

THE RIVER STOUR (KENT) INTERNAL DRAINAGE BOARD

Minutes of the Meeting of the Board  
held on Thursday 29 July 2010  
at 2.30pm in the Board's offices at  
34 Gordon Road, Canterbury

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PRESENT

M J G Tapp (Chairman), A D Linfoot, O.B.E. (Vice Chairman), Messrs Councillor T Austin, Councillor M D Conolly, G F Ellis, Councillor Mrs M Martin, I G Steed and Councillor J Woodford.

IN ATTENDANCE

Mr Paul Marshall (Incident Response Team Leader -Lower Stour Area, Environment Agency), Mr John Davis (IDB Contracts Manager, Rhino Plant Hire), Mr Peter Dowling (Engineer to the Board) and Mr Derek Lewis (Clerk of the Board) were in attendance.

APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr I R Cooling, Mr P S Dunn, Mr P E Dyas, Councillor B T Naughton, Mr D Rogers, Councillor C J (Kit) Smith, Mr J F E Smith and Mr M P Wilkinson. An apology for absence was also received from Mr Andrew Crates, the Asset Systems Management Team Leader (Lower Stour Area), Environment Agency.

WELCOMING

The Chairman welcomed Mr Paul Marshall of the Environment Agency and Mr John Davis of Rhino Plant Hire to the meeting. The Chairman stated that Mr Marshall will be available to answer questions on Environment Agency related matters during the course of the meeting and Mr Davis will be available to answer any questions in relation to the Board's Maintenance Works and Water Level Control contracts.

MINUTES OF THE MEETING OF THE BOARD HELD ON THURSDAY 27 MAY 2010

The minutes of the meeting of the Board held on Thursday 27 May 2010 were received. It was proposed by Councillor T Austin, seconded by Councillor M D Conolly and resolved that the minutes be confirmed and signed by the Chairman as a true record of the proceedings at that meeting.



MATTERS ARISING FROM MINUTESGroundwater Levels

Councillor T Austin (Canterbury City Council) reported that Southern Water have advised the Little Stour and Nailbourne River Management Group that they have been unable to carry out the necessary CCTV inspections of the main and branch sewers in the Nailbourne Valley area because groundwater levels in the sewers are still 40% full. Councillor Austin stated that because of this delay, the River Management Group's progress meeting with Southern Water has been postponed until sometime in November 2010. The Chairman considered that there must be a basic fault in the system if the sewers are unable to cope with the groundwater flows in these relatively dry conditions and wondered how the sewers would cope in wet conditions. Councillor J Woodford (Ashford Borough Council) asked where the sewer's final destination was. Councillor Austin stated that the sewer runs to Southern Water's Newnham Valley Waste Water Treatment Works at Stodmarsh. The Chairman suggested that, as part of the investigations, Southern Water should check what the level of flows into the Newnham Works is as this would confirm if there was a blockage or leak in the system. Councillor Austin thanked the Chairman for his comments/suggestions.

Environment Agency - Southern and Thames Regions Merger

Mr Paul Marshall (Lower Stour Incident Response Team Leader, Environment Agency) reported that the Environment Agency's Board have now approved the merger of the Southern and Thames Regions into a new South East Region. Mr Marshall stated that the new South East Regional Office will be situated in Redhill, Surrey with the Worthing office being downgraded to an area office. The Kent & East Sussex area office at Addington will close when the current lease expires in 2012 and a new Kent & East Sussex area office will probably be situated in the Maidstone area. Mr Marshall stated that he expected that further announcements in connection with the merger would be made during August 2010. The Chairman thanked Mr Marshall for his report.

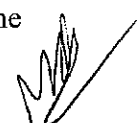
MINUTES OF THE MEETING OF THE FINANCE, GENERAL PURPOSES AND WORKS COMMITTEE HELD ON MONDAY 12 JULY 2010

The minutes of the meeting of the Finance, General Purposes and Works Committee held on Monday 12 July 2010 were received. It was proposed by Mr I G Steed, seconded by Mr A D Linfoot and resolved that the minutes be received.

MATTERS ARISING FROM MINUTES

Ref: A.3-17      Eel Regulations 2009

The Chairman asked the Engineer to update the Board on his discussions with the Environment Agency in respect of the Eel Regulations requirements. The Engineer reported that in the South East River Basin District Eel Management Plan no 'Main River' or IDB Watercourse structure has been specifically identified for necessary improvements. The Engineer further reported that although no specific structure has been identified for



improvements, a meeting with Environment Agency local officers was still planned in order to discuss/identify any structures which could be easily adapted to improve the passage of eels. The Chairman asked the Engineer to update the Board following his local discussions.

Ref: W.8/23                      Seaton Weir Removal/Replacement

The Chairman reported that at a second meeting in July 2010, organised by Julian Brazier MP, the Environment Agency and concerned residents of Seaton and Wickhambreaux agreed to work together to try and improve the Little Stour so that it will be able to support a wider range of wildlife. The Chairman stated that the Board did not receive an invitation to attend the meeting. Councillor T Austin (Canterbury City Council) stated that the local residents and the Little Stour & Nailbourne River Management Group were delighted by the outcome of the meeting and thanked the Board's Chairman and Engineer for all their assistance in the matter. Councillor Austin reported that the Environment Agency has a requirement under the European Water Framework Directive (WFD) to improve 5% of the natural flows in all rivers/watercourses by 2027. Councillor Austin stated that this local agreement with the Environment Agency has therefore deferred the previously proposed improvement scheme for this section of the Little Stour. Mr P Marshall (Lower Stour Incident Response Team Leader, Environment Agency) stated that the Environment Agency now plans to re-instate the existing weir so that it retains normal summer and winter upstream water levels. Mr Marshall considered that a good result had been achieved from the consultation exercise.

REPORT OF ENGINEER FOR THE PERIOD 1 APRIL 2010 TO 30 JUNE 2010

Weed Cutting/Water Level Control

The Chairman asked the Engineer if he had now received the required purchase order from Network Rail for the repayment work that is annually carried out on the Deal Town Dykes. The Engineer reported that a copy of the purchase order had not yet been received but that he had received an email from Network Rail assuring him that approval had been given and that the purchase order was in the Network Rail system. The Chairman asked the Engineer to keep this matter under review until the Board had received an actual copy of the required purchase order.

Structures Maintenance

The Chairman stated that at the Finance, General Purposes and Works Committee meeting Mr P E Dyas reported that a number of Environment Agency water level control structures on Minster Marshes were in a poor state of repair and were in need of improvement. Mr Dyas also stated at that meeting that these dilapidated structures posed a very serious Health & Safety risk to operators and other workers in the area. The Chairman asked Mr Paul Marshall (Lower Stour Incident Response Team Leader, Environment Agency) to note Mr Dyas' comments/remarks. Mr Paul Marshall stated that the two structures in question had been identified and that he would urgently bring this matter to the attention of the Environment Agency's Asset Systems Management Team.



### Water Level Control

Mr Paul Marshall reported that the cost of the complete refurbishment the Mile and Goshall Pumping Stations and equipment are estimated to be in the region of £581,000. The Chairman suggested that a timer switch should be fitted at both pumps in order to save Environment Agency Staff having to be present to turn the pumps on or off. Mr Marshall stated that the Environment Agency was looking at fitting sensors/cut off switches to both pumps.

### Flooding at Worth

The Chairman stated that he was pleased to see that the early weed cut on the North Stream (Main River) has alleviated the flooding and was also pleased that the RSPB had agreed to temporarily dam the illegal inlet to the fight pond. The Chairman considered that an early weed cut every year on the North Stream was essential in order to keep water levels down in the North and South Streams. Mr Paul Marshall stated that during warm weather all landowners are asking for early weed cuts and that it was impossible to accommodate everyone. Mr I G Steed stated that the need for early and repeated weed cuts in the Hacklinge and Worth areas has been clearly identified for some time. Mr Steed stated that when the Hacklinge, Worth Minnis and Black Sluice pumping stations were built in the late 1980s/early 1990s, the Coal Board provided the Environment Agency with a large commuted sum to pay for the upkeep of the pumping stations which included funds for additional weed cuts to the North and South Streams at Hacklinge, Worth and Sholden. Mr Steed asked where this large commuted sum money had gone. The Chairman stated that the commuted sum had probably been swallowed up in the Environment Agency's accounts. The Engineer stated that regular clearance of excessive weed growth in the North Stream would enable improved water level managements and help to avoid high fluctuation of water levels.

### Biodiversity

The Chairman asked the Engineer how the Kentish Stour Countryside Partnership's survey work on IDB watercourses was coming along. The Engineer reported that he went along to observe some of the survey work that was being carried out by Miss Carol Donaldson of KSCP and he was very impressed with the thoroughness of the surveys and the detailed information that was being collected on individual watercourses. The Engineer reported that nearly 50% of the first year's survey work was now completed.

### NOTIFICATIONS OF CONSENT

#### Consent No 10-ST-02 - Realignment of approximately 100 metres of the Bockhanger Dyke (IDB Watercourse No. 19)

The Engineer reported that he has recently attended a site meeting with Jacobs Engineering in connection with the above Consent. Full details of the proposal are still awaited.

#### East Kent Access (Phase 2)

The Chairman asked the Engineer if he had received anything further from Jacobs Engineering since the site meeting on 12 July 2010. The Engineer stated that he was still awaiting receipt



of the notes from the site meeting but was aware that Jacobs Engineering's Project Manager went directly on 2 weeks holiday straight after the meeting. The Engineer stated that this project has highlighted the problems associated with the EA approving these large projects at a national level without having detailed discussions with local officers who know their areas best. Mr Paul Marshall (Lower Stour Incident Response Team Leader, Environment Agency) reported that the £130,000 refurbishment plans for Kingfisher Sluice have been submitted to the Environment Agency's Approval Board.

#### Environment Agency Works

Mr Paul Marshall, the Environment Agency's Incident Response Team Leader for the Lower Stour Area, reported that the Environment Agency will shortly commence beach shingle replenishment works at the Northern Sea Wall. Mr Marshall also reported that plastic piling works along the length of the Little Stour/Preston & Deerson Stream embankment will commence on Monday 2 August 2010 and was expected to last 3 weeks.

#### COMMENTS ON PLANNING APPLICATIONS

DOV/09/01168      Foulmead Country Park, Sholden, Deal – Infill of low lying area with good quality material to create a Skills Training Area for cyclists.

Mr I G Steed stated that there was considerable run-off from the shale tips and that the run-off water goes directly into privately owned dykes (ordinary watercourses). Mr Steed further stated that the original boundaries of the site have recently been changed by SEEDA who now denies ownership, or responsibility, for any of the dykes so the other neighbouring owners are left with the responsibility and cost for cleaning/maintaining the boundary dykes. The Chairman stated that normally the ownership/responsibility of ordinary watercourse was riparian. The Chairman therefore suggested to Mr Steed that he should make enquiries with his solicitor, or SEEDA's solicitors, regarding the boundaries of the Country Park site and the ownership of the dykes.

#### REPORT OF CLERK

##### Flood Defence

Ref: W.1-2      EA New 'Main River' and sea levels 'Online' Service

It was reported that the Environment Agency launched its new 'Main River' and sea levels 'online' service on 30 June 2010. The new service, which is part of the Environment Agency's ongoing package of flood warning information improvements, has been designed following public testing and the EA hopes that that this new service will also be of benefit to both the public and partnership organisations. The EA has a number of monitoring stations across England and Wales that they use to measure the water levels in 'Main Rivers', lakes, the sea and groundwater systems. In the Stour catchment area the EA has 12 monitoring stations located at Brown Mill (Hothfield), Hothfield (Upstream of Flood Defence Barrier), Chart Leacon (Great Chart), Aylesford Stream (Park Farm), White Water Dyke (Kingsnorth), Aldington (Upstream of Flood Defence Barrier), Wye (Downstream of Wye Bridge), Horton

Bridge), Horton Weir (Chartham), Vauxhall Bridge (Hales Place), Bekesbourne (Nailbourne), Littlebourne (Little Stour) and Grove Ferry. The new service can be accessed using the following weblink: [www.environment-agency.gov.uk/riverlevels](http://www.environment-agency.gov.uk/riverlevels).

Ref: W.1-4      Defra IDB Review – IDB Amalgamation Process Workshop Presentations

It was reported that following on from the Defra IDB Review, ADA held its first IDB Amalgamation Process Workshop at Defra's offices in York on Thursday 3 June 2010. 50 Board Members from local IDBs attended the workshop and representatives from Defra and the Environment Agency were in attendance. The workshop provided an opportunity for IDB Board Members and IDB Staff in the Yorkshire and Trent regions to learn about how an amalgamation takes place and hear directly from IDBs who have first hand experience of the amalgamation process. Since 1 April 2007, 11 Boards have amalgamated into 2 new Boards, 2 Boards have reconstituted and 1 Board has requested abolition. There are currently 39 Boards engaged in amalgamation processes which will ultimately reduce the 39 Boards into 14 new Boards. ADA is keen to repeat the Amalgamation Process Workshop format in other parts of the country where amalgamations are being considered.

It was further reported that, as part of the Defra IDB Review, Defra has engaged the consultancy Entec UK Ltd to explore issues relating to the governance, effectiveness and efficiency of IDBs. To do this, Entec is undertaking some case studies and the River Stour (Kent) Internal Drainage Board have been selected for one of the case studies.

Ref: W.1-24      Environment Agency/Kent IDBs Strategic Liaison Meeting

It was reported that the Environment Agency has announced that the next EA/IDB Strategic Liaison Meeting will take place on Tuesday 21 September 2010 at 1.00pm at the EA's Kent & East Sussex Area Office at Addington. The Board will be represented at the meeting by the Chairman, Engineer and Clerk. Representatives from the Medway Area and Romney Marshes Area IDBs have also been invited to attend the meeting.

The Chairman stated that the Clerk was in the process of compiling a list of items to be forwarded to the Environment Agency for inclusion on the agenda for the meeting and that the Finance, General Purposes and Works Committee considered that the following items should be raised, for discussion, at the meeting:

- Minster Stream (Thanet) – Each year there is a requirement for the Minster Stream to be flushed out of built-up salt and other pollutants prior to the commencement of the abstraction season. Flushing out this year was delayed for over 2 months because of a Moorhen's nest on the instruction of an EA Conservation and Biodiversity Officer.
- IDBs and EA Local Officers are not being consulted in respect of large construction schemes such as the East Kent Access Road (Phase 2). General consent and principles are being agreed by the EA at a national level in respect of flood risk and water quality issues but schemes/applications are not being referred or passed to local EA Officers/IDBs so that detailed discussions can take place.

- EA 2010/2011 Conservation & Works Programme still not received by Kent IDBs. Detailed programme is required so that a better coordination of EA/IDB works can be achieved which will allow for efficiencies to be made and also reduce soil compaction and crop disturbance.

The Chairman considered that the new Flood and Water Management Act 2010 and how the enactment of the new Act will affect IDBs regarding the future liaison between IDBs, KCC and the EA. The Chairman considered that national/local environmentally sensitive watercourse maintenance standards should also be discussed at the meeting. The Chairman stated that if any of the Members had any other items for inclusion on the agenda; they should pass them to the Clerk.

### ADMINISTRATION

#### Ref: A.2-2.1      Scheme of Delegation

The Chairman stated that the Defra requires all IDBs to have a Scheme of Delegation in place. The Scheme of Delegation should, as a matter of course, include details of powers of authority granted to any committees of the Board and the powers of authority granted to any Member or Officer of the Board. Defra considers that a Scheme of Delegation is essential to allow for the day to day operation of an IDB's business and to provide sufficient checks and controls to satisfy audit arrangements and provide transparency. A proposed Scheme of Delegation was therefore prepared for consideration by the Board's Internal Auditor and Finance, General Purposes and Works Committee and some minor amendments were made. The Internal Auditor considered the Scheme of Delegation to be comprehensive and he was particularly pleased to see that the Scheme not only sets out the delegated powers of the Board's Officers, Chairman, Vice Chairman and Committees but also sets out matters that are reserved only for the Board to approve.

It was proposed by Councillor Mrs M Martin, seconded by Mr G F Ellis and resolved that the Scheme of Delegation (July 2010) be adopted and approved.

#### Ref: A.4-3      BAP Issues – Chinese Mitten Crabs (*Eriocheir sinensis*)

The Chairman stated that at the Finance, General Purposes and Works Committee meeting on 12 July 2010, Councillor A S Bruce of Thanet District Council reported that there have recently been a great number of sightings of Chinese Mitten Crabs in the Pegwell Bay area. The Chairman stated that Councillor Bruce further advised the Committee that this alien species multiplies and spreads at an astonishing rate and can even leave the water, cross dry land and enter river systems. Councillor Bruce considered that measures now need to be put in place to reduce the numbers of crabs by trapping breeding females therefore helping to eradicate this foreign species of crab from our estuaries. The Chairman considered that this was really a matter for the Environment Agency and Natural England and asked Mr Paul Marshall of the Environment Agency to pass on details of Councillor Bruce's report to the Environment Agency's Conservation and Biodiversity Team. Mr Marshall stated that he would pass details onto the EA's Conservation Team.

ANY OTHER BUSINESSInternal Audit Team Report dated 26 July 2010

The Chairman invited Mr A D Linfoot, a member of the Board's Internal Audit Team, to present the Audit Team's report to the Board. Mr Linfoot thanked the Chairman for being given the opportunity to present the Audit Team's report to the Board. Mr Linfoot stated that the current Audit Team consisted of himself, Mr Ian Cooling and Councillor Brendan Naughton but unfortunately Ian Cooling and Brendan Naughton were unable to be present at this meeting. Mr Linfoot stated that the Accounts and Audit Regulations places a duty on the Members of an IDB to review annually the effectiveness of the Board's system of Internal Audit, and the findings of such a review shall be considered as part of the consideration of the Board's system of Internal Control and the adoption of the required Annual Statement of Internal Control. Mr Linfoot stated that as part of the Audit Team's review, the Audit Team had a good meeting with the Internal Auditor (Mr Kevin Funnell) and was grateful to the Clerk and Engineer for their assistance. Mr Linfoot stated that in the Audit Team's report detailed below, the Audit Team have made a number of recommendations for the Board's consideration. Mr Linfoot stressed that these recommendations are made in order to assist the Board in making informed decisions and are not intended as a statement of intent.

**"Review of Internal Control and Internal Audit Arrangements"****1 Meeting on 21 July 2010**

As authorised by the Board on 27 May, we (Mr I R Cooling, Mr A D Linfoot and Cllr B T Naughton) met as the Internal Audit Team at the Board's offices on 21 July 2010 to review the Board's arrangements for Internal Control and Internal Audit.

We had before us the Internal Control reports to the Board dated 23.08.2007, 10.06.2008 and 09.07.2009, and, for the year ending 31 March 2010, the Internal Auditor's Report, the Board's Accounts, the Statement of Internal Control, and the Board's Annual Return to the Audit Commission. We also had, with our agenda, a note outlining the Internal Control group's remit from the Board, recalling in particular that:

Regulation 6 of the Accounts and Audit (Amendment) (England) Regulations 2006 places a duty on the Members of an IDB to review annually the effectiveness of the Board's system of Internal Audit, and the findings of the review shall be considered as part of the consideration of the Board's system of internal control and the adoption of the annual Statement on Internal Control.

**2 Our Review**

We reviewed the documents listed in the foregoing paragraph, and subsequently discussed some points with the Internal Auditor. The Clerk and the Engineer have had the opportunity to comment on this report in draft. We report to the Board on the following items:



## **2.1 *Arising on the Internal Auditor's report for 2009/10:***

2.1.1 We **noted** that the Board now has a range of procedural documents in place, and that the Internal Auditor had reviewed the *Rules and Standing Orders*, the *Financial Regulations*, and since the last Board meeting, the *Model Publication Scheme (Freedom of Information)*. We **noted** once again the Internal Auditor's very satisfactory report on the detailed checks which he has carried out.

2.1.2 Arising on the *Model Publication Scheme*, but with wider significance, we **noted** the need to achieve and maintain contemporary standards of transparency covering the Board's activities, finances and procedures. We **recommend** in particular that the Board (a) expressly adopt the principle that information on these matters should be available to the public on its website unless there is good reason (including the need to safeguard personal data) to the contrary, and (b) review its procedures for publicising Board meetings and for the election of rate-payer members.

2.1.3 Issues concerning the Fixed Asset Register and Pension costs are taken up later in this report (paragraphs 2.5.2 and 2.6.2 respectively.)

## **2.2 *Scope of the Internal Audit***

2.2.1 We **report** that in our view the scope of the Internal Audit is sufficient. We discussed with the Internal Auditor the advice of the Kent Association of Local Councils (to which he had drawn the Board's attention) that in the light of a current suggestion that the Audit Commission may limit the term of Internal Auditors to three years, Authorities should consider the length of time for such appointments; we believe that periodic rotation of Internal Auditor is desirable, and we **recommend** that the Board should request the Clerk and the Internal Auditor to arrange this, in co-ordination with other Internal Audit changes in the area.

2.2.2 We further **recommend** that a similar rotation be introduced for the three members of the Internal Control Team, with one member changing each year. This will maintain the continuity that is such an important element of this function.

## **2.3 *Review of the effectiveness of the System of Internal Control***

Pursuant to the requirements of Regulation 6 (see section 1 above), we **reviewed** the Statement of Internal Control for the year ending 31 March 2010, which had been signed by the Chairman and Clerk on 27 March 2010 and approved by the Board on 27 May. We **report** that in our view the Statement is a comprehensive account of the Board's Internal Control arrangements (except that the bullet points in section 4 might include the work of the present Internal Control review group – the "annual review of the effectiveness of the Internal Control system" referred to at the end of section 3), and that these arrangements are sufficient and effective.

## **2.4 *Review of the Board's Annual Return to the Audit Commission***

2.4.1 We **reviewed** Sections 1 (Accounting Statement), 2 (Annual Governance Statement) and 4 (Internal Audit Report) of the Board's Annual Return to the Audit Commission. Sections 1 and 4 require no further verification; Section 2 includes the statement (at question 4):



“We have provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations”; noting that the printed report form continues –

“‘Yes’ means that the Board during the year has given all persons interested the opportunity to inspect and ask questions about the board’s accounts.”

We **recommend** that the Board interpret this requirement in the light of the recommendation in paragraph 2.1.2 above, and give instructions accordingly. In particular, we **recommend** that the Board ensure that its website is in a comprehensive, easily-maintained and user-friendly format, with (for example) live links for further information and for questions and requests.

## 2.5 *Matters arising on previous years’ Internal Control reports*

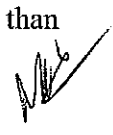
2.5.1 From 2008 (item 2.2(e)), we noted that two years before that the Clerk with the Internal Auditor had fully reviewed the Board’s Insurances, and had obtained an advantageous five-year agreement. We **anticipate** that as the end of that five-year period approaches, a further full review will take place before new arrangements are made, particularly in the light of the expected financial stringency.

2.5.2 Arising in part from the foregoing, we **discussed** with the Internal Auditor the External Audit requirement to include items in the Fixed Asset Register which are shown in the Insurance schedule. He advised that the External Audit requirement has been modified since last year: in future it will be acceptable for the Board simply to set a reasonable lower value per item for inclusion in Fixed Assets, accompanied with reconciliation as between the Fixed Asset Register and the Insurance schedule. We **recommend** that the Board set this lower value per item at £3,000.

2.5.3 We asked in 2009 about aspects of the rating service provided at cost by the Lindsay Marsh IDB. While we recognise that the present cost (some £640 pa) re-charged to us by Lindsay Marsh IDB is not great, it remains the case that we have no comparator, and that the Board is vulnerable to either the withdrawal of the service, or to a substantial increase in cost, for example if costs of re-design and/or re-equipment were to be re-charged by Lindsay Marsh IDB. There is thus a financial risk involved, especially in the context of the anticipated financial stringencies. We accordingly **again recommend** that consideration be given to alternatives.

2.5.4 We recommended in 2009 that “fuller breakdowns of expenditure be shown in the Board’s Accounts, and that the Officers give consideration to the development of suitable performance indicators.”

We are glad to note that in the 2009/10 Accounts, premises expenditure for 34A Gordon Road is now shown separately. We also recognise that this last year has brought an increased and increasingly varied workload. However the prospective demands on IDBs, both operational and financial, can only become more stringent and – in detail - less predictable. It was in the context of plans for financial savings that we made our recommendation last year for the development of performance indicators, and we feel that it is if anything more urgent now than it was last year. We accordingly **renew our recommendation** to the Board.



## 2.6 *Financial Risk, 'Legislative Risk', and the Board's 5-year prospects*

2.6.1 It is clear that IDBs now face a turbulent future. Without attempting a complete summary, we **note** that we shall have to share in the general financial hardship of the next few years, and that the re-ordering of our functions and status is clearly not over: the implications of the recent Act and of the County Councils' 'lead authority' status have yet to feed through, there is a second and further-reaching Bill on the way, and pressure for further amalgamations is developing. Though little can yet be forecast in detail, we suggest that the Board should do what it can to prepare for the demands of the next few years. We **submit** the following comments and proposals, which though itemised are all more or less inter-related:

2.6.2 Earlier this year the Board received a **Financial Risk** Assessment. This was excellent within the strict limits of financial forecasting, but in the present turbulent context the risks arising from our wider financial and legislative context, though unquantifiable in detail, must not be neglected. At the more quantifiable level: while the risk of increased deficits from the Local Government Pension Scheme is included in the Assessment, a risk that employer contributions will raise should also be recognised. At a less quantifiable level, (a) it is at least possible that the IDBs' remit will be widened (e.g. into work on main rivers) or curtailed (e.g. through encroachment by 'lead authorities'), and (b) it is more likely than not that our main source of income (from District Councils) will be constricted, either through formal change in our levying powers or through less formal means. We **recommend** that the Board consider how best to commission future Financial Risk Assessments, to take account of such wider aspects.

2.6.3 Last year we recommended "that the Clerk be requested to prepare plans to show how the Board could reduce its expenditure by a one-off figure (e.g. 5 %.)" In the light of the situation referred to above, the need for contingency planning of this kind is more evident than ever, while a 5% target now looks very inadequate.

We now **recommend** that the Board request the Clerk to prepare plans to show how the Board could reduce its expenditure (a) by 15%, and (b) by 25%, over the next five years, and that these plans are submitted to the Finance Committee and Board in January and February 2011 respectively. We note that the Board agreed previously that indicative rolling five-year financial plans should be maintained.

We emphasise that at this stage we are proposing only an examination of options, to enable the Board to take informed decisions as and when necessary. There is no suggestion that any decisions should be taken until the review is complete and the findings have been considered by the Finance Committee and Board.

We deliberately do not wish to prescribe how the Clerk should approach this task, or to constrain his examination of any option. The following remarks are therefore intended to be illustrative and explanatory, not directive:

- While we would not wish to set yearly targets, we would expect that some progress should be made in the earlier years towards the 15% and 25% targets respectively; we note that the re-tendering or renewal of our main contract will fall within this period;



- Plans should show what work would need to be reduced, postponed or abandoned *sine die*, to enable the savings to be achieved; 15% - 25% savings would be a reasonable requirement in the context of current expectations in Local Government, where even statutory compliances may well have to be deferred;
- All options should be considered, including, for example, the possible financial benefits of re-locating the Board's offices to low-rent premises perhaps in a rural location and letting the present office premises on a commercial basis.

### 3 *Thanks to the Officers and the Internal Auditor*

We wish to express our warm thanks to the Clerk, the Engineer and the Internal Auditor for their assistance to us in preparing our report.

(Signed by)

I R Cooling	Member of the Board
A D Linfoot OBE	Vice-Chairman
Cllr B T Naughton	Member of the Board

26.07.2010"

The Chairman thanked Mr Linfoot and the other Members of the Audit Team for their comprehensive report and for all their hard work. Councillor M D Conolly (Dover District Council) stated that Dover District Council will have a clearer idea what their future finances will be like in late November/early December when they receive details of the Rate Support Grant from central government. Councillor T Austin (Canterbury City Council) considered the Audit Team's approach to be prudent and commended this approach to the Board. Councillor Austin however considered that the Board was receiving a very good deal from Lindsey Marsh IDB for the rating service it provides to the Board and probably there was not much chance of bettering these costs. Mr Linfoot stated that the Board had no comparator and was vulnerable to either the withdrawal of the service, or a substantial increase in costs, from our sole provider. The Chairman asked Mr Linfoot what the Audit Team means by the term 'Performance Indicators'. Mr Linfoot stated that the cost of weed cutting/grass cutting per meter would be a good example of a performance indicator and considered that the Board's Clerk and Engineer should find out details of the comparative rates used by other IDBs, the EA and Local Authorities. Mr Linfoot considered that ADA may be able to supply some information in respect of rates used/charged in the industry. The Engineer stated that standards of service must also be taken into account when evaluating performance, such as standard of maintenance, condition of assets and ecological condition of watercourses. The Engineer further stated that, despite being well intentioned, the recommendations could, if not handled correctly, result in unforeseen adverse consequences. Councillor Mrs M Martin stated that any risks associated with future options should be manageable as Board Members act in the best interests of the Board, and not just of appointing authorities. The Engineer stated that Board Members are well positioned to promote the Board's services and raise awareness its activities, which could help to identify and prevent duplication of effort.

It was proposed by the Chairman, seconded by Councillor Mrs M Martin and resolved that the Internal Audit Team's report dated 26 July 2010 be approved. The Chairman suggested that the best way forward would be for the Clerk and Engineer to endeavour to collect all the required information and submit details of their findings through the Finance, General

Purposes and Works Committee to the Board at the January 2011 Finance (Budget) meeting. Mr Linfoot agreed that this would be the best course of action.

#### MEMBERS' ANNUAL INSPECTION OF WORKS

Councillor Mrs M Martin (Ashford Borough Council) stated that she has always found the Members' Inspection of Works to be most interesting and very informative and asked on what date this year was the inspection planned. Councillor J Woodford (Ashford Borough Council) also stated that he also very much enjoyed taking part in last year's guided tour of the Drainage District and like Councillor Mrs Martin found the inspection to be most informative. The Clerk stated that he and the Engineer have already discussed a couple of ideas that may be of interest to the Members during an Inspection of Works but have been extremely conscious of keeping costs down in these financially stringent times. Councillor Mrs Martin stated that the Inspection of Works was a most valuable tool which enables Members to view/visit works in progress and meet/discuss the various works with the Engineer and the Maintenance Staff. Councillor Martin stated that she was sure costs could be kept to a minimum. The Clerk stated that he and the Engineer would come up with a suitable programme/date in October and issue details to all Members.

#### MEETING CLOSED

There being no further business, the Chairman declared the meeting closed and thanked the Members for their attendance.



11 November 2010

The Chairman