

# **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  
25<sup>th</sup> April 2018 at 2pm

### **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 C Harris (Internal Auditor)

The Chairman welcomed Mr Chris Harris (Internal Auditor), thanked him for coming and the Members of the Committee introduced themselves.

#### 1260 APOLOGIES FOR ABSENCE - Agenda Item 1

Apologies for absence were received from Mr W Ash.

#### 1261 DECLARATIONS OF INTEREST - Agenda Item 2

There were no declarations of interest.

The Chairman stated there was to be an additional item to the agenda - item 5(d). This item will be for some time on their own without the public to discuss any Members matters with the Internal Auditor. He asked Members to agree to this addition to the agenda. All Members AGREED.

#### 1262 MINUTES OF THE AUDIT & RISK COMMITTEE MEETING - Agenda Item 3

The Chairman reminded the Committee that the previous meeting, arranged for 4<sup>th</sup> October 2017, was cancelled due to not having any business as the Committee were up to date with reviews of policies etc.

Minutes of the last meeting held on the 26<sup>th</sup> April 2017, copies of which had been circulated, were considered and it was agreed that they should be signed as a true record.

1263 MATTERS ARISING - Agenda Item 4

(a) Whistleblowing - Minute 1103

The Chairman asked the Internal Auditor if Mr Gowing had transferred the whistleblowing case file? The Internal Auditor confirmed that he met up with Mr Gowing who discussed his knowledge of drainage boards and handed over the Whistleblowing file which is kept under confidential lock and key.

(b) Cyber Security Report - Risk Training - Minute 1105(b)(ii)

CLlr R Austin confirmed that he found the Cyber Security Risk training very interesting and useful.

1264 TO RECEIVE A PRESENTATION FROM THE INTERNAL AUDITOR - Agenda Item 5

The Internal Auditor thanked the IDBs for awarding the contract to Tiaa. He continued by saying it will be a new experience, he has completed a lot of research on the web and this Board is one of a number he has been looking at and completed audit work. He stated that based on what he has seen so far it is a well organised and very well run Board, it will be a good challenge to maintain that going forward because the only way is downwards. The Chairman added or stay there.

He then referred Members to the documents listed below;

(a) Internal Audit Planning Memorandum 2017/18

The Internal Auditor stated that this is formatted as a standard document which are produced for all of Tiaa's clients. It is then up to him to directly fill in the details. He stated that going forward he will include a bit more detail in this document now knowing that it will go to the Audit & Risk Committee. Therefore, it will have a bit more meaning in terms of how we are planning the work.

(b) Audit Programme 2017/18

The Internal Auditor stated that this document is a more detailed planning document, this was an excel spreadsheet process. It aids the Auditor to produce the work that he does and keeps it together in one document for quality review purposes, all the work the Auditor does, again with this Planning Memorandum to produce a bit more detail for the Committee particularly when he goes into specific areas going forward. In doing the Audit this year he focused on governance and risk because this will give an overview of how the Board is working as an organisation. The Internal Auditor added that he also needed to go through the financial statements, looking at the system of operation, which works very well. This will be a requirement carried out every year in order to complete the smaller bodies certificate.

The Internal Auditor stated that he would like to focus on other areas going forward and pick one or two areas out from the financial side and non-financial side. He would like to visit some of the pumping stations and look at the fixed assets there to verify that they do exist. It will give the Auditor a better understanding about how drainage boards operate and he will then be able to look at accounts more meaningfully.

The Internal Auditor stated that he looks at petty cash whilst de-minimis. He continued that elsewhere he has looked and has concerns about the way it works in that the checks and balances are always there. Although it is a small amount, it is put into a person's own hands, the ability may be to misappropriate funds, you should avoid that offering. It does not happen here, there are good checks and balances and petty cash works well.

(c) Internal Audit Report 2017/18

The Internal Auditor stated the main report is the assurance review, governance risk and control arrangements that he has undertaken for the Board. He would like to think the report itself provides the appearance of appreciation of what he has done and what his thoughts and outputs are.

The first page is the summary page with the assurance level, we have four levels, if you dropped into limited assurance then this matter would be brought to the Committee and Board for attention to deal with. He is very pleased to say that after what he has seen, it was with no hesitation to give the Board substantial assurance. He referred to the "overall conclusion" where he summarised with the rationale and scope plus the action points.

The Internal Auditor directed members to the Operational Matters. When work is carried out there are often matters we pick up which are perhaps good practice, value for money items, things which we want to bring to the Boards attention and put in the report, things that won't impact on the recommendation itself. Therefore, he needs overall assurance opinion – these things will go in to this section as good suggestions and recommendations to adopt. The Internal Auditor likes to think that when clients receive them they will take due regard and adopt them.

The Internal Auditor referred to the previous Internal Auditors report. For continuity we look at the outstanding work and recommendations which he has gone through in 10.1.1 and happy that the matters have been dealt with. At 10.1.3 there was a suggestion/recommendation that you should have some governance awareness training. He has kept it in mind, but he is not of a view that training is required at this time.

The Internal Auditor has raised the point of risk management training with the Chief Executive and Finance Manager.

The Internal Auditor referred to 10.3 in Financial Regulations, he felt you either had to amend Financial Regulations or take it out, it was better practice to deal with it. He noticed on the agenda today that that document will be reviewed and this will be a regular report which will be given to the Board an interesting idea of how the rates are coming in which is worthwhile. These matters have been addressed.

Recommendation of best practice included a bit of expansion around collection of income, which has been dealt with in Financial Regulations, a bit more on how the credit cards are being managed, again, this is also in Financial Regulations. The Internal Auditor also felt there should be something on the reserves policy in the Financial Regulations as well. These points were not drastic – the Internal Auditor was working hard to find areas to comment on, it is best practice and these have been developed.

The Internal Auditor did look at all the financial procedures arrangements, he felt all systems are working very well and in order, he was very happy to sign the certificate on that basis.

The Chairman thanked the Internal Auditor and invited questions from the Members. He is extremely pleased with the report and the substantial assurance.

Mr Leggott asked the difference between recommendations and operational affective matters? The Internal Auditor responded that a recommendation is a matter which affects the assurance opinion and is something that has a stronger 'push' to it saying 'you should do this'. Therefore, it is indicating there is a weakness that needs to be dealt with which, potentially, is a control weakness. As a Committee the Officers may decide not to action it but as an Auditor I put it forward and suggest you action it. An operational matter is something which the Internal Auditor doesn't think is fundamental to the assurance opinion, it doesn't undermine the control issues of the organisation but thinks it is good practice. It may be a value for money item and those of the items he suggested kind of help to indicate things around what is the reserves policy, how you manage the credit cards, they are good to have but they were not going to impact my decision on the overall assurance option for the organisation. It is a bit subjective; it is the Internal Auditor's view as the Boards independent Internal Auditor. He can be challenged on this but that is how they have been categorised. With regards to the priority ratings, if he thinks it is quite a serious matter it would be a priority 2, if it's very serious then its priority 1 which would require immediate attention. But the ones he has indicated are priority 3 so they are not going to the heart of the control governance or risk framework of the organisation and can be dealt with in a reasonable way.

(d) Discussion with the Internal Auditor

The Chief Executive and Finance Manager left the meeting for this agenda item.

It was agreed and thereby RESOLVED to exclude the public from the next part of the meeting due to the confidential nature of the business to be transacted, in accordance with section 2 of the Public Bodies (Admission to Meetings) Act 1960.

1265 TO REVIEW THE FOLLOWING BOARD POLICIES - Agenda Item 6

(a) Risk Management Strategy

The Finance Manager presented the Risk Management Strategy, page by page, highlighting any changes.

(i) Risk Management Policy document – Appendix B

The Finance Manager stated that the highlighted areas were elements that were included last year and he believes still apply this year but wanted to highlight them for the Committees consideration. Mr Leggott asked should a changed word from 'will' to 'would' in the first highlighted paragraph.

The Chairman responded he felt they mean the same and did not have any strong views on this but leave it at 'will' – Cllr Russell agreed he would leave it at 'will'.

(ii) Risk analysis 1.1(a) Risk of being unable to prevent flooding to property or land

The Finance Manager proposed whether the likelihood will increase due to the decommissioning of the Black Sluice (Boston) Pumping Station. The Chairman felt that it will increase and Mr Leggott agreed. The Finance Manager gave the definitions; low likelihood is “most unlikely to happen”, or medium likelihood “likely to happen infrequently and difficult to predict” or high likelihood “very likely to happen”.

The Chairman felt there is an increase in the likelihood of risk, the Finance Manager stated that his opinion would be to put it up to 'MEDIUM' which would give a risk score of 6.

The Chief Executive agreed to it being increased with the view point that in 12 months time there will be a new fluvial event management programme following decommissioning. This will include the navigation lock as a relief channel which could then reduce this down again but at this moment in time it needs to be 'MEDIUM'. Mr Barker questioned that he thought the navigation lock was there as a release channel? The Chief Executive responded that it was at this last event that it was the first time it has ever been used since it's been there as a release channel. The Chief Executive clarified that he has never known it to be used as a long term i.e. every tide and over a week to be used as an additional fluvial release channel. The Finance Manager added that it was used when the gravity sluice broke, the Chief Executive confirmed - yes.

The Chief Executive responded to a question from Cllr Austin stating the terminology from the Environment Agency is that they don't trust the navigation lock to be used as a fluvial channel so it has got to be manually operated not operated via telemetry. The Chief Executive stated that if telemetry is put into place then men don't have to be there to operate it, it can be operated from the Lincoln office if they so wish.

The Chairman proposed that the likelihood be increased to 'MEDIUM' and if, through negotiations and discussions with the EA, it is introduced that it is opened and controlled by telemetry and any other mitigation is taken then the likelihood of risk can be reduced at a future date. The Chief Executive added that once this is agreed to be reviewed, adjusted and sanctioned by the Board he will be introducing it to the Environment Agency that because of their decommissioning they are increasing the risk to the IDB and other organisations.

The Chairman stated that the 'how risk is managed' section needed further wording. The Finance Manager stated that from a future works point of view, regarding how we are going to get the risk level to reduce, it will involve work with the Environment Agency on their emergency planning procedures. Mr Leggott asked what about the programme about bringing in a programme of use for the future?

The Finance Manager responded this would come under the emergency planning – yes.

The Chairman concluded that the likelihood should be increased to 'MEDIUM' giving a risk level of 6 – all AGREED.

(iii) Risk analysis 1.2 – Risk of loss of electrical supply

Mr Barker asked about the large pumping stations - do they have generator connections? He believes they brought a generator to Gosberton Pump and shown how it works and did not work and not sure if it has been retried. The Chief Executive responded we had a power failure at Black Hole Drove a few years ago and through the Boards insurance we hired in a generator, the generator was so big it would only fit on a full size articulated lorry and it ran the pumping station until the electricity board fixed the fault.

(iv) Risk analysis 1.3 – Risk of pumps failing to operate

The Finance Manager stated under “how risk is managed” it used to say “refurbishment of plant is carried out” he has changed this to “refurbishment of plant is continuously programmed”. Mr Leggott asked with regard to the Pump Engineer checks at regular intervals do we test run the pumps? The Chief Executive responded yes.

(v) Risk analysis 1.4 – Risk of watercourses being unable to convey water

Mr Leggott commented that elsewhere where we have high water levels and possible flooding the impact on the risk is 'HIGH' and this 1.4 is 'MEDIUM' although likelihood I would agree that it is 'LOW'. The Finance Manager referred to the risk matrix and quoted impact 'HIGH' “will have a catastrophic effect on the operation/service delivery. May result in major financial loss over £100,000 and major service disruption over 5 days or impact on the public. Death of an individual or several people. Complete failure of project or extreme delay over 2 months and many individual personal details compromised/revealed. Adverse publicity in national press”. Mr Leggott responded he is not suggesting all these things will happen but any flooding has a 'HIGH' potential impact.

Mr Scott explained that 1.3 has a 'HIGH' impact on risk but the consequences are the same, therefore 1.4 is inconsistent. The Finance Manager responded that a pump failure would cause more damage than water not being able to be conveyed. Mr Scott and Mr Leggott concluded that the result will be the same.

The Chief Executive explained the risk of the watercourse being an EA river or one of a Board maintained or even a riparian watercourse. He believed that 1.4 is referring to Board maintained watercourses rather than riparian watercourses. The Chairman suggested adding “Board” in the title. The Chief Executive added that it is not risk of breach; the Finance Manager clarified it's overtopping. Mr Leggott felt they are about the same. The Finance Manager responded that a breach pulls a high volume of water to move quickly and over topping will cause it to seep.

The Chairman added that it is the damage - is it going to cause £100,000 worth of damage? He asked Mr Leggott if he was happy to leave it where it is as he believes its ok. The Finance Manager suggested that the consequence be changed to read "possible flooding from over topping". Mr Scott added through the differences the risk of pumps not being able to operate means you are in a flood situation and you need to do, where the risk of a watercourse being unable to convey water could be a blockage being in it. The Finance Manager suggested "Board Watercourse" in the title and add "possible flooding from over topping" and leave the impact of risk at 'MEDIUM'.

The Chairman asked Members and all AGREED.

(vi) Risk analysis 1.5 – Risk of operating machinery to maintain watercourses

The Finance Manager continued this used to be one of the high risk areas that was reviewed at every meeting throughout the year. We have now done all the further work which was required and all the Board operators are Llantra trained. He therefore suggested that the likelihood of risk could be reduced to 'LOW'.

The Chairman explained the fact that we had not had a proper training schedule and training courses in place - this meant we had the potential likelihood of risk at 'MEDIUM' previously. It's now reasonable, having introduced that training, to bring it back now. Cllr Russell added that we have to acknowledge the training has had impact.

Mr Scott asked regarding the likelihood of risk by reducing it to 'LOW' what is the history, one of the machines went into a drain two years ago. The Finance Manager responded that is when it was increased to 'MEDIUM'. Mr Scott asked regarding the history have we hit overhead/underground electrical wires in ten years? The Finance Manager responded not electric – no, we have hit a water and phone line but not electrical. The Chief Executive added that it is unlikely but it could happen. The Financial Manager stated that the training was put in place to counteract what had happened when the machines went into the drain.

The Chairman suggested that the likelihood of risk be reduced to 'LOW' giving a risk level of 2 – all AGREED.

(vii) Risk analysis 1.6 – Risk of claims from third parties for damage to property or injury

Mr Barker stated he didn't think you had a heading for it, risk of claim from third parties its risk of third parties damaging Board properties. He can recall two ways you can expand on it where someone is taking a culvert out and the work has not been done its damaging Boards banks and another on the road side that has been reported where somebody is extending their house and garden and made the Boards bank very steep, there are bricks and rubble there, he has not heard back if it has been looked at, as a third party damaging Board maintained assets. The Chairman added that it is another risk it's a different risk.

The Finance Manager added “third party damage to Board maintained assets”. The Chairman asked if we should be adding this as a risk and giving it a score – Cllr Russell agreed. Mr Leggott asked if it was covered under any insurance type item? The Chairman responded he did not know. The Chief Executive continued undoubtedly there is a risk and if it is not catered for anywhere we need to. The Chairman then discussed what level of risk he suggested ‘MEDIUM’ – Mr Barker added it could be higher, what they do physically by holding back the water it’s definitely ‘MEDIUM’ – the Chairman felt it could be looked at out of the meeting. The Finance Manager suggested we could put something together for the Board meeting so it can be discussed there. The Finance Manager stated Board Machinery and assets of the Board are covered by insurance but if someone was to deliberately block a watercourse or rip out a culvert and not do it properly he did not think we were covered by insurance. Cllr Russell stated he did not think we could insure it, it would be up to the landowner or property owner to insure under third party on their own insurance but its putting the Board in the position for other people to take action of which they may not do. The Finance Manager continued we do not own the asset, whether it’s a culvert or a drain or whatever it is, he did not think there would be any way we could get insurance for it. The Chief Executive added that it could be an unconsented byelaw issue and we would carry out the recovery works the risk to manage that income being used that’s caused it and we do have byelaws in removing, then recovering costs. Cllr Russell stated it may incur legal costs as well – yes. Mr Barker felt we have discussed the culvert and thinking about the house holder who has altered the bank I know the Risegate Eau the Board owns the banks either side this is slightly downstream from the point in question and if the Board own the property there but the householder is altering the shape of the bank it’s not a farmer and the householder would possibly not have insurance for what they are doing. The Chairman felt it should be considered and bring a proposal to the Board. The Finance Manager believes we do manage the risk because we have byelaws and the Land Drainage Act on the Boards side to go in there and give them the notice to do the work and recover costs.

Cllr Austin stated there are a lot of people out there who, for their own reasons, want to modify our assets to some extent or don’t understand that a minor blockage could be a serious matter. He believes it needs consideration.

The Chairman concluded that we recommend the change to “LOW” giving a risk level of 2 on Risk analysis 1.6 and then consider that new risk being introduced at the Board meeting.

(viii) Risk analysis 1.10 – Insufficient staff resources

The Finance Manager stated last year we carried out a job evaluation restructuring exercise within the Board because we were unable to recruit excavator drivers. He believes that process should be recognised, we went through the exercise and were able to recruit suitable qualified staff - this is the reason for the additional managed risk. The Chairman commented that, again, that is a reduction in light of action that the Board has taken.

(ix) Risk analysis 2.1 – Risk of prosecution for not adhering to Environmental Legislation

The Finance Manager stated that he has gone through the Boards Insurance Policies and where he has found something that is a risk being managed within the policies, he has included what insurance covers the risk and what level it is at for more information.

The Finance Manager added this is covered by liability insurance which is at £1 million.

(x) Risk analysis 2.2 – non delivery of objectives

The Finance Manager stated there was an error in the original Risk Strategy it was showing 'LOW MEDIUM = 2' while on the actual register is was 'LOW LOW = 1' so he has corrected this.

(xi) Risk analysis 3.2 – Insufficient Resources

Mr Leggott had noted insufficient resources, he thought of finance and thought then how the risk is managed and shared resources with neighbouring IDBs which would cost us and using local farmer resources will cost us. The Chairman asked if we could qualify the resources, are we referring to financial resources. The Finance Manager responded if an emergency was not declared we would not be able to claim Belwin, therefore it would come from the Boards resources. When our reserves run out, if Belwin has not been enacted there is going to be a shortage of finance - I would suggest maybe it should be listed. Mr Barker raised the point that if it was for the community it might be the Councils dealing with it rather than the Board, the Council would ask the Board to come in. The Finance Manager added that if it was declared an emergency then Lincolnshire County Council would take the lead as the local resilience forum, if the Gold Commander, be it Police or Local Authority, declare it an emergency and it went above the threshold of Belwin anything we expended over and above normal operations we would be able to claim Belwin funding for if that threshold is not reached by whoever the Lead Authority is. Last time it just affected Boston, it was a District Council so it was a low threshold, if it's Lincolnshire County Council, i.e. the whole of Lincolnshire, the threshold is quite high so for example for the snow the threshold in the County was never reached and the Belwin Scheme was never enacted. The Chairman clarified is this only if the County threshold is reached. The Chief Executive commented at the same time this ties in with insufficient resources following the December 2013 tidal surge. We were offered the opportunity to fill some emergency response remedial works on our own systems, we did not have the resources so we hired them in through sub-contractors in the knowledge that we had received the order. We completed £750,000 of work without our own resources because they were carrying out the ongoing maintenance work.

Mr Scott added in the context it is talking about men and machinery for emergency work. The Chairman agreed that is the way he sees it. Mr Scott suggested "insufficient resources (staff and equipment)" – all AGREED.

(xii) Risk analysis 3.3 – Risk of critical incident loss of office

The Finance Manager added the business interruption and the additional costs for working/business interruption, NFU used to call it additional costs of working, Towergate call it business interruption. He has included both descriptions. This is a matter of £100,000 over a 12 month period and also added the daily and monthly back up tapes off site. It used to be showing as 'HIGH LOW' he proposed lowering it down to 'MEDIUM LOW = 2' because we are well set up now, we could get a set of generic offices and we have disaster recovery with the IT suppliers. The IT suppliers would set up a network and all the computers and the insurance would pay to hire the offices and all the facilities put in place. Cllr Russell asked if we had a 'Hot' start in place? The Finance Manager responded that if it happened we would have to find the offices first. Mr Scott asked is there a Disaster Recovery Plan in place which details a plan for if the office burnt down - what you do the next day. The Finance Manager responded no, from the IT point of view there is a tape which will go into a system they will put it in place for the Board when we tell them where we want it, even if its dropping a couple of porta cabins on what's left. Mr Scott asked do you think we should think about if a flood or fire destroys the offices? The Finance Manager responded a Business Continuity Plan, Mr Scott a Disaster Recovery Plan. Cllr Russell is surprised the insurance have not followed that route through with you and Mr Scott added that the IT is critical because you need the IT. Cllr Russell is a little uneasy about it being dropped to 'MEDIUM' without a 'Hot' start. The Chairman felt it should remain as 'HIGH' and put the work into a Business Continuity or Disaster Recovery Plan and look at producing it. Mr Scott added that he has previously done one and we had a building earmarked, on a first come first served basis so if there was a terrorist attack we phoned up site and got the first 100 desks. It may not be that critical but you may need a few staff i.e. a foreman directing operational machinery and a few staff putting things back together - are there facilities available in the mountains of Lincoln which is away from this site because if it's a flood you want to be somewhere else and if it's a fire you could be next door. Cllr Russell is happier with that. The Finance Manager concluded that it is to be left as 'HIGH' and do the further work on a plan, once this has been completed we can revisit it.

(xiii) Risk analysis 4.1 – Risk of injury to staff and subsequent claims and losses

The Finance Manager stated the he has added the insurances, Mr Leggott asked if they were an adequate amount? The Finance Manager responded that the Employers Liability was £10 million which was increased to £15 million last year for the PSCA works on the South Forty Foot and the Personal Accident Insurance is at £60,000 with £100 per week for total disablement, that is for staff, there is also cover for Board Members but their figures are 50% of those.

The Chairman asked if we have insurances to review in the Autumn meeting? The Finance Manager could invite Mr J Cook to talk to the Committee through the insurances and look at that then and this is something we should visit again.

Mr Scott added that if you take advice from your insurance broker who is on a 15% commission and read newspapers which has the odd story that £15 million may be reached and it won't be settled at that. What the actual day to day pay-outs are today, he is not aware of and whether the broker to trust the source as it is a conflict of interest.

The Internal Auditor added that you need something which is reasonable and if it's too high you are paying too much and if it's too low then you could create a risk. As a Committee you are discussing it and debating it so where it sits at the minute at £15 million, cannot be criticised if it goes wrong as you have taken due regard, you have increased it at a level. Mr Scott added you now need to see what the cost is per million pound to determine if it's right or wrong, if the cost is not much that means it's never going to be needed because the insurance is the underwriters who actually know the risk they will have the claims experience.

The Chairman asked the Committee if there were happy to leave it at the £15 million level – general AGREEMENT.

(xiv) Risk analysis 4.2 – Risk of not complying with Health & Safety Legislation

The Finance Manager has added Insurance for Manslaughter costs and safety legislation costs, £1 million each of those. Mr Barker didn't think £1 million is enough, he felt we had somewhere increased to £5 million this should be up at that level. Mr Scott responded these are costs rather than pay out, this would be legal expenses. The Finance Manager responded he believed so yes - it is for defending the Board. The other insurance would cover pay out of the claim under Public Liability but we have £1 million to defend the Board. Mr Barker acknowledged the response.

(xv) Risk analysis 5.1 – Risk of loss of cash

The Finance Manager stated the insurance covers £500 out overnight and it will be insured. The petty cash, which is a maximum of £500, is locked away.

(xvi) Risk analysis 5.2 – Risk of loss of money invested in Building Societies and Banks

The Finance Manager stated that the Executive Committee is looking into the Building Societies and the FCA register and their ratings.

Mr Barker asked if this should be adjusted before or after the Executive Committee look at it, we have had discussions about other forms of investment. The Finance Manager clarified that the Investment Policy has not changed, therefore the risk has not changed, as it is at the moment we leave it as per the policy. If the policy was to change then the risk could change. The Board on 14<sup>th</sup> February 2018 decided they were not going along the route of investments they considered the bank, Aldermore Bank, but asked for the credit rating information.

This information will be taken to the Executive Committee on 9<sup>th</sup> May 2018 and then to the Board on 30<sup>th</sup> May 2018. Other than to pull the funds out of Monmouthshire, he does not foresee anything changing.

(xvii) Risk analysis 5.5 – Fraudulent use of credit cards

The Finance Manager explained that he has added himself to the fraudulent use of credit cards for this Committee's consideration. Both the Finance Manager and Chief Executive have a £5,000 limit on the Board's credit cards and the Operations Manager has £2,500. The Board has insurance up to £1,000 per card. The card expenditure statement is reconciled and this will go into the Financial Regulations. It is not authorised by each other because it is impractical to have to ring someone to give your authority to use it, but it is reviewed and reconciled on a monthly basis. He has included this as a risk of £5,000 on each card at risk this is why the impact is 'LOW' as it is fraudulent use of cards by others. The Chairman asked about the level of insurance - we are only partly insured. Mr Scott added the credit card insures you, via a third party fraud that is when the insurance would be used. He suggested 'LOW LOW'.

The Internal Auditor added it can be used and abused and there are ways around it and the likelihood of risk recommended 'MEDIUM'. He sees elsewhere you give the card to other members of staff and you assume they have bought the right thing – this is when the checks and balances come into effect but if you are buying something credible for the organisation you don't often challenge what it is and who's using it which is why he brought in the procedure of disposing of stuff below the £500 level, this is where things could not be working as they should. From an outside perspective he felt leave the risk, even though it is probably good practice, as the card could be used by others.

The Chairman clarified with the Committee, that it is left at 'LOW MEDIUM' and happy with the level of insurance. All AGREED.

(xviii) Risk analysis 6.1 – Risks to Board Members

The Finance Manager highlighted the addition of the £3 million Legal Liability Cover.

(xix) Risk analysis 6.2 – Risk of not complying with all employment Regulations and Laws

The Finance Manager highlighted the addition of the £1 million Employment Practices Cover.

(xx) Risk analysis 7.1 – Risk of collecting insufficient Income to Fund Expenditure

The Finance Manager stated he has added in about our comprehensive annual budgets and ten year estimates which are produced and should be recognised - this is part of managing the risk. He suggested that the fact we maintain 20% of annual expenditure in the general reserve should be added - which is also to be included in the Financial Regulations.

(xxi) Risk analysis 8.3 – Risk of loss of internet connections

Mr Barker asked about the fibre broadband and internet lines into the office, there could be an instance where a third party cuts the phone line or electric cables off site - it's having alternatives.

The Finance Manager responded that we have a mobile Wi-Fi dongle that 32 devices can connect to.

(xxii) Risk analysis 8.4 – Risk of network failure

The Finance Manager stated the proactive IT maintenance contract with external consultants that also includes disaster recovery has been recognised in this.

(xxiii) Risk analysis 8.5 – Risk of breach in cyber security

The Finance Manager stated this is one we spent a lot of time on last year and a lot of time with staff working on this. Staff training was something for further work last year, we have had staff training on site by HBP and staff completed very comprehensive cyber security training that required 2.5 hours provided by Sophos which included GDPR, malicious emails, hacking etc. From the staff training point of view this has been covered. Regarding the offsite backups, we still have the two-week rotation and we also have a monthly backup as was recommended by this Committee to the Board last year. We just have April / May to go then we will have a full monthly backup for an entire year so he is suggesting all that work having been carried out that the likelihood can now be reduced to 'LOW'. Mr Leggott added after all this training that we would not be putting at 'LOW' if we had some further attempts of cyber. The Chairman added that things move on all the time and as fast as you plug the gaps, someone else finds a way around those defences. The Finance Manager responded that in the last two weeks the Board has had two attempts at the system being breached on five occasions, therefore five attempts on one day and a week later another five attempts and they were all blocked by the unified threat management system, the hard firewall, and then reported that they had been blocked and not let into the system – so from that point of view with the system we have he is happy that the hardware is still currently doing its job. The weakness has always been a member of staff clicking the attachment to an email or picking up a usb drive – this has all been covered by the training.

Mr Scott read out “most unlikely to happen”, the Finance Manager responded most unlikely based on the fact we have done everything we can do to stop it. Mr Scott continued it's the external guys, they are constantly evolving, and they update the production software. The Finance Manager added that the software automatically updates. The Internal Auditor added that the biggest threat is human error which training has been completed. He added that you need a blame free culture if someone opened the wrong email then close the system down straight away you have the backup, it's about recovery control. I think cyber risk which is the important ones to put in prevention is one thing but you are never going to stop the potential for the risk to occur.

It's about how quickly you can recover and the Finance Manager has looked into all this.

The Chairman asked Members if there are happy to reduce the likelihood to 'LOW'. All AGREED.

(xxiv) Risk analysis 8.7 – Risk of virus being introduced to network

The Finance Manager stated that with our new cloud based anti-virus system all the Boards laptops which are not on the domain now also have the same anti-virus protection which is managed centrally and the emails filtered offsite by message defence, which has always been the case. We have now moved from holding the mail server at the office to it being based on the cloud so instead of the UTM firewall filtering messages Office 365 does this instead. This is just a change in modernising the procedures and reduces the risk of losing everything from our emails.

(xxv) Risk analysis 8.8 – Risk of loss of accounting records & 8.9 Risk of loss of rating records

The Finance Manager stated this is about the two-week daily rotation and the annual monthly rotation and again putting in about the insurance for the business interruption. This is same for the accounting and rating records which this Committee wanted to keep separate.

The Chairman invited the Internal Auditor for his opinion on this policy.

The Internal Auditor stated he thinks what this Committee is doing today is excellent, you have certainly looked at the risks and, as he had mentioned before, he likes to challenge the process. One of the directions we will be looking with other clients is the forward direction of travel - you kind of see where you want to get to and can then put in a timeline as to when it will be achieved to make the Officers commit. You can then see the direction of travel the risk moved and, yes, we have now reduced it down because that has now happened. It enables you to think about the all-risk appetite, probably less so if you work for a Council and the risk appetite has increased enormously with austerity and therefore you have to change your control framework to meet that need and you do need that idea of thinking where are we, what are the controls doing, how effective are they and we are trying to determine the effectiveness of a control you don't want too much control as it is counterproductive but you need to see what that is and see what the cost control is – you can do this with insurance policies because insurance has a cost and you know what it is going to do if there is a situation that arises.

The Internal Auditor continued stating sometimes a control is a bit 'airy-fairy'. If it is pinned down what it actually is, it does help when looking at the cost of it and is it worth having it in the first place or do we do away with it because we can actually tolerate the risk if it happens. Recovery controls can be cheaper because they don't need to use the recovery control if the risk does not happen it is there to avoid. So you've got to look at one of the preventative or the recovery controls to get the cost of those, look at the timeline going forward and where you want to be in terms of that direction of travel and to make sure you put in place those added controls you have suggested at the right time to change the risk and score that is going forward.

He feels comforted, here you are challenging Committee. You have a good set of risks and you don't want to create a bureaucracy, that's not the point, it's about making it work for you as Members and I think it does work to a greater degree here. He is happy to discuss with all of the Board but to just to create a challenge in the risk environment if you are not seeing things which you can comment on then you are not seeing the right things – do we fully understand what is the risk – that is the challenge for most people.

- What is the risk we are trying to manage I always put two parameters on it - if you cannot manage it, is it a risk? Using pandemic flu as an example, it itself is not the risk, the risk is to the people and the services - that is what we are managing. Pandemic flu is a cause therefore you actually then put a control in place to manage that cause and can then see what the cost is i.e. you can inoculate people against flu.
- So if you think through the structure and what you are managing, a risk should have a timeline, at some point in the future the risk will occur. It cannot stay on the register as a red risk year in year out, it does not work, you need to challenge the risk – the risk should have a timeline in terms of when it may occur, if it's not going to occur you are looking for a cause. The risk is about managing your staff, about managing the service you provide and how you deal with that. Referring back to the example, one of the areas which will impact on the pandemic flu will be stopping your staff from working, a contract may be put in place with others if it does happen, then you can call on that contract to come in and provide the service or you might work with other Boards. This challenges your thinking. Going back to the risk – what is this risk we are managing? Can we manage it? Who's managing it and when is that timeline likely to happen?

The Finance Manager asked if there should be timescales on further work, is that what Members are thinking? The Internal Auditor responded he is very happy to come along and do a workshop for all the Board Members. The Finance Manager responded that there is a Board election this year so the November Board will have an induction and asked if it could be included in the schedule? The Internal Auditor responded yes an hour would be sufficient to look at thinking about what it is we are looking at, what we are challenging, do we feel comfortable with what's there. He has seen good challenges from the meeting today.

The Chairman asked Members if they were happy to recommend adoption of this policy to the Board. All AGREED.

The Committee RESOLVED to recommend that the Risk Management Strategy Policy should be approved at the next Board meeting.

(b) Financial Regulations Policy

The Finance Manager stated this policy, on pages 54 – 58, with regards to paragraph 2.1, it was not recorded anywhere other than in Board minutes who the responsible Financial Officer was. He felt it was prudent to add this in section 2.1.

He then continued to section 5.1 – he was asked to produce the procedures for the collection of all income by the Internal Auditor and was unable to do it in written form, he has enhanced section 5.1 to include the procedures for the actual collection.

The Chairman asked does this mean the recommendation is completed? The Internal Auditor responded all the items recommended will be the first point of call when he comes back to the revised audit and he will then look at it in more detail. He added that he has gone through this policy and he is happy to support what is being said here.

The Finance Manager referred to section 5.5 - regarding the level of drainage rates collected, this used to be done by a single figure compared to budget in the management accounts. There is now a new report which has been included in from period 10 which will be at agenda item 7.

The Finance Manager referred to section 7.5 - this is a new paragraph added that, again, was from the recommendation of the Internal Auditor on the disposal of obsolete equipment, he has drafted this paragraph as it is currently done. It is for this Committee to discuss if you think this is appropriate or if any amendments are required. Mr Leggott stated that it seems to fit the bill regarding transparency. The Chairman added it is a sensible way of letting obsolete equipment go and handling it because it's similar to what the local authorities do. Cllr Russell added that it is very staff friendly.

Mr Barker made reference to a previous item, a jetter, which you could not get rid of as it was obsolete and could not obtain the right price for it. The Chairman responded that this is about staff, the order in which we offer things out to the staff first and then at the market rate and then move on down.

The Finance Manager referred to section 9.6, stating that he has added two sentences onto the end of the paragraph. The Chairman asked if we have credit cards that allow contactless transactions, and asked if we could opt out of those type of cards as they are automatically sent out unless you ask otherwise. The Finance Manager responded that if, for example, you went to London and wanted to use the tube the card would be the most useful thing to use as then you don't have to claim it back on your own card. The Chairman asked Members if they were happy for the cards to be contactless? The Finance Manager responded what is the risk? He continued any risk would be covered by the credit card company. The Internal Auditor added that contactless transactions have a £30 limit so its de minimus. The Chief Executive added that the credit cards cannot physically be used for cash withdrawal.

The Finance Manager referred to section 10 it is an additional section regarding the Boards Reserves, which is the general reserve and the aims of the Board, which he has copied straight from the budget set this year, was approved by the Board on the 14<sup>th</sup> February 2018.

Mr Barker asked if an additional word could be inserted in (a) "with a target of a minimum of 20%". The Chairman responded is it necessary to put in minimum when the target is 20%? Mr Leggott also added that he did not think it was necessary in this instance because we are defining a figure of 20%.

The Finance Manager added that we are trying to reduce down to 20%, if it is changed here then we will need to look at it and the Board have already approved in the budget. The Chairman felt this was fine as it is.

The Committee RESOLVED to recommend that the Financial Regulations Policy should be approved at the next Board meeting.

(c) Procurement Policy

The Finance Manager referred Members to the Procurement Policy on pages 59 – 62, he outlined the amendments;

- Section 2.2 - added Works & Engineering Manager to be authorised to have an order book.
- Section 2.2(h) - changed from the Operational Supervisor to be Works Supervisor.
- Section 5.2 - in the first sentence; “payments made by credit card will be reviewed” it previously stated “these items will be authorised by the management team and no one officer should authorise their own expenditure” so effectively this was saying that you need to ring someone to authorise the payment.
- Section 5.2 - the second sentence; “Receipts for all payments are to be reconciled to the statements and no one officer should review their own expenditure”. The Finance Manager explained that it should be reviewed on the reconciliation rather than authorised at the time of purchase.
- Section 5.3 - added to this sentence in accordance with the Procurement Policy “whenever possible”. He clearly explained the whole point of the credit cards is that purchases can be made, travel subsistence, Board Members expense can be paid. It is not always possible to ring around and get the 2/3 quotes as required. This is not to say this isn’t done, it’s just whenever possible we will get the quotes.
- Section 6.2 - currently only the Chief Executive, Finance Manager or Operations Manager can place orders with Woldmarsh. This was because originally we only had bulk fuel from Woldmarsh. Now we get a lot more from Woldmarsh including tyres, building supplies, fencing posts etc. Using their buying power and having discussed it we see no reason why ordering from Woldmarsh could not be subject to the same restrictions as any other purchase, if this Committee is happy with this we are going to open it up to and order through Woldmarsh and speak to them for individual limits for individual employees as per the Procurement Policy.

Mr Leggott asked if we had had a demand for this type of purchase? The Finance Manager responded yes the Pump Engineer had tried to order some fencing and was not on the list to authorise – it was about £1,500 so Woldmarsh refused to order it and waited for the Chief Executive or Finance Manager to authorise it. The Chief Executive added that this morning they have received confirmation of six orders from Woldmarsh varying from aggregates, timbers, rails, posts, various pipe work, diesel fuel. The process of using Woldmarsh and obtaining three or more quotations, within the guidelines of the Procurement Policy, removes time and effort from the Boards staff. We still periodically check the Woldmarsh prices but it is an unbelievably efficient process which Woldmarsh offer.

The Chief Executive does not think he has ever been able to find a price more competitive than Woldmarsh when asked to compare like for like price.

Mr Leggott asked should you try and ring around for alternative quotes? The Finance Manager responded that Woldmarsh are ringing around for us, they go out for the quotes as ref the Boards Policy, so they have the deals with suppliers and because they are buying it for 200 people they are getting much better rates than the Board on its own. Mr Barker added that they get the prices in daily from 7/8 suppliers in different regions as the orders come in they don't need to ring around because they already have the prices in. The Chief Executive agreed it is a good service.

The Committee RESOLVED to recommend that the Procurement Policy should be approved at the next Board meeting.

(d) Health & Safety Policy for Display Screen Equipment

The Finance Manager presented an updated policy stating he has re-written the introduction because it previously referred to the legislation being introduced in the old policy; therefore, he has updated the instructions on that point of view. All taken from the Health & Safety Executives website the most important aspects for the Board are at 2.4 and 2.5, which directly impact the Board.

- Section 2.4 – used to say that if the user requested an eye test, we would refund them. The Finance Manager has expanded on this in that the Board should be providing eye tests to display screen equipment (DSE) users. Therefore, he has amended it to say “DSE users should have an eye and eyesight test every two years” and the costs will be reimbursed.
- Section 2.5 – used to say “those prescribed normal corrective appliances to undertake DSE work a contribution of £150 will be reimbursed and special corrective appliances only used for DSE will be provided by the Boards appointed optometrist”. He is putting forward the proposal to increase the contribution from £150 to £200 and include a caveat of within a two year period.

The Committee RESOLVED to recommend that the Health & Safety Policy for Display Screen Equipment should be approved at the next Board meeting.

(e) Lone Worker Policy

The Finance Manager stated that this policy's review was delayed last year on the basis that we wanted to get the new lone worker devices in place in order to write about how they work and how we respond to any alerts we get in the system. He stated that the 'Introduction' has been re-written with an overview of the situation and then Section 3 is how the system works, which is on all Employees Board provided phones, and also details how the Board ensures that the lone workers are safeguarded as much as possible.

Mr Barker asked can you qualify is it all Board employees? The Finance Manager responded all employees that lone work. Mr Barker stated he saw a maintenance employee with a strimmer earlier this week standing on a deep slope with a vertical drop beneath him – has he got one of these phones?

The Finance Manager responded yes he has. Mr Barker then stated that he did not have an inflatable life jacket - he would not just slip down a bank he was straight over the tunnel that takes the water into the Forty Foot. The Chief Executive responded this is a different issue this is part of his PPE training, he has an inflatable and he should be wearing it – he will pick this up with him and others.

The Chief Executive stated that the devices do work and the workforce clearly are using them as they should do, we do regularly receive alert calls by the Peoplesafe reception centre – this is caused when in ‘amber’ and someone falls, the movement processes the interaction from that call centre.

The Chairman asked if Members were happy with these amendments, all AGREED.

The Committee RESOLVED to recommend that the Lone Worker Policy should be approved at the next Board meeting.

(f) Data Protection Policy (New for GDPR)

The Finance Manager informed the Committee that National ADA Policy & Finance are going to do some work on producing a policy and privacy notice for GDPR. He added that before he started to write this policy he called Ian Moodie at ADA and asked how they were getting on, the response was that they have not started and they have a meeting with Defra on 30<sup>th</sup> April 2018. He then started to write this policy from the ICO Booklets. Some more information from ADA was received on the 17<sup>th</sup> April 2018:

*Email – GDPR comes into force on the 25<sup>th</sup> May 2018 ADA has been providing reminders and the twelve step guide produced by the Commissioner’s Office in the ADA Gazette, they have the detail from Defra and they confirm the Defra working on guidance and model agreements across the Defra group to be released in the next few weeks the model documents to be enclosed; privacy notice, data protection impact assessments and data sharing agreements. Guidance and model documents will be useful when released by Defra especially the model privacy notice which should provided or linked to whenever taking data about or relating to an individual. Before sharing widely with IDBs we would like to work with a small working group of senior IDBs staff to tailor Defra model privacy notice to the needs of IDBs, please let me know if you or a colleague will be interested in assisting.*

*Email: from the Finance Manager basically saying it is a bit too late, these have to be approved by the Board and in place by the 25<sup>th</sup> May 2018 and if it is not in place the information risk the Commissioner’s Office will be issuing fines.*

The Finance Manager stated he has written a policy; he is not an expert in Data Protection or the General Data Protection Regulations other than the fact he has gone through all the information the Commissioner’s office guidelines. He directed members to the Policy on pages 66 – 72.

Cllr Russell stated we are discussing the possibility of liability of the Board as an entirety and Board Members or employees, surely if this Board associated business they would be covered under the Board. The Finance Manager responded that for insurance purposes you are covered but a fine could be to the Board or to an individual.

If the individual was following the Boards procedures then the fault would be the Board, if the individual was not following Board procedures then the individual will be liable themselves. Cllr Russell added if they did something with malicious intent basically the Board and any individuals I must introduce this element i.e. on the Council we would be covered by the Council unless we took data back to a private address. The Finance Manager responded if you were to store, process or transfer personal or sensitive personal information then you are into GDPR if you're not then, no. Cllr Russell added that because you don't hold and process personal information, if he did then it would be entirely on request of South Kesteven District Council and he believes he is covered as far as that is concerned, as long as he follows their procedures. The Finance Manager responded the Board does not give Cllr Russell personal information. The Chairman added so if you receive something from one of your constituents with personal information Cllr Russell if someone came to him with a problem to be raised with the Council or the Board then he would pass that onto the Board and immediately delete any reference he had and say respond to the individual and confirm that it has been attended to, therefore he is not holding any data even on something that is coming in or out. The Finance Manager responded that you can process that data under article 6.1(e) which is public task because you are fulfilling the public task but only for the time it is required.

Cllr Austin referred to a recent scenario whereby a round robin email was received which clearly showed everyone's email addresses. Due to the subject of the email he felt he needed to respond and reply to everybody. With the benefit of hindsight, he replied to everyone but was also circulating individual data in the form of email addresses. Is this something we should be careful about in future? The Finance Manager responded that this will come under article 6, and it would depend how you got those email address as to how you could use them. If you have explicit consent to use them as a round robin email then there would be no problem, but where have you got those emails from in order to process them? Cllr Austin responded that they were sent to him by a third party. The Finance Manager responded that you would be breaching article 6.

The Finance Manager stated that this is European legislation, we are given guidance from the ICO who will be responsible for enforcing it going forward from the 25<sup>th</sup> May 2018. No levels have been set for fines because it is for each individual state to set those levels. The European view of everything, the ICO, are currently sending out guidance on how to interpret the European Law but until we actually get into a situation where they take cases to court and start setting fines we won't know the levels.

The Finance Manager added that under Data Protection 1998 regulations there have been some very hefty fines – there was a case where customer's data had been lost on a usb flash drive and the company was fined £300,000 because of the unencrypted data that was lost.

The Internal Auditor added that there is news coming through that the fines linked to GDPR will be significantly greater than they have been in the past.

The Chief Executive pointed out that the Finance Manager had stated he was not an expert, he agreed that perhaps the Finance Manager is not an expert but having used the ICO guidance and put it into a nine-page policy he has been able to answer those questions with a lot more expertise than himself or

anyone else around the table. He felt he has a higher level of expertise and suggested that the Finance Manager be given the role of Data Protection Officer.

The Finance Manager suggested that this GDPR Policy be used as a starting point and then when the ADA model templates are received re-look at it. He suspects, as he has provided this document to ADA, that they are going to look very similar.

The Chairman asked if there was going to be GDPR training to the staff? The Finance Manager responded we shall do more but part of the Sophos training was the GDPR.

The Finance Manager continued the areas and the register which is dependent on, that we hold or process transfer personal data and then the lawful basis for holding it. Everything is covered by what we already have and there is no additional work. Due to the fact we were complying with the Data Protection Act 1998 the extra work is in producing the policy and the privacy notice. Any future projects the Board does we need to do a data impact assessment. We don't do big marketing campaigns like that which is the sort of stuff they are talking about.

The Finance Manager stated that internally within Black Sluice IDB we won't hold any less data, we are just showing the lawful basis as to why we can hold that data. It is to undertake the tasks performed under the Land Drainage Act 1991, therefore it's a public task so we have a legal basis to hold that data. Externally and working with the other Councils the Finance Manager is in the process of putting together a public data sharing agreement with Boston Borough Council which we will suggest sharing with the other three Councils. Therefore, when we are having discussions about who is the owner / occupier of a particular piece of land we can acquire the information. It's not explicitly under the Land Drainage Act, we will have a data sharing agreement between local public authorities that states we can share that information with each other. This is something that the Boards solicitor is working on at the moment, data information being transferred in both directions. We are working on what we do with external public organisations. We have powers under the Land Drainage Act to enquire for information from occupiers and owners of land we are not losing that either, we could use that if necessary.

The Finance Manager stated the formal thing we need to do as a Public Authority is to appoint a Data Protection Officer - page 70 at section 4.5. The Chief Executive has put the Finance Manager forward. The Chairman and the Committee Members recommended that the Finance Manager be given the role of the Data Protection Officer. The Chairman thanked the Finance Manager for his work in putting this policy together.

The Finance Manager proposed that the policy is enacted immediately to be ratified by the Board so that it is in place by the 25<sup>th</sup> May 2018. All AGREED.

The Committee RESOLVED to recommend that the Data Protection Policy should be compared with the ADA model when it is received and should be ratified at the next Board meeting.

1266 TO REVIEW THE PERIOD 11 BOARDS MANAGEMENT ACCOUNTS - Agenda Item 7

The Finance Manager referred Members to pages 76 – 80 stating this is something we have on an annual basis to review. This is a summary of the management accounts that go to the Executive Committee, the Officers have a much more detailed breakdown of these. There have not been any changes to the spreadsheet detailed on page 76. The Drainage Rate report, on page 77, which was referred to earlier from the Internal Auditors recommendation shows the payments have been posted 99.99%, that is now 100% at the year end and the Board was in credit by 36p. This is the format and asked the Members if they had any additions or amendments.

The Finance Manager referred to page 78 which is the report that this Committee suggested should be included at April 2017 because of the size of the project regarding the South Forty Foot Drain cleansing scheme and it has proven that there is £885,000 invoiced for this job and it was justifiable that we monitor the costs closely and produced this on a monthly basis.

The Finance Manager referred to page 79 & 80 which is a spreadsheet as it was previously, and he cannot think of any more information that the Executive Committee would require.

The Chairman confirmed with Members that they are happy with these presentations.

1267 TO REVIEW THE RISK REGISTER - Agenda Item 8

The Finance Manager stated that the Risk Register will need to be updated with the adjustments discussed earlier in the Risk Strategy Policy.

The Chairman referred to the register to see if there were any scores over four, the Finance Manager added that there is going to be a score of 6 which will have to be detailed to the Board.

1268 TO REVIEW THE BOARD'S CATALOGUE OF POLICIES - Agenda Item 9

The Chairman reviewed the Boards Catalogue of Policies, thinking about what we should be looking at in the September 2018 meeting. The Finance Manager stated we have had from ADA/Defra a new suggested policy statement template. It came after the agenda papers for this meeting were posted out so he has agreed with the Chairman of the Board it will be taken to the Board directly at the end of May 2018 so that it is implemented. The only place that this policy statement is actually published is on the Boards website, we don't have it on this catalogue of policies, it will be added to this spreadsheet.

(a) Development Fees

The Finance Manager stated that currently the Board charges development fees, providing funds for upgrading the Boards systems to cater for their water, at the time or in the future i.e. the Q1 Development.

We have just spent £86,000 upgrading the system so that takes their water away and they have made their contribution to the Board. The Board does not currently have a policy detailing how the Development rates will be set or how and when they will apply other than within the Board's Byelaw guidance documents.

The Finance Manager stated that we are going to develop a Development Fees Policy, South Holland IDB are currently doing this. We do it on a one decimal place on a percentage basis the flow above the green field rate. South Holland IDB are suggesting that they have bands rather than a 100 different rates but that is not going to their Board on 29<sup>th</sup> May 2018. The Black Sluice IDB Board meeting is on the 30<sup>th</sup> May 2018, we are going to carry on as we are for now and then we will bring this development fees proposed policy to the Audit & Risk Committee in September 2018. The Chairman added that we are trying to get uniformity across the Boards nationally and locally if it's possible.

(b) Emergency Flood Response Plan

The Chief Executive asked the Committee if he could bring the Emergency Flood Response Plan to the September 2018 meeting for review because of the decommissioning of the Black Sluice (Boston) Pumping Station and the operation of the navigation lock which is the fluvial device.

1269 ANY OTHER BUSINESS - Agenda Item 10

Mr Leggott asked if we still had the residential property belonging to the Board which is rented? The Finance Manager responded yes. He added that were we aware of new regulations which came in April 2018 regarding EPC levels because unless you can get out of 'F' and 'G' and get into 'E' you could have problems letting these properties. There are all sorts of problems which is part of a scheme the government put forward with funding grants, then they cancelled the grants but a lot of the regulations are still are on the books.

There being no further business the meeting ended at 4:22pm.