

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 16 January 2019**.

Present:- P. Richardson (Chairman)

Messrs: T. Ashton C. Crunkhorn K. Smith (Observing)
R. Austin A. Harrison J. Woods
B. Bowles R. Leggott
M. Cooper N. Jones

Apologies for non-attendance were received from:-

Messrs: J. Grant
C. Hardy
J. Ward

1. **DECLARATION OF INTEREST**

None.

1.2 **Robert Hall-Jones**

The Chief Executive confirmed that R. Hall-Jones had stepped down to allow J. Grant to take a seat on the Finance and General Purposes Committee.

2. **2018/19 ESTIMATES**

The Chief Executive presented his 9-page memorandum to the Committee, which covered the forecast for the current year, a rate history and the estimate for 2019/20 showing a suggested rate increase of 1.0%

2.2 **Revised Estimate for the Year 2018/2019**

This forecast showed an anticipated deficit of £140k against the original estimate of £40k. The biggest movement had been in relation to the Pumping Stations: - work on gearbox/roller etc. The Chief Executive hoped that these were a "one-off" expense and confirmed that the other differences were set out in expenditure.

Environmental expenditure had reduced. Administration costs had increased and were around £20,000 more than estimated due to £10k of necessary repairs to the office roof, together with some overlap on Engineering staff costs, which will be resolved when the retired Engineering Manager finishes his consultancy period in March 2019.

The impact the additional £100k deficit had on the reserves was set out on page 4 of the Memorandum. At the start of March 2018, there was a balance of £526k which, minus the £140k deficit, left a total of £386k. An estimated £29,400 would be used before the end of March 2019 leaving a balance of just £356,980. This figure is much lower than the usual 20% figure and was therefore an issue. However, the Chief Executive confirmed that the Board does have some flexibility in how it deals with this issue.

The Chairman added that the Board would hopefully be in receipt of funds totalling approximately £50,000 to £60,000 from Triton Knoll before April. The Viking Link project has also been granted planning permission so there will be an additional future payment from them, although this project is proceeding at a much slower pace and payment will not be received until completion of construction.

R. Austin - thought there was a planning issue in relation to Viking Link project.
N. Jones - confirmed everything was now agreed.

The Chairman confirmed the Viking Link payment would not be received this financial year.

The Chief Executive confirmed that a £20k payment in respect of Viking Link consenting work would also bring in additional income, but the Board would not receive this benefit until next year. There was therefore, the possibility of £80,000 extra income for the Board.

The Chief Executive confirmed another option would be to consider the amount paid to the Pumping Station Renewals Fund. Each year £50,000 is added to this fund, however historically for one year that sum was reduced to £25,000.

A. Harrison - asked where the EA income fell?
The Chief Executive confirmed that this was included in maintenance. 10% of the earnings reduced administration costs, to cover the Chief Engineer's costs.

2.3 **Draft 2019/20 Estimate**

The Chief Executive referred Members to page 5 which showed the 2019/20 estimate of £2.639m leaving a deficit of £55,000. His suggestion was that £29,400 be taken from reserves and the balance be added to the rates which would, in effect, result in a 1% increase. There had been a slight change in relation to Boston Borough Council as a result of 2.85ha of agricultural land transferring to developed land. The figure of £29,400 equated to 53% of the deficit balance but was simply a starting suggestion.

The Chief Executive referred Members to page 6 and said that this put into context where the current rate increase sat and over the past 5 years accuracy of the estimates had averaged 99% correct. The Chief Executive was confident that the current figures would be borne out. The rate increases shown over the past 5 years averaged out to a 1.5% per year increase, which is realistic.

N. Jones - queried the Election costs.
The Chief Executive confirmed that the results had to be advertised and each advert had cost in the region of £1200.

N. Jones - asked if it was necessary for the results to be advertised?
The Chief Executive confirmed it was and that the results had also been posted on the Board's website and sent by e-mail. However, the adverts had appeared larger than he had anticipated, and he would be guarded against this in the future.

R. Leggott - agreed election costs needed to be restricted.

The Chief Executive then referred members to page 7 of his report which shows the current financial position. The Chief Executive re-iterated that as a rule the forecasting was very accurate and that pages 8-9 showed rateable values in the 2 sub districts – agricultural land -v- developed land.

A. Harrison - asked what figure a 1% increase on the rates would equate to?
The Chief Executive confirmed this was approximately £25k.

He then asked Members if they had any questions on the figures as per his report.

T. Ashton - 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. However, he did not feel the 1% rate increase was unreasonable and was pleased that the Board was being pragmatic

M. Cooper - confirmed times were tough and a 1% rise would make an immense difference to the Council. A 1.5% rise in the rate would mean that other services would need to be cut, and he would be grateful for a 1% increase.

A. Harrison - confirmed that this would take reserves down to a very low level.
The Chief Executive confirmed page 4b shows the trends and reserves. Historically the general reserve had been maintained at £500,000 but there had been a slight increase in expenditure over the past couple of years.

The Chairman was aware that reserves are low but payment from the Triton Knoll easements will add to reserves. It may take 2-3 years to get back to the level of reserves that we had, but it was essential that the Board was responsible and helped the Councils where we can. He agreed the situation was not ideal.

The Chief Executive added that if the actual Triton Knoll figures were known by the time the accounts were prepared for the June 2019 Board Meeting, then he would be able to provide members with a more accurate picture. The only other receipt for consideration would be the £50,000 usually allocated to the Pumping Stations Renewal fund.

R. Leggott - felt it would be very remiss of the Board to allow the reserves to go below the 20% figure. He understood the Borough has to provide services, but maintenance is very expensive and the increase in spending last year was a prime example of what can happen.

The Chairman confirmed that the Board was not looking to drain the reserves and again reminded members that the payment due from Triton Knoll would help. The Chief Engineer had been asked to provide a capital plan for the next 5 years.

The Chief Engineer added that a lot of work was required to be completed over the next 15 years. In considering the projects for FDGiA: - the coastal pumping stations had not been refurbished for 6 years, vital dredging works were required. The Chief Engineer confirmed we were also looking at reforming sewers which had not been done for 30 years. Grant in Aid had been obtained to carry out catchment modelling and once this had been done, it would strengthen the position to obtain funding. The Chief Engineer believed that between 30% - 80% funding would be achievable on those schemes, but additional contributions would be required from reserves. The Chief Engineer hoped to produce the plan showing the expenditure for the capital works at the June 2019 Board Meeting.

The Chairman asked if anyone had any views regarding the £50,000 usually paid to the Pumping Station Renewals reserve.

R. Leggott - said he was even more concerned now having listened to the Chief Engineer. It was essential that the Board took steps to make necessary funds available. The Chairman agreed and said that was why the Chief Engineer's plan was so important and suggested perhaps a 15-year plan. Work required could be split between 1-5 years, 5-10 years and beyond. The Chairman confirmed that maintenance could not be scrimped upon.

The Chief Engineer confirmed the Board may be able to make further efficiencies but not to the detriment of the quality of the work, but it was certainly something that he would review.

N. Jones - added everyone is aware of the Councils' position regarding working within their set budgets. The fact was that everyone needed to make efficiencies whether that be by providing less services or retaining better reserves. The fact was that funds can be moved in an emergency and he would propose a 1% increase.

T. Ashton - agreed with N. Jones and asked what figure was currently held in the Pumping Stations Renewals reserve?

The Chief Executive confirmed £500k. £30k had been used for resilience works but the fund is for renewals rather than repairs.

The Chairman added that funds held in General Reserve could be used for anything.

The Chief Executive confirmed that he did not share the same level of concern. The figures shown on page 4b show that reserves had been increased over the last 8 years and he believed that the funds could be put into the Pumping Stations Renewal Fund as usual.

T. Ashton - confirmed he was comfortable with this.

R. Austin - felt the Chief Engineer's 15-year capital expense plan was the key element to consider and asked when this would be available for review?

The Chairman confirmed it would be presented at the June Board Meeting.

The Chief Engineer confirmed the worst-case scenario would be that no funding would be available and then the Board would have to use its reserves. He asked the Chief Executive if any other options would be available to the Board in that event.

The Chief Executive confirmed that there were other options, possibly applying for a Public Works Loan over, say, 20 years.

The Chief Engineer confirmed that the modelling would assist greatly in working out the figures.

The Chairman acknowledged the importance of making this decision based upon having a plan in place so the Board could fully understand the District's needs. However, the important issue today was to consider the increase to the rates, be it by 1% or 1.5%.

T. Ashton - proposed a 1% increase to the rates.

M. Cooper - confirmed that based on the estimates set out on page 6 he was happy to vote for a 1% increase, but this left the issue of the £50,000 for the Pumping Stations Renewals fund.

The Chairman asked that the two issues be dealt with separately and the latter be left until the Chief Engineer's report had been considered.

N. Jones proposed a 1% increase to the rate. This was seconded by T. Ashton.

A vote was held and as a result: -

In Favour 8 votes

Against 2 votes

- RESOLVED TO RECOMMEND**
- i) The Chief Executive's Estimates be adopted with a 1% increase in the rate, representing 47% of the anticipated deficit for 2019/20.
 - 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:
7.987 (7.908) pence
 - iii) that the resultant rate be levied in Sub District 2 (*the remainder of the Internal District*) be the full rate:
15.973 (15.815) pence
 - iv) that the Special Levies on Local Charging Authorities be set as follows:

Boston Borough Council	£ 1,054,698.66
East Lindsey District Council	£ 367,579.46

R. Leggott proposed to leave the £50k in respect of the Pumping Station Renewals Fund in the General Reserve at this time. This was seconded by M. Cooper.

A vote was held and as a result: -

In Favour 9 votes

Abstention 1 votes

- RESOLVED TO RECOMMEND** The sum of £50k usually paid to the Pumping Stations Renewals fund remain in the General Reserve for 2018/19.

3. ANY OTHER BUSINESS

There was no other business and the meeting was closed at 2.45pm.

Chairman