

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Additional F&GP Meeting

Wednesday 6th November 2019

**The Gables Hotel, Falfield
At 12.00**

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

TERMS OF REFERENCE OF FINANCE AND GENERAL PURPOSES COMMITTEE

Approved 22 June 2016 Minute No.2349 (a)

Matters for determination by the Committee.

1. The appointment of Internal Auditors.
2. Consideration of any Report or Opinion from the Internal Auditors.
3. Consideration of a summary of internal audit work undertaken (whether of a financial or ethical nature).
4. Commissioning work from either the Internal or External Auditor.
5. The approval/revision of the Risk Register.
6. The approval/revision of the Business Continuity Plan.
7. Reviewing payments made.
8. The recovery of rate arrears and sundry debts.
9. To monitor spending against the approved budget.

Matters for recommendation by the Committee to the Board

10. To consider the Annual Budget and Rate Setting prior to the February Board meeting in each year.
11. To review the Annual Business Plan.
12. To review the Medium Term Financial Plan.
13. To monitor the Board's Treasury Management policies and practices.
14. To keep under review the Board's insurance policies.
15. To liaise with the National Audit Office or any successor or equivalent, regarding the appointment of the External Auditor.
16. To consider any letter or report issued by the External Auditor.
17. To ensure the effective monitoring and review of policies and strategies.
18. To consider legislative changes (or proposed legislative changes) which may affect the Board's statutory functions.
19. To identify any Member training needs in various aspects of the Board's responsibilities.

**Minutes of the Engineering Committee
of the Lower Severn (2005) Internal Drainage Board
Meeting held Wednesday 24th October 2019 at 10.30 am
at The Gables Hotel Falfield**

Present:

Mr Barnes

Chairman

Mr W J Cornock

Miss R Hewlett

Mr Hyslop

Mr G Littleton – Deputising for Cllr J Jones

Mr G Simms

Staff:

Martin Dear

Accounts Officer

AO

James Druett

Land Drainage Engineer

LDE

James Thomas

Civil Engineer

CE

Kieran Warren

Principal Officer

PO

Andrew Terrett

Foreman

Louise Reading

Minutes

2933	<p>Apologies Apologies were received from Patrick Goodey, Rodger Godwin, Ian Ractliffe & Cllr J Jones.</p>	
2934	<p>Declarations of Interest No interests were declared.</p>	
2935	<p>Minutes of Previous Engineering Committee Meeting Miss Hewlett informed the Board that the initials NFU were no longer used by the Gloucestershire Severn Estuary Stake Holders and thus should be removed from minute number 2779.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • Subject to the above alteration the minutes of the meeting held on 21st November 2018 are approved. 	
2936	<p>Update of the Capital Programme The PO advised the Board that the first part of the report was a summary of how the programme had evolved and Appendix A was now historical as it related to the picture in February this year.</p> <p>Officers were aware that the forecasted figures were unreliable and out of date and reminded Members of the importance of revisiting and updating these figures more frequently based on experiences of completed schemes, material costs and possible additional works such as refurbishing or replacing current structures. Having done this the global cost of the Programme had increased from £2.3m to £3.5m.</p> <p>Some schemes had dropped out of the Programme as they hadn't been fully costed and remained aspirational. These works will undergo assessment, prioritisation and financial approval in the future alongside other works.</p> <p>The Capital Programme focused on the Pump station replacement programme and machinery replacement over the next few years.</p> <p>Mr Simms asked whether clarity should be sought for the responsibility for the management of the Capital Programme and the PO confirmed that Capital Programme projects were to be decided and agreed by the Engineering Committee. They would then go to the Finance & General Purposes Committee to agree how these schemes would be financed and then to the Board for approval.</p>	

	<p>Mis Hewlett suggested that the meeting schedule should reflect this.</p> <p>The CE recommended the Terms of Reference be amended to provide clarity as to the respective responsibilities of each Committee.</p> <p>In response to Mr Hyslop question about building new pump stations alongside the existing one and then decommissioning, the Engineers indicated that all aspects of design were taken into consideration when replacing or refurbishing the pumps.</p> <p>Members heard that the Programme as revised and attached at Appendix B was complete as of today's date taken together with the vehicle and plant replacement programme. It had been extended by 2 years to avoid a steep rise in drainage rates. If approved at the next Board meeting, the LDE will write to the EA to request an extension. On the morning of the Board meeting a Finance and General Purposes meeting will be held to decide how to best fund the revised programme and the Engineering Committee will recommend that £200,000 from the unallocated reserves be transferred to the pump replacement reserve.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • The Capital Programme as set out in Appendix B, be approved: and • The means by which the new proposals will be assessed and added to the Capital Programme be approved. • Subject to the meeting of Finance and General Purposes on 6th November 2019, requests the Board move £200k from the unallocated reserves to the pump replacement programme. • The LDE to write to the EA to request an extension from the 2025/2026 deadline for a further 2 years • The Terms of Reference be amended and submitted to the Board for approval. 	
2937	<p>Machinery Replacement Programme</p> <p><u>Energreen 1500 AU11 HCH</u></p> <p>The LDE reminded the Committee that the replacement of this machine had been deferred from 2018/19 for one year, owing to low hours. The LDE recommended that a replacement should now be agreed as the machine was starting to show signs of increase maintenance and repair. He also did not want to replace this machine any later as it would clash with other replacements and create a financial spike in the programme.</p> <p>The quote for the new Energreen was £212,000 with a part exchange available of £25,000 costing £187,000 + VAT</p> <p>In response to Mr Hyslop's concerns that the part exchange value was low the LDE and Mr Barnes reiterated that the machine was a specialist item and that made it difficult to sale second hand.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • A new Spearhead SPV2 be purchased on 2020/21, part exchanging with AU11 HCH. 	
	The meeting closed at 11.20	

Capital Programme
Assessment Criteria

In order to ensure consistency and fair consideration for all potential projects, it will be helpful to identify and agree the criteria by which these projects will be judged prior to their inclusion in the programme. The following criteria are proposed:

1. The number of residential, agricultural and commercial properties that will enjoy greater flood protection benefits.
2. The area of farmland that will enjoy greater flood protection benefits.
3. The status of the land, ie where it is designated as a RAMSAR, SPA or SSSI site, the site of a Scheduled Ancient Monument or supports the implementation of the Board's Biodiversity Action Plan.
4. The extent (if any) to which the project assists the Board in the discharge of its statutory responsibilities.
5. The ongoing maintenance costs of the project (if any) post-completion.
6. The extent to which the Board's general maintenance programme might reduce as a result of the proposed works.
7. Confirmation of the Board's ability to finance the project in the proposed timescale.
8. The availability of external funding to support the financing of the works.
9. Where it can be measured, the Return on Investment for the project.

These principles should also govern the priority attached to each project. Should the Board need to respond urgently to a flooding event, then funds may have to be diverted from the Capital Programme. In such a case slippage might be unavoidable.

LSIDB PROJECTS 2019/20 - 2025/26

Project	Benefits	Net Cost Estimate £K	Maintenance Implications + Or -	Timescale	Return on Investment	Comments description of scheme criteria met
Plant + Vehicles Tractor/mower	Health & Safety and Efficiency	140*		2021/22		Offset by sale of old machine
Excavator	Health & Safety and Efficiency	90* 130* 110*		2019/20 2021/22 2023/24		Offset by sale of old machine
Vehicles	Health & Safety and Efficiency	25* 25*		2023/24 2024/25		Offset by sale of old machine
Spearhead m/cs	Health & Safety and Efficiency	170* 360* 260*		2020/21 2022/23 2024/25		Offset by sale of old machine

Pumping Stations Renewals	Statutory, Environmental and Efficiency	200*		2019/20		
		225*		2020/21		
		250*		2021/22		
		275*		2022/23		
Drainage Schemes						
Hill Pill outfall		75				Survey work approved
Aust/Olveston		500		?		
Demainment works		30		2019/20		
Cornham		500		?		
Rea Lane pumps		250		?		
Epney				?		
Rockhampton				?		
Renew office and workshop		400		?		

* Sum already budgeted.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

REVISED

APPENDIX B

Cash Flow Forecast for the Pump Replacement Programme
Annual Increment of £25,000 from 2018/19 to 2025/26

			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	Original Budget (June 2015)	Revised Budget	actual	actual	actual	forecast									
Income															
Provision from Income and Expenditure A/c	2,400,000	3,175,000	150,000	150,000	175,000	200,000	225,000	250,000	275,000	300,000	325,000	350,000	375,000	400,000	3,175,000
Provision from Unallocated Reserves		320,000				200,000							120,000		320,000
Income Total	2,400,000	3,495,000	150,000	150,000	175,000	400,000	225,000	250,000	275,000	300,000	325,000	350,000	495,000	400,000	3,495,000
Expenditure															
Pump Station	No. of Pumps														
Oldbury	3		513,300	867,358		6,779							553,110	307,469	867,358
Marshfield	2		385,860	577,247		6,776			406,562	163,909					577,247
Lapperditch	2		352,820	514,500		8,177	351,823	154,500							514,500
Wicks Green	2		553,420	851,854		5,728					556,307	289,819			851,854
Elmore Back	2		327,391	500,000	2,891		13,540	283,569	200,000						500,000
Saul	1		169,457	180,000	6,887	24,387	55,329	91,755	1,642						180,000
Expenditure Total			2,302,248	3,490,959	9,778	24,387	68,869	402,784	553,465	154,500	406,562	163,909	556,307	289,819	3,490,959
Net Movement in the year			140,222	125,613	106,131	-2,784	-328,465	95,500	-131,562	136,091	-231,307	60,181	-58,110	92,531	
Reserve															
	Balance b/f			140,222	265,835	371,966	369,182	40,717	136,217	4,655	140,746	-90,561	-30,380	-88,490	
	In year movement		140,222	125,613	106,131	-2,784	-328,465	95,500	-131,562	136,091	-231,307	60,181	-58,110	92,531	
	Balance c/f		140,222	265,835	371,966	369,182	40,717	136,217	4,655	140,746	-90,561	-30,380	-88,490	4,041	4,041

Notes:

- 1 Assumes inflation of 3% per annum.
- 2 Extends the period of income required from the Income and Expenditure Account.
- 3 Assumes two transfers of funds from Unallocated Reserves.
- 4 Moves the start date of Oldbury pump replacement from 2025/26 to 2026/27.

REF: MD

REPORT BY: Accounts Officer

Update of the Capital Programme

Introduction

At the meeting of the Engineering Committee, on 24 October 2019, an agenda item was the update on the Capital Programme. The paper considered by the Engineering Committee is attached.

The update is a revision of pump station replacement programme costs. In June 2015, the Board was given, a ball park estimate of £2.3million in order to complete the programme. These costs have now risen to £3.49million.

Reasons for the increase in cost are given in Appendix C.

The financial details of the scheme are being reported to the Finance and General Purposes Committee to ensure that the scheme can be fully funded. This Committee will need to make recommendations to the Board, for their approval, in order to achieve this.

The proposal to meet the additional costs is to extend the length of the project by 2 years and to transfer funds from the unallocated Income and Expenditure Reserve. Further details are given in Appendix D.

The recommendations being made by the Engineering Committee to the Board, regarding the update of the Capital Programme, are included in the previous item – Minutes of the Engineering Meeting held 24 Oct 2019.

Recommendations

- 1. To note the recommendations of the Engineering Committee to the Board;**
- 2. To recommend to the Board, for approval, the transfer of £200,000 from the Unallocated Income and Expenditure Reserve to the Pump Replacement Reserve**
- 3. To submit to the Board, for noting, the implication of the revised costings on the pump replacement programme and the effect on the Revenue Budget for 2020/2021 to 2027/28. This being as per the Cash Flow Forecast for the Pump Replacement Programme (Appendix D).**

Martin Dear

Accounts Officer

UPDATE OF THE CAPITAL PROGRAMME

Introduction

At the Board meeting held on 21 November 2018, Members considered the contents of a draft Capital Programme for all major works planned by the Board. The Minute reads:

Production of Capital Programme

In accordance with Minute 2693 the PO had produced a draft Capital Programme. He explained that this was a working document. The plan included the pump replacement programme and machinery replacement programme. In consultation with the Engineers and Accounts Officer, eight new projects had been added that could be considered once the pump replacement programme had been completed.

The PO had also proposed assessment criteria to evaluate the merits and benefits of each project and prioritise the schemes. He envisaged there would be several drafts for the Committee to consider before a final version was accepted by the Board.

The AO explained that the £350k per annum that had been generated from rates to fund the pump replacement programme could be used to finance the Capital Programme, if members decided to adopt the programme.

Mr Hyslop was mindful that the pump replacements programme was just underway and it was too early to know what the final expenditure would be.

Mr Simms stated that the Board needed to consider the future and that this programme would start a healthy process and debate.

It was resolved that:

- (1) The format and proposed assessment criteria for the Capital Programme, as set out at Appendix 2, be referred to the Board for approval;**
- (2) All Members be invited to propose projects for inclusion in the Programme**
- (3) The Capital Programme be included on all Committee agendas at least on an annual basis.**
- (4) The Capital Programme be included as a standard item on the agenda for all future Engineering Committee meetings so that information can be regularly updated and progress monitored.**
- (5) The Engineering Committee continue to manage the Programme on behalf of the Board.**

[Minute 2778 refers.]

This decision was ratified by the Board at the meeting held on 6 February 2019:

Capital Programme

The Engineering Committee had considered the PO's proposal to produce a capital programme. The Committee supported the production of a programme for approval by the Board.

The Chairman commented that a capital programme would be a positive planning mechanism for the Board and it also addressed the matter of undesignated reserves that had been highlighted by the F&GP Committee.

It was resolved that:

- 1. The format and assessment criteria for the Capital Programme appended B to these minutes be approved**
- 2. All Members be invited to propose projects for inclusion in the Programme**
- 3. The Capital Programme be included on all Committee agendas at least on an annual basis.**
- 4. The Capital Programme be included as a standard item on the agenda for all future Engineering Committee meetings so that information can be regularly updated and progress monitored.**
- 5. The Engineering Committee would continue to manage the Programme on behalf of the Board.**

[Minute 2822 refers. The Appendix cited above is attached to this report as Appendix A for ease of reference.]

Subsequently a pro-forma was distributed to all Members should they wish to propose particular schemes for inclusion in this programme. A copy of the pro-forma is attached at Appendix B. No additional projects have come forward via this means at the time of writing.

Revision of Programme

The programme originally drafted relied upon figures which were only ever broad-brush financial estimates. Additionally, these figures are now two or three years out of date (see appendix C for more details). A more accurate forecast of the expenditure involved in these schemes, and the funds required to finance them over the timescale indicated is attached at Appendix D.

As feasibility studies have not been carried out in respect of the drainage schemes shown in Appendix A, these projects have been dropped from the programme until further investigative work is completed.

How projects will be added to the Programme

I propose the following assessment process to ensure that a consistent method of evaluation is adopted for every project from inception through to commissioning:

1. Proposal put forward by a Member, a Committee, the Board or staff.
2. Proposal scrutinised by the Engineers with reference to the criteria cited at Appendix A and costed with the assistance of the AO. External consultants will be engaged where appropriate so that financial predictions can be made with greater certainty.
3. A full report on the benefits and likely costs of the scheme is submitted to and approved by the Engineering Committee.
4. The financial details of the scheme are reported the Finance and General Purposes Committee to ensure that the scheme can be fully funded within the recommended timescale.
5. The recommendations of both Committees are submitted to the Board for approval.
6. The scheme is added to the Capital Programme for implementation.

Recommendations: That

- (1) The revised Capital Programme, as set out at Appendix C, be approved; and
- (2) The means by which new proposals will be assessed and added to the Capital Programme be approved.
- (3) Subject to the meeting F&GP on 11th December requests the Board move £200k from the unallocated reserves to the pump replacement reserve.
- (4) The LDE to write to the E.A to request an extension from the 2025/26 deadline for a further 2 years.

Kieran Warren

Principal Officer

October 2019

Capital Programme
Assessment Criteria

In order to ensure consistency and fair consideration for all potential projects, it will be helpful to identify and agree the criteria by which these projects will be judged prior to their inclusion in the programme. The following criteria are proposed:

1. The number of residential, agricultural and commercial properties that will enjoy greater flood protection benefits.
2. The area of farmland that will enjoy greater flood protection benefits.
3. The status of the land, ie where it is designated as a RAMSAR, SPA or SSSI site, the site of a Scheduled Ancient Monument or supports the implementation of the Board's Biodiversity Action Plan.
4. The extent (if any) to which the project assists the Board in the discharge of its statutory responsibilities.
5. The ongoing maintenance costs of the project (if any) post-completion.
6. The extent to which the Board's general maintenance programme might reduce as a result of the proposed works.
7. Confirmation of the Board's ability to finance the project in the proposed timescale.
8. The availability of external funding to support the financing of the works.
9. Where it can be measured, the Return on Investment for the project.

These principles should also govern the priority attached to each project. Should the Board need to respond urgently to a flooding event, then funds may have to be diverted from the Capital Programme. In such a case slippage might be unavoidable.

LSIDB PROJECTS 2019/20 - 2025/26

Project	Benefits	Net Cost Estimate £K	Maintenance Implications + Or -	Timescale	Return on Investment	Comments description of scheme criteria met
Plant + Vehicles Tractor/mower	Health & Safety and Efficiency	140*		2021/22		Offset by sale of old machine
Excavator	Health & Safety and Efficiency	90* 130* 110*		2019/20 2021/22 2023/24		Offset by sale of old machine
Vehicles	Health & Safety and Efficiency	25* 25*		2023/24 2024/25		Offset by sale of old machine
Spearhead m/cs	Health & Safety and Efficiency	170* 360* 260*		2020/21 2022/23 2024/25		Offset by sale of old machine

Pumping Stations Renewals	Statutory, Environmental and Efficiency	200*		2019/20		
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		275*		2022/23		
Drainage Schemes						
Hill Pill outfall		75				Survey work approved
Aust/Olveston		500		?		
Demainment works		30		2019/20		
Cornham		500		?		
Rea Lane pumps		250		?		
Epney				?		
Rockhampton				?		
Renew office and workshop		400		?		

* Sum already budgeted.

TO: Engineering Committee

REQUEST FOR INCLUSION OF SCHEME IN THE LSIDB CAPITAL PROGRAMME

LOCATION	
CURRENT SITUATION	
WORKS REQUIRED	
ESTIMATE OF COSTS (if known)	£
BENEFICIARIES	
CRITERIA MET (tick all that apply) <ol style="list-style-type: none"> 1. Residential, agricultural and commercial properties will enjoy greater flood protection benefits. 2. Farmland that will enjoy greater flood protection benefits. 3. The land, is designated as a RAMSAR, SPA or SSSI site, the site of a Scheduled Ancient Monument or supports the implementation of the Board's Biodiversity Action Plan. 4. The project assists the Board in the discharge of its statutory responsibilities. 5. The ongoing maintenance costs of the project (if any) post-completion are nil or lower than at present. 6. The general maintenance programme will reduce as a result of the proposed works. 7. The Board is able to finance the project. 8. External funding is available. 9. The Return On Investment for the project. <p><i>Please supply supporting information wherever possible.</i></p>	
PRIORITY (High, Medium or Low) and PROPOSED START DATE	
SKETCH or PLAN ATTACHED (Yes or No)	

NAME:

DATE:

NB. The Board's Engineers will initially assess the details of your proposals so that the Engineering Committee have as much information as possible at its disposal when considering this scheme. You will be advised of the date of the relevant Committee meeting, which you are welcome to attend in order both to promote the scheme and to answer any questions Members may have.

TO : Engineering Committee

REVISION OF PUMP STATION REPLACEMENT PROGRAMME

The Boards' Engineer's originally gave the Board, in June 2015, a ball park estimate of 2.3 million pounds to make all 6 of the Boards pumping stations Eel Regulation compliant.

Unfortunately during the past 4 years costs of all raw materials and plant have escalated and after receiving some accurate cost estimates for the first large pumping station project at Elmore, it is clear that the original estimated budget is not adequate.

Elmore Back Pumping Station

The original ball park figure was £327,000 in June 2015.

The updated cost estimate is £500,000. This may be lower dependent upon whether or not the existing civils are structurally sound. Accurate pump prices, weed screen cleaner and all parts together with necessary civils have been obtained.

Implications for the Remaining Pump Station Costs

Due to such cost increases these figures have been used to revise the cost of rebuilding the remaining pump stations, as these are of similar layout and size.

REVISED

Cash Flow Forecast for the Pump Replacement Programme
Annual Increment of £25,000 from 2018/19 to 2025/26

	£	£	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
	Original Budget (June 2015)	Revised Budget	actual	actual	actual	forecast									
Income															
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