

WITHAM FOURTH DISTRICT INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of the **Finance and General Purposes Committee** at a Meeting held remotely by ZOOM on **Wednesday 20 January 2021**.

Present:- P. Richardson (Chairman)

Messrs: T. Ashton C. Hardy
 B. Bowles R. Leggott
 C. Crunkhorn K. Smith
 (Vice Chairman) J. Woods

Apologies for non-attendance were received from:-

Messrs: J. Ward
 J. Grant
 R. Austin

The Chairman asked the Chief Engineer for a brief update of the situation in the District although he was aware this did not form part of the meeting but knew that Members would be interested. The Chief Engineer confirmed that we were expecting a significant amount of rain but that it appeared it was further north although we had had 19mm in the past couple of days. The ground is very saturated at present, so any additional water will run straight into the drainage system. The diesel pumps at Hobhole and Lade Bank Pumping Stations had been running as were the electric pumps at the coastal stations. The Chief Engineer confirmed with any luck we should be ok.

The Chairman confirmed that because of the weather situation, the Chief Executive was attending a meeting of Gold Control this afternoon so he would appreciate it if the meeting could be dealt with in a timely fashion.

1. **Apologies for Absence**

The Chief Executive confirmed apologies had been received from J. Grant, J. Ward and R. Austin. The Chief Executive advised Members that the meeting was being recorded to assist with Minute taking.

2. **Declaration of Interest**

P. Richardson – Viking Link and Triton Knoll
R. Leggott – Triton Knoll

3. **2021/2022 ESTIMATES**

The Chief Executive confirmed that the result for the current year had been much better than had been anticipated despite a £45k electricity bill which had been received this morning.

The Chief Executive presented his 11-page memorandum to the Committee, which covered the forecast for the current year, a rate history, and the estimate for 2021/22 showing a suggested rate increase of 2.0%.

This showed an overview of the current year and what the revised costs were likely to be, and these were highlighted in blue. From the narrative provided it could be seen that income had been much better than expected because of Triton Knoll compensation payment of £115k, and the Board were about to invoice the Environment Agency for £95k in respect of costs. That has given the Board larger income figure than estimated, resulting in an expected surplus of £195k.

The Chief Executive referred the Members to the Expenditure headings detailing the maintenance costs and said the Board had been suffering because of the Covid-19 situation. Despite the enforced down

time this had caused, we have caught up with the maintenance and the costs are pretty much where they were expected to be. Administration costs were slightly less.

Page 4 showed the General Reserve, which had been discussed last year in great depth as the £120k deficit had left the Reserve at just £295k. The Chief Executive confirmed that when the £195k surplus was added to the General Reserve, it would be back up to £571k which, whilst still short of the preferred 20% of annual expenditure, was much closer than it had been at the start of the year. If the rate was approved, a further £48k would be added to the General Reserve by March 2022.

The 2021/22 estimate included an increase in inflation and the impending pay rise; the other costs as agreed at the Committee meetings and approved by the Board at the December Board meeting.

Referring to the rateable values shown in the Memorandum, the Chief Executive confirmed there had been one movement in land which was not significant, but a few acres had been moved out of agricultural land and would now be business rated in the East Lindsey district. A proposed 2% increase across the Board was suggested, although as a result of this moved land, East Lindsey's increase will be 2.38%.

The Chief Executive continued with the Estimate and page 6 showed the out-turn for the current year and the estimate for the coming year. The actual estimate is for £2.7m of expenditure which was not very different to the estimate for the previous year.

The Chief Executive asked if there were any questions.

R. Leggott – asked the Chief Engineer if any increase had been made to the budget because of the state of the pumps? The Chief Engineer confirmed that with regard to the recent problems with the pumps at Hobhole, these were operational, not significant and something that could be overcome with the experience we have in-house. He was aware of the capital improvement liability but this was something which was being dealt with via the capital asset improvement plan. As a result, there were no immediate changes to the budget.

The Chief Executive explained that after other income, a shortfall of nett expenditure of £2,689,000 would need to be covered by the collection of drainage rates and special levies. He confirmed that he had looked back at the rate increases over a five-year period and the average rate increase for this period (including the proposed 2% increase this year), was fair at only 1.8%.

Pages 9 and 10 of his report demonstrated the land and rateable values of the 2 districts which had been split between agricultural and developed land. The nett expenditure figure of £2,689,000 and a further £48k would be added to the reserves to compensate for the large deficit last year. This is a moderate figure and one which needs to be added to enable the total of the reserves to return to the preferred 20% figure.

The last page of the memorandum showed a comparison over the past 15 years between the Board's rate and CPI as reported by the Office of National Statistics. The graph clearly demonstrated that we have held the rates well below the level of general price increases.

Finally he said, page 5 showed the relative level of expenditure against reserves over the past 8 years. The Chief Executive confirmed it was an improving position and hopefully the position regarding the deficit will be largely rectified by the end of next year.

K. Smith – asked what would happen if we did get significant rainfall and did have to run the pumps full time and suffered large costs like last year? The Chief Executive confirmed that in 2019/20 the actual pumping costs were £450k more than the estimate, but only £120k was taken from the General Reserve because costs decreased in other cost headings.

K. Smith – questioned that it would not then be a major problem if there were significant rainfall now? The Chief Executive confirmed that there were two months left of the current year and in the event of significant rainfall, the men would be utilised in the pumping station rather than carrying out maintenance. If the weather was as bad as in 2019-20 then the likely costs would be £30-£40k for the rest of the year which we could cope with within the current reserves.

C. Hardy – added, that was, provided that we did not encounter any mechanical breakdowns. He asked the Chief Engineer if he was happy that the cooling system was not going to let us down? The Chief Engineer confirmed that at present he did not foresee any major expenditure and they simply needed a bit of tweaking to get the balance right. It was an old sight with old equipment and there would always be problems when operating it, but we simply need to manage these as we go.

The Chairman added that he had been discussing weather events with the Chief Executive and the effect that these had on the Board. They were currently analysing the impact the last 3 weather events had had on the Board's accounts and the findings and implications would be discussed at the next Board Meeting. There were no worries, and the strategic plan will be revisited, in particular looking at reserves, resilience and any improvements that may be required.

The Chief Executive confirmed that the addition of the £48k to the General Reserve will bring the Board back to 95% of the preferred figure. This figure is still slightly short, but the Board really has 3 options :-

- (i) No increase to rate – this means the General Reserve will remain as is.
- (ii) 2% increase to the rate as suggested – meaning the General Reserve will be at 95%.
- (iii) An increase greater than 2% to bring the General Reserve back to 100%.

However, the Chief Executive was mindful that the Board had wanted the rate increase to remain steady and last year 3% had been requested because the funds were needed because of the excessive costs incurred in 2019-20. The additional income this year is a one-off, but it has resulted in the General Reserve being brought back to 95%. The Chief Executive then invited comments upon the proposed 2% increase.

T. Ashton – confirmed that the Board was in a much better place this year and that he was aware that other drainage boards had proposed an increase greater than 2%. He acknowledged in the past he had often fought for a lower increase to the rate, but there should be no scrimping on the contribution paid for the service provided by the drainage board. He was exceptionally relieved that the Board were proposing a 2% increase and would be happy to propose that the rate increase be set at 2%.

R. Leggott – confirmed that the machinery replacement fund would not need to be replenished if the machines were not being used so much. The advantage of this is that the machines would not need to be replaced so often but the downside may be obtaining spares if the older machines required them. With regard to the proposal for 2%, he believed that the budget would take care of the Board's responsibilities for the next year and was putting the reserves back to where they need to be. If T. Ashton was prepared to propose the 2% increase then he would be willing to second it.

The Chairman asked if anyone else had any comments?

N. Jones – confirmed that the Board was in a very good place and he felt it was important to show to the ratepayers that efforts were made to minimise increases. He was happy to support the recommendation and thought that the Chief Executive and the Chief Engineer had done a very good job this year.

C. Crunkhorn – confirmed he was very pleased that the General Reserve was back at the current level of 95%. It was necessary to keep a very close eye on the level of the General Reserve.

B. Bowles – agreed with the 2% rate increase but agreed that machinery needed to be carefully monitored as it was getting older.

J. Woods – confirmed he was in full agreement with everything that had been said. The team had done a brilliant job and 2% was a very fair rate rise.

The Chairman confirmed that we had been very lucky with the Triton Knoll payment which had restored the General Reserve, but this could not be relied upon so moving forwards money needed to be put into the General Reserve, even perhaps increasing it. A weather event could cost the Board circa £120k and a machinery issue could be a lot more expensive. We do have the benefit of spare parts and also knowledge how to strip down an engine, but we needed to be more resilient.

The Chairman confirmed that T. Ashton had proposed the 2% increase, and this had been seconded by R. Leggott and asked for a show of hands. There was a show of hands which was unanimous.

It was: -

RESOLVED TO RECOMMEND

i) The Chief Executive's Estimates be adopted with a 2% increase in the rate.

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:
8.391 (8.226) pence

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

iii) **16.781 (16.425) pence**

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

Boston Borough Council	£ 1,108,049.50
East Lindsey District Council	£ 390,588.85

3. **ANY OTHER BUSINESS**

There was no other business, and the meeting was closed at 2.40pm.

Chairman