

**Minutes of Treasury Sub-Committee Meeting  
Of the Lower Severn (2005) Internal Drainage Board  
Held Wednesday 13<sup>th</sup> March 2019 at 10.30am  
At the LSIDB Offices**

**Present:** Ald C Williams Chairman  
Mr M Barnes  
Mr J Nichols  
Martin Dear Accounts Officer AO  
Louise Reading Minutes

<b>2835</b>	<b>Apologies/Welcome</b> Apologies were received from Cllr M Riddle.	
<b>2836</b>	<b>Chairman's Announcements</b> The Chairman welcomed Louise Reading to the Board.	
<b>2837</b>	<b>Declaration of Member's Interest</b> No interests were declared.	
<b>2838</b>	<b>Minutes of the Previous Meeting</b> Minute 2770 should be corrected to say the last year not the last quarter.  <b>It was resolved that:</b> <ul style="list-style-type: none"> <li>• <b>Subject to this amendment the minutes of the 7<sup>th</sup> November 2018 meeting be approved as a true and accurate record.</b></li> </ul>	
<b>2839</b>	<b>Treasury Management and Reserves Policy</b> Alderman Williams raised 2 points on the proposed Treasury Management and Reserve Policy, firstly to take out the word Management from The Treasury Management Sub-Committee.  Secondly, should there be a mechanism within the board as to what to do with surplus developer's funds.  It was suggested that surplus funds be invested.  Mr Nichols questioned could the surplus cash reserves be reinvested in investments; concerns were raised over accessibility of the cash and it was agreed that it would only be for developer's funds as this is long term funding and hence can be invested in long term investments.  The AO said he would like terms of reference for the Treasury Sub-Committee to be compiled. These terms of reference will need to be agreed by the Finance and General Purposes Committee.  <b>It was resolved that:</b> <ul style="list-style-type: none"> <li>• <b>A paragraph, solely for developers' funds, should be drafted and agreed by the Chairman, to say having regard to the overall cash flow, this sub-committee has the authority to invest future sums received from Developers.</b></li> </ul>	<u>Action 1</u> Remove Management from the section 2 Accountabilities  <u>Action 2</u> Add paragraph to Treasury Management & Reserve Policy  <u>Action 3</u> AO to produce Terms of Reference for the consideration at the next F&GP meeting.
<b>2840</b>	<b>Developers Funds</b> The AO has included the M49 improvement works contribution in the figures for 2019/2020. Should this payment be made then the cash reserves will decrease considerably.	

	<p>These figures did not include any income from developers. Any funds received from developers will change the figures significantly.</p> <p>The AO assured Alderman Williams that the annual increase of 3% of the sum transferred to the Income and Expenditure account is currently adequate.</p>	
2841	<p><b>Investment Performance Smith &amp; Williamson</b></p> <p>The underperformance of investments was discussed at great length. Concerns were raised as to why the funds had performed so badly against the balanced and world indices.</p> <p>The overall value of investments had improved in the February 2019 report.</p> <p>Mr Nichols suggested that a strong letter be sent to Smith &amp; Williamson outlining concerns on the underperformance and that we may consider alternative investment companies.</p> <p>Mr Nichols too raised concerns that the portfolio is missing a couple of leading funds.</p> <p>The AO suggested that we can give Smith &amp; Williamson to September to improve and then have a lengthy conversation at the September meeting.</p> <p>Mr Nichols asked if the figures on the AO's spreadsheets are net of fees.</p> <p>The AO explained the figures on his spreadsheet were not net of fees, however they were also not inclusive of cash held. The amount of cash held is net of fees. The figures net of fees can be found in the Smith &amp; Williams report.</p> <p>It was agreed that the AO did not need to provide any other schedules for comparative purposes.</p> <p><b>It was resolved that:</b></p> <ul style="list-style-type: none"> <li>• <b>A letter be sent to Smith &amp; Williamson to address and discuss concerns over underperformance and if no improvements are seen we may need to review out situation in the September meeting.</b></li> </ul>	<p><u>Action 3</u> Chairman/AO to write Letter to S &amp; W addressing concerns</p>
2842	<p><b>Cash Flow – Pump Replacement Programme</b></p> <p>Alderman Williams asked Mr Barnes if the figures and timescales were reasonable for the pump replacement programme. Mr Barnes informed the committee that the Land Drainage Engineer had carefully considered all aspects and that he was as happy as he can that this is currently a reasonable and fair cash flow. However, there will be things that occur that can not be foreseen.</p> <p>The AO reassured the sub-committee that enough was being transferred in to the designated reserve.</p> <p>Mr Nichols enquired if there were price comparisons available as pumps were being completed over several years. Unfortunately, the pumps vary and it is hard to estimate future pricing of pumps. The Engineers are monitoring this.</p> <p>It was agreed that the pump replacement programme and capital programme would be treated in isolation until the capital programme was fully developed.</p>	

2843	<p><b>Cash Flow 18/19 &amp; 19/20</b> Alderman Williams questioned would it benefit the Board to have more cash on deposit as there are high levels of surplus cash in both this cash flow and next year's cash flow. It is important to retain easy access.</p> <p><b>It was resolved that £300,000 be transferred from the bonus saver to NatWest 35-day Account.</b></p>	<p><u>Action 4</u> AO to move money into Deposit account</p>
2844	<p><b>Cash Flow 2019/2020 – 2023/2024</b> A high-level overview of the next few years cashflow was presented by the AO.</p>	
2845	<p><b>Chairman's Items</b> To assist committee members living a considerable distance it was requested that the meeting start time be moved to 10.30am This was agreed.</p> <p>At the Boards instruction the Financial Regulations are to be reviewed at the next Board meeting on 5<sup>th</sup> June. The Engineering Committee do not have a meeting scheduled before this time. Mr Barnes suggested that the Capital Program will take some time and it is unlikely that the Engineering committee will meet before this time.</p> <p>The Financial Regulations will need to be submitted to the Governance and Probity Meeting on April 3<sup>rd</sup> for advice then onto the Finance and General Purposes meeting on 22<sup>nd</sup> May for comment before being submitted to the Full Board for final determination.</p> <p><b>It was resolved that</b></p> <ul style="list-style-type: none"> <li>• <b>The Treasury Sub-Committee meetings will start at 10.30am</b></li> </ul>	<p><u>Action 5</u> AO to liaise with Principal Officer.</p>
	The Meeting closed at 12.05pm	