

# 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 **Wednesday 17 January 2018**.

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Present:- J.E. Grant (Chairman)

Messrs:	T. Ashton	C. Hardy	R. Leggott
	B. Bowles	A.Harrison	J. Ward
	M. Cooper	N. Jones	J. Woods

Apologies for non-attendance were received from:-

Messrs: R. Austin  
R. Hall-Jones  
P. Richardson

1. **DECLARATION OF INTEREST**

B. Bowles and the Chairman – Bridges and Banks if any applied.

2. **2017/18 ESTIMATES**

The Chief Executive presented his 10 page memorandum to the Committee, which covered the forecast for the current year, a rate history and the estimate for 2018/19 showing a suggested rate increase of 2.0%

2.2 **Revised Estimate for the Year 2016/2017**

This forecast showed an anticipated deficit of £27k against the original estimate of £18k. Income for the year was £2.6m. The Chief Executive confirmed that he had waited until the end of December to prepare the figures so the figures shown included an actual 9 month figure.

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% of annual expenditure. Page 4 showed the movement on General Reserves and as the Members could see there was an expected £50k shortfall.

2.3 **Draft 2018/19 Estimate**

The Chief Executive referred Members to page 5 which showed the 2018/19 estimate of £2.64m leaving a deficit of £90k. It was suggested that £40k would be taken from reserves and the balance would be added to the rates. At present, there is an administration cost burden as the Environment Officer had left and been replaced by the Assistant Engineer, who was employed with a view to replacing the Engineering Manager. The Engineering Manager has notified the Board of his intended retirement within the new financial year and the aim is to introduce a graduate into the Engineering team to assist the Engineering Manager which will mean a corrective reduction in salary costs. Maintenance costs had increased by £50k as discussed at the Board meeting. The Environmental budget had been reduced from £100k at the meeting and the EA precept remained set at the same rate. £2.623m has to be met by rates. There had been no change in agricultural land and the Chief Executive referred Members to page 6 and said that this put into context where the current rate increase sits and over the past 4 years the estimated average had been 99% correct. He was therefore confident that the current figures will be borne out. The rate increases shown over the past 5 years averages out to a 1.5% per year increase which is realistic. Page 10 tracks the changes over a ten year period and the Chief Executive hoped that this demonstrated value for money from the Board.

He then asked Members if they had any questions on the figures.

*A. Harrison asked if it was necessary to run the plant account at such a high level. The Chief Executive confirmed that as we purchase new plant we sell the old plant and retain the funds to retain the current level of reserves. The Board was keen to update plant with more modern machinery.*

*A. Harrison questioned whether old plant could still be used. The Chairman said the Board needed to remain cautious. We are unable to use chemical weed control this year so mechanical weed control will be implemented meaning more work done by the machines. The Chief Executive confirmed that plant was worth £1.7m but some was 8 years old.*

*R. Leggott added that plant reserve had been discussed at the last meeting and the reserve will be needed as we will be purchasing new machines to undertake the additional EA work. This work attracts a 10% additional charge which, would in turn, aid our funds.*

*N. Jones questioned why plant was replaced after an 8 year period and not, say, 10 years. The Chairman confirmed it was based upon the hours worked and to replace items before costly repairs would be required. The hours the machines work is monitored although, if after 8 years, the hours are low then the machine would be retained.*

*N. Jones asked if plant needed to be replaced so soon. The Engineering Manager confirmed that after 8 years a machine would have completed, say 10k hours of work, and problems start to arise. The Board cannot afford to lose a machine for a two week period, for repairs, during the height of the weed cutting season. The Chairman added that we need machines to be reliable to enable us to complete the work for which we are responsible. Likewise, foremen need reliable trucks to ensure that they are out in the district when they need to be. Their old trucks are downgraded to run around trucks for the depot to use. The Chief Executive added that when we do come to sell these vehicles that the price obtained is always in excess of the part-exchange value.*

*T. Ashton asked if it was possible to see a copy of the figures for the plant renewal. The Chief Executive confirmed that this had been distributed in the Committee Meeting Agenda but the figures had been changed following the meeting. The Chief Executive confirmed that he would send Members the figures following the meeting. The Engineering Manager confirmed that there had been an increase of approximately £80k but the updated figures would be sent to all Board Members.*

*R. Leggott asked if there was an estimate of the value of the additional work we will be undertaking. The Engineering Manager confirmed that the value of the EA work was approximately £100k so the income for the Board would be roughly £10k to cover administration costs.*

*R. Leggott asked if this 10% figure could be shown moving forwards and it was agreed to do this. The Chief Executive added that page 8 of his report breaks down the assessable values. Boston was only a half rate as historically wasn't a "pumped" district. The Chairman asked the Chief Executive how much had been obtained in GIA funding over the past 8 years and was advised it was approximately £1.2m. This funding had paid for many major projects including Hobhole refurbishment/replacement doors etc. The Chairman confirmed that this funding had been a major contribution factor as to why the Board had been able to minimise the increase to the rates whilst not compromising essential works. A 2% increase to the rates will leave us £50k short on the reserves, although £50k will be put into plant and pumping. The Chairman asked the Members for their thoughts.*

*T. Ashton said that he was not saying that the 2% rate increase was reasonable/unreasonable but speaking on behalf of both Councils, their increase to the rates had been capped and whatever services were required had to be run from the reserves which did not leave much room for manoeuvre.*

*N. Jones added that from the council's point of view 50% of the rates collected go towards the agricultural drainage rates and whatever figure was finally fixed, this detracted from the rates. He was conscious that whatever increase rate was set it would impact ELDC. Ideally, he would like the reserve to be set lower to enable ELDC to meet their obligations. The Chairman said he sympathised but that we were not yet into March and he was mindful that, as a public body, the reserves should always be set to 20% of the turnover. Whilst the Board would always be prepared to reduce costs where possible we needed to be sensible and consistent to avoid any future major increase.*

The Chief Executive added, that in fairness, IDBs had written to DCLG supporting the effects on rural councils but the results of the consultation were still unknown.

*M. Cooper* added that the maximum increase his Council could apply was 2.9% and if the rates are increased by 2% then he will be unable to balance his budget. The only way that he could do this was if a 1% rate was applied, otherwise he will need to make cuts to services. He confirmed that although 2.9% seemed a good increase, this relates to £5.00 maximum based on an average Band D property. Unfortunately, most properties are Bands A or B and he asked the Board to bear in mind that over 1/3<sup>rd</sup> of the budget is paid out in benefits.

The Chairman re-iterated that the Board was trying to be as sensible as possible and was only seeking to recover 50% of the deficit. The Chairman urged the Councils to tell the ratepayers what percentage of the rates goes towards the drainage as it has a huge impact on people and housing.

The Chief Executive confirmed that the Triton Knoll windfall would amount to approximately £67k which will be additional income, hopefully within the next 12 months.

*M. Cooper* asked if the same would apply to Viking Link. The Engineering Manager confirmed that that would be a lot less and there was not so much land involved and the project was not so far advanced. Triton Knoll figures have been agreed.

The Chairman concluded that we need to concentrate on our figures and make sure that we are covered for any major incidents and he would prefer to err on the side of caution. If the general consensus was to reduce the reserve figure, this would need to be referred to the Board. However he believed that it was dangerous and we risk not being able to meet our obligations.

*T. Ashton* added he sympathised with Boston Borough Council and would like to see the level of reserves reduced. The Chairman asked if £10k made that much difference.

*M. Cooper* added it did when you only had £1.2m available to deal with everything else. The Chairman responded that £10k was a small amount in comparison to keeping dry and safe and again repeated that increases had averaged at 1.5% per year over the past 5 years.

*R. Leggott* felt there was disparity between local authorities and the figures that they have to collect on behalf of Drainage Boards and he had been dealing with the same issues in 2001. The drainage board is essential to ensure that the town is kept safe. He was concerned that levels of service should not be affected by the additional work which will be undertaken this year and that it was essential reserves were kept at the current level. Therefore, he was willing to propose that the rates be increased by 2% as shown by the Chief Executive and it was crucial that our high standards are maintained.

*B. Bowles* said that he would be willing to support R. Leggott's proposal as he fully supported the view that we must maintain the current level of service.

*C. Hardy* added that he could not see how the increase could be avoided and asked what would happen when we leave the EU – will this affect funding?

The Chief Executive confirmed that that was unknown.

*J. Woods* was sympathetic to the Councils but supported the 2% rate increase.

*B. Bowles* confirmed that every effort should be made to ensure that we were as cost-effective as possible and improvements should be made where possible.

*T. Ashton* appreciates the Board's position and asked if the rate increase of 2% is applied could we, as a Board, write to the current authorities to seek fairer funding for Lincolnshire.

*J. Ward* was sympathetic to the Council's position and was going to suggest a 1.5% increase and then 2.5% next year but having listened to everyone he believes the Councils will be even more pressured next year. Would it be worth considering a Public Works Loan?

The Chairman added we would obviously do as much as we could and if we had a good run this year that there may well be a chance to reduce the increase next year in an effort to assist the Councils. He felt it was best to review each year as it came. However, he had heard what the Councils had said about next year being a bad year and could make no promises to them but assured them that the Board would do everything possible to help at that time if possible.

The Chairman felt members had had the chance to debate the issue and asked for a proposal. A 2% increase was proposed by R. Leggott and was seconded by B. Bowles.

A vote was held and as a result it was unanimously:

**RESOLVED TO RECOMMEND**

- i) The Chief Executive's Estimates be adopted with a 2% increase in the rate, representing 55% of the anticipated deficit for 2018/19.
- 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:

**7.908 (7.753) pence**

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

**15.815 (15.505) pence**

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

Boston Borough Council	<b>£ 1,043,912.57</b>
East Lindsey District Council	<b>£ 363,943.48</b>

**4 ANY OTHER BUSINESS**

There was no other business and the meeting was closed at 3.05pm.

**Chairman**