

Minutes of the 55th meeting of the Lindsey Marsh Drainage Board held at the Grange and Links Hotel, Sandilands, on Tuesday, 9th December 2008, at 2.00 p.m., to discuss the estimates of income and expenditure for the year 2009/10.

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| <ul style="list-style-type: none"> * Messrs M. Clark (Chairman) <li style="padding-left: 20px;">G. Billings * W. Cooper * G. Crust R.J. Epton * T.H. Heys * J.M. Mowbray * R.H. Needham * N. Pike P.W. Pridgeon * D.R. Tagg * R.A.D. Unsworth vacancy
 * Present
 Messrs C. Hinchcliffe (Clerk and Chief Executive) * D.J. Sisson (Engineer) * R.P. Mitchell (Director of Operations) * S. Thackray (Director of Finance) * M. Mitchell (Principal Engineer)
 * In attendance | <ul style="list-style-type: none"> * Cllrs H. Marfleet G. Allan * D.G. Andrews C.J. Davie S.W. Eyre * C. Finch * G.M. Gooding D. Hornby * A. Howard P. Leivers R.J. Palmer N.L. Pimperton M. Preen * R.B. Shields |
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1. APOLOGIES

Apologies for absence were received from Messrs G. Billings, R.J. Epton, C. Hinchcliffe, P.W. Pridgeon, Cllrs D. Hornby, S.W. Eyre, P. Leivers, R.J. Palmer, M. Preen.

2. NOTICE OF ITEMS OF ANY OTHER BUSINESS

There were no items of any other business.

3. PURCHASE OF TRACKED EXCAVATOR

The Engineer reported that the following tenders had been received for the supply of a new 13/14 tonne excavator:

<i>Make/Model</i>	<i>Gross</i>	<i>Trade In</i>	<i>Net</i>	<i>Warranty</i>
Caterpillar 311CU	£63,850	£16,000	£47,850	3 year
Caterpillar 312DL	£64,600	£16,000	£48,600	3 year
Volvo EC140CL	£60,195	£22,250	£37,945	3 year
Liebherr R313	£82,421	£23,000	£59,421	1 year
Case CX130BLC	£69,585	£18,000	£51,585	1 year
Hitachi ZAXIS 130LCN	£70,970	£17,500	£53,470	1 year
New Holland E135SRLC	£55,376	£19,200	£36,176	1 year

Volvo Construction Equipment Ltd had offered a three year finance package at a flat rate of 1.9% if the Board purchased the excavator before 31st January 2009. The Engineer explained that the trade-in price of the old machine would act as full deposit followed by 36 payments of £1,115 per month. He stated that savings already made in the plant budget for 2008/09 would cover the February and March payments and savings from the 2009/10 approved plant budget would fund the repayments for the ensuing year.

The Engineer reported that due to the present economic climate, a saving of approximately £15,000 was available for an early purchase. This was demonstrated by the tender submitted by Liebherr (GB) Ltd who carried no stock and had, therefore, not discounted its tender.

RESOLVED

- (a) that the Board purchase a new 13/14 tonne tracked excavator,
- (b) that the tender submitted by Volvo Construction Equipment Ltd in the sum of £60,195 be accepted less £22,250 trade-in for the Volvo EC240BLC,
- (c) that the Board take advantage of the finance package offered by Volvo over a three year period, and
- (d) that savings be made in the approved plant budget to compensate for this additional expenditure.

4. ESTIMATES OF INCOME AND EXPENDITURE FOR THE PERIOD 1ST APRIL 2009 TO 31ST MARCH 2010

The Engineer gave the following explanation of the attached estimates:

(a) Inflation

Supplies and services for 2009/10 had been increased by the current rate of inflation at 4.2%, however, there was a general expectation that this rate would fall through 2009/10 and the Staffing and Resources Committee had requested that this be monitored and any reductions in the inflation rate be accounted in full ahead of the rate fixing meeting in January.

(b) Drain Maintenance Works

Drain maintenance costs for the year included the annual weedcutting of all watercourses. The revised estimate for the year had increased by 8.4%, due to increased plant operating costs brought about by fuel cost and servicing increases, the need for substantial second cuts due to excessive regrowth and to prepare watercourses for winter flows, repairs to slips (especially in Anderby Main Drain), and repairs and improvements to weedraking arrangements at Thorpe Hannah syphon in the Trusthorpe area.

The estimate for 2009/10 was set at a level that reflected expected operating costs and allowed for the operational changes instigated in 2008/09 to be carried out in full.

(c) Pumping Station Running Costs

The revised estimate for pumping station running costs had risen by 24.16%. The majority of this increase related to higher electricity charges on the ten larger high voltage sites where contracts were renewed against a rising market in March 2008 after budgets had

been fixed. Running hours remained at above average as base flows had not receded after the wet summer of 2007 and winter of 2007/08. The rise in costs at Gibraltar Point pumping station was due to emergency repair works to a pump.

Many of the stations' electricity supplies were on contracts that ran throughout the year 2009/10 but where contracts were due for renewal, inflationary increases of 10% on small stations and 15% on larger stations had been applied to reflect the current energy markets. All the signs were that catchments would continue to be wetter than normal at the start of the financial year and high flows were likely to persist throughout much of the period. Cost estimates had, therefore, been adjusted to account for the likely higher than average pumping activity.

(d) Capital Works

The capital works expenditure programme for 2008/09 was subjected to significant changes throughout the year as the studies and investigations necessitated by the severe flooding in 2007 produced improved management information and priorities changed. New schemes came into the programme to help alleviate urban flooding at Willoughby, Firsby Clough and Great Carlton, and strategy studies had been brought forward for Louth catchment, Thorpe Culvert and Trusthorpe/Woldgrift. Emergency desilting of the Mablethorpe Urban Cut had been approved and there were plans to support the works of the Environment Agency on the Willoughby High Drain and tributaries to further protect the villages of Willoughby, Hogsthorpe and Sloothby. The programme had been much changed during the year with Board approval but it was expected that the programme would achieve 85% of the expected spend by the end of the year.

Delivery of the programme recommended for 2009/10 was expected to be less likely to require variation as most of the projects were taken from the Board's long term works programmes as defined by the ongoing strategic reviews. The plans showed a likely expenditure on revenue and grant aided works of £1.245m, a reduction on the planned expenditure for 2008/09 of around 10%. The major schemes introduced for 2008/09 subject to grant aid approval, were plans to flood proof and improve pumps along the Louth Canal (C08807), refurbishment of Town Lane Drain culvert in Mablethorpe (C08351), and culvert and flood storage improvements in the Sandilands area of Boygriff catchment (C09250).

Provision had also been made to commence works on the new office building.

(e) Environment Agency Precept

The debate between Anglian Northern Region Internal Drainage Boards (IDBs) and the Environment Agency (EA) on the total amount of the precept to be paid by IDBs, what the money should be spent on, and how the baseline amount should be split between the IDBs, continued. Various proposals had been made but as yet no agreement has been possible. It was, however, clear that whichever way the split was made, there would be winners and losers. For example, under one option the precept paid by the Board could reduce by around 7.5%, and under another it could increase by 14%.

Nationally the rise in precept had been set at 4.5% for all IDBs and as there was much confusion locally, this figure had been used in preparing the Board's estimates. A further discussion at the Welland and Nene Branch of ADA had brought about an agreement that in the absence of any formal arrangements, the current practice would continue for one year. This would cost the Board £451,000 this year and there would, therefore, be a small increase in the estimates.

(f) Support Services

The estimates had been prepared in line with the recommendations of the Staffing and Resources Committee as approved by the Board on 25th November 2008.

The Engineer stated that a small increase of 0.3p, from 13.2p to 13.5p (+2.3%) in the pound would be required to fully fund the proposed expenditure which was well below the current rate of inflation and represented a cut in rate and levy burden in real terms.

As mentioned at the November Board meeting, the Engineer confirmed that full consultation with land owners and residents would be carried out prior to any works commencing at Acre Gap.

The Engineer assured members that although provision had been made in the estimates for office accommodation, the Board would still be required to make a decision on whether or not to proceed. The Engineer emphasised that all capital works would be brought back to the Board for approval.

Mr T.H. Heys queried the 13% increase in the revised estimate for support services, stating that there had been an 11% increase the previous year. Mr Heys asked the Staffing and Resources Committee to monitor this for 2009/10 as, if a similar increase occurred, it would raise the estimates by some £100,000. The Director of Finance explained that this increase had occurred as consultancy works planned to be undertaken for the Isle of Axholme Internal Drainage Board had not been carried out. He confirmed that the consultancy work for 2009/10 for the Isle of Axholme and GAITE boards was guaranteed and there would be no shortfall. The Engineer stated that the Board had been busy undertaking works in its own area after the heavy rainfall and there had been no spare manpower to carry out works for the other boards.

Cllr R.B. Shields stated that members must all be satisfied with how the Board was run. Regarding the estimated £620,000 on new offices, Cllr Shields did not think that it was the right time to be splashing out this kind of money and was also concerned that the new offices would cost more than this. He suggested that this be taken out of the estimates until next year and proposed a rate of 13.5 pence in the pound. This proposition received no seconder.

The Engineer again stated that the Board was only approving the budget, not the works programme. He further stated that all schemes would come back to the Board for approval.

Regarding the accommodation, the Engineer reported that the Board had been discussing this for several years now and, although the Board may not wish to move to a different location, he stated that the Board could only continue with the accommodation at Wellington House for a short time before alterations would have to be made to comply with the Disability Discrimination Act. The Engineer further reported that this would have little affect on the 2009/10 budget as it would be funded by loan. The Engineer recommended that the sum be left in the estimates to enable the Board to make a decision, either remaining at Wellington House and carrying out any necessary improvements, or moving to a different location. It was noted that the Director of Operations would shortly be attending a meeting to discuss the possibility of sharing office space with the Environment Agency and East Lindsey District Council. The Engineer stated that liaison with other authorities was important as the Floods and Water Bill would be putting pressure on all authorities and the Board must have the flexibility to move forward.

Mr D.R. Tagg stated that now was not the time to be building new offices and he asked for assurance that if the Board agreed the estimates it was not agreeing to build new office. Mr Tagg also reported that the estimate of £620,000 included £100,000 for the sale of Wellington House and he stated that this could only be guaranteed if there was a buyer for the property. The Engineer again

assured members that this would have to be brought back to the Board for a decision. Mr G. Crust stated that some work would have to be undertaken on the offices anyway and the £620,000 should be left in the estimates. Mr Crust proposed that the Board levy a rate of 13.5 pence in the pound and this was seconded by Mr N. Pike.

Mr W. Cooper stated that last year emergency works had been funded from balances and the rate was put up to cover all the works. He further stated that, despite this, the balances were now £800,000 and £80,000 had been added to balances during the current financial year. Mr Cooper, therefore, proposed that the rate be set at 13.3 pence in the pound. Mr Cooper expressed concern that in the past the Board had levied a rate and not achieved the full works programme. The Engineer stated that the level of balances was at the minimum recommended by the District Audit which was either four months operating costs or one third of the budget. Mr Cooper stated that historically the cost of support services was often more than estimated and works often less. Mr J.M. Mowbray seconded Mr Cooper's proposal.

Regarding the allowance of 4½% made for inflation, the Director of Finance stated that this could be reduced if the inflation rate came down in January. In response to Mr J.M. Mowbray, the Engineer stated that it was difficult to estimate what effect a reduction would have on the support services or the energy market. The Director of Operations stated that the electricity prices seemed to remain the same, unlike fuel costs. The Engineer stated that contracts for electricity on ⅔ of the stations were due for renewal in 2009.

The Chairman stated that the Board must be in a position to withstand any emergencies and emphasised that it was not yet known what the Floods and Water Bill would bring.

Regarding the estimate for external audit, Mr Needham enquired why there was such a large increase. The Director of Finance stated that this figure was set by the District Audit and was not negotiable. He stated that Grant Thornton had been appointed by the District Audit to conduct the audit from 2009 and this price was fixed for five years. The Engineer stated that he would query the large increase and report back to the January Board meeting.

A vote was taken on the amendment that the Board should levy a rate of 13.3 pence in the pound and take £40,000 from balances. The result was five votes for and eight against.

Members then voted on the proposal that the Board levy a rate of 13.5 pence in the pound and the result was ten votes for and three against.

RECOMMENDED

that the attached estimates of income and expenditure be approved by the Board at its January meeting and that a rate of 13.5 pence in the pound be set for 2009/10.

5. ANNUAL GOVERNANCE REPORT

Members were circulated with a copy of the attached annual governance report. It was proposed by Mr G.M. Gooding and seconded by Mr D.R. Tagg that this be approved and signed.

RESOLVED

that the Chairman and Chief Executive be authorised to sign the report and annual letter of representation on behalf of the Board.

CHAIRMAN

