

WITHAM FOURTH DISTRICT INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of the **Finance and General Purposes Committee** at a Meeting held at the Board's Offices, 47 Norfolk Street, Boston on **Tuesday 18 January 2017**.

Present:- J.E.Grant (Chairman)

Messrs:	R. Austin	C. Hardy	R. Leggott
	B. Bowles	A.Harrison	P. Richardson
	M. Brookes	R. Hall-Jones	J. Woods

Apologies for non-attendance were received from:-

Messrs:	T. Ashton	N. Jones
		J. Ward

1. **DECLARATION OF INTEREST**

None

2. **2017/18 ESTIMATES**

The Chief Executive presented his 10 page memorandum to the Committee, which covered the forecast out-turn for the current year, a rate history and the estimate for 2017/18.

2.2 **Revised Estimate for the Year 2015/2016**

This was forecast to show a deficit of £55k but this included the cost of repairs to the gearbox at Hobhole Pumping station which had not been included in the estimates. The Chief Executive confirmed that he had waited until the end of December to prepare the figures so the figures shown were an actual 9 month figure.

A.Harrison asked if there was any change in the level of the workforce once the numbers were bought back up to full capacity. The Engineering Manager confirmed there was no change to the numbers.

R. Austin asked what was regarded as a prudent reserve. The Chief Executive confirmed that, as with all public bodies, 20% of the annual spend which in this instance was £500,000. There were other reserves but these were all specific to issues such as pumping stations.

R. Leggott commented that there could be an increase or a shortfall in the reserve but this would all be dependent upon events up to the end of March. The Chief Executive referred Members to page 6 of his report and confirmed that the estimates had been 98% accurate, on average, over the past few years.

A.Harrison asked whether any allowance had been made for the staffing of the mudding programme. The Engineering Manager said no but that we were hoping to start this soon but the Board's approval was still required. The Chief Executive said that the Engineering Manager had been asked to obtain an estimate from a contractor which he believed was approximately £120,000. The Engineering Manager said that this figure did not include any additional costs such as carting or spreading costs and the final figure would be nearer to £160,000 - £165,000. The Chief Executive confirmed that the sum of £165,000 had not been included in the cleansing estimates as there were other options to investigate, such as grant in aid. The Chief Executive advised the Members that £25,000 additional costs equated to 1% being added to the rates.

P. Richardson mentioned that previously a figure of £110,000 had been discussed – did this include the machine? The Engineering Manager confirmed that to employ an additional driver and purchase a machine would cost in the region of £110,000.

C. Hardy asked if we thought we would be successful in obtaining grant in aid. The Chief Executive said that there was not the concentration of properties in the East Fen to cover this, so there could be no guarantee.

B. Bowles added that he was very concerned if maintenance were neglected in place of drainage works. The Chairman said that this was the difficulty with the role we had. There were a limited number of people available to carry out a lot of work. We could instruct a local contractor at a cost of £160,000 to carry out the work at the Fodderdyke Drain but that would mean significant expense with no machine to show at the end of it.

The Chief Executive referred the Members to page 4b which showed a graph of the reserve movement over the past 8 years and explained that for the past 4-5 years the reserve had been held at £500,000 which was the required 20% and the Reserves 2 figure had gone from £3m to £3.8m and he was satisfied that this was a healthy level of combined reserves.

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2017/18 Estimate

The draft estimate indicated that a 0% rate increase would result in a deficit taken from reserves of £42,800. The Chief Executive then proceeded to go through his report to explain to members how the estimate had been reached. He then asked members if they had any questions on the figures. The Chairman added that ELDC were looking at an increase of 3.9% and Boston Borough Council a 2.9% increase on community charge.

M Brookes confirmed the rise was calculated on either 2% or £5.00 maximum based on an average Band D property. He advised that the Council were running on minimum reserves but still had to make cuts and sort out their finances. He did not believe that it was fair to pass this onto rate payers.

R Leggott stated that having reviewed the estimates if the £55,000 in relation to the gearbox was taken away there would be a credit of £20,000 to £30,000. The Chairman confirmed that the gearbox was a "one-off" expense. However, it should be borne in mind that the machinery was getting older and we needed to be prepared for more "one-offs". The Engineering Manager confirmed that the worn pump that we were taking out, had last been removed in 1957 and was going to Sulzer for inspection. This would likely attract costs of £15,000 before finding any issues with it. The Engineering Manager was hoping that the current estimate would cover these costs as long as there were no other issues. The Chief Executive suggested that we could choose to stop urban improvement unless we received grant in aid but the Chairman added that urban watercourses contribute to income and we need to keep them maintained.

The Chief Executive confirmed that the figure stated for asset improvements on urban watercourses was £50,000. He referred the Members to previous years, and the amount spent had actually been around £3,000 because grant in aid funding had been secured. The reason the £50,000 was showing at present was because funding had not yet been discussed for the coming year. It was not guaranteed that we would secure the funding but we had been lucky on previous occasions. The Chairman added that this helped to keep the rates down.

R Leggott confirmed he had listened to all the discussions and everyone knew other services were struggling with spending cuts but we were where we were. The main point was that to be able to carry out these essential services we required resources. The maintenance works are vital and we should not be cutting corners and the money needs to be spent. If the rates were held at the current level there would be a £42,000 deficit so perhaps the Board could consider an increase of 0.3% which would bring the reserves up to the actual required level (i.e. 20%).

The Chairman asked all the Members for their thoughts

M Brookes confirmed the maximum increase for council tax was 3%.

The Chairman reminded everyone that essential works were needed on the Fodderdyke Drain and the possible £160,000 expenditure had not yet been included in the costing. He urged the Members not to scale back too much.

J Woods stated that he was very worried about running things down when we had such large projects ahead. He added that all costs were increasing and perhaps we should be offering an increased salary to attract the right calibre of people to come and work with the Board. The Engineering Manager confirmed that earlier this week he had offered a position to a very suitable candidate but the salary was too low.

C Hardy suggested that we needed to break even as there were lots of unknowns ahead including expense and maintenance.

B Bowles suggested that we look at savings over every project the Board undertakes – we need to ensure we do the work well but cheaper but that standards of maintenance must not be allowed to slip.

A Harrison commented that there were severe consequences if the job was not done right and suggested perhaps recovering 50% of the £42,000 deficit.

R Hall-Jones asked if there was a possibility of not replacing the Environment Officer for a while and then perhaps employ somebody at a cheaper rate. P. Richardson advised that the new person would probably cost more. The Chairman added that the whole Engineering Team and their roles needed to be reviewed.

P Richardson added that he agreed with B. Bowles that we needed to look at the budget as a whole. His main concerns for the future were the use of chemicals and the mudding programme. We were having warmer weather and longer seasons with an ageing system. He believed a sensible option would be to reduce the size of our catchment area. The Engineering Manager said that we could stop maintenance on watercourses where there was only one landowner. He was worried if there was no increase and was inclined to agree with A. Harrison's point of view.

M Brookes said that the Council were running on minimum reserve, which was designed to take care of any "unexpected" events and if that happened then the depleted reserve would need to be replenished. Perhaps if 20% is not sufficient then an increase to, say, 25% should be considered. The Chairman confirmed that as things age, things happen outside of routine maintenance and unfortunately these instances cannot be predicted. Employing a local contractor at a rate of £160k would deplete the reserve by about 6% and it was essential to keep it constant. The Board needed to be effective but sensible and prudent.

P Richardson agreed saying that if we erode the reserves we cannot then build it back up and we need to keep moving forwards.

The Chairman said that members had had the chance to debate the issue and asked for a proposal. 1% was proposed and seconded by R. Hall-Jones and A. Harrison. A counter proposal of 0.25% was proposed by R Leggott and M. Brookes.

A vote was held and as a result it was:

RESOLVED TO RECOMMEND

- i) the Chief Executive's Estimates be adopted with a 1% increase in the rate, representing 40% of the anticipated deficit for 2017/18.
- ii) that the resultant rate be levied in the Sub District 1 (*the former Borough Area of Boston*) to be one half of the full rate:

7.753 (7.676) pence

- iii) that the resultant rate be levied in Sub District 2 (*the remainder of the Internal District*) be the full rate:

15.505 (15.352) pence

- iv) that the Special Levies on Local Charging Authorities be set as follows:

Boston Borough Council	£ 1,023,450.16
East Lindsey District Council	£ 356,809.59

The Chief Executive confirmed that it was slightly disappointing that after 2 meetings that had been held at ELDC, there were no ELDC representatives available at the meeting today.

M Brookes asked what impact the 1% increase would make. The Chief Executive confirmed that to Boston Borough Council approximately 1% (£9,000) and to ELDC approximately 1.16%.

4 ANY OTHER BUSINESS

The Vice-Chairman was asked to provide a brief update to the Members following the Pay and Conditions Meeting which had taken place the previous day. He confirmed that an agreed rate of 1% and a non-consolidated payment of 0.4% as a one off payment were agreed. This recommendation will go to ADA on 15th February 2017 for a decision. The union is in agreement with this suggestion. The Chief Executive confirmed that the 0.4% payment would represent just under £5,000 to Board.

R Austin asked what effect, if any, the devaluation of the pound was having upon the Board. The Chief Executive confirmed the biggest cost was men and they were paid in sterling so no effect there. The purchase of machines fell under the capital category and payment for these was usually spread over an 8 year period.

R Austin added it would be interesting to see what effect an increase in the price of fuel may have at the next Board meeting.

A Harrison asked if there was any update regarding the solar panels. The Chief Executive said that he would be including an update in the February Board Meeting.

The Chairman said that the 1% increase would be recommended to the Board and he hoped that there would not be too much discussion regarding the same. The Chief Executive confirmed that, if accepted, this would make an average increase of 1.15% over the last 5 years. There was no other business and the meeting was closed at 3.40pm.

Chairman