built up a programme and proved to the EA that there is a reason why some of their drains have not been maintained for a number of years because they cannot access them by mechanical means as the bank tops are not physically wide enough and for whatever reason their local management team have failed to identify this and they have just not carried out maintenance works.

Within the 3 year timeframe the BSIDB is hoping to negotiate a 2 year additional term and then within that 5 year timeframe negotiate a further 5 year option, we are hopeful our PSCA will turn into a 10 year programme. This will enable us to review our own labour resources and the type of machinery we currently use on the raised bank works.

(g) DEFRA/EA Frontrunner Project - South Forty Foot Catchment

The Chief Executive stated that the EA have recently appointed a Catchment Front Runner Adviser.

He explained that simplistically he wants to look at the asset transfer of the Black Sluice pumping station and the Tongue End pumping station on the Bourne Eau. The Advisor has indicated that before the end of January 2017 they will be able to indicate a single figure offer calculated from a 3 year expenditure profile and paid in an upfront lump sum, it will also include any deduction of the current land values at the two pumping stations.

The Advisor is reviewing watercourse de-maining, the EA have identified 24km which are made up of smaller lower consequent highland runner within the catchment. The EA have told us there will be no income coming with any of these de-mained but of the 24km there is perhaps 2 or 3km of bank that they own which would be transferred into BSIDB ownership. The Advisor could not answer the question if they were being evaluated for asset value which could be deducted.

The Advisor is also looking at how we best extend the catchment area to include our upper catchment which would include a drainage rate recovery and the Advisor is waiting a DEFRA paper. The question regarding precept reduction was asked and as part of the de-maining again the advisor is waiting for a DEFRA paper.

Conclusion to all these scenarios

- The pumping stations asset transfer
- De-maining
- Catchment extension
- Precept reduction
- Long term 10 year PSCA
- PSCA SFFD De-Silting works

The Chief Executive expressed that all the above must come together as a collective negotiation package with a view to try to finalising that negotiation for April 2018. The EA are generally in agreement with that. He explained that no one item can be negotiated without thought about the others.

The long term PSCA will commence in April 2017 which will lead to the restructure of the current operations and admin teams. This will need to be approved by the Executive and Board. A change towards our current management / supervision levels, increased workforce and changes to types of plant. All with the guarantee through our PSCA of a 5% return on expenditure.

The Chief Executive stated that currently there is no guarantee, on what amounts of monies will come with the two pumping stations, or what main river lengths are going to be de-mained. Regarding the catchment extension negotiations, we don't know at this moment in time what the income will be.

He explained that the precept in simplistic terms is a sum paid to the EA and the EA then pay the Board back to carry out our PSCA works. Our precept payment is currently £276,552 and we believe there should be a huge reduction in order to move forward. With this in mind the Chief Executive has started negotiations with a reduction in precept of £200k.

The Chairman confirmed that nothing can be included in the budgets until an order has been placed and it is signed up.

Mr Rollinson, asked if all the lagoon locations have been resolved; the Chief Executive responded yes a number of locations have been identified, he confirmed that he has informed the landowners what the Board wants to do, how it will be achieved and over what period of time.

He has not given any indication of financial reward at the moment until an order is received. He added that consideration has been given to extending the de silting works to progress further to A52 Mallard Hurn, therefore further lagoon sites may be required.

The Chief Executive invited questions and opinions from any Members stating “don’t hesitate to contact me” as all these opportunities and initiatives are continuously being updated.

Mr Rollinson asked on whose land were these lagoons being considered; the Chief Executive responded 1 Board Member, 1 Works Committee Member and 2 other landowners. Mr Rollinson then asked should these 2 other landowners be considered to be invited to the Inspection days in March 2017. The Chief Executive responded yes.

1062 ANY OTHER BUSINESS - Agenda Item 8

(a) Black Sluice IDB - Logo

The Chief Executive made the observation that the current Black Sluice IDB logo is dated and could very soon not represent what the Black Sluice will be in the future. He showed Members the North Level logo where they have used a traditional crest. He stated that he had looked at our past documents but could not find a Black Sluice Commissioners crest.

Cllr Brookes suggested that it would be advantageous to involve local schools as an initiative and raise the Boards profile. Mr Holmes added that it wants to represent what the Board is involved with ie water, environment. The Members agreed that it should be looked into further.

(b) Whistleblower Incidents

The Chairman reported that Mr D Gowing has contacted both himself and the Chairman of the Audit & Risk Committee with a number of whistle blower incidents.

1. Incident 1 – A question was raised regarding the level of the Chief Executive essential user rate. The Chairman stated that he did not feel that there was a problem as it had been through due diligence, Mr Gowing had made the observation that it should have been minuted as an “executive vehicle”. Cllr Brookes clarified that it should have been a written report and the minute should have fully reflected the reason that the Committee had agreed. Cllr Brookes clarified it should have said a vehicle commensurate with the position of Chief Executive. Cllr Brookes added that the incident also included “was not ratified by the board”, the Chairman confirmed that the minutes of the Executive Committee dated 27th January 2016 where presented to the Board on 12th February 2016. Cllr Brookes confirmed that the Board moved the minutes and any recommendations contained therein.

2. Incident 2 – A question was raised regarding the level of training particularly for the Twiga machines. The Chairman stated that it has been suggested there should be a certificate but the difficulty being that the manufacturing company is not UK based. The Operations Manager and Operations Supervisor have agreed there will be additional training for the Twiga machine drivers.
3. Incident 3 – A question has been raised regarding the lone worker phones, the Chairman stated that there will be more training on the use of these phones.

The Chief Executive expressed his disappointment, and had explained to Mr D Gowing that the one or numerous whistle blowers felt they could not go to their line managers. Cllr Brookes added that he had also expressed this sentiment.

The Chief Executive explained that a training day has been scheduled for the 22nd December 2016 and the Operations Manager and Operations Supervisor have been tasked to identify and build up some factual data on where we are with regards to line management, supervision, trust and moral with all the various views. The Chief Executive wants to express this to the workforce on the 22nd December and genuinely say to all that if they feel there is a problem they can approach their respective line managers with confidence.

The Chief Executive clarified that some of the questions/problems presented to Mr Gowing were inflated and untrue. One of the queries being that the BSIDB has instantaneous access to their phones as a tracking device, he believed that if you have nothing to hide then what are you worried about, he further expanded that they had reviewed the data and several men are out on machines lone working and every phone which was switched on was on green mode so they are not being used correctly. The Chief Executive stated that there will be further training undertaken on the 22nd December, he suggested that consideration may need to be given for some disciplinary measures taken if the lone worker phones are not being used correctly.

Cllr Brookes pointed out that if the lone worker phones don't go into the correct mode for some reason then they should report that they are not working properly and not just leave it.

The Chief Executive made the Committee aware that Mr Gowings' involvement in this matter could have a cost to the Board. He suggested that if any whistle blower feels they cannot come to himself or line management then it might be beneficial to have one or two significant or experienced Board Members to be able to be contacted rather than Mr Gowing.

The Chairman asked if the Executive Committee members, aside from himself as the policy states that if a case could be progressed further he would then need to be involved, would be prepared to be contacted by a whistle blower, who could be a member of the workforce or general public. All Members AGREED.

Mr Gowing had stated to the Chief Executive that it has shown that the Board is open and transparent and the Boards policies and minutes are being read.

There being no further business the meeting closed at 11:40am.

Black Sluice Internal Drainage Board

Project Summary

2016/17

Period 12 - March 2017

Description	Period Current Year			Year To Date			Last Year			
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Variance	Actual YTD	Variance to Current Year
Rates & Levies	8,255	1,049	7,206	2,058,353	2,053,344	5,009	2,051,094	7,259	2,022,498	35,856
Interest & Grants	(108,906)	417	(109,323)	17,735	5,004	12,731	6,110	11,625	294,608	(276,873)
Development Fund	(34,096)	5,000	(39,096)	5,000	5,000	0	5,000	0	75,940	(70,940)
Other Income	6,079	3,918	2,161	23,300	20,848	2,452	16,559	6,741	13,425	9,876
Rechargeable Profit	(56,958)	0	56,958	11,282	0	11,282	0	11,282	54,906	(43,624)
Solar Panel Income	1,449	1,346	103	15,960	15,555	405	18,182	(2,222)	15,697	263
Total Income	(184,177)	11,730	(81,990)	2,131,630	2,099,751	31,879	2,096,945	34,685	2,477,074	(345,444)
Schemes	53,396	20,000	(33,396)	164,541	110,000	(54,541)	137,528	(27,013)	372,986	208,445
Pumping Station Schemes	80,897	0	(80,897)	143,897	125,000	(18,897)	134,800	(9,097)	95,220	(48,677)
Pumping Station Maintenance	42,677	(66,175)	(130,158)	219,582	369,984	29,489	378,191	37,696	210,464	(29,472)
Electricity	21,306	120,913	120,913	120,913	120,913	0	120,913	0	100,558	0
Drain Maintenance	9,244	46,514	37,270	696,522	699,996	3,474	696,298	(224)	588,154	(108,368)
Environmental Schemes	(1,016)	7,506	8,522	11,926	30,009	18,083	25,456	13,530	36,904	24,977
Administration & Establishment	40,040	42,372	2,332	466,904	479,201	12,297	470,964	4,060	472,769	5,865
EA Precept	0	0	0	276,552	276,552	0	276,552	0	276,552	0
Solar Panel Expenses	1,658	0	(1,658)	640	3,193	2,553	1,569	929	112,930	112,290
Total Expenditure	248,202	171,130	(77,072)	2,101,478	2,093,935	(7,543)	2,121,358	19,880	2,266,537	165,059
Surplus / (Deficit)	(432,379)	(159,400)	(272,979)	30,152	5,816	24,336	(24,413)	54,565	210,537	(180,385)
Movement on reserves										
Development Reserve	39,096	0	39,096	0	0	0	0	0	0	0
Plant Reserve	129,707	114,898	(14,809)	2,960	0	(2,960)	0	(2,960)	0	(2,960)
Wages oncost Reserve	6,876	0	(6,876)	0	0	0	0	0	0	0
Surplus / (Deficit)	(608,058)	(274,298)	(290,390)	27,192	5,816	27,297	(24,413)	57,526	210,536	(177,425)

Black Sluice Internal Drainage Board
Income & Expenditure Summary
2016/17
Period 12 - March 2017

	2016/17	2015/16	Variance
Drainage Rates	1,059,300	1,034,258	25,042
Special Levies	999,053	988,240	10,813
Recoverable	362,989	227,207	135,782
Misc Income	48,140	386,095	(337,955)
Solar Panel Income	15,960	15,697	263
	2,485,443	2,651,498	(166,055)
Employment Costs	1,048,536	984,498	(64,037)
Property	195,251	222,479	27,228
General Expenses	271,148	204,215	(66,933)
Materials / Stock	58,976	133,514	74,538
Motor & Plant	163,294	177,752	14,458
Miscellaneous	591,329	957,991	366,662
Recharges	(275,515)	(652,923)	(377,409)
Plant	405,232	413,435	8,203
Total Expenditure	2,458,251	2,440,961	(17,290)
Net Surplus / (Deficit)	27,192	210,537	(183,345)

Black Sluice Internal Drainage Board
Balance Sheet at Period End
2016/17
Period 12 - March 2017

	<u>2016/17</u>		<u>2015/16</u>	
	£	£	£	£
Operational Land & Buildings Cost	739,350		739,350	
Pumping Stations Cost	3,861,354		3,861,354	
Non-operational Property Cost	130,000		130,000	
Vehicles, Plant & Machinery Cost	719,338		485,326	
Fixed Assets		5,450,042		5,216,030
Stock	26,217		35,899	
Debtors Cont	23,500		56,235	
VAT	55,164		15,214	
Grants Debtor	20,000		78,775	
Car Loans	13,706		21,000	
Prepayments	65,483		38,474	
Draw Acc	10,000		8,512	
Call Acc	612,441		314,219	
Petty Cash	451		128	
Rechargeable Work in Progress	38,341		1,663	
Natwest Government Procurement C	(1,215)		(307)	
Reserve Account	661,610		800,857	
Total Current Assets		1,525,380		1,367,988
Trade Creditors	(317,232)		(209,835)	
PAYE & NI Control Account	(16,637)		(14,325)	
Superannuation Contrl Account	(14,221)		(14,291)	
Union Subs Control Account	(99)		(124)	
AVC Control Account	0		0	
Accruals	(193,178)		0	
Suspense	0		0	
Total Liabilities		(541,367)		(238,575)
Pension Liability		(3,343,000)		(2,973,000)
		3,091,055		3,372,443
Capital Outlay	5,450,052		5,216,031	
Pension Reserve	(3,343,000)		(2,973,000)	
Total Capital		2,107,052		2,243,031
General Reserve	880,038		669,501	
Development Reserve	126,420		92,405	
Plant Reserve	(84,521)		148,322	
Wage On-Cost Reserve	34,874		8,647	
Surplus/Deficit in Period	27,191.92		210,537	
Total Reserves		984,003		1,129,412
		3,091,055 0		3,372,443
<u>Cash & Bank Balances</u>				
Drawings Account		10,000		
Call Account		12,441	612,441	
Natwest Reserve Account @ 0.01%		661,610		
Petty Cash		451		
Chargcard		(1,215)		
Co-op Community Account 12 Month @ 1.125		300,000		
Monmouthshire BS @ 0.60%		300,000	30 Day Notice	
		1,283,286		

Local Councils, Internal Drainage Boards and other Smaller Authorities in England

Annual return for the year ended 31 March 2017

Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

The annual return on pages 2 to 4 is made up of three sections:

- Sections 1 and 2 are completed by the smaller authority. **Smaller authorities must approve Section 1 before Section 2.**
- Section 3 is completed by the external auditor.

In addition, the **internal audit report** is completed by the smaller authority's internal audit provider.

Each smaller authority must approve Section 1 and Section 2 in order and in accordance with the requirements of the Accounts and Audit Regulations 2015.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2017, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication and public display of Sections 1, 2 and 3. You must publish and display the annual return, including the external auditor's report, by 30 September 2017.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014*

Section 1 – Annual governance statement 2016/17

We acknowledge as the members of:

Enter name of
smaller authority here:

BLACK SLUICE INTERNAL DRAINAGE BOARD

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

	Agreed		'Yes' means that this smaller authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	NA
			has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
			✓

This annual governance statement is approved by this smaller authority on:

14/06/2017

Signed by Chair at meeting where approval is given:

and recorded as minute reference:

Clerk:

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 – Accounting statements 2016/17 for

Enter name of
smaller authority here:

BLACK SLUICE INTERNAL DRAINAGE BOARD

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
1. Balances brought forward	1,014,228	1,129,413	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	2,022,498	2,058,353	Total amount of precept (or for IDBs, rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	626,877	424,984	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	984,498	1,048,536	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	1,549,692	1,580,202	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	1,129,413	984,012	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8. Total value of cash and short term investments	1,123,410	1,283,286	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	5,216,030	5,450,042	This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2017 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

D. Withnall

Date

25/04/2017

I confirm that these accounting statements were approved by this smaller authority on:

14/06/2017

and recorded as minute reference:

Signed by Chair at meeting where approval is given:

Section 3 – External auditor report and certificate

In respect of:

Enter name of
smaller authority here:

BLACK SLUICE INTERNAL DRAINAGE BOARD

1. Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2017; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

2. 2016/17 External auditor report

(Except for the matters reported below)* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no other matters have come to our attention giving cause for concern that relevant legislative and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the smaller authority:

(continue on a separate sheet if required)

3. 2016/17 External auditor certificate

We certify/do not certify* that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2017.

* We do not certify completion because:

External auditor signature

External auditor name

Date

Note: The NAO issued guidance applicable to external auditors' work on 2016/17 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Annual internal audit report 2016/17 to

Enter name of smaller authority here:

BLACK SLUICE INTERNAL DRAINAGE BOARD

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2017.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		

K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

See Annual Internal Audit Report For detail.

Name of person who carried out the internal audit

DAVID GOWING

Signature of person who carried out the internal audit

[Signature]

Date

26/04/17

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2016/17 annual return

1. You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
2. Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unexplained or unapproved amendments may be returned and incur additional costs.
- 3. Smaller authorities must approve Section 1 on page 2 before approving Section 2 on page 3.**
4. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness and accuracy before sending it to the external auditor.
5. Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
6. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (Section 2 on page 3). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide*.
7. Explain fully significant variances in the accounting statements on page 3. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete numerical and narrative analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
8. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 9. You must inform the external auditor of the date set for the commencement of the period for the exercise of public rights.**
10. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2016) equals the balance brought forward in the current year (Box 1 of 2017).
11. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	
	All additional information requested, including the dates set for the period for the exercise of public rights, has been provided for the external auditor?	
Section 1	For any statement to which the response is 'no', an explanation is provided?	
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2017 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	

*Note: The Practitioners' Guide is available from your local NALC, SLCC or ADA representatives or from www.nalc.gov.uk or www.slcc.co.uk or www.ada.org.uk.

GOWING INTERNAL AUDIT SERVICES LTD

ANNUAL INTERNAL AUDIT REPORT

**Black Sluice
Internal Drainage Board
April 2017**

INTERNAL AUDIT REPORT

1 EXECUTIVE SUMMARY

- 1.1** I have completed the 2016/17 internal audit of the Black Sluice Internal Drainage Board in accordance with Governance and Accountability for Smaller Authorities in England (2016) Practitioners Guide.
- 1.2** The statutory basis for internal audit in local authorities in England (which includes Drainage boards) is a specific requirement in the Accounts and Audit regulations which requires that the organisation must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.
- 1.3** The internal audit service is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.
- 1.4** This audit included an implementation review of previous audit recommendations, review of any system changes, sample testing of 2016/17 transactions and provision of best practice advice gained through my audit of other IDBs. An audit of the Bourne Fen Farm Trust Fund has also been completed.
- 1.5** The main findings were:-
- well maintained and accurate financial records and transactions
 - there is no anti-bribery policy
 - the Bourne Fen Farm Trust Fund recorded income of £13,543 for the year ended 31 March 2016 which covers the rates payable and administration costs. The entries in the revenue account and balance sheet provided were supported by appropriate evidence.
 - a governance concern was reported in 2015/16 and for this year there are two more concerns:-
 - 1) the 2016/7 pay award proposed by the Lincs ADA Pay and Conditions panel was 1% and an additional discretionary one-off payment of 0.4%. Most IDBs, including this Board, paid the discretionary 0.4% which is above the government public pay sector pay cap, although the Finance Manager believes this does not apply to IDBs and is seeking clarification. Although there was discussion at Executive and Board meetings about the pay award during 2016/7 there was no formal report or approval to pay this. It was also noted in one meeting (minute 982 (c)) that only one Lincolnshire Board rejected the 0.4%. This is incorrect as four of the Boards I audit rejected the 0.4%.

The 2017/8 pay award includes a second “one-off” discretionary 0.4%. Indications are that at least seven out of the twelve Boards I audit will not be paying this as they believe it breaches the Government pay cap and the previous award was a one-off payment; and

2) whistleblowing matters were reported to myself and investigated fully in accordance with the policy. Recommendations were made, agreed with management and reported to the Chairman of the Board and Chairman of the Audit and Risk Committee. It is good to report the recommendations have been implemented. However, the matter was reported verbally to the Executive by the Chairman of the Board and instead of being just for notification a discussion on the issues occurred. Some of the information provided / discussed was inaccurate. There was further discussion at the subsequent Board meeting. This is not in accordance with the whistleblowing policy and could be seen as detracting from the integrity of the policy and could deter future reports. The Board agreed that the policy should be reviewed. The current policy is in line with the ADA Whistleblowing model and all other IDBs and public sector bodies. Any change would be in conflict with this.

A detailed control test programme and results is available upon request.

- 1.6 Recommendations have been proposed, discussed and agreed with the Chief Executive and Finance Manager. A management action plan is in Section 3.
- 1.7 An interim audit should be undertaken to ensure continued implementation of good controls.
- 1.8 It is my opinion that, in respect of the areas covered by this report I can provide **adequate assurance** on the system of controls. There are no issues with the financial systems and controls but governance is a concern.
- 1.9 I would like to place on record my thanks for the co-operation and assistance given by all staff during this audit.

David Gowing
Gowing Internal Audit Services Ltd.
April 2017

EVALUATION CRITERIA

Substantial Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
Adequate Assurance	While there is a basically sound system, there are weaknesses that put a minority of the system objectives at risk and/or there is evidence that the level of non-compliance with some of the controls may put a minority of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put most or all of the system objectives at risk and/or the level of non-compliance puts most or all of the system objectives at risk.
No Assurance	Control is poor, leaving the system open to significant error or abuse and/or significant non-compliance with basic controls.

2 FINDINGS

2.1 The annual return for boards with annual income or expenditure under £6.5million requires internal audit to provide certification on the following ten key control objectives. Any comment or issue on an objective is noted below otherwise the objective can be considered to be fully met:-

a) Appropriate books of account have been properly kept throughout the year.

b) Financial Regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.

c) The Board assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

d) The annual rating requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

e) Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

f) Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.

g) Salaries to employees and allowances to Board members were paid in accordance with Board approvals and PAYE and NI requirements were properly applied.

h) Asset and investment registers were complete and accurate and properly maintained.

i) Periodic and year-end bank reconciliations were properly carried out.

j) Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments /income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.

3 MANAGEMENT ACTION PLAN

This action plan has been fully discussed and agreed with management.

The priority is based on the following:-

Critical

A control failure that is critical to the organisation's aims and objectives. This will require immediate action by management.

High

A significant control weakness which is a significant risk to the service or organisation and is likely to lead to material loss or significant public criticism. This will require immediate action by management.

Medium

A control that undermines the effectiveness of internal control and may lead to some loss or some public criticism but does not represent a significant risk to the organisation. This will require prompt action by management.

Low

This might be important to the service but does not represent a significant risk for the service or organisation. This will require action by management but not necessarily immediate.

Recommendation	Priority	Management Comments	Responsibility for implementation and date
Agree and introduce an Anti-bribery policy	M	<p>We believed that this was covered in Policy No.16 Fraud and Corruption Policy.</p> <p><i>Corruption can be defined as – “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.</i></p> <p>And further in No.34 Gifts and Hospitality Policy.</p> <p><i>Employees and members should treat with extreme caution any offer of a gift in excess of £25, favour or hospitality that is made to them personally. The person or organisation making the offer may be doing or seeking to do business with the Board or may be applying to the Board for some decision to be taken in his favour or someone with whom he is connected.</i></p> <p>For the avoidance of doubt a new policy will be presented to the April 2017 Audit and Risk Committee for review with adoption by the Board at the June 2017 meeting. This will be in line with the ADA template policy.</p>	Finance Manager June 2017 Board Meeting

<p>When the 2017/8 pay award is reported to Executive / Board for a decision ensure that the additional 0.4% is recorded as a one-off discretionary payment in addition to the 1% even though it was a one-off for 2016/7. It should also be reported that it breaches the Government public sector pay cap. To ensure there is no conflict of interest there should be no officer recommendation in this report.</p>	<p>H</p>	<p>Confirmation on whether IDB's are constrained by the Public Sector Pay Policy was sought from HM Treasury and in the letter received they stated that;</p> <p><i>The Government does not control pay in local government and devolved administrations.</i></p> <p>Based on this guidance the Board has no reason not to pay to the discretionary 0.4% pay award as recommended by the Lincolnshire Branch of the Association of Drainage Boards.</p>	<p>Finance Manager - June 2017 Board meeting.</p>
		<p>It is being proposed by the Pay and Conditions Committee to undergo a full Job Evaluation exercise at each Board to bring pay levels into line with industry to facilitate recruitment and retention, which is currently of concern to the Board.</p> <p>The Internal Auditor has been provided with a copy of this letter although disputes the interpretation.</p> <p>Further clarification has been sought from HM Treasury.</p>	

		<p>Internal Auditor Comment:</p> <p>Whilst the HM Treasury state they do not control pay the Government clearly set a 1% pay cap to 2017/18 and all public sector bodies including Local Government have kept to this. IDBs are a public sector body and a majority of IDBs I audit have indicated they will not be paying this second "one-off" payment. However, they will be undertaking a job evaluation exercise.</p>	
<p>Consider a governance awareness training session for Members and staff.</p>	<p>M</p>	<p>This will be considered at the Executive Committee meeting</p>	<p>Board Chairman – Exec May 2017</p>
<p>Ensure the integrity of the Whistleblowing policy is maintained</p>	<p>H</p>	<p>This policy is due to be reviewed at the April 2017 Audit & Risk Committee meeting with adoption by the Board at the June 2017 meeting. It has been suggested that is it brought in line with the ADA template policy.</p>	<p>Finance Manager – June 2017 Board meeting.</p>

Black Sluice Internal Drainage Board

Policy No: 05

Investment Strategy Policy

Review Dates:

Board Approved	17 th June 2015
Due for Review	

1. Introduction

- 1.1 Black Sluice Internal Drainage Board (the Board) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the local ratepayers. This has acquired even greater importance in the light of the credit crunch during 2008-09 and consideration of the risk involved is a major element to be considered.
- 1.2 This strategy complies with the arrangements set out in the Department of Communities and Local Government (formerly Office of the Deputy Prime Minister) Guidance on Local Government Investments 2004 and the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and takes account of Section 15 (1)(a) of the Local Government Act 2003.

2. Investment Objectives

- 2.1 In accordance with Section 15 (1)(a) of the Local Government Act 2003, the Board will have regard (a) to such guidance as Government Ministers may issue from time to time and (b) to such other guidance as Government Ministers may by regulations specify.
- 2.2 The Board's investment priorities are the security of reserves and liquidity of its investments.
- 2.3 The Board will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and be consistent with avoiding any major risks.
- 2.4 All investments will be made in sterling.

2.5 The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Board will not engage in such activity.

2.6 Where external investment managers are used, they will be required to comply with this strategy and will have to be authorised and regulated by the Financial Conduct Authority. Where the Board uses Brokers to carry out the transactions on their behalf, they cannot and do not offer investment advice but simply act as an intermediary.

3. Specified Investments

3.1 Specified investments are those offering high security and high liquidity, made in sterling and which must mature within one year. The Board only places deposits with financial institutions which are on the Financial Conduct Authority's approved list of financial institutions. These investments can be used with minimal procedural formalities as currently used by the Board.

3.2 For the prudent management of its surplus balances, maintaining sufficient levels of security and liquidity, the Board will use:

- Deposits with banks, building societies, local authorities or other public authorities
- Deposits in securities which are guaranteed by the Government.

3.3 The limit of any such investment will be restricted to £300,000 with any one particular institution or group, or such other sum as the Board specify from time to time. It should be noted that the Government guarantee of £50,000 which applies to private investors does not apply to bodies such as the Board.

4. Non Specified Investments

4.1 These investments have greater potential risk and mature after any period longer than 365 days – examples include investment in the money market, stocks and shares or with bodies which do not have a high credit rating.

4.2 Given the unpredictability and uncertainties surrounding such investments, the Board will not use this type of investment without a resolution stating otherwise.

5. Liquidity of Investments

- 5.1 The Chief Executive and the Finance Manager will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 5.2 Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the relevant body.

6. Long Term Investments

- 6.1 Long term investments are defined in the Guidance as greater than 36 months.
- 6.2 The Board does not currently hold any long term investments; neither will it make any such investments.

7. Internal Controls

- 7.1 The Finance Manager will report on all investments held on a monthly basis as part of the Management Accounts and sent by E-Mail to all members of the Executive Committee. As existing investments mature, the Finance Manager will prepare a current cash flow projection indicating any future suggested investments. This projection will be authorised by both the Finance Manager and the Chief Executive. The current satisfactory practice is for a maturity profile investment projection to be prepared which provides the Board with the option to pull back or invest further according to the cash flow requirements.
- 7.2 The Finance Manager will then act on this authorisation and proceed with any further investments as agreed. A copy of the confirmation of the investment from the financial institution will be initialled by the Chief Executive.

8. End of Year Investment Report

- 8.1 The Annual Strategy for the coming financial year will be prepared by the Finance Manager and presented to the Executive Committee meeting in January each year for approval.
- 8.2 At the end of the financial year, the Finance Manager (as S151 of the Local Government Act 1972 officer) will report on the investment activity to the Board.

9. Review and Amendment of this Strategy

9.1 This Strategy will be reviewed within five years.

9.2 The Board reserves the right to make variations to the Strategy at any time.

9.3 This strategy has been reviewed and agreed with the Board's Internal Auditor.

Bourne Fen Farm Trust Fund

Revenue Account for Year Ended 31st March 2017

Income	2017	2016
	£	£
Investment Income	14,026	13,543
 Expenditure		
Contribution to Rates	9,249	9,242
Bank Charges	68	74
Contribution to Administration	4,462	4,307
	13,779	13,623
Surplus	247	(80)

Balance Sheet as at 31st March 2017

Capital Assets	Note	2017	2016
Investments	A	352,434	312,100
 Current Assets			
Bank Account		9,456	8,899
Debtors		1,487	1,797
		10,943	10,696
 Current Assets			
Creditors		0	0
Net Current Assets		363,377	322,796
 Fund Balances & Reserves			
Revaluation Reserve		253,371	213,037
Capital Fund		104,120	104,120
Revenue Reserve		5,886	5,639
		363,377	322,796
Reserves		363,377	322,796

<p>The above represents a trust fund which was vested in the Black Sluice IDB to fund rate alleviations to the rate payers in the area of Bourne North Fen.</p>

Bourne Fen Farm Trust Fund

Valuation By Brewin Dolphin Stockbrokers

NOTE A

	2017	2016	2017	2016
	% of	% of		
Analysis By Sector	Value	Value	Value £	Value £
UK Equities	32.71	35.02	115,277	109,306
Overseas Equities	28.27	23.74	99,621	74,103
Qualifying Corporate Bonds	22.58	18.98	79,576	59,251
UK Government Securities	7.91	9.16	27,889	28,580
Absolute Return	4.23	9.16	14,912	28,580
Fixed Interest	0.00	7.78	0	24,290
Private Equity	0.00	3.68	0	11,491
Property	3.77	1.63	13,275	5,079
Cash	0.53	0.00	1,884	0
TOTALS	100.00	100.00	352,434	312,100