

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

# Treasury Meeting

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Wednesday 18 July 2018

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

**Minutes of Treasury Management Sub-Committee Meeting  
Of the Lower Severn (2005) Internal Drainage Board  
Held Wednesday 14<sup>th</sup> March 2018 at 10.00 am  
At Drainage Board Offices, Waterside Buildings**

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

<b>2641.</b>	<p><b>Election Chair for 2017/18</b></p> <p><b>It was resolved that:</b></p> <ul style="list-style-type: none"> <li>• Ald Williams be appointed to chair the Treasury Sub-Committee until the annual meeting in November 2018.</li> </ul>	
<b>2642.</b>	<p><b>Apologies</b></p> <p>Vere Boscawen had forwarded his apologies for not attending the meeting. Now the fund had been set up it was his intention to attend the Treasury Sub-Committee meeting annually.</p>	
<b>2643.</b>	<p><b>Declaration of Member's Interest</b></p> <p>No interests were declared.</p>	
<b>2644.</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>• The minutes of the 1<sup>st</sup> November 2017 meeting be approved as a true and accurate record.</li> </ul>	
<b>2645.</b>	<p><b>Market Update</b></p> <p>Smith &amp; Williamson had circulated updated valuations of the Board's securities. As Mr Boscawen was not in attendance the AO summarised his discussion with Vere Boscawen on the markets.</p> <p>In January 2018 the markets had risen but had re-adjusted in February and had settled in March.</p> <p>As most of the LSIDB investments were outside the UK any negative effect of BREXIT would be minimised. If the value of the £ fell overseas investments would be more attractive. Market growth had been strong. Inflation was rising but any increase in interest rates would be by small increments. The UK economy was strong but may be slowed by BREXIT and overseas markets were also strong.</p> <p>He commented that the LSIDB should remain comfortable with the investments and considered there was no need to be change the portfolio at this time.</p>	
<b>2646.</b>	<p><b>Review of Current Portfolio</b></p> <p>The Committee reviewed the latest portfolio performance.</p> <p>The AO was asked to obtain 'Key Investor Information Document (KIID)' for the two infrastructure funds; Sequoia Economic and John Laing which had shown poor capital growth but good gross yield income and to ask Smith &amp; Williamson to comment.</p>	<p><u>Action 1</u> AO – KIID for two infrastructure funds</p>

2647.	<p><b>Future Investment Strategy</b></p> <p>The Committee were happy to continue with the medium term risk strategy and were satisfied with the spread of investments within the portfolio.</p> <p>The AO asked the Committee to mindful that in the future investment income would be required to balance out rate increases rather than be re-invested.</p>	
2648.	<p><b>Smith &amp; Williamson Agreement</b></p> <p>Smith &amp; Williamson had reviewed their agreement and made changes to the way information was provided to investors. The Client Money Account would be closed and funds transferred to the LSIDB investment account.</p> <p><b>It was resolved that:</b></p> <ul style="list-style-type: none"> <li>The changes itemised in the Smith and Williamson agreement dated March 2018 be accepted.</li> </ul>	<p><u>Action 2</u> AO – Accept the agreement</p>
2649.	<p><b>Schedule of Increases in Investments</b></p> <p>The last £50,000 had been transferred to Smith and Williamson for investment, making the total invested £500,000 at the 31<sup>st</sup> March 2017. The AO had produced a schedule to make an easy comparison, using the 31<sup>st</sup> March 2017 as the base date. This showed a total return of 5.94% in the 10 months to 31<sup>st</sup> January 2018.</p> <p>The Committee found the schedule a useful tool and suggested that when the AO updated the schedule for future meetings he include a comparison with RPI and World Index and also to itemise the management charge.</p>	<p><u>Action 3</u> AO Include additional information</p>
2650.	<p><b>Cash Flow – Cash Deposits</b></p> <p>The AO had produced a summary of the annual cash flow forecast from 2018/19 to 2022/23. The Committee requested the AO research short term deposit accounts with a view to getting a better return on surplus cash that was available throughout the year. This should include a wider range of banks than the Board had previously considered. The AO explained that a maximum of £85,000 could be deposited to be guaranteed by the government in each account.</p> <p>It was agreed to hold an ad hoc Treasury Sub-Committee meeting prior to June, to consider this information. In the meantime the AO would establish if the Sub-Committee could place deposits or if full Board approval was required.</p> <p>The AO asked the Committee the reasons for the number of separate bank accounts. The AO was instructed to contact the former RFO.</p>	<p><u>Action 3</u> AO - Research deposit accounts before June. Check terms of reference. Arrange meeting</p> <p><u>Action 4</u> AO to contact former RFO</p>
	The meeting closed at 10.45 am	

Lower Severn (2005) Internal Drainage Board

Monthly Cash Flow 2018/19

	2018						2019					
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	£ 000's actual	£ 000's actual	£ 000's actual	£ 000's forecast	£ 000's forecast	£ 000's forecast	£ 000's forecast	£ 000's forecast	£ 000's forecast	£ 000's forecast	£ 000's forecast	£ 000's forecast
<b>Balance b/f</b>	1,376	1,464	1,567	1,492	1,386	1,302	1,229	1,016	1,478	1,394	991	817
Income	168	207	14	9	9	21	9	676	13	9	9	10
Expenditure	-80	-104	-89	-115	-93	-94	-222	-214	-97	-412	-183	-90
<b>Balance c/f</b>	<u>1,464</u>	<u>1,567</u>	<u>1,492</u>	<u>1,386</u>	<u>1,302</u>	<u>1,229</u>	<u>1,016</u>	<u>1,478</u>	<u>1,394</u>	<u>991</u>	<u>817</u>	<u>737</u>
Check Total	1,464	1,567	1,492	1,386	1,302	1,229	1,016	1,478	1,394	991	817	737

Cash at Bank

As at 1 April 2018

Natwest

Number 1 Account	101	233	139	62	97	213	239	126	88	3	66	86	155
Number 2 Account	31	32	29	31	31	31	31	31	31	31	31	31	31
Bonus Saver	528	529	729	729	629	429	329	229	729	729	263	163	13
Hampsted Pond	33	33	33	33	33	33	33	33	33	33	33	33	33
Area Wide Charge	187	167	167	167	126	126	127	127	127	128	128	34	35
<b>Lloyds</b> Commuted Sums	96	70	70	70	70	70	70	70	70	70	70	70	70
	<u>976</u>	<u>1,064</u>	<u>1,167</u>	<u>1,092</u>	<u>986</u>	<u>902</u>	<u>829</u>	<u>616</u>	<u>1,078</u>	<u>994</u>	<u>591</u>	<u>417</u>	<u>337</u>
<b>Lloyds</b> 32 Day Notice	400	400	400	400	400	400	400	400	400	400	400	400	400
<b>Total</b>	<u>1,376</u>	<u>1,464</u>	<u>1,567</u>	<u>1,492</u>	<u>1,386</u>	<u>1,302</u>	<u>1,229</u>	<u>1,016</u>	<u>1,478</u>	<u>1,394</u>	<u>991</u>	<u>817</u>	<u>737</u>

Detail	2018						2019					
	Apr £ 000's actual	May £ 000's actual	Jun £ 000's forecast	Jul £ 000's forecast	Aug £ 000's forecast	Sep £ 000's forecast	Oct £ 000's forecast	Nov £ 000's forecast	Dec £ 000's forecast	Jan £ 000's forecast	Feb £ 000's forecast	Mar £ 000's forecast
<b>Working Capital - No. 1 A/c</b>												
Cash Brought Forward	100	221	114	25	47	151	164	153	100	11	118	123
Income	168	207	14	9	9	20	9	676	12	9	9	9
Expenditure	-24	-49	-34	-51	-29	-30	-44	-154	-32	-32	-35	-35
Transfer to Pump Station	-14	-15	-14	-15	-14	-15	-14	-15	-14	-15	-15	-15
Transfer to and from No. 2 A/c	-55	-50	-55	-62	-62	-62	-62	-60	-55	-55	-54	-55
Transfer to Bonus Saver		-200		100	200	100	100	-500	0	200	100	150
Transfer from Severnside	46			41								
Cash Carried Forward	221	114	25	47	151	164	153	100	11	118	123	177
<b>Pump Station Reserve</b>												
Cash Brought Forward - No. 1 A/c	0	12	25	37	50	62	75	-27	-12	-8	-52	-37
Cash Brought Forward - Bonus Saver	266	266	266	266	266	266	266	266	266	266		
Transfer from Working Capital	14	15	14	15	14	15	14	15	14	15	15	15
Expenditure	-2	-2	-2	-2	-2	-2	-116		-10	-325		
Cash Carried Forward	278	291	303	316	328	341	239	254	258	-52	-37	-22
<b>Employment Costs - No. 2 A/c</b>												
Cash Brought Forward	31	32	29	31	31	31	31	31	31	31	31	31
Transfer from No. 1 A/c	55	50	55	62	62	62	62	60	55	55	54	55
Expenditure	-54	-53	-53	-62	-62	-62	-62	-60	-55	-55	-54	-55
Cash Carried Forward	32	29	31	31	31	31	31	31	31	31	31	31
<b>Bonus Saver</b>												
Cash Brought Forward	529	529	729	729	629	429	329	229	729	729	263	163
Less Pump Station Cash	-266	-266	-266	-266	-266	-266	-266	-266	-266	-266	0	0
Net cash balance	263	263	463	463	363	163	63	-37	463	463	263	163
Transfer from and to No. 1 A/c	0	200	0	-100	-200	-100	-100	500	0	-466	-100	-150
Income												
Net Cash Carried Forward	263	463	463	363	163	63	-37	463	463	-3	163	13
Pump Station Cash	266	266	266	266	266	266	266	266	266	266	0	0
Total Cash Carried Forward	529	729	729	629	429	329	229	729	729	263	163	13
<b>Lloyds 32 Day Notice</b>												
Cash Brought Forward	400	400	400	400	400	400	400	400	400	400	400	400
Income												
Cash Carried Forward	400	400	400	400	400	400	400	400	400	400	400	400

**Sevenside - Area Wide & Commuted Sums A/cs**

Cash Brought Forward	283	237	237	237	196	196	197	197	197	198	198	104
Transfer to No. 1 A/c	-46	0	0	0	0	0	0	0	0	0	0	0
Income						1			1			1
Expenditure				-41							-94	
Cash Carried Forward	<u>237</u>	<u>237</u>	<u>237</u>	<u>196</u>	<u>196</u>	<u>197</u>	<u>197</u>	<u>197</u>	<u>198</u>	<u>198</u>	<u>104</u>	<u>105</u>

**Hempsted Pond**

Cash Brought Forward	33	33	33	33	33	33	33	33	33	33	33	33
Income												
Expenditure												
Cash Carried Forward	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>

LOWER SEVERN (2205) INTERNAL DRAINAGE BOARD

Cash Flow Forecast for 2018/19 to 2022/23

		2018/19	2019/20	2020/21	2021/22	2022/23
		£000's	£000's	£000's	£000's	£000's
<b>Summary</b>						
<b>Balance b/f</b>		1,376	737	801	771	863
	Income	1,154	1,572	1,592	1,660	1,741
	Expenditure	-1,793	-1,508	-1,622	-1,568	-2,108
<b>Balance c/f</b>		<b>737</b>	<b>801</b>	<b>771</b>	<b>863</b>	<b>496</b>
	Check Total	737	801	771	863	496
<b>Cash at Bank</b>						
<b>Natwest</b>						
		As at 1 April 2018				
	Number 1 Account	101	205	310	323	460
	Number 2 Account	31	31	31	31	31
	Bonus Saver	528	-37	-37	-37	-37
	Hampstead Pond	33	33	33	33	33
	Area Wide Charge	187	70	70	70	70
<b>Lloyds</b>	Commuted Sums	96	35	-6	-49	-140
		976	337	401	371	463
<b>Lloyds</b>	32 Day Notice	400	400	400	400	400
<b>Total</b>		<b>1,376</b>	<b>737</b>	<b>801</b>	<b>771</b>	<b>863</b>

	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
<b>Detail</b>					
<b>Working Capital - No 1 A/c</b>					
Cash Brought Forward	100	227	132	273	160
Income	1,151	1,571	1,591	1,660	1,741
Expenditure	-528	-540	-554	-569	-582
Transfer to Pump Station	-175	-200	-225	-250	-275
Transfer to and from No. 2 A/c	-687	-701	-715	-729	-744
Transfer to Bonus Saver	300				
Transfer from Severnside	87	42	44	45	46
Less Capital Purchases	-21	-267	0	-270	-396
Cash at year end	227	132	273	160	-50
<b>Pump Station Reserve</b>					
Cash Brought Forward - No. 1 A/c	0	-22	178	50	300
Cash Brought Forward - Bonus Saver	266				
Transfer from working capital	175	200	225	250	275
Expenditure	-463	0	-353	0	-386
Cash at year end	-22	178	50	300	189
<b>Employment Costs - No. 2 A/c</b>					
Cash Brought Forward	31	31	31	31	31
Transfer from No. 1 A/c	687	701	715	729	744
Expenditure	-687	-701	-715	-729	-744
Cash at year end	31	31	31	31	31
<b>Bonus Saver</b>					
Cash Brought Forward	529	-37	-37	-37	-37
Less Pump Station Cash	-266	0	0	0	0
Net cash balance	263	-37	-37	-37	-37
Transfer from and to No. 1 A/c	-300				
Income					
Net Cash Carried Forward	-37	-37	-37	-37	-37
Pump Station Cash	0	0	0	0	0
Total Cash at year end	-37	-37	-37	-37	-37
<b>Lloyds 32 Day Notice</b>					
Cash Brought Forward	400	400	400	400	400
Income					
Cash at year end	400	400	400	400	400
<b>Severnside - Area Wide &amp; Commuted Sum A/cs</b>					
Cash Brought Forward	283	105	64	21	-24
Transfer to No. 1 A/c	-46				
Income from Developers	0	0	0	0	0
Income from Bank Interest	3	1	1	0	0
Expenditure	-135	-42	-44	-45	-46
Cash at year end	105	64	21	-24	-70
<b>Hempsted Pond</b>					
Cash Brought Forward	33	33	33	33	33
Income	0	0	0	0	0
Expenditure	0	0	0	0	0
Cash at year end	33	33	33	33	33



## Lower Severn (2005) Internal Drainage Board

### Available Interest Rates

As at 6 July 2018

Bank / Building Society	Type	Interest	Business Deposit Rate	Notes
Coventry	Instant	1.35%	?	Reverts to 1.00% after 12 months. Maximum of 3 withdrawals in a year
Post Office	Instant	1.33%	?	Reverts to 0.25% after 12 months
Shawbrook	Instant	1.30%	?	
Sainsbury's	Instant	1.30%	?	Maximum of 3 withdrawals in a year
Paragon	Instant	1.25%	?	
Ford	Instant	1.22%	?	
Virgin	Instant	1.01%	Yes	
Kent Reliance	Instant	0.90%	Yes	
Aldermore	Instant	0.85%	Yes	
Atom	12 Months	2.05%	?	
Gatehouse	12 Months	2.00%	?	
Charter Savings	12 Months	1.90%	?	
Masthaven	12 Months	1.86%	?	
Paragon	12 Months	1.81%	?	
Post Office	12 Months	1.70%	?	
Ford	12 months	1.70%	?	
OakNorth	12 Months	1.61%	Yes	
Virgin	12 Months	1.60%	Yes	
Aldermore	12 Months	1.50%	Yes	
Shawbrook	12 Months	1.25%	Yes	
Metro	12 Months	1.00%	Yes	

Note:

1. All of the above are Financial Services Compensation Scheme (£85,000)
2. Some Banks are shown more than once. Will only invest a maximum of £85,000 in total per bank.
3. Need to check that business deposits are ok for each account.
4. These tend to be time limited offers and once the required subscription level is reached the offer is withdrawn.
5. £85,000 times 5 is £425,000
6. Generally - Business rates are quarter of a percentage point lower than personal borrowing rates
7. Current Interest Rate on Lloyds 32 Day Notice Account is 0.57%
8. 1.00% of £85,000 is £850
9. 0.50% of £85,000 is £425
10. 0.20% of £85,000 is £170
11. 0.10% of £85,000 is £85