

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

# Treasury Meeting

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Wednesday 13th March 2019

**LSIDB Office**  
**10.00am**

**Minutes of Treasury Management Sub-Committee Meeting  
Of the Lower Severn (2005) Internal Drainage Board  
Held Wednesday 7<sup>th</sup> November 2018 at 3.15 pm  
At the Gables Hotel, Falfield**

**Present:** Ald C Williams Chairman  
Mr M Barnes  
Mr J Nichols  
Cllr M Riddle  
Martin Dear Accounts Officer AO  
Sue Williams Minutes

<b>2763.</b>	<p><b>Election of Treasury Sub-Committee Chairman</b> The AO invited nominations for the post of Sub-Committee Chairman.</p> <ul style="list-style-type: none"> <li>• <b>Ald C Williams was elected Chairman of the Sub-Committee for the ensuing year.</b></li> </ul>									
<b>2764.</b>	<p><b>Apologies/Welcome</b> There were no apologies. The Chairman welcomed Mr Barnes to his first the Treasury Sub-Committee meeting.</p>									
<b>2765.</b>	<p><b>Declaration of Member's Interest</b> No interests were declared.</p>									
<b>2766.</b>	<p><b>Minutes of the Previous Meeting</b></p> <p><b>It was resolved that:</b></p> <ul style="list-style-type: none"> <li>• <b>The minutes of the 5<sup>th</sup> September 2018 meeting be approved as a true and accurate record.</b></li> </ul>									
<b>2767.</b>	<p><b>Cash Deposits</b> Following the last Sub-Committee meeting the AO had closed the deposit accounts as agreed and had approached the challenger banks to make deposits as outlined in minute 2708.</p> <p>He reported that he had not made the deposits as intended, this was due to the banks not recognising the LSIDB within the FSCS protection scheme.</p> <p>According to the FSCS definition of a small authority, the LSIDB did not qualify and therefore any deposits the Board made would not be protected under the FSCS scheme.</p> <p>The AO asked the Committee how they wished to proceed.</p> <p>Mr Nichols suggested the four main clearing banks would be the most secure place to invest cash deposits.</p> <p>The AO had obtained some interest rates for the Sub-Committee's information. He explained banks other than Nat West would need to have a current account opened together with a deposit account these may attract small bank changes.</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Lloyds</th> <th style="text-align: center;">NatWest</th> </tr> </thead> <tbody> <tr> <td>32-day notice account @ 0.75%</td> <td>35-day notice account @ 0.55%</td> </tr> <tr> <td>3 months fixed @ 0.7%</td> <td>3 months fixed @ 0.57%</td> </tr> <tr> <td>6 months fixed @ 0.75%</td> <td>6 months fixed @ 0.67%</td> </tr> </tbody> </table>	Lloyds	NatWest	32-day notice account @ 0.75%	35-day notice account @ 0.55%	3 months fixed @ 0.7%	3 months fixed @ 0.57%	6 months fixed @ 0.75%	6 months fixed @ 0.67%	
Lloyds	NatWest									
32-day notice account @ 0.75%	35-day notice account @ 0.55%									
3 months fixed @ 0.7%	3 months fixed @ 0.57%									
6 months fixed @ 0.75%	6 months fixed @ 0.67%									

	<p>Mr Nichols suggested that it would be rational to use a short notice account as it was generally felt that interest rates would rise. He asked the AO how many accounts did he have time to administer.</p> <p>The AO explained it took time to set up an account and would be easier to administer fewer accounts. He suggested that if the Sub-Committee were assured that clearing banks would not be allowed to fail by government, the Board would be exposed to no more risk using just one bank that using more.</p> <p>The Chairman said the AO needed flexibility.</p> <p>Mr Nichols suggested that the Board use two banks and keep an eye on the interest rates offered by the other banks.</p> <p>The Chairman clarified that the two accounts suggested by Mr Nichols were in addition to the existing deposit account operated at NatWest used for the working capital which attracted a small amount of interest.</p> <p><b>It was resolved that:</b></p> <ul style="list-style-type: none"> <li>• <b>Two or three new deposit accounts be opened in addition the existing NatWest Direct Reserve.</b></li> <li>• <b>The AO to have the flexibility to allocate £500,000 between the accounts to attract the best return.</b></li> <li>• <b>The maximum fixed term to be no more than 6 months.</b></li> </ul>	<p><u>Action 1</u> Open Deposit Account with clearing banks to invest £500,000</p>
<p><b>2768.</b></p>	<p><b>Treasury Management Policy</b> The AO explained that as a result of the decision to not use Challenger Banks the Treasury Management Policy approved by the Board in June 2018 (minute 2684 refers) would need to be updated. A draft would be prepared for the next Treasury Sub-Committee meeting to be held 13<sup>th</sup> March 2019.</p>	<p><u>Action 2</u> To update Treasury Management Policy</p>
<p><b>2770.</b></p>	<p><b>Smith Williamson Investment</b> Mr Nichols requested that Smith &amp; Williamson in future provide a comparison of the 66% equity performance to the MSCI World Index, as this had out performed Smith &amp; Williamson in the last quarter, with less risk as the investment was spread further.</p> <p>The Chairman asked the AO to enquire whether it was possible to provide that information as an additional performance indicator.</p>	<p><u>Action 3</u> AO to ask Smith &amp; Williamson to provide additional performance indicator</p>
	<p>The meeting closed at 3.45 pm</p>	

## Lower Severn Internal Drainage Board - Investment Update

### Review of Current Portfolio:

The portfolio value as at 28/02/2019 is £589,205 with an income yield of 3.6% which equates to c. £21,281 per annum.

As you will see from the enclosed valuation, performance since 31/12/18 has been strong with a total return of +5.79% compared to +4.92% from the WMA Balanced benchmark. Exposure to domestic companies has been positive with Schroder UK Midcap Trust the strongest performer year to date benefiting from an improvement in sentiment as the likelihood of a hard Brexit is perceived to have reduced. US equities have also performed well, rebounding sharply after a weak fourth quarter.

Since the meeting on the 5<sup>th</sup> of September 2018 the portfolio has performed broadly in line with the benchmark with a total return of -2.53% compared to -2.24% from the WMA Balanced benchmark, in a period which included significant market volatility in the fourth quarter of 2018. Holdings of 3I Infrastructure and North American Income Trust have been amongst the strongest performers over this period with European Investment Trust and Artemis Global Income Fund, which has significant exposure to Europe, amongst the weakest performers as concerns over trade tariffs; political uncertainty and slowing growth have led to weakness in European equities.

### Market Update:

2018 was the worst year for global equities since 2011, with sharp declines in the fourth quarter erasing gains made earlier in the year. Emerging market and Asian equities were the first to suffer as increasing US interest rates put pressure on their currencies. Developed markets, particularly powered by the 'FAANGs' (Facebook, Amazon, Apple, Netflix & Google), performed strongly until the end of September, when sentiment turned sharply. Nonetheless, thanks to the strong performance over the first three quarters, US equities outperformed their global peers over the year as a whole. Fixed income returns were mixed as sovereign bonds made marginally positive returns, while corporate bonds declined on concerns around credit quality.

The market's autumn swoon was triggered by a sharp rise in US bond yields and concerns over the strength of global economic growth. The move in yields has since been completely unwound, and the US 10 year bond is now well below the 3% level that had originally brought on the volatility. This reflects much more caution from the Federal Reserve, with Chairman Jerome Powell's recent comments suggesting increases in interest rates in 2019 are less likely than had been previously assumed. The health of the US economy remains robust, and employment figures in both December and January were materially stronger than market forecasts.

The mid-term election results, with the Democrats winning the House but the Republicans retaining the Senate, were as expected. Perhaps counter-intuitively, the restraints this result places on the legislative process is considered a market-friendly outcome, albeit the federal government shutdown over funding for President Trump's Mexican border wall was certainly unhelpful. We continue to expect US equities to track the upward trend in company earnings which remains intact.

Trade talks between the US and China have continued and while the Chinese have suggested they would like to purchase more from the US, they are presently unwilling to concede to all US demands. Nonetheless, President Trump has expressed optimism about reaching a landmark deal. An agreement would avoid an increase in tariffs on Chinese imports, should this de-escalation be confirmed, it is likely to be viewed positively by investors.

In Europe, Italy and the EU negotiated a solution to their budget standoff, and its passage through the Italian parliament has removed any imminent threat to markets. However, concerns over Italy were joined by the 'gilets jaunes' uprising in France against President Macron, and the contraction in German economic growth caused by weak industrial demand from Asia and disruption to car sales following the introduction of new emissions tests. With support from the ECB's asset purchases having now come to an end, we continue to prefer other regions over European assets for now.

Following Theresa May's heavy defeat in the 'meaningful vote' on the government's withdrawal agreement, sterling appreciated against the US dollar. This suggests that the market believes that either the eventual agreement will be a 'softer' Brexit than in the current agreement, or that Article 50 might be extended and the UK's departure delayed or even eventually cancelled. The government survived a vote of no confidence tabled by the opposition Labour party, as Tory Brexiteers and the

DUP gave their support to the embattled PM. The passing of the Brady amendment suggests there may be a majority for the PM's deal if the Irish backstop can be replaced by 'alternative arrangements' but it is not yet clear what these might be. Uncertainty continues to reign and a 'No Deal' departure cannot be ruled out, and sterling will remain reactive to developments.

Following the market weakness in the fourth quarter, global equity valuations now look more attractive. The risk of a recession in the US remains low and the level of corporate takeover activity does not exhibit overconfidence. There appears to be progress in trade negotiations between the US and China, and the Federal Reserve's more patient stance on raising interest rates has helped equity markets to recover from their December lows. Political risks remain at the forefront, but on balance we are inclined to remain optimistic.

**Future investment strategy:**

We are happy with the current portfolio asset allocation and do not propose any current changes to the portfolio which we believe is well positioned to deliver a balance between capital growth and income over the longer term.

That being said the performance of the Polar Capital Emerging Markets Equity Fund, while offering an attractive yield and underweight position in Asia which complements the holding of Henderson Far East, has lagged some of its peer's and we will continue to monitor the holding closely.

**COMMITTEE: Treasury Sub**

**MEETING DATE: 13.03.2019**

**REF: MD**

**REPORT BY: Accounts Officer**

## **TREASURY MANAGEMENT POLICY**

### **Introduction**

At the Treasury Sub-Committee Meeting of 7 November 2018, an agenda item considered the cash deposits that the Board currently holds and the future investment of cash in deposit accounts.

At this meeting it was resolved that:

- Two or three new deposit accounts be opened in addition the existing NatWest Direct Reserve.
- The AO to have the flexibility to allocate £500,000 between the accounts to attract the best return.
- The maximum fixed term to be no more than 6 months.

These decisions mean that amendments are necessary to the Treasury Management Policy in order to reflect current working practices.

The Financial Regulations state that any changes to the banking arrangements require approval of the Board.

### **Recommendation**

That the amendments be approved and the revised Treasury Management Policy be recommended to the Board for approval.

*Martin Dear*

*Accounts Officer*

*March 2019*

## **PROPOSED**

# **LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD**

## **Treasury Management Policy**

**Date: 13/03/2019 Version: 2019/01 Author: MD**

**To be approved at the Board Meeting on 5 June 2019**

### **Introduction**

The primary principle governing the Board's investment criteria is the security of the financial institution in which the Board places its funds. Yield/return and liquidity are also key considerations.

### **1. The Board's funds**

#### **Approved Financial Institutions**

The Board's principal banker is NatWest.

Cash may be deposited with any of the four main clearing banks (NatWest, Lloyds, Barclays and HSBC).

### **2. Accountabilities**

The Treasury Management Sub Committee will determine the amount of cash that is available for deposit with the four main clearing banks.

In addition to the NatWest Direct Reserve account, there will be two or three other deposit accounts.

Cash may be deposited in instant access accounts, fixed term accounts or notice accounts

If deposited in a fixed term account then the maximum fixed term period is six months.

If deposited in a notice account then the maximum notice period is six months.

The Accounts Officer to have flexibility to allocate funds between accounts in order to attract the best return.

### **3. Funds received from Developers**

Under minute No. 2218 at 24 June 2015 Board Meeting, the Board approved the appointment of Smith & Williamson Investment Managers. They manage the fund on a non-discretionary basis.

The Board resolved to invest £500,000 of the funds into a balanced multi asset portfolio.

The income from these investments are to be re-invested. The Treasury Sub Committee has the authority to agree into which funds these should be invested following consultation with Smith & Williamson.

## **CURRENT**

# **LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD**

## **Treasury Management Policy**

**Date: 27/06/2018 Version: 2018/01 Author: MD**

**Approved at the Board Meeting on 27 June 2018**

### **Introduction**

The primary principle governing the Board's investment criteria is the security of the financial institution in which the Board places its funds. Yield/return and liquidity are also key considerations.

### **1. The Board's funds**

#### **Approved Financial Institutions**

The Board's funds are currently held at NatWest and Lloyds Banking Group. NatWest is a 100% subsidiary of RBS (Royal Bank of Scotland). In February 2009, the UK Government injected funds into RBS which gave it a shareholding stake of 81%. RBS is a 'nationalised bank'

Lloyds had also received large injections of UK Government funds. These have since been repaid following the sale of the Government holdings.

The Treasury Sub-Committee has the approval to invest cash sums with authorised financial services institutions in the Financial Services Compensation Scheme, up to the maximum amount guaranteed for each institution.

#### **Maturity Policy**

Current policy:-

In order to obtain higher rates it was agreed to increase the length of maturity to up to 1 year on a maximum of £500,000 held at NatWest who are the Board's principal bankers. Currently the Board can place up to £500,000 on deposit with at Lloyds, with a length of maturity of 1 year. Lloyds are the Board's secondary bankers with total funds of £700,000.

In the event that circumstances require the policy be amended, it will be brought before F&GP or the Board dependent on timing.

### **2. Funds received from Developers**

Under minute No. 2218 at 24 June 2015 Board Meeting, the Board approved the appointment of Smith & Williamson Investment Managers. They will manage the fund on a non- discretionary basis.

The Board resolved to invest £500,000 of the funds into a balanced multi asset portfolio. The funds were made available in 10 monthly tranches of £50,000. At 30 April 2017 £500,000 had been invested. The fair market value of these investments was £567,343. The income from these investments are to be re-invested in the 17 investment trusts held by the Board. The Treasury Sub Committee has the authority to agree into which funds these should be invested following consultation with Smith & Williamson.



## LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

### Developers Funds January 2019

<b>Actual</b>	<b>£</b>			
Balance at 1 April 2018	843,235			
Increase in value of investments	8,919			
Received: Unit 7 Central Park	82,450			
Interest received	62			
Transfer to Board 2018/19 Maintenance and Capital	-41,200			
<b>Actual balance as at 31 January 2019</b>	<b>893,466</b>	<b>split</b>		<b>£</b>
			Investments	582,720
			Cash at bank	310,746
<b>Estimated Adjustments to the end of the year</b>				
<b>Estimated balance as at 31/03/2019</b>	<b>893,466</b>			
<b>Estimated Adjustments 2019/20</b>				
Payment: M49 New Junction	-94,000			
Transfer to Board 2019/20 Maintenance and Capital	-42,436			
<b>Estimated balance as at 31/03/2020</b>	<b>757,030</b>	<b>split</b>		<b>£</b>
			Investments	582,720
			Cash at bank	174,310

Note: Transfers to the Income and Expenditure Account increases by 3% per annum.

# LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

## Developers Funds January 2019

	£
Balance at 1 April 2018	843,235
Increase in value of investments	8,919
Interest received	62
Unit 7 Central Park	82,450 Received 07/11/18
Transfer to Board 2018/19 Maintenance and Capital	-41,200
<b>Estimated balance 31/03/2019</b>	<u>893,466</u>
Transfer to Board 2019/20 Maintenance and Capital	-42,436
<b>Estimated balance 31/03/2020</b>	<u><b>851,030</b></u>

### Reconciliation to Sage:

#### Severnside Funds

Per Sage as at:

31/01/2019

NatWest - Direct Reserve	310,746
Smith & Williamson	<u>500,000</u>
	<b>810,746</b>

Adjustments:

Increase in S&W valuation as at 31 January 2019	<u>82,720</u>
Balance 31 January 2019	<b>893,466</b>

## LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

### Investments - Equity

For the Period 31 December 2017 to 31 December 2018

	Value		£
	31-Dec-17 £	31-Dec-18 £	
Artemis Global Income	31,043	26,256	
Schroder UK Mid Cap	51,336	41,446	
Murray Income	57,185	52,234	
Invesco UK Smaller Companies	44,058	37,464	
Link Fund Solutions Trojan Income	53,311	0	
Link Fund Solutions Milton	32,954	29,124	
North American Income	32,634	30,380	
European Investment Trust	42,082	34,825	
Henderson Far East Income	37,900	34,500	
Polar Emerging Markets	30,227	28,557	
Monks Investment Trust	0	50,820	
	<u>412,730</u>	<u>365,606</u>	
Remove sales/purchases in the period	-53,311	-50,820	
Net Total	<u>359,419</u>	<u>314,786</u>	
Decrease in value			-44,633
Decrease in value - percentage			-12.42%
MSCI World Index Decrease			-3.04%
MSCI World Index Decrease in value			-10,926
Difference			<u>33,707</u>

## Karen Waldron

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**From:** Vere Boscawen <Vere.Boscawen@smithandwilliamson.com>  
**Sent:** 29 January 2019 15:19  
**To:** Martin Dear  
**Cc:** 'C J N Williams'  
**Subject:** RE: Lower Severn Internal Drainage Board - Equity Funds

Dear Martin

As you suggest the year to the 31<sup>st</sup> of December 2018 was a weak period for global equities and the portfolio underperformed the benchmark WMA Balanced index by 2.20% over the period producing a return of -6.96% vs -4.76% from MWA Balanced. The comparison you have provided against the total return (capital and income) from MSCI World does not include the income generated from the portfolio and indeed many of the funds were selected in part because of their attractive income yields.

While the fixed interest holdings and alternatives helped support the portfolio performance, there are a few contributing factors behind the weak relative performance from the equity exposure which you highlight.

- The portfolio was underweight US equities which were the strongest performer in the period, particularly given USD strength (MSCI World produced a total return of -8.71% for a USD investor) and had little exposure to technology which despite weakness in the fourth quarter was one of the few sectors to produce a positive return last year.
- The UK exposure has a bias towards small and midcap funds and while exposure to the lower end of the market cap spectrum should enhance returns over the longer term, smaller companies are more sensitive to a market selloff and more domestically exposed, which was a headwind given the perceived risk of a no deal Brexit increased towards the end of last year.
- The portfolio is modestly overweight Asia and Emerging Markets which were weak in response to concerns over slowing global growth, an escalation of global trade concerns, and a strong USD.
- The timing of the addition of Monks Investment Trust on the 5<sup>th</sup> of September was unfortunate as while we continue to believe the fund is well positioned for longer term growth, performance in the fourth quarter was weak as growth stocks underperformed.

Since the 31<sup>st</sup> December, as at close of business yesterday the portfolio has returned +2.30% vs +1.77% from the WMA Balanced Benchmark. While a great deal of uncertainty remains, we believe current market valuations are attractive assuming we do not see a recession in the near term, for which we do not currently believe there is strong evidence. We are hopeful that we may see a deal on trade between the US and China as while there is the potential for further escalation, it is in the interests of both sides to come to an agreement and as such we remain cautiously optimistic on the outlook for Asian and Emerging Market equities. In the UK there remains a risk of a no deal Brexit, but as evidenced by the relative strength of sterling in the last couple of weeks this is looking less likely and should we see a more positive outcome then more domestically exposed companies will perform better.

Let me know if you have any questions.

Kind regards

**Vere Boscawen**

Partner

Smith & Williamson Investment Management LLP

Direct: 0117 376 2199

Tel: 0117 376 2000

Fax: 0117 376 2334

Portwall Place, Portwall Lane, Bristol BS1 6NA

[www.smithandwilliamson.com](http://www.smithandwilliamson.com)

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**From:** Martin Dear [mailto:MDear@lowersevernldb.org.uk]  
**Sent:** 25 January 2019 13:02  
**To:** Vere Boscawen  
**Cc:** 'C J N Williams'  
**Subject:** Lower Severn Internal Drainage Board - Equity Funds

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Hello Vere

The Chair of the Treasury Sub Committee and I have been looking at the movement in the value of the Board's investments during 2018.

What is apparent is that our Equity Investments didn't match the MSCI World Index Increase.

Attached is summary of our Equity Investments and their values at the start and end of 2018.

Whilst accepting that taking two dates at random can create anomalies, I would be obliged for your comments.

It would be useful if in your response you could give me an idea as to what you think might happen in the future.

Regards

*Martin*

Martin Dear  
Accounts Officer  
Lower Severn (2005) Internal Drainage Board  
Waterside Buildings  
Oldbury Naite  
South Gloucestershire  
BS35 1RF

Tel No. 01454 413340

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## LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

### Investments

For the Period 31 December 2017 to 31 January 2019

	Value		£
	31-Dec-17	31-Jan-19	
	£	£	
<b>Non Equity Investment</b>			
Kames Capital	26,018	25,017	
Schroder Unit Trust	25,485	23,986	
Invesco Fund	25,786	24,944	
Sequoia Economic	25,990	25,645	
Standard Life Inv Prp	27,555	26,891	
Picton Property	27,847	29,593	
John Laing Infra	25,564	0	
3i Infrastructure	0	31,806	
	<u>184,245</u>	<u>187,882</u>	
Remove sales/purchases in the period	-25,564	-31,806	
Net Total	<u>158,681</u>	<u>156,076</u>	

	Value		£
	31-Dec-17	31-Jan-19	
	£	£	
<b>Equity Investment</b>			
Artemis Global Income	31,043	27,753	
Schroder UK Mid Cap	51,336	46,552	
Murray Income	57,185	53,813	
Invesco UK Smaller Companies	44,058	39,060	
Link Fund Solutions Trojan Income	53,311	0	
Link Fund Solutions Milton	32,954	30,330	
North American Income	32,634	32,830	
European Investment Trust	42,082	35,223	
Henderson Far East Income	37,900	33,800	
Polar Emerging Markets	30,227	28,766	
Monks Investment Trust	0	55,020	
	<u>412,730</u>	<u>383,147</u>	
Remove sales/purchases in the period	-53,311	-55,020	
Net Total	<u>359,419</u>	<u>328,127</u>	

**Total All Securities** **518,100** **484,203**

Decrease in value	-33,897	
Decrease in value - percentage		-6.54%
MSCI WMA Balanced Index Decrease		-1.34%
MSCI WMA Balanced Index Decrease in value	-6,943	
Difference	<u>26,954</u>	

## LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

### Investments - Equity

For the Period 31 December 2017 to 31 January 2019

	Value		£
	31-Dec-17 £	31-Jan-19 £	
Artemis Global Income	31,043	27,753	
Schroder UK Mid Cap	51,336	46,552	
Murray Income	57,185	53,813	
Invesco UK Smaller Companies	44,058	39,060	
Link Fund Solutions Trojan Income	53,311	0	
Link Fund Solutions Milton	32,954	30,330	
North American Income	32,634	32,830	
European Investment Trust	42,082	35,223	
Henderson Far East Income	37,900	33,800	
Polar Emerging Markets	30,227	28,766	
Monks Investment Trust	0	55,020	
	<u>412,730</u>	<u>383,147</u>	
Remove sales/purchases in the period	<u>-53,311</u>	<u>-55,020</u>	
Net Total	<u>359,419</u>	<u>328,127</u>	
Decrease in value			-31,292
Decrease in value - percentage			-8.71%
MSCI World Index Increase			1.18%
MSCI World Index Increase in value			4,241
Difference			<u>35,533</u>

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Cash Flow Forecast for the Pump Replacement Programme  
Annual Increment of £25,000 from 2018/19

		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
		£	£	£	£	£	£	£	£	£	£	£
		actual	actual	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast
<b>Income</b>												
	Provision from Board	Actual										
		150,000	150,000	175,000	200,000	225,000	250,000	275,000	300,000	325,000	350,000	2,400,000
<b>Expenditure</b>												
	<b>Pump Station</b>											
	<b>No. of Pumps</b>											
	<b>Oldbury</b>										513,300	513,300
												0
		0	0	0	0	0	0	0	0	0	513,300	513,300
	<b>Marshfield</b>							385,860				385,860
												0
		0	0	0	0	0	0	385,860	0	0	0	385,860
	<b>Lapperditch</b>					352,820						352,820
												0
		0	0	0	0	352,820	0	0	0	0	0	352,820
	<b>Wicks Green</b>									553,420		553,420
												0
		0	0	0	0	0	0	0	0	553,420	0	553,420
	<b>Elmore Back</b>			68,517	250,000							318,517
	Professional Fees - Motion			1,440								1,440
	Professional Fees - Estimate											0
	Contractor -											0
	Contractor - Estimate											0
	Drainage Strategy - Water Environment	2,891										2,891
	Modelling - Water Environment			4,543								4,543
		2,891	0	74,500	250,000	0	0	0	0	0	0	327,391
	<b>Saul</b>											
	Drainage Strategy - Water Environment	6,887	7,860									14,747
	Professional Fees - Motion		16,527	18,023								34,550
	Professional Fees - Estimate			1,160								1,160
	Contractor - Nomenca			31,863								31,863
	Contractor - Estimate			87,137								87,137
		6,887	24,387	138,183	0	0	0	0	0	0	0	169,457
	<b>Total</b>	9,778	24,387	212,683	250,000	352,820	0	385,860	0	553,420	513,300	2,302,248
<b>Reserve</b>												
	Balance b/f		140,222	265,835	228,152	178,152	50,332	300,332	189,472	489,472	261,052	
	In year	140,222	125,613	-37,683	-50,000	-127,820	250,000	-110,860	300,000	-228,420	-163,300	
	Balance c/f	140,222	265,835	228,152	178,152	50,332	300,332	189,472	489,472	261,052	97,752	97,752



Lower Severn (2005) Internal Drainage Board

2018/19

CASH FLOW

	Note	2018										2019		
		Mar £ 000's actual	Apr £ 000's actual	May £ 000's actual	Jun £ 000's actual	Jul £ 000's actual	Aug £ 000's actual	Sep £ 000's actual	Oct £ 000's actual	Nov £ 000's actual	Dec £ 000's actual	Jan £ 000's actual	Feb £ 000's forecast	Mar £ 000's forecast
<b>NatWest No 1 A/c</b>														
<b>Balance b/f</b>		<b>391</b>	<b>100</b>	<b>233</b>	<b>139</b>	<b>62</b>	<b>74</b>	<b>100</b>	<b>67</b>	<b>67</b>	<b>211</b>	<b>75</b>	<b>55</b>	<b>46</b>
Other income	3	18	1	6	9	16	2	3	22	83	2	1	2	2
VAT		0	5	4	5	3	9	5	6	5	5	2	2	2
Severnside		0	46	0	0	0	41	0	0	0	0	0	0	0
Levies	1	0	99	175	0	0	0	0	0	583	0	0	0	0
Rates	2	0	63	22	0	9	4	1	1	0	0	0	0	0
<b>sub total</b>		<b>409</b>	<b>314</b>	<b>440</b>	<b>153</b>	<b>90</b>	<b>130</b>	<b>109</b>	<b>96</b>	<b>738</b>	<b>218</b>	<b>78</b>	<b>59</b>	<b>50</b>
Expenditure	3	-54	-26	-40	-36	-31	-30	-27	-48	-57	-33	-22	-33	-60
Plant		0	0	0	0	-29	0	0	0	0	0	0	0	0
EA Levy		0	0	-11	0	-11	0	0	-11	0	0	-11	0	0
Transfer to No. 2 A/c		-55	-55	-50	-55	-55	-65	-65	-70	-70	-60	-50	-60	-55
Net transfers	3	-200	0	-200	0	110	65	50	100	-400	-50	60	80	100
<b>sub total</b>		<b>-309</b>	<b>-81</b>	<b>-301</b>	<b>-91</b>	<b>-16</b>	<b>-30</b>	<b>-42</b>	<b>-29</b>	<b>-527</b>	<b>-143</b>	<b>-23</b>	<b>-13</b>	<b>-15</b>
<b>Balance c/f</b>		<b>100</b>	<b>233</b>	<b>139</b>	<b>62</b>	<b>74</b>	<b>100</b>	<b>67</b>	<b>67</b>	<b>211</b>	<b>75</b>	<b>55</b>	<b>46</b>	<b>35</b>
<b>Other balances</b>														
<b>NatWest</b>														
No 2 Account		31	32	29	30	29	33	32	34	38	38	34	31	31
Bonus Saver	4	529	529	729	729	619	554	599	1,034	1,434	984	924	844	744
Deposit	5										100	100	100	100
Lloyds Deposit	6	400	400	400	400	401	401	307	0	0	400	400	400	400
<b>Total</b>		<b>960</b>	<b>961</b>	<b>1,158</b>	<b>1,159</b>	<b>1,049</b>	<b>988</b>	<b>938</b>	<b>1,068</b>	<b>1,472</b>	<b>1,522</b>	<b>1,458</b>	<b>1,375</b>	<b>1,275</b>
<b>All LSIDB balances</b>		<b>1,060</b>	<b>1,194</b>	<b>1,297</b>	<b>1,221</b>	<b>1,123</b>	<b>1,088</b>	<b>1,005</b>	<b>1,135</b>	<b>1,683</b>	<b>1,597</b>	<b>1,513</b>	<b>1,421</b>	<b>1,310</b>

The LSIDB balances include £265,835 of pumping station reserve at 31/03/2018. There are transfers to this reserve of £175,000 in 2018/19.

The forecast spend in year is £212,683. Forecast Pump Station Reserve at 31/03/2019 is £228,152.

Pump Station Reserve as at 31/01/2019 is £360,342.

From October All LSIBD Balances includes Developers (Commutated Sums) cash.

1. Levies received May and November
2. Rates received in May
3. Income and Expenditure as per Budget profile.
4. Direct Bonus Saver earns 0.2% interest
5. Deposit Account - 35 Day Notice earns 0.55% interest
6. Deposit Account - 32 Day Notice earns 0.75% interest

## Lower Severn (2005) Internal Drainage Board

### Reconciliation of cash as per the Balance Sheet and the Cash Flow Statement

	£	£
<b>Balance Sheet as at 31 January 2019</b>		
Cash at bank and in hand	1,012,429	
Short term Deposits	500,395	
Less Petty Cash	114	
Cash at Bank	1,512,710	
Less: Cash Flow as at 31 January 2019	1,512,710	0
<b>LSIDB Working Cash</b>	841,622	
<b>Pump Reserve</b>	360,342	
<b>Developer Reserve</b>	310,746	
	1,512,710	0

### Investments

		<b>As at 31 January 2019</b>
		£
Capital		
Amount through Smith & Williamson (net)		500,000
Market value		571,029
<b>Change in value</b>		71,029
Income		11,691
<b>Total return</b>		<b>82,720</b>
<b>Portfolio return since 31 December 2017</b>		<b>-3.07%</b>
Note: Market Index Movements		
MSCI WMA Balanced NR		-1.34
MSCI World NR		1.18

### Developers Funds January 2019

		£
Developer Reserve as per Balance Sheet		<b>893,466</b>
Funds held as:		
Investments		582,720
Cash held at Bank		310,746
		<b>893,466</b>

## Lower Severn (2005) Internal Drainage Board

Cash		Cash flow No 1 A/C NatWest										2019/20		
		2019										2020		
Note	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	
	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	forecast	
<b>Balance b/f</b>			<b>35</b>	<b>42</b>	<b>68</b>	<b>57</b>	<b>55</b>	<b>26</b>	<b>46</b>	<b>55</b>	<b>44</b>	<b>21</b>	<b>19</b>	<b>30</b>
Other income	3		2	2	2	2	2	2	2	2	2	2	2	2
Plant & Machinery Sales			0	0	13	0	0	0	0	0	0	0	0	0
VAT			5	5	5	5	5	5	5	5	5	5	5	5
Levies	1		0	640	0	0	0	0	619	0	0	0	0	0
Rates	2		0	117	0	0	0	0	0	0	0	0	0	0
<b>sub total</b>			<b>42</b>	<b>806</b>	<b>88</b>	<b>64</b>	<b>63</b>	<b>33</b>	<b>53</b>	<b>681</b>	<b>52</b>	<b>28</b>	<b>27</b>	<b>37</b>
Expenditure	3		-36	-36	-36	-36	-36	-36	-36	-36	-36	-36	-36	-36
Plant			0	0	-93	0	0	0	0	0	0	0	0	0
Pump Expenditure			0	0	0	0	-40	-40	-40	-40	-50	0	0	0
Developer Expenditure			0	0	0	0	0	0	0	-94	0	0	0	0
EA Levy			-12	0	0	-12	0	0	-12	0	-12	0	0	0
Salaries (paid via No.2 A/c)			-53	-53	-53	-61	-61	-61	-61	-61	-61	-61	-61	-61
Net transfers	3		100	-650	150	100	100	150	150	-500	200	150	100	100
<b>sub total</b>			<b>0</b>	<b>-738</b>	<b>-31</b>	<b>-8</b>	<b>-37</b>	<b>13</b>	<b>2</b>	<b>-637</b>	<b>-31</b>	<b>-8</b>	<b>3</b>	<b>3</b>
<b>Balance c/f</b>		<b>35</b>	<b>42</b>	<b>68</b>	<b>57</b>	<b>55</b>	<b>26</b>	<b>46</b>	<b>55</b>	<b>44</b>	<b>21</b>	<b>19</b>	<b>30</b>	<b>40</b>
<b>Other balances</b>														
<b>NatWest</b>														
No 2 Account		31	31	31	31	31	31	31	31	31	31	31	31	31
Bonus Saver	4	744	644	1,294	1,144	1,044	944	794	644	1,144	944	794	694	594
Deposit Account	5	100	100	100	100	100	100	100	100	100	100	100	100	100
Lloyds Deposit	6	400	400	400	400	400	400	400	400	400	400	400	400	400
<b>Total</b>		<b>1,275</b>	<b>1,175</b>	<b>1,825</b>	<b>1,675</b>	<b>1,575</b>	<b>1,475</b>	<b>1,325</b>	<b>1,175</b>	<b>1,675</b>	<b>1,475</b>	<b>1,325</b>	<b>1,225</b>	<b>1,125</b>
<b>All LSIDB balances</b>		<b>1,310</b>	<b>1,217</b>	<b>1,893</b>	<b>1,732</b>	<b>1,630</b>	<b>1,501</b>	<b>1,371</b>	<b>1,230</b>	<b>1,719</b>	<b>1,496</b>	<b>1,344</b>	<b>1,255</b>	<b>1,165</b>
<b>LSIDB Working Cash</b>		<b>771</b>	<b>662</b>	<b>1,320</b>	<b>1,143</b>	<b>1,025</b>	<b>960</b>	<b>854</b>	<b>736</b>	<b>1,249</b>	<b>1,143</b>	<b>1,025</b>	<b>918</b>	<b>812</b>
<b>Pump Reserve</b>		<b>228</b>	<b>245</b>	<b>261</b>	<b>278</b>	<b>295</b>	<b>271</b>	<b>248</b>	<b>225</b>	<b>201</b>	<b>178</b>	<b>145</b>	<b>161</b>	<b>178</b>
<b>Developer Reserve</b>		<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>311</b>	<b>269</b>	<b>269</b>	<b>269</b>	<b>269</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>
		<b>1,310</b>	<b>1,217</b>	<b>1,893</b>	<b>1,732</b>	<b>1,630</b>	<b>1,501</b>	<b>1,371</b>	<b>1,230</b>	<b>1,719</b>	<b>1,496</b>	<b>1,344</b>	<b>1,255</b>	<b>1,165</b>

1. Levies received May and November
2. Rates received in May
3. Income and Expenditure as per Budget profile.
4. Direct Bonus Saver earns 0.2% interest
5. Deposit Account - 35 Day Notice earns 0.55% interest
6. Deposit Account - 32 Day Notice earns 0.75% interest

## Reconciliation to Annual Budget 2019/20

	£000's		£000's
<b>Cash Received</b>	1,475	<b>Closing Cash</b>	1,165
<b>Cash Spent</b>	<u>-1,620</u>	<b>Opening Cash</b>	<u>-1,310</u>
Net Cash Movement	-145		-145
<b>Adjust</b>			
<b>Plant and Machinery</b>			
Purchases	93		
Sales	-13		
P&L non cash - Book Profit on	<u>9</u>		
	89		
<b>Pump Stations</b>			
Purchases	250		
P&L Non cash - Provision	<u>-200</u>		
	50		
<b>Severnside</b>			
Purchases	94		
P&L Non cash - Income	<u>42</u>		
	136		
<b>Depreciation</b>			
P&L Non cash - Provision	-114		
	<u>16</u>		
	<u>16</u>		
<b>Budget 2019/20</b>	<u>16</u>		
Difference	0		

**LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD**

**Cash Flow Forecast for 2019/20 to 2023/24**

<b>Summary</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Working Capital	812	815	745	612	728
Pump Station Reserve	178	50	300	189	489
Severnside Cash Balances	175	132	87	41	-6
<b>Total Cash at Bank</b>	<b>1,165</b>	<b>997</b>	<b>1,132</b>	<b>842</b>	<b>1,211</b>
Cash Brought Forward	<b>1,310</b>	1,165	997	1,132	842
Income	1,617	1,706	1,770	1,863	1,929
Expenditure	-1,787	-1,819	-1,535	-2,008	-1,636
Add back Depreciation	114	136	174	231	212
Less Capital Purchases	-89	-191	-274	-376	-136
Cash at year end	<b>1,165</b>	<b>997</b>	<b>1,132</b>	<b>842</b>	<b>1,211</b>

	<b>£000's</b>	<b>£000's</b>
<b>Cash at Bank - 1 April 2019</b>		
Number 1 Account	35	
Number 2 Account	31	
Bonus Saver	744	
Deposit NatWest	100	
Deposit Lloyds	400	
		1,310
Working Capital	771	
Pump Station Reserve	228	
Developer Reserve	311	
		1,310
Difference		<b>0</b>

	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
<b>Detail</b>					
<b>Working Capital</b>					
Cash Brought Forward	771	812	815	745	612
Income	1,617	1,706	1,770	1,863	1,929
Expenditure	-1,401	-1,423	-1,490	-1,576	-1,589
Transfer to Pump Station Reserve	-200	-225	-250	-275	-300
Add back Depreciation	114	136	174	231	212
Less Capital Purchases	-89	-191	-274	-376	-136
Cash at year end	812	815	745	612	728
<b>Pump Station Reserve</b>					
Cash Brought Forward	228	178	50	300	189
Transfer from working capital	200	225	250	275	300
Expenditure	-250	-353	0	-386	0
Cash at year end	178	50	300	189	489
<b>Developer Reserve</b>					
Cash Brought Forward	311	175	132	87	41
Income from Developers	0	0	0	0	0
Expenditure	-136	-43	-45	-46	-47
Cash at year end	175	132	87	41	-6