

WITHAM FOURTH DISTRICT INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of the **Finance and General Purposes Committee** at 47 Norfolk Street, Boston on
Wednesday 19 January 2022.

Present:- P. Richardson (Chairman)

Messrs: T. Ashton C. Hardy
 B. Bowles M. Leggott
 C. Crunkhorn J. Ward
 (Vice Chairman) J. Woods

1. **Apologies for Absence**

The Chief Executive confirmed apologies had been received from K. Smith, J. Grant, R. Austin, P. Ashleigh-Morris, and N. Jones.

2. **Declaration of Interest**

None

3. **2022/2023 ESTIMATES**

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 2022/23 showing a suggested rate increase of 5.0%. The major influence on this increase was the current issue regarding the use of red diesel.

C. Hardy – asked if it was definite that the Board would have to use white diesel moving forward?
The Chief Executive confirmed that it was ongoing and there was a meeting due to take place this Friday, 21st January 2022 between ADA and DEFRA, which he would be attending. It was hoped that DEFRA may consider the wording of the current guidance to enable IDBs to be allowed to continue the use of red diesel. If the decision was not favourable, then ADA may well proceed to Appeal. If there were any amendment to the legislation after 1st April that allowed Red Diesel use, then there may be a reduction in the rate next year to compensate ratepayers, however this was unknown at present. Current legislation states that Pumping Stations in an outfall district unable to use red diesel.

B. Bowles – agreed but added that in the event of flooding then Pumping Stations could use red diesel. The Chief Executive agreed the wording was very ambiguous and to a certain extent was free to individual interpretation but at the present time the decision is being based upon the assumption that the Board will not be able to use red diesel.

C. Hardy – asked if the 5% was definite? The Chief Executive confirmed that it would be unless a decision was received before the February Board meeting.

The Chairman confirmed that this situation with regard to the diesel had increased costs by £92k, £40k of which related to the pumping stations. The best scenario would be if the Board could continue to use red diesel but at worst it would cost the Board £92k.

C. Hardy – believed that the diesel issue required publicity so the public were aware of the reason for the increase when inflation and overall costs are already rising.

The Chief Executive added that our 3 local councils are all unfairly prejudiced because they have the largest drainage boards in their area. They have challenged DLUHC to take Special Levies out of the rate cap because the total requirement is around £9m.

The Chief Executive referred Committee Members to his report which showed the best estimate at the end of the current financial year. At December 2021, the estimate was at 78% of annual expenditure but this included payment of the EA precept and insurances. The expected out-turn was £2.7m of costs and income of £2.76m resulting in a £60k surplus this year. The estimate at the start of the year was a £50k surplus.

The level of the General Reserve with the £60k surplus added, would be back up to £500k which, whilst still short of the preferred 20% of annual expenditure totalling £570k, was much closer than it had been at the start of the year. If the rate was approved, a further £40k would be added to the General Reserve by March 2023 to bring it back up to 96% of the target.

The Chief Executive continued to explain the 2022/23 Estimate and confirmed that it included the sums approved by the Committees in November 2021. It also admin costs and an allowance for the 2.5% salary increase due in April. This in turn had further implications, such as pension costs. The actual estimate is £2.847m of expenditure which would be collected through the rates and Special Levies. There had been no investment income this year but there had been additional consenting and application fees because of the changes that had been made.

The nett expenditure of £2.84m plus the additional £40k required for the reserve resulted in a 5% increase in the rate. The Chief Executive referred Committee Members to the page which set out a comparison of average rate increases over the past 9 years for Boston Borough Council (3.12%), East Lindsey District Council (3.19%) and the Board (1.47%). This demonstrated that the Board had been successful in managing the rate, despite overhead cost increases and extreme weather events.

The Chief Executive referred Members to the schedule that put into context the accuracy of the Board's Estimates over the last 5 years. This showed the Board was usually between 99% and 104% of actual expenditure and the Chief Executive was confident this would continue for the forthcoming year.

The Chief Executive concluded that although he was uncomfortable with a 5% increase in the rate, he was confident that the Board had done all that was possible to keep the increase as low as possible. The major influencing fact was the change of the red diesel and that was unfortunately beyond the Board's control.

J. Ward – asked what effect it would have if we did not put £40k into the General Reserve this year? The Chief Executive confirmed that it would save 2% off the suggested rate

The Chairman stressed that it was imperative that the General Reserve was bought back up to a sensible level. He did not feel that 20% was sufficient and believed that the General Reserve should keep being strengthened. A weather event could cost the Board circa £120k. Not only was there the actual monetary issue but also essential work being deferred to deal with the weather event - this work had not gone away and still required completion. The Chairman was mindful not to keep having to increase the rate each time there was a weather event. He was concerned that at the present level, if there was a weather event two years running this would wipe out the current General Reserve.

The Chief Engineer added that prices were also increasing. For example, the change in the diesel charges a flood event would now cost £100 per hour rather than the previous £50 per hour. The price of the piles required to deal with slips has increased to £600 from £400.

M. Leggott – agreed costs were increasing and it was prudent to meet the 20% target for the General Reserve and that 20% should be a minimum. The Chief Executive added that five years ago a £500k General Reserve would have been sufficient.

T. Ashton – confirmed the Board is well aware that there will be another weather event in the future. A case of “when” and not “if”. The increase caused by the diesel issue was a one-off issue and would not be repeated next year. He very much appreciated the excellent relationship between the Councils and the IDB and the mutual support given. As a result, he was happy to support the 5% increase and would be happy to defend this if necessary.

C. Crunkhorn – admitted the low level of the General Reserve was of grave concern and agreed that if there had been a weather event two years running the Board would be in trouble. The

Triton Knoll and Viking Link payments had been a blessing last year, increasing the General Reserve, but these were a one-off. The Board needs to be very aware of the adverse impact of climate change.

J. Woods – felt previous rate increases had been set to appease the Councils but the Board has done its bit and now needs to protect itself. 20% is the absolute minimum figure that should be set.

The Chairman agreed and concurred that there would be no windfall payments this year to boost the General Reserve.

M. Leggott – added when the DLUHC's decision was received it may be a different scenario but agreed that 20% should be the absolute minimum figure.

The Chief Engineer added that the proposed additional £40k payment into the General Reserve this year this year equated to 2 lorries full of fuel.

The Chairman added that all the Reserves were important as there was a strong Capital programme ahead. Although the sums detailed look a lot, they are all earmarked for various projects. It was essential that the General Reserve is kept at a decent level and if we restrict money out of our budgets this will result in reduced work and improvements in the district.

T. Ashton – confirmed the Board should be looking towards 20%-plus in the General Reserve but the speed at which this could be achieved will depend on the result of the discussions with the DLUHC. He believed the Board should be looking towards a 30% over the next few years. He believes that the 5% increase should be recommended to the Board.

B. Bowles – agreed with everything that had been said and that Councils and IDBs should be working together.

The Chairman believed that this Board was very proactive with the Councils but unfortunately the red diesel issue was totally out of the Board's control.

C. Crunkhorn – added the Board had been very successful in obtaining funding. However, you could not predict the weather. A 1% increase equates to £25k and if a weather event were to happen for 2-3 years it was frightening to think of the outcome.

The Chairman added the Board were also looking to guarantee that it is able to carry out the work it needs to. The Chairman asked the Committee members if they were prepared to recommend to the Board that the rate be increased by 5% in line with the Chief Executive's Estimates. There was a show of hands and it was unanimously:

RESOLVED TO RECOMMEND

- i) The Chief Executive's Estimates be adopted with a 5% 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:
8.81 (8.391) pence
- iii) that the resultant rate be levied in Sub District 2 (*the remainder of the Internal District*) be the full rate:
17.62 (16.781) pence
- iv) that the Special Levies on Local Charging Authorities be set as follows:

Boston Borough Council £ 1,163,420
East Lindsey District Council £ 410,190

3. **ANY OTHER BUSINESS**

- 3.1 The Chairman confirmed that it was time to review the resilience standard of the Board. The current system was built on a 1:20 standard of protection. The Chairman does not believe that it would be possible to obtain grant funding for the mudding programme which has been ear-marked. Currently £70k had been approved in the Estimate for sewer improvements but the Board was going to try and obtain funding for smaller drain and sewer improvements. The Chairman confirmed the Board needed to consider whether it wishes to invest in the drains, and this would be brought to the Board within the next 12 months. The recent modelling has shown only 15-20 properties were at risk, but climate change needed to be considered. The Chairman suggested asking the Works Committee to view the works required.

M. Leggott – added it would be useful to have a definite idea of which areas in the district would be susceptible to flooding. He appreciated that all low levels areas will be at risk.

J. Ward – said in the early 1980s, major improvements were carried out the main drains to remove soil and silt and this massively increased the storage. The Chief Engineer confirmed that these were now silted up again as they had not been cleared out since then, so really the Board was back at square one.

The Chairman confirmed that this would need to be approved by the Board because large costs would be incurred.

- 3.2 The Chairman confirmed the next Board Meeting was due to take place on 9th February 2022 at the Board's offices. In view of the Covid situation he asked Committee Members for their thoughts on attending the meeting in person. There was a general debate and members agreed that as long as Government guidance was followed and there was plenty of ventilation in the room, they would be happy to attend.

There was no other business, and the meeting was closed at 3.00pm.

Chairman