LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Treasury Meeting

Wednesday 11th March 2020

LSIDB Office
10.30am

TERMS OF REFERENCE

OF THE TREASURY SUB COMMITTEE

Approved 5th June 2019, Minute 2880

Matters for determination by the Sub Committee.

1. To ensure that the Sub Committee meets at least twice a year.

2. To determine the future investment strategy of the funds held as long term investments, having taken professional advice.

3. To reinvest the income accumulated from the long term investments, having taken professional advice.

4. To invest future contributions received from developers. Having taken professional advice.

5. To undertake portfolio reviews of the investment strategy twice a year.

6. To plan cash management and determine the placing of short term cash surpluses in deposit accounts on an annual basis.

Matters for recommendation by the Sub Committee to the Finance and General Purposes Committee

7. To review the Treasury Management Policy.

8. To review the Capital Financing and Reserves Policy annually.

Minutes of Treasury Sub-Committee Meeting
Of the Lower Severn (2005) Internal Drainage Board
Held Wednesday 4th September 2019 at 10.30am
At the LSIDB Offices

Present:	Ald C Williams	Chairman	
	Cllr M Riddle		
	Mr J Nichols		
	Cllr P Abraham	Deputy for Mike Barnes	
	Martin Dear	Accounts Officer	AO
	Louise Reading	Minutes	
	Mr V Boscawen	Smith & Williamson	S&W
	(For items 2897, 2898 & 2899)		

2891	**Apologies/Welcome** Apologies were received from Mike Barnes. The Chairman welcomed Cllr P Abraham to the meeting who was deputising for Mike Barnes. The Chairman welcomed Vere Boscawen to the meeting at 11.15.	
2892	**Chairman's Announcements.** There were no announcements.	
2893	**Declaration of Members' Interests** No interests were declared.	
2894	**Minutes of the Previous Meeting** **It was resolved that:** • **The minutes of the meeting held on 13th March 2019 be approved.**	
2895	**Matters arising from the minutes** All actions were complete.	
2896	**Schedule of Investments** Ald Williams provided Cllr Abraham with a brief overview. The equity portfolio had not performed well and Mr Nicholls raised the point that perhaps some funds should be invested into a Worldwide Tracker Index. The AO handed out copies of the original contract taken out with S&W, which originally instructed S&W to provide a balanced portfolio. Discussion took place as to whether the cash balance in the developer's funds could be invested to increase return and perhaps these funds could be invested into a Worldwide Tracker Index. The AO reminded the Members that working capital and cash flow would need to be considered prior to the investment of any large cash sums. The AO asked Members which investment schedules they would like to see at future meetings. **It was resolved that:** • **The AO will provide the Treasury Sub Committee with an investment schedule from 1st April 2017 to the current date at future meetings.**	**<u>Action 1</u>** **AO to provide investment schedules from 1st April 2017**

2897	**Review of current Portfolio** Mr Boscawen reported to Members that the value of the current portfolio had delivered a return of 11.89% against a benchmark of 13.83% since 1st January 2019 with a yield of 3.6%.	
2898	**Market Update** The market fell sharply in Q4 of 2018 but has since recovered in 2019. Economical Growth in the USA has declined impacting on stocks and shares across the globe due to the trade war with China. It is considered that this will deescalate soon with impending elections in the USA. Brexit is also still a concern to international investors and thus they are not investing in the UK markets. Its predicted that once a deal is finalised the UK will reattract international investors.	
2899	**Future Investment Strategy** Mr Boscawen advised that in future the Board should invest in shares that provide capital growth rather than income generated. Mr Boscawen recommended the following investment changes: a) Miton UK Multi Cap be sold and reinvested in Standard Life UK Smaller Companies Trusts Plc. b) Kames Capital Plc Corporate Bond be sold and reinvested into Black Rock Corporate. c) Henderson's Far East Income be sold and reinvested into Pacific Horizon Investment Trust Plc. d) Cash be reinvested into Murray Income and North American Inc Plc The Chairman thanked Mr Boscawen for his time and Mr Boscawen left the meeting. After discussion Members decided that Black Rock was not the right fund to reinvest money due to its performance history. **It was resolved that:** • **Miton UK Multi Cap be sold and reinvested in Standard Life UK Smaller Companies Trusts Plc** • **Kames Capital Plc Corporate Bond be sold and reinvested 50:50 to Invesco Corporate Bond Fund and Murray Income.** • **Henderson's Far East Income be sold and reinvested into Pacific Horizon Investment Trust Plc.** • **The surplus cash within S&W be invested 50:50 into Murray Income and North American Inc Plc.**	**Action 2** **AO to instruct S&W**
2900	**Balance Sheet & Developers Funds as at 30th June 2019** The Chairman advised that he had checked with the AO that there were no material changes to these figures in July or August. Other than earlier discussions on the investment of cash there was no further comment.	
2901	**Cash flow forecast Pump replacement to 2025/2026** The AO informed the Sub Committee that he was planning to visit these figures as they were 3 years old. The Members supported the AO suggestion that the pump replacement programme already budgets for an annual increase in drainage rates and levy of £25,000, it would be prudent that if any further funds are needed that this is met from unallocated reserves in the first instance.	

2902	**Cash flow for 2019/2020** The AO reported to the Sub Committee that the cash flow was healthy. Ald Williams proposed transferring some money from the direct reserve account into a 32- or 35-day deposit. This to be reviewed on a monthly basis. Mr Nicholls suggested asking the bank to set up parameters in which money could be automatically moved at the end of each month.	**Action 3** **The AO to speak to the bank.**
2903	**Cash Flow 2019/2020 – 2023/2024** The figures were presented to the Sub Committee. Mr Nichols asked what would happen in the event of serve flood damage. The AO explained dependent on severity, other bodies may be responsible. The Board had Insurance in place to cover its responsibilities.	
2904	**Review of Reserves.** The Chairman hadn't appreciated that the Engineering Committee only meet once a year and therefore they hadn't considered the Capital Programme. Thus, the review of the reserves policy was made in this context. The Sub Committee discussed if it would be more prudent for the Engineering Committee to meet more frequently. The reserves were reviewed. Observations were made in respect that the Pump Station Replacement may require further allocation and that the Pensions Reserve remained a liability to the Board. It was agreed by the Members that £150,000 from the Developers Reserves should be invested into a Worldwide Tracker Index. Whether this should be with S&W or managed as a separate entity in house depending on how much administration was required and the additional charges S&W would require. The AO reminded the Members that ADA Good Guidance suggests that professional advice should be sought and if advice isn't taken then clear guidance as to why should be recorded. The Members further discussed chargeable fees and how they would differ from self-managed, a nominee or through a Broker. It was suggested that perhaps NatWest could act on the Board's behalf in this case. **It was resolved that:** • **The AO would seek advice from S&W about investing £150,000 into a Worldwide tracker Index, what the top three funds would be, the fees or charges for holding or administering this investment.** • **The AO would also enquire with the bank about holding the investment.** • **The AO will circulate his findings by email and Members will respond electronically to decide the way forward.**	**Action 4** **Cllr Riddle to discuss with the Engineering Committee Chair.** **Action 5** **The AO to investigate options.**
	The date of next meeting to be advised	
	The Meeting closed at 12.30pm	

Dear Martin,

Please find attached valuations to date comparison with 31st of December 2018 and with the 2nd September which was the valuation presented at the last meeting.

Both have been password protected with the client code.

The performance since 31st of December is +15.62%, comfortably ahead of the MSCI PIMFA Balanced benchmark return of +11.50%, returns since the 2nd of September are also ahead of the benchmark at +3.34% vs -2.04% from the benchmark. Over the period the portfolio has benefitted from strong performance of the UK small and Midcap Investment trusts with the removal of some political risk following a decisive election victory for the conservative party, this also benefited Picton Property which was also amongst the top performers in the period. Holdings with a focus on growth such has Monks Investment Trust also performed well as expectations of improving global growth and accommodative monetary policy provided a supportive backdrop for these companies.

Over the last week we have seen a sharp selloff following news that the Coronavirus is spreading quickly outside of China, sparking fears that this could trigger a global recession. While the virus will clearly affect growth in the near term we believe that personal consumption is supported by low unemployment rates in the US, UK, Eurozone and Japan, that manufacturing was weak last year and so there is room for factory output upside once the impact of the virus begins to subside and that central banks and governments will utilise the policy instruments available to them to support markets through monetary and fiscal stimulus. We therefore believe that markets are likely to find support in the coming days and that global growth is likely to pick up later in the year once the impact of the virus is behind us.

We are happy with the current portfolio composition and do not have any current recommendations.

Let me know if you have any questions.

Kind regards

Jamie

Jamie Kirkpatrick
Associate Director
Smith & Williamson Investment Management LLP

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Valuation of securities

27 February 2020

The
Lower Severn Int Drainage Brd

Smith & Williamson

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This portfolio is managed by Smith & Williamson Investment Management LLP. This valuation sets out the asset allocation and holdings as at the date shown and the performance of the portfolio. The asset allocation and choice of investments reflect how the portfolio meets the investment preferences and objectives.

The portfolio's core objective is a balance between income and growth, over a longer term time horizon. The chosen investment strategy is Multi-asset Portfolio C, as defined at the back of the valuation.

If you would like to discuss this valuation or make a change to the objectives or preferences, including risk tolerances, please contact your investment manager. Please also notify us of any changes in personal or financial circumstances which might have a bearing on how the portfolio is managed.

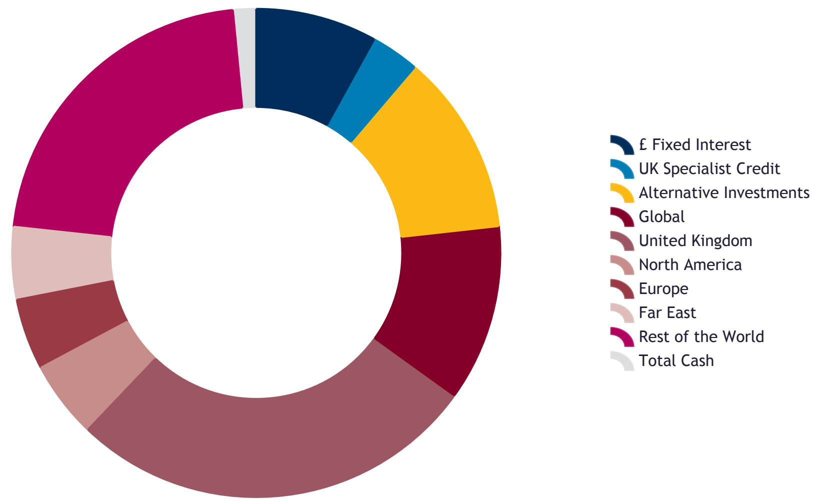
Valuation Summary

As at 31 December 2018 Value £	%		As at 27 February 2020 Value £	%
73,298	**13.2**	**£ Fixed Interest**	**63,430**	**8.0**
26,105	**4.7**	**UK Specialist Credit**	**25,346**	**3.2**
83,373	**15.0**	**Alternative Investments**	**95,009**	**12.0**
77,076	**13.9**	**Global**	**92,355**	**11.7**
160,268	**28.8**	**United Kingdom**	**214,932**	**27.2**
160,268	28.8	Investment & Unit Trusts	214,932	27.2
30,380	**5.5**	**North America**	**40,305**	**5.1**
30,380	5.5	USA	40,305	5.1
34,825	**6.3**	**Europe**	**37,259**	**4.7**
34,500	**6.2**	**Far East**	**37,893**	**4.8**
28,557	**5.1**	**Rest of the World**	**172,003**	**21.8**
548,382	**98.6**	**TOTAL - ALL SECURITIES**	**778,532**	**98.5**
8,024	**1.4**	**Total Cash**	**12,112**	**1.5**
556,406	**100.0**	**GRAND TOTAL VALUE**	**790,644**	**100.0**

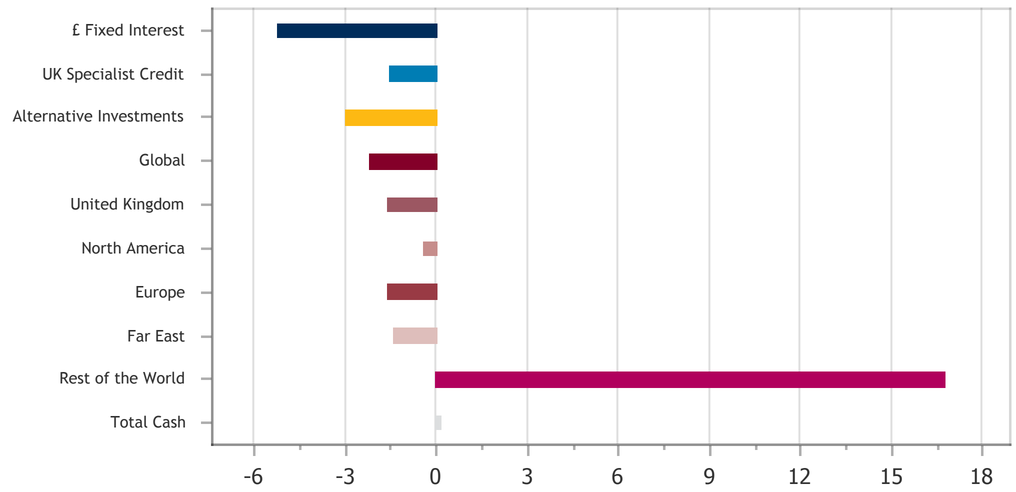
Asset Allocation

As at 27 February 2020	Market Value (£)	%
Bonds		
£ Fixed Interest	63,430	8.0
UK Specialist Credit	25,346	3.2
		11.2
Alternative Investments	95,009	**12.0**
Equities		
Global	92,355	11.7
United Kingdom	214,932	27.2
North America	40,305	5.1
Europe	37,259	4.7
Far East	37,893	4.8
Rest of the World	172,003	21.8
		75.3
Total Cash	12,112	**1.5**
Total Portfolio	**790,644**	**100.0**

Asset Allocation as at 27 February 2020



Asset Allocation % Changes from 31 December 2018 to 27 February 2020



Performance Summary and Reconciliation

Portfolio Movement

	Income £	Capital £
Opening value for 31 December 2018	**3,040**	**556,406**
Capital introduced (withdrawn)		149,928
Income received	25,978	
Income capitalised	(27,702)	27,702
Net movement	**(1,723)**	**177,630**
Adjusted opening value		**734,036**
Closing value for 27 February 2020	**1,317**	**790,644**
Change in value		**56,608**

Statement of Total Return

Capital gain	56,608
Income received	25,978
Total Return	**82,587**
Portfolio Return on Total Return basis (primary)	**+15.62%**
Portfolio Return on Capital Return basis	**+11.06%**

Performance Comparison

	31 Dec 2018	27 Feb 2020	Change %
Portfolio Return			**+15.62**
Market Index Movements			
MSCI PIMFA Bal NR	2,123.62	2,367.84	+11.50
MSCI World NR	10,198.74	11,917.85	+16.86
MSCI ACWI NR	261.55	303.10	+15.89

The Portfolio Return percentages are calculated using month end valuation points, after deduction of fees charged and with money in / out time weighted. Past performance is not an indication of future performance.

		Book Cost £	Price	Value £	Total %	Estimated Gross Income £	Estimated Gross Yield %
£ Fixed Interest							
25,750	Schroder Unit Trusts Strategic Credit L Dis	24,730	£ 0.955	24,591	3.11	1,061	4.3
17,750	Invesco Fund Managers IP Corporate Bond Z Inc	37,049	£ 2.1881	38,839	4.91	1,173	3.0
Total: £ Fixed Interest		61,779		63,430	8.02	2,234	3.5
UK Specialist Credit							
23,000	Sequoia Economic Infra Inc Fd NPV	24,934	110.20 p	25,346	3.21	1,438	5.7
Alternative Investments							
Property funds							
29,550	Standard Life Inv Prp Inc Tst Ord GBP0.01	25,116	90.80 p	26,831	3.39	1,407	5.2
33,250	Picton Property Income Limited Ord NPV	24,834	98.40 p	32,718	4.14	1,164	3.6
Total: Property funds		49,950		59,549	7.53	2,571	4.3
Other							
12,000	3I Infrastructure Ord NPV	29,832	295.50 p	35,460	4.48	1,104	3.1
Total: Alternative Investments		79,782		95,009	12.02	3,675	3.9
Global							
7,000	The Monks Investment Trust Ord GBP0.05	60,339	927.00 p	64,890	8.21	130	0.2

		Book Cost £	Price	Value £	Total %	Estimated Gross Income £	Estimated Gross Yield %
30,000	Artemis Fund Managers Global Income Units Instl Inc	25,570	£ 0.9155	27,465	3.47	948	3.5
Total: Global		85,909		92,355	11.68	1,078	1.2
United Kingdom							
Investment & Unit Trusts							
5,850	Standard Life UK Sml Co Trust Ord GBP0.25	28,124	544.00 p	31,824	4.03	474	1.5
9,200	Schroder UK Mid Cap Fd PLC Ord GBP0.25	40,004	579.00 p	53,268	6.74	1,702	3.2
9,625	Murray Income Trust Ord GBP0.25	70,422	862.00 p	82,968	10.49	3,176	3.8
8,400	Invesco Perp UK Smlr Cos IT Ord GBP0.20	36,190	558.00 p	46,872	5.93	1,588	3.4
		174,740		214,932	27.18	6,940	3.2
USA							
14,900	North American Inc Tst PLC Ord GBP0.05	32,986	270.50 p	40,305	5.10	1,311	3.3
Europe							
4,425	Baillie Gifford Eurp Inv Tst Ord GBP0.25	30,998	842.00 p	37,259	4.71	1,372	3.7
Far East							
11,500	Pacific Horizon Inv Trust Ord GBP0.10	36,741	329.50 p	37,893	4.79	40	0.1

		Book Cost £	Price	Value £	Total %	Estimated Gross Income £	Estimated Gross Yield %
Rest of the World							
2,125	Vanguard Funds PLC FTSE All-World UCITS ETF (GBP)	149,713	£ 67.72	143,905	18.20	3,234	2.2
4,175	Polar Capital Funds Emg Mkts Inc S GBP Dis NAV Extel update Priced Daily: One Day in Arrears	24,776	£ 6.73 on 26Feb20	28,098	3.55	1,354	4.8
		174,489		172,003	21.75	4,588	2.7
Total - All Securities		**702,358**		**778,532**	**98.47**	**22,676**	**2.9**
Cash							
	LO784-11 INVESTMENT ACCOUNT			12,112	1.53	24	0.20
Total Cash				**12,112**	**1.53**	**24**	**0.20**
Grand Total Value				**790,644**	**100.00**	**22,700**	**2.9**

Notes

You should check the details of your valuation and advise your investment manager of any inaccuracies. The prices used in valuing the portfolio are normally the latest available mid-market prices at the valuation date. Where a price is not current at the valuation date we have indicated the date of the price; funds which price periodically (including daily) compute a price based on net asset value which is applied only to orders taken before the price is published, therefore the price in your valuation may not be the price at which a trade placed at the time the valuation is run would be executed. Holdings in this valuation are based on trade date, with cash positions based on settlement date and unsettled trades included as Bargains for later settlement. Book costs are calculated on a single pool basis; where holdings are subject to UK capital gains tax the costs used for the purposes of calculating taxable gains and losses may be different, especially where holdings were originally acquired prior to 6th April 2008. Estimated gross income and yield uses existing data to estimate future income and includes tax deducted or credited where applicable. Please contact your investment manager if you would like a more detailed breakdown of fees and charges or if you have any questions about your holdings or transactions.

Investment Strategies

Your portfolio is managed by Smith & Williamson Investment Management LLP (registered in England at 25 Moorgate, London EC2R 6AY, number OC369632, authorised and regulated by the Financial Conduct Authority).

Our investment strategies are:

Cash & Fixed Interest Portfolio

(A) This is intended to maximise the predictability of returns and will normally comprise cash, money market instruments and bonds either directly or through appropriate collective investment schemes. It is particularly suitable for clients who want nominal protection of their capital, have a known liability or the funds are only available for shorter time periods.

Multi-asset Portfolio

(B) This is intended to offer the potential for greater returns than cash and fixed interest alone as outlined in (A) by including limited amounts of equities and alternative investments in addition to cash and bonds. It is likely to experience a higher volatility than a Cash and Fixed Interest Portfolio.

(C) This is intended to offer the potential for greater returns than (B). It will usually include a higher proportion of equities and alternative investments to cash and bonds. It is likely to experience higher volatility than (B) and is therefore more likely to be suitable for clients with a longer investment time horizon.

(D) This is intended to offer the potential for greater returns than (C). It will usually be invested in equities, however depending on market conditions and/or your specific requirements it may hold other asset classes including bonds, alternative investments or other investments. It is therefore likely to experience higher volatility than (C) and is suitable for clients with the longest investment time horizons.

Custody Services

Unless otherwise annotated, all the assets within your portfolio are held in safe custody on your behalf by Smith & Williamson Investment Services Limited (registered in England at 25 Moorgate, London EC2R 6AY, number 976145, regulated by the FinancialConduct Authority (FCA)) as custodian in accordance with the FCA's Client Asset Sourcebook (CASS) rules. Securities held by us are either registered in the name of our nominee company or held to our order by a third party custodian appointed by us. Non-financial assets such as property or other chattels are not protected by the FCA's CASS rules. Any assets held by a third party appointed by you are placed at your own risk. These assets may not be offered the same level of protection as those held by Smith & Williamson Investment Services Limited.

Data Sources & Disclosures

The "Exchange Rates used" are the WM/Reuters Closing Spot Rates provided by The World Markets Company plc ("WM") in conjunction with Thomson Reuters. WM shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same, except to the extent that the same is directly caused by its or its employees' negligence.

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Smith & Williamson

Valuation of securities

27 February 2020

The
Lower Severn Int Drainage Brd

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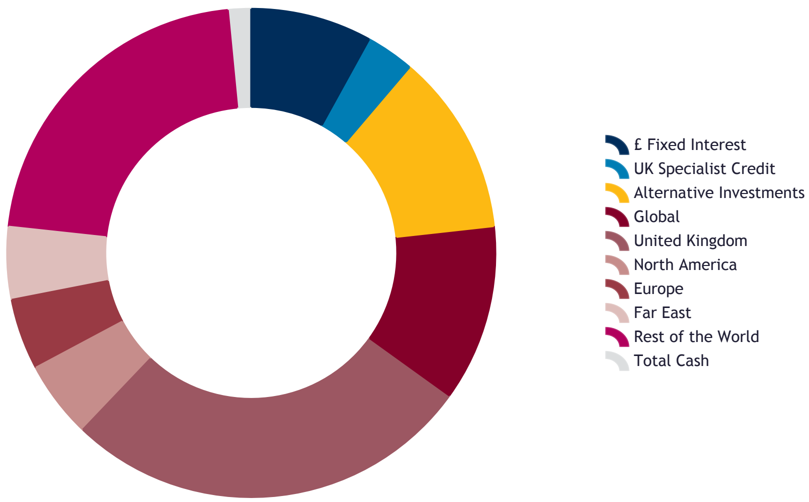
Valuation Summary

As at 2 September 2019			As at 27 February 2020	
Value £	%		Value £	%
76,917	**12.4**	**£ Fixed Interest**	**63,430**	**8.0**
26,542	**4.3**	**UK Specialist Credit**	**25,346**	**3.2**
90,556	**14.6**	**Alternative Investments**	**95,009**	**12.0**
93,235	**15.0**	**Global**	**92,355**	**11.7**
179,296	**28.8**	**United Kingdom**	**214,932**	**27.2**
179,296	28.8	Investment & Unit Trusts	214,932	27.2
35,831	**5.8**	**North America**	**40,305**	**5.1**
35,831	5.8	USA	40,305	5.1
34,515	**5.5**	**Europe**	**37,259**	**4.7**
36,900	**5.9**	**Far East**	**37,893**	**4.8**
29,392	**4.7**	**Rest of the World**	**172,003**	**21.8**
603,184	**97.0**	**TOTAL - ALL SECURITIES**	**778,532**	**98.5**
18,835	**3.0**	**Total Cash**	**12,112**	**1.5**
622,019	**100.0**	**GRAND TOTAL VALUE**	**790,644**	**100.0**

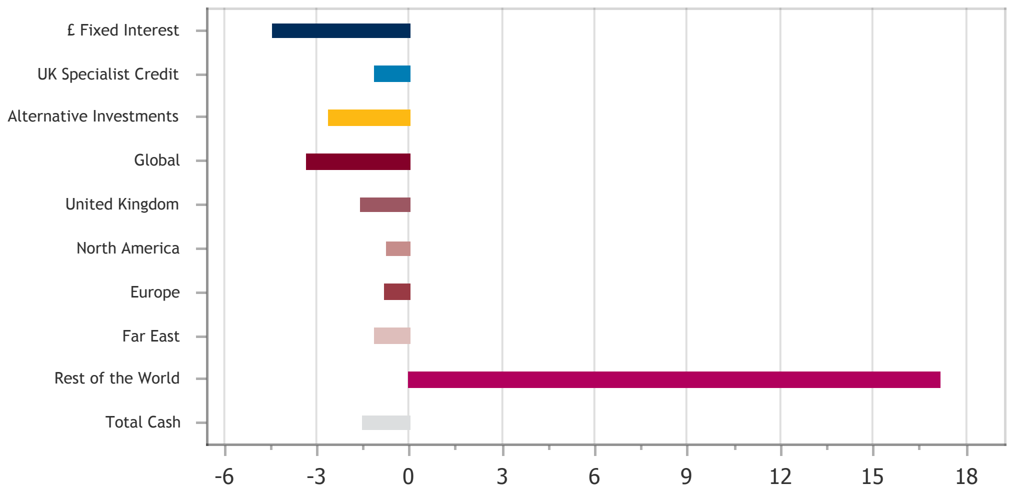
Asset Allocation

As at 27 February 2020	Market Value (£)	%
Bonds		
£ Fixed Interest	63,430	8.0
UK Specialist Credit	25,346	3.2
		11.2
Alternative Investments	95,009	**12.0**
Equities		
Global	92,355	11.7
United Kingdom	214,932	27.2
North America	40,305	5.1
Europe	37,259	4.7
Far East	37,893	4.8
Rest of the World	172,003	21.8
		75.3
Total Cash	12,112	**1.5**
Total Portfolio	**790,644**	**100.0**

Asset Allocation as at 27 February 2020



Asset Allocation % Changes from 2 September 2019 to 27 February 2020



Performance Summary and Reconciliation

Portfolio Movement

	Income £	Capital £
Opening value for 2 September 2019	**3,500**	**622,019**
Capital introduced (withdrawn)		150,000
Income received	9,328	
Income capitalised	(11,511)	11,511
Net movement	**(2,183)**	**161,511**
Adjusted opening value		**783,530**
Closing value for 27 February 2020	**1,317**	**790,644**
Change in value		**7,114**

Statement of Total Return

Capital gain	7,114
Income received	9,328
Total Return	**16,442**
Portfolio Return on Total Return basis (primary)	**+3.34%**
Portfolio Return on Capital Return basis	**+2.02%**

Performance Comparison

	02 Sep 2019	27 Feb 2020	Change %
Portfolio Return			**+3.34**
Market Index Movements			
MSCI PIMFA Bal NR	2,417.24	2,367.84	-2.04
MSCI World NR	12,389.14	11,917.85	-3.80
MSCI ACWI NR	314.01	303.10	-3.47

The Portfolio Return percentages are calculated using month end valuation points, after deduction of fees charged and with money in / out time weighted. Past performance is not an indication of future performance.

		Book Cost £	Price	Value £	Total %	Estimated Gross Income £	Estimated Gross Yield %
£ Fixed Interest							
25,750	Schroder Unit Trusts Strategic Credit L Dis	24,730	£ 0.955	24,591	3.11	1,061	4.3
17,750	Invesco Fund Managers IP Corporate Bond Z Inc	37,049	£ 2.1881	38,839	4.91	1,173	3.0
Total: £ Fixed Interest		61,779		63,430	8.02	2,234	3.5
UK Specialist Credit							
23,000	Sequoia Economic Infra Inc Fd NPV	24,934	110.20 p	25,346	3.21	1,438	5.7
Alternative Investments							
Property funds							
29,550	Standard Life Inv Prp Inc Tst Ord GBP0.01	25,116	90.80 p	26,831	3.39	1,407	5.2
33,250	Picton Property Income Limited Ord NPV	24,834	98.40 p	32,718	4.14	1,164	3.6
Total: Property funds		49,950		59,549	7.53	2,571	4.3
Other							
12,000	3I Infrastructure Ord NPV	29,832	295.50 p	35,460	4.48	1,104	3.1
Total: Alternative Investments		79,782		95,009	12.02	3,675	3.9
Global							
7,000	The Monks Investment Trust Ord GBP0.05	60,339	927.00 p	64,890	8.21	130	0.2

		Book Cost £	Price	Value £	Total %	Estimated Gross Income £	Estimated Gross Yield %
30,000	Artemis Fund Managers Global Income Units Instl Inc	25,570	£ 0.9155	27,465	3.47	948	3.5
Total: Global		85,909		92,355	11.68	1,078	1.2
United Kingdom							
Investment & Unit Trusts							
5,850	Standard Life UK Sml Co Trust Ord GBP0.25	28,124	544.00 p	31,824	4.03	474	1.5
9,200	Schroder UK Mid Cap Fd PLC Ord GBP0.25	40,004	579.00 p	53,268	6.74	1,702	3.2
9,625	Murray Income Trust Ord GBP0.25	70,422	862.00 p	82,968	10.49	3,176	3.8
8,400	Invesco Perp UK Smlr Cos IT Ord GBP0.20	36,190	558.00 p	46,872	5.93	1,588	3.4
		174,740		214,932	27.18	6,940	3.2
USA							
14,900	North American Inc Tst PLC Ord GBP0.05	32,986	270.50 p	40,305	5.10	1,311	3.3
Europe							
4,425	Baillie Gifford Eurp Inv Tst Ord GBP0.25	30,998	842.00 p	37,259	4.71	1,372	3.7
Far East							
11,500	Pacific Horizon Inv Trust Ord GBP0.10	36,741	329.50 p	37,893	4.79	40	0.1

		Book Cost £	Price	Value £	Total %	Estimated Gross Income £	Estimated Gross Yield %
Rest of the World							
2,125	Vanguard Funds PLC FTSE All-World UCITS ETF (GBP)	149,713	£ 67.72	143,905	18.20	3,234	2.2
4,175	Polar Capital Funds Emg Mkts Inc S GBP Dis NAV Extel update Priced Daily: One Day in Arrears	24,776	£ 6.73 on 26Feb20	28,098	3.55	1,354	4.8
		174,489		172,003	21.75	4,588	2.7
Total - All Securities		**702,358**		**778,532**	**98.47**	**22,676**	**2.9**
Cash							
	LO784-11 INVESTMENT ACCOUNT			12,112	1.53	24	0.20
Total Cash				**12,112**	**1.53**	**24**	**0.20**
Grand Total Value				**790,644**	**100.00**	**22,700**	**2.9**

Notes

You should check the details of your valuation and advise your investment manager of any inaccuracies. The prices used in valuing the portfolio are normally the latest available mid-market prices at the valuation date. Where a price is not current at the valuation date we have indicated the date of the price; funds which price periodically (including daily) compute a price based on net asset value which is applied only to orders taken before the price is published, therefore the price in your valuation may not be the price at which a trade placed at the time the valuation is run would be executed. Holdings in this valuation are based on trade date, with cash positions based on settlement date and unsettled trades included as Bargains for later settlement. Book costs are calculated on a single pool basis; where holdings are subject to UK capital gains tax the costs used for the purposes of calculating taxable gains and losses may be different, especially where holdings were originally acquired prior to 6th April 2008. Estimated gross income and yield uses existing data to estimate future income and includes tax deducted or credited where applicable. Please contact your investment manager if you would like a more detailed breakdown of fees and charges or if you have any questions about your holdings or transactions.

Investment Strategies

Your portfolio is managed by Smith & Williamson Investment Management LLP (registered in England at 25 Moorgate, London EC2R 6AY, number OC369632, authorised and regulated by the Financial Conduct Authority).

Our investment strategies are:

Cash & Fixed Interest Portfolio

(A) This is intended to maximise the predictability of returns and will normally comprise cash, money market instruments and bonds either directly or through appropriate collective investment schemes. It is particularly suitable for clients who want nominal protection of their capital, have a known liability or the funds are only available for shorter time periods.

Multi-asset Portfolio

(B) This is intended to offer the potential for greater returns than cash and fixed interest alone as outlined in (A) by including limited amounts of equities and alternative investments in addition to cash and bonds. It is likely to experience a higher volatility than a Cash and Fixed Interest Portfolio.

(C) This is intended to offer the potential for greater returns than (B). It will usually include a higher proportion of equities and alternative investments to cash and bonds. It is likely to experience higher volatility than (B) and is therefore more likely to be suitable for clients with a longer investment time horizon.

(D) This is intended to offer the potential for greater returns than (C). It will usually be invested in equities, however depending on market conditions and/or your specific requirements it may hold other asset classes including bonds, alternative investments or other investments. It is therefore likely to experience higher volatility than (C) and is suitable for clients with the longest investment time horizons.

Custody Services

Unless otherwise annotated, all the assets within your portfolio are held in safe custody on your behalf by Smith & Williamson Investment Services Limited (registered in England at 25 Moorgate, London EC2R 6AY, number 976145, regulated by the FinancialConduct Authority (FCA)) as custodian in accordance with the FCA's Client Asset Sourcebook (CASS) rules. Securities held by us are either registered in the name of our nominee company or held to our order by a third party custodian appointed by us. Non-financial assets such as property or other chattels are not protected by the FCA's CASS rules. Any assets held by a third party appointed by you are placed at your own risk. These assets may not be offered the same level of protection as those held by Smith & Williamson Investment Services Limited.

Data Sources & Disclosures

The "Exchange Rates used" are the WM/Reuters Closing Spot Rates provided by The World Markets Company plc ("WM") in conjunction with Thomson Reuters. WM shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same, except to the extent that the same is directly caused by its or its employees' negligence.

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COMMITTEE: Treasury Sub **MEETING DATE: 11.03.2020**

REF: MD **REPORT BY: Accounts Officer**

TREASURY MANAGEMENT POLICY

Introduction

The Treasury Management Policy was reviewed by this sub-committee on 13 March 2019 prior to going onto the Board, for approval, at their meeting of 5 June 2019.

This policy is subject to an annual review. Hence it is now time for this policy to be reviewed by this sub-committee before being presented to the Board on 10 June 2020.

It is not proposed that any changes are required to the existing policy, which is attached.

Recommendation

That no changes to the current Treasury Management Policy are recommended to the Board.

Martin Dear

Accounts Officer

March 2020

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Treasury Management Policy

Approved 5th June 2019, Minute 2880
To be reviewed 10th June 2020

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 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. In particular the Accounts Officer is authorised to move funds between the Bonus Saver and the two Notice Accounts to increase the return of interest received on cash balances having regards to the cash flow requirements of the Board.

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 invest future sums received from Developers. Before investing any future sums received, the Treasury Sub-Committee must take into account the cash flow requirements of the Board.

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

COMMITTEE: Treasury Sub **MEETING DATE: 11.03.2020**

REF: MD **REPORT BY: Accounts Officer**

CAPITAL FINANCING AND RESERVES POLICY

Introduction

The Capital Financing and Reserves Policy was reviewed by this Sub-Committee on 5 September 2018 prior to going onto the Board, for approval, at their meeting of 26 September 2018.

This policy is subject to an annual review. Hence this policy is due to be reviewed by this Sub-Committee before being presented to the Board on 10 June 2020.

The proposed changes to the existing policy, which is attached, are highlighted in yellow.

Recommendation

That the amendments be approved and the revised Capital Financing and Reserves Policy be recommended to the Board for approval.

Martin Dear

Accounts Officer

March 2020

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Capital Financing and Reserves Policy

To be approved by the Board on 10th June 2020

Introduction

Reserves are an essential part of good financial management. They help the Board cope with unpredictable financial pressures and plan for future spending commitments. The purpose of this Reserves policy is to maintain an adequate level of funds to support the ongoing operations of the Board and to provide a source of internal funds for operational priorities such as rhine and ditch maintenance, pumping station running costs and repair, capital replacement and improvement programmes.

The Reserves policy will complement other governance and financial policies and will support the goals and strategies contained in strategic and operational plans.

Background

The Board is required to set a balanced budget annually, which broadly means that cash raised within the year correlates to the cash expended in that year. However variances to the budget will occur. This may result in surplus funds through unbudgeted income such as Developer Contributions, better values achieved on the sale of assets or additional income from grants, contributions and recharges. Expenditure might be greater than budgeted for example such as lower values achieved on sales of assets, greater maintenance costs than predicted or an increase in pump electricity usage.

There will also be the funding of major (capital) spend. Most purchases, mainly vehicles and plant, are resourced through internal funds which are then replenished through appropriate depreciation charges based upon the life of the assets.

However, there may be instances where monies need to be identified to fund larger capital spend items such as the replacement of pumps or significant flood alleviation and land drainage management schemes. When this occurs forward planning will need to take place in order to ensure that sufficient funds are available at the appropriate times.

Importantly, there is a requirement to manage cash flows to ensure that cash is available when needed.

Types of Reserve

There are two types of Reserves:

- Earmarked Reserves – funds that are set aside to meet known or future predicted future spending.

- Unallocated Reserves – funds that are working balances to manage cash flow and protect annual budgets against unplanned expenditure.

Reserves Held

Earmarked

- **Development (Commuted Sums)**
  This reserve consists of sums received from developers to maintain agreed rhines, ditches and ponds in perpetuity within specified areas.

- **Capital ~~Pump Replacement~~**
  This reserve is, predominantly, a provision to meet the costs of replacing the pumps at pumping stations to meet the 2009 Eel Regulations

- **Pump Station Future Depreciation Provision**
  This reserve is a provision to meet the future depreciation costs of the new pumps at pumping stations.

- **Pension**
  This reserve is the liability, of the Board, related to the defined benefit pension scheme. Note it is a negative reserve.

- **Revaluation**
  This reserve is the increase in value of land and buildings, from cost, as at 15 January 2015.

Unallocated

- **Income and Expenditure**
  This reserve provides protection against unplanned expenditure. Any under spend, at the year end, is transferred to this reserve. Any over spend, at the year end, is met from this reserve.

Review of Reserves

Each reserve will be reviewed, on an annual basis by the Treasury Sub-Committee prior to review by the Board. The Board's review will form part of the annual budget setting process. Part of this review will include considering guidance published by the Association of Drainage Authorities.

Creation / Cessation of a Reserve

An earmarked reserve may be created for a specific purpose if it is agreed by the Board. Likewise the Board may close an earmarked reserve if it is no longer required. Any remaining funds in a Reserve to be closed will be transferred to another reserve.

Level of Reserves Held

The Board has no legal powers to hold reserves other than those for reasonable working capital needs, or for specifically earmarked purposes.

If, at the year end, the Income and Expenditure Reserve is significantly higher than the annual Special Levies and Agricultural Rates income then an explanation will be provided by the Board. The Board's Financial Regulations state that the general provision, including a contingency, should be maintained which is equivalent to approximately 30% of the Board's annual expenditure.

Liquidity of Reserves

Reserves will be held jointly in general cash and investment accounts of the Board.

Explanation of the creation of the Pump Station Future Depreciation Provision Reserve

The function of depreciation is to make the Balance Sheet more accurately reflect the current value of fixed assets.The objective of charging depreciation is to spread the cost of the fixed asset over its useful life. Depreciation is a source of internal financing which does not affect working capital as it does not involve the outflow of any cash like other expenses.

The full cost of the new pumps have already been allowed for via the transfer of funds from the Income and Expenditure Account to the Capital Reserve. However the pumps have a useful economic life stretching over a number of years and therefore need to be recognised as a fixed asset with an annual depreciation charge being made to the Income and Expenditure Account. If there was no future depreciation provision reserve then the Income and Expenditure Account would be charged twice. Once for the original purchase of the pumps via the transfer of funds to the Capital Reserve and secondly by the annual depreciation charge. A transfer from this depreciation provision reserve will be made annually to the Income and Expenditure Account. This will nullify the depreciation charge and hence the pumps will only be financially accounted for once.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

BALANCE SHEET AS AT 30 NOVEMBER 2019

	Note	£	30/11/19 £	30/11/18 £	Variance £	31/03/19 £	Variance £
FIXED ASSETS							
Fixed Assets	1	832,569					
			832,569	**728,489**	104,080	**692,402**	140,167
LONG TERM ASSETS							
Investments		653,935					
			653,935	**576,886**	77,049	**603,932**	50,003
CURRENT ASSETS							
Stock +WiP		66,403		45,703	20,700	47,973	18,430
Trade debtors		8,470		2,030	6,440	6,773	1,697
Drainage rate debtors		190		106	84	96	94
Levy Debtors		108,266		0	108,266	0	108,266
VAT Claim		5,456		5,265	191	5,829	-373
Special Levies		3,803		3,596	207	0	3,803
Avonmouth/Severnside		0		0	0	0	0
Prepayments		12,945		13,739	-794	32,280	-19,335
Cash at bank and in hand		351,213		1,683,422	-1,332,209	852,523	-501,310
Short term deposits		1,055,675		0	1,055,675	501,013	554,662
			1,612,421	**1,753,861**	-141,440	**1,446,487**	165,934
CURRENT LIABILITIES							
Trade Creditors		-33,023		-24,284	-8,739	-38,061	5,038
Other Creditors		-29,818		-31,168	1,350	-25,341	-4,477
Accrued expenses		-4,830		-622	-4,208	-6,685	1,855
Finance Leases due within one year		-339		-886	547	-1,016	677
Prepaid Rates	2	-38,667		-36,763	-1,904	-200	-38,467
Prepaid Levies	2	-192,009		-395,054	203,045	-1,519	-190,490
Special Levies		0		0	0		0
Prepaid Avonmouth/Severnside		-14,145		-13,733	-412	0	-14,145
			-312,831	**-502,510**	189,679	**-72,822**	-240,009
NET CURRENT ASSETS			**1,299,590**	**1,251,351**	48,239	**1,373,665**	-74,075
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,786,094**	**2,556,726**	229,368	**2,669,999**	116,095
LONG TERM LIABILITIES							
Finance Leases		0		-221	221	0	0
Pension scheme deficit		-1,276,000		-954,000	-322,000	-1,276,000	0
			-1,276,000	**-954,221**	-321,779	**-1,276,000**	0
NET ASSETS			**1,510,094**	**1,602,505**	-92,411	**1,393,999**	116,095
FINANCED BY:							
CAPITAL ACCOUNT			**666,569**	**666,569**	0	**666,569**	0
INCOME AND EXPENDITURE ACCOUNT							
Balance brought forward		572,203		523,570	48,633	523,570	48,633
Transfer to Capital Reserve		-200,000		0	-200,000	0	-200,000
Net surplus for the 8 months		22,253		1,536	20,717	48,633	-26,380
			394,456	**525,106**	-130,650	**572,203**	-177,747
Developers Reserve			**922,245**	**887,632**	34,613	**914,678**	7,567
Revaluation Reserve			**144,583**	**144,583**	0	**144,583**	0
Capital Reserve	3		**541,815**	**332,615**	209,200	**371,966**	169,849
Pump Station Future Depreciation Provision			**116,426**	**0**	116,426	**0**	116,426
Pension Reserve			**-1,276,000**	**-954,000**	-322,000	**-1,276,000**	0
			1,510,094	**1,602,505**	-92,411	**1,393,999**	116,095

Notes
1. Fixed Assets include purchases, sales and depreciation for 8 months to 30 November 2019.
2. In all cases the balance sheet has been adjusted to reflect receipts and payments made in advance of the period earned or due.
3. This Reserve is held as cash and increases by £16,667 each month.
There is a corresponding monthly charge in the income and expenditure account.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Developers Funds November 2019

	£			
Balance at 1 April 2019	914,678			
Increase in value of investments	50,003			
Developers Contributions - received	0			
Transfer to Board 2019/20 Maintenance and Capital	-42,436			
				£
Current Balance (see note below)	**922,245**	**split**	Investments	653,935
			Cash at Bank	268,310
				£
Estimated balance 31/03/2020	922,245	**split**	Investments	803,935
	.		Cash at Bank	118,310
Transfer to Board 2020/21 Maintenance and Capital	-43,672			
Estimated Increase in value of investments	40,197			
				£
Estimated balance 31/03/2021	**918,770**	**split**	Investments	844,132
			Cash at Bank	74,638

Note:
Balance as at 31 January 2020 has increased to:

Investments	£828,293
Cash at Bank	£118,310
	£946,603

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments

For the Period 1 April 2017 to 31 January 2020

	Value		
	01-Apr-17	**31-Jan-20**	
Non Equity Investment	**£**	**£**	**£**
Kames Capital	25,633	0	
Transfer to Equity Investment		12,358	
Schroder Unit Trust	25,274	24,632	
Invesco Fund	25,612	38,739	
John Laing Infra	27,784	0	
Sequoia Economic	25,358	26,312	
Standard Life Inv Prp	25,930	29,166	
Picton Property	27,847	33,915	
3i Infrastructure	0	37,260	
	183,438	202,382	

	Value		
	01-Apr-17	**31-Jan-20**	
Equity Investment	**£**	**£**	**£**
Monks Investment Trust	0	66,640	
Artemis Global Income	30,455	28,752	
Standard Life UK Sml Co	0	35,334	
Schroder UK Mid Cap	42,504	57,776	
Murray Income	54,853	86,818	
Invesco UK Smaller Companies	33,133	50,904	
Link Fund Solutions Trojan Income	52,916	0	
Link Fund Solutions Miton	30,825	0	
North American Income	30,135	43,210	
European Investment Trust	31,920	41,861	
Henderson Far East Income	30,209	0	
Pacific Horizon	0	38,870	
Polar Emerging Markets	29,726	28,849	
Transfer from Non Equity Investment		-12,358	
	366,676	466,656	
Investment Cash	8,544	5,955	
	558,658	**674,993**	
Income Cash	4,827	4,805	
Total All Securities	**563,485**	**679,798**	

	Value	
	19-Dec-19	**31-Jan-20**
Tracker Fund		
Vanguard FTSE All-World UCITS ETF		
Purchase cost December 2019	149,713	148,495
Total All Investments	**713,198**	**828,293**

All Securities				
Increase in value	116,313			
Increase in value - percentage		20.64%		
			Index	
MSCI WMA Balanced Index Increase		16.59%	01-Apr-17	2,101.14
MSCI WMA Balanced Index Increase in value	93,509		31-Jan-20	2,449.82
Difference	22,804			
Tracker Fund				
Increase in value	-1,218			
Increase in value - percentage		-0.81%		
			Index	
MSCI World Index		-1.45%	19-Dec-19	321.05
MSCI World Index Increase in value change	-2,173		31-Jan-20	316.39
Difference	955			
Difference	**23,759**			

Notes:
1. Transfer of funds to Equity from Non Equity of £12,358
2. Investment of Cash in Equity of £16,299
3. Investment of additional cash in Vanguard FTSE All-World UCITS ETF of £149,713.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments - Equity

For the Period 1 April 2017 to 31 January 2020

	Value					
	01-Apr-17	**31-Jan-20**				
	£	**£**	**£**			
Monks Investment Trust	0	66,640				
Artemis Global Income	30,455	28,752				
Standard Life UK Sml Co	0	35,334				
Schroder UK Mid Cap	42,504	57,776				
Murray Income	54,853	86,818				
Invesco UK Smaller Companies	33,133	50,904				
Link Fund Solutions Trojan Income	52,916	0				
Link Fund Solutions Miton	30,825	0				
North American Income	30,135	43,210				
European Investment Trust	31,920	41,861				
Henderson Far East Income	30,209	0				
Pacific Horizon	0	38,870				
Polar Emerging Markets	29,726	28,849				
Transfer from Equity Investment		-12,358				
	366,676	466,656				
Increase in value			99,980			
Increase in value - percentage				27.27%		
					Index	
MSCI World Index Increase				26.44%	01-Apr-17	9,889.13
MSCI World Index Increase in value			96,942		31-Jan-20	12,503.62
			3,038			
Adjustments:						
Additional Funds since Jan 19						
Sep-19 Murray Income		8,582	-8,656	0.87%	30-Sep-19	12,396.22
Oct-19 North American		7,717	-7,971	3.29%	31-Oct-19	12,105.56
Oct-19 Murray Income		12,358	-12,764	3.29%	31-Oct-19	12,105.56
Difference			-26,353			

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments

For the Period 1 January 2019 to 31 January 2020

Non Equity Investment	Value 01-Jan-19 £	Value 31-Jan-20 £	£
Kames Capital	24,655	0	
Schroder Unit Trust	24,105	24,632	
Invesco Fund	24,538	38,739	
Sequoia Economic	26,105	26,312	
Standard Life Inv Prp	24,024	29,166	
Picton Property	28,329	33,915	
3i Infrastructure	31,020	37,260	
Transfer to Equity Investment		12,358	
	182,776	202,382	

Equity Investment	Value 01-Jan-19 £	Value 31-Jan-20 £	£
Monks Investment Trust	50,820	66,640	
Artemis Global Income	26,256	28,752	
Standard Life UK Sml Co	0	35,334	
Schroder UK Mid Cap	41,446	57,776	
Murray Income	52,234	86,818	
Invesco UK Smaller Companies	37,464	50,904	
Link Fund Solutions Miton	29,124	0	
North American Income	30,380	43,210	
European Investment Trust	34,825	41,861	
Henderson Far East Income	34,500	0	
Pacific Horizon	0	38,870	
Polar Emerging Markets	28,557	28,849	
Transfer from Non Equity Investment		-12,358	
	365,606	466,656	
Investment Cash	8,024	5,955	
	556,406	**674,993**	
Income Cash	3,040	4,805	
Total All Securities	**559,446**	**679,798**	
Tracker Fund			
Vanguard FTSE All-World UCITS ETF	149,940	148,495	
Total All Investments	**709,386**	**828,293**	

All Securities				
Increase in value	120,352			
Increase in value - percentage		21.51%		
			Index	
MSCI WMA Balanced Index Increase		15.36%	01-Jan-19	2,123.62
MSCI WMA Balanced Index Increase in value	85,934		31-Jan-20	2,449.82
Difference	34,418			
Tracker Fund				
Increase in value	-1,445			
Increase in value - percentage		-0.96%		
			Index	
MSCI World Index		-1.45%	19-Dec-19	321.05
MSCI World Index Increase in value change	-2,176		31-Jan-20	316.39
Difference	731			
Difference	**35,149**			

Notes:
1. Transfer of funds to Equity from Non Equity of £12,358
2. Investment of Cash in Equity of £16,299

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments - Equity

For the Period 1 January 2019 to 31 January 2020

		Value					
		01-Jan-19	31-Jan-20				
		£	£	£			
Monks Investment Trust		50,820	66,640				
Artemis Global Income		26,256	28,752				
Standard Life UK Sml Co		0	35,334				
Schroder UK Mid Cap		41,446	57,776				
Murray Income		52,234	86,818				
Invesco UK Smaller Companies		37,464	50,904				
Link Fund Solutions Milton		29,124	0				
North American Income		30,380	43,210				
European Investment Trust		34,825	41,861				
Henderson Far East Income		34,500	0				
Pacific Horizon		0	38,870				
Polar Emerging Markets		28,557	28,849				
Transfer from Non Equity Investment			-12,358				
		365,606	466,656				
Increase in value				101,050			
Increase in value - percentage					27.64%		
						Index	
MSCI World Index Increase					22.60%	01-Jan-19	10,198.74
MSCI World Index Increase in value				82,626		31-Jan-20	12,503.62
				18,424			
Adjustments:							
Additional Funds since January 2019							
Sep-19 Murray Income	8,582			-8,656	0.87%	30-Sep-19	12,396.22
Oct-19 North American	7,717			-7,971	3.29%	31-Oct-19	12,105.56
Oct-19 Murray Income	12,358			-12,764	3.29%	31-Oct-19	12,105.56
Difference				-10,967			

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments

For the Period 1 April 2019 to 31 January 2020

	Value		
	01-Apr-19	**31-Jan-20**	
Non Equity Investment	**£**	**£**	**£**
Kames Capital	25,441	0	
Transfer to Equity Investment		12,358	
Schroder Unit Trust	24,434	24,632	
Invesco Fund	25,339	38,739	
Sequoia Economic	25,990	26,312	
Standard Life Inv Prp	26,625	29,166	
Picton Property	29,426	33,915	
3i Infrastructure	33,048	37,260	
	190,303	202,382	

	Value		
	01-Apr-19	**31-Jan-20**	
Equity Investment	**£**	**£**	**£**
Monks Investment Trust	58,660	66,640	
Artemis Global Income	27,795	28,752	
Standard Life UK Sml Co	0	35,334	
Schroder UK Mid Cap	49,496	57,776	
Murray Income	56,396	86,818	
Transfer from Non Equity Investment		-12,358	
Invesco UK Smaller Companies	40,488	50,904	
Link Fund Solutions Miton	29,972	0	
North American Income	34,545	43,210	
European Investment Trust	35,223	41,861	
Henderson Far East Income	35,100	0	
Pacific Horizon	0	38,870	
Polar Emerging Markets	29,016	28,849	
	396,691	466,656	
Investment Cash	12,859	5,955	
Total All Securities	**599,853**	**674,993**	
Income Cash	4,079	4,805	
	603,932	**679,798**	

	Value	
	19-Dec-19	**31-Jan-20**
Tracker Fund		
Vanguard FTSE All-World UCITS ETF		
Purchase cost December 2019	149,713	148,495
Total All Investments	**753,645**	**828,293**

All Securities				
Increase in value	75,866			
Increase in value - percentage		12.56%		
			Index	
MSCI WMA Balanced Index Increase		7.11%	01-Apr-19	2,287.16
MSCI WMA Balanced Index Increase in value	42,951		31-Jan-20	2,449.82
Difference	32,915			
Tracker Fund				
Increase in value	-1,218			
Increase in value - percentage		-0.81%		
			Index	
MSCI World Index		-1.45%	19-Dec-19	321.05
MSCI World Index Increase in value change	-2,173		31-Jan-20	316.39
Difference	955			
	33,870			

Notes:

1. Transfer of funds to Equity from Non Equity of £12,358
2. Investment of Cash in Equity of £16,299
3. Investment of additional cash in Vanguard FTSE All-World UCITS ETF of £149,713.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments - Equity

For the Period 1 April 2019 to 31 January 2020

	Value 01-Apr-19 £	31-Jan-20 £	£			
Monks Investment Trust	58,660	66,640				
Artemis Global Income	27,795	28,752				
Standard Life UK Sml Co	0	35,334				
Schroder UK Mid Cap	49,496	57,776				
Murray Income	56,396	86,818				
Transfer from Non Equity Investment		-12,358				
Invesco UK Smaller Companies	40,488	50,904				
Link Fund Solutions Milton	29,972	0				
North American Income	34,545	43,210				
European Investment Trust	35,223	41,861				
Henderson Far East Income	35,100	0				
Pacific Horizon	0	38,870				
Polar Emerging Markets	29,016	28,849				
	396,691	466,656				
Increase in value			69,965			
Increase in value - percentage				17.64%		
					Index	
MSCI World Index Increase				11.52%	01-Apr-19	11,212.25
MSCI World Index Increase in value			45,689		31-Jan-20	12,503.62
			24,276			
Adjustments:						
Additional Funds since April 2019						
Sep-19 Murray Income		8,582	-8,656	0.87%	30-Sep-19	12,396.22
Oct-19 North American		7,717	-7,971	3.29%	31-Oct-19	12,105.56
Oct-19 Murray Income		12,358	-12,764	3.29%	31-Oct-19	12,105.56
Difference			-5,115			

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments

For the Period 1 January 2020 to 31 January 2020

	Value		
	01-Jan-20	**31-Jan-20**	
Non Equity Investment	**£**	**£**	**£**
Schroder Unit Trust	25,029	24,632	
Invesco Fund	38,136	38,739	
Sequoia Economic	26,818	26,312	
Standard Life Inv Prp	26,891	29,166	
Picton Property	32,253	33,915	
3i Infrastructure	35,340	37,260	
	184,467	190,024	

	Value		
	01-Jan-20	**31-Jan-20**	
Equity Investment	**£**	**£**	**£**
Monks Investment Trust	67,130	66,640	
Artemis Global Income	29,523	28,752	
Standard Life UK Sml Co	37,323	35,334	
Schroder UK Mid Cap	63,480	57,776	
Murray Income	86,240	86,818	
Invesco UK Smaller Companies	53,004	50,904	
North American Income	45,222	43,210	
European Investment Trust	39,294	41,861	
Pacific Horizon	37,950	38,870	
Polar Emerging Markets	30,728	28,849	
	489,894	479,014	
Investment Cash	8,176	5,955	
	682,537	**674,993**	
Income Cash	3,301	4,805	
Total All Securities	**685,838**	**679,798**	
Tracker Fund			
Vanguard FTSE All-World UCITS ETF	149,940	148,495	
Total All Investments	**835,778**	**828,293**	

All Securities				
Increase in value	-6,040			
Increase in value - percentage		-0.88%		
			Index	
MSCI WMA Balanced Index Increase		-0.73%	01-Jan-20	2,467.80
MSCI WMA Balanced Index Increase in value	-4,997		31-Jan-20	2,449.82
Difference	-1,043			
Tracker Fund				
Increase in value	-1,445			
Increase in value - percentage		-0.96%		
			Index	
MSCI World Index		-0.61%	01-Jan-20	318.34
MSCI World Index Increase in value change	-918		31-Jan-20	316.39
Difference	-527			
Difference	**-1,570**			

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Investments - Equity

For the Period 1 January 2020 to 31 January 2020

	Value					
	01-Jan-20	**31-Jan-20**				
	£	**£**	**£**			
Monks Investment Trust	67,130	66,640				
Artemis Global Income	29,523	28,752				
Standard Life UK Sml Co	37,323	35,334				
Schroder UK Mid Cap	63,480	57,776				
Murray Income	86,240	86,818				
Invesco UK Smaller Companies	53,004	50,904				
North American Income	45,222	43,210				
European Investment Trust	39,294	41,861				
Pacific Horizon	37,950	38,870				
Polar Emerging Markets	30,728	28,849				
	489,894	479,014				
Increase in value			-10,880			
Increase in value - percentage				-2.22%		
					Index	
MSCI World Index Increase				-0.11%	01-Jan-20	12,517.99
MSCI World Index Increase in value			-562		31-Jan-20	12,503.62
Difference			**-10,318**			

Lower Severn (2005) Internal Drainage Board — 2019/20

CASH FLOW

	Note	2019 Mar £ 000's	Apr £ 000's	May £ 000's	Jun £ 000's	Jul £ 000's	Aug £ 000's	Sep £ 000's	Oct £ 000's	Nov £ 000's	Dec £ 000's	2020 Jan £ 000's	Feb £ 000's	Mar £ 000's
NatWest No 1 A/c			**actual**	**actual**	**actual**	**actual**	**actual**	**actual**	**actual**	**actual**	**actual**	**actual**	**forecast**	**forecast**
Balance b/f			**50**	**138**	**98**	**91**	**74**	**60**	**56**	**49**	**135**	**85**	**63**	**13**
Other income	3		4	0	11	1	0	0	1	3	7	4	1	1
Plant & Machinery Sales			16	0	0	0	0	0	0	0	0	0	0	0
VAT			5	0	23	11	8	10	23	6	5	1	7	3
Levies	1		20	612	7	0	0	0	0	284	336	0	0	0
Rates	2		63	26	7	12	2	1	0	0	0	0	0	0
sub total			**158**	**776**	**146**	**115**	**84**	**71**	**80**	**342**	**483**	**90**	**71**	**17**
Expenditure	3		-33	-30	-37	-43	-31	-54	-38	-32	-28	-26	-48	-49
Plant			-111	0	0	0	0	0	0	0	0	0	0	0
Pump Expenditure			-6	-1	-3	-22	-13	-21	-91	-15	-15	-10	-20	-20
Developer Expenditure			0	0	0	0	0	0	0	0	-150	0	0	0
EA Levy			0	-12	0	-11	0	0	-12	0	0	-11	0	0
Transfer to No. 2 A/c for Salaries			-55	-35	-65	-65	-65	-65	-80	-60	-55	-55	-55	-60
Net transfers	3		185	-600	50	100	85	125	190	-100	-150	75	65	150
sub total			**-20**	**-678**	**-55**	**-41**	**-24**	**-15**	**-31**	**-207**	**-398**	**-27**	**-58**	**21**
Balance c/f		**50**	**138**	**98**	**91**	**74**	**60**	**56**	**49**	**135**	**85**	**63**	**13**	**38**
Other balances														
NatWest														
No 2 Account		38	38	18	25	31	35	32	41	36	32	29	29	29
Direct Reserve	4	765	280	880	580	480	395	270	80	180	280	205	140	90
Deposit	5	100	400	400	651	651	652	652	652	653	703	704	704	604
Lloyds Deposit	6	401	401	401	401	402	402	402	403	403	403	403	403	403
Total		**1,304**	**1,119**	**1,699**	**1,657**	**1,564**	**1,484**	**1,356**	**1,176**	**1,272**	**1,418**	**1,341**	**1,276**	**1,126**
All LSIDB balances		**1,354**	**1,257**	**1,797**	**1,748**	**1,638**	**1,544**	**1,412**	**1,225**	**1,407**	**1,503**	**1,404**	**1,289**	**1,164**

The Capital reserve as at 31/03/2019 is £371,966. There are transfers to this reserve of £400,000 in 2019/20.
The forecast spend in year is £193,737. Forecast Capital Reserve at 31/03/2020 is £578,229.
Capital Reserve as at 31/01/2020 is £549,590.

1. Levies received May and November
2. Rates received in May
3. Income and Expenditure as per Budget profile.
4. Direct Reserve - instant access earns 0.2% interest
5. Deposit Account - 35 Day Notice earns 0.75% 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

	£	£	
Balance Sheet as at 31 January 2020			
Cash at bank and in hand	296,891		
Short term Deposits	1,107,075		
Less Petty Cash	169		
Cash at Bank	1,403,797		
LSIDB Working Cash	735,897		468
Capital Reserve	549,590		578
Developer Reserve	118,310		118
	1,403,797		1,164

Investments

	As at 31 January 2020 £
Capital	
Amount through Smith & Williamson (net)	650,000
Market value	817,533
Change in value	167,533
Income	11,477
Total return	**179,010**
Portfolio return since 31 December 2018	**20.92%**
Note: Market Index Movements	
MSCI WMA Balanced NR	15.36%
MSCI World NR	22.60%
MSCI ACWI (All Countries World Index)	20.97%

Developers Funds as at 31 January 2020

	£
Developer Reserve as per Balance Sheet	**954,088**
Funds held as:	
Investments	828,293
Cash held at Bank	118,310
	946,603

Lower Severn (2005) Internal Drainage Board

CASH FLOW **2020/21**

	Note	2020 Mar £ 000's forecast	Apr £ 000's forecast	May £ 000's forecast	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	2021 Jan £ 000's forecast	Feb £ 000's forecast	Mar £ 000's forecast
NatWest No. 1 A/c														
Balance b/f			**38**	**20**	**46**	**37**	**48**	**53**	**45**	**9**	**42**	**71**	**47**	**75**
Other income	3		2	2	2	3	2	3	2	3	2	3	2	3
Plant Sales			0	0	25	0	0	0	0	0	0	0	0	0
VAT			5	10	27	67	23	23	9	9	15	23	38	14
Levies	1		0	661	0	0	0	0	0	640	0	0	0	0
Rates	2		0	120	0	0	0	0	0	0	0	0	0	0
sub total			**45**	**813**	**99**	**108**	**73**	**80**	**56**	**661**	**59**	**96**	**88**	**92**
Expenditure	3		-34	-34	-34	-34	-34	-34	-34	-34	-34	-34	-34	-34
Plant			0	-10	-254	0	0	0	0	0	0	0	0	0
Pump Expenditure			-25	-120	-120	-110	-110	-25	-25	-60	-100	-199	-25	-24
EA Levy			-12	0	0	-12	0	0	-13	0	0	-12	0	0
Salaries (paid via No.2 A/c)			-54	-54	-54	-54	-75	-75	-75	-75	-54	-54	-54	-54
Net transfers	3		100	-550	400	150	200	100	100	-450	200	250	100	100
sub total			**-25**	**-767**	**-62**	**-60**	**-20**	**-35**	**-48**	**-620**	**12**	**-49**	**-13**	**-12**
Balance c/f		**38**	**20**	**46**	**37**	**48**	**53**	**45**	**9**	**42**	**71**	**47**	**75**	**80**
Other balances														
NatWest														
No 2 Account		29	29	29	29	29	29	29	29	29	29	29	29	29
Bonus Saver	4	90	92	642	242	92	92	192	194	344	144	94	194	94
Deposit Account	5	604	502	502	502	502	302	102	102	402	402	202	202	202
Lloyds Deposit	6	403	403	403	403	403	403	403	301	301	301	301	101	101
Total		**1,126**	**1,026**	**1,576**	**1,176**	**1,026**	**826**	**726**	**626**	**1,076**	**876**	**626**	**526**	**426**
All LSIDB balances		**1,164**	**1,046**	**1,622**	**1,213**	**1,074**	**879**	**771**	**635**	**1,118**	**947**	**673**	**601**	**506**
LSIDB Working Cash		**468**	**352**	**1,009**	**682**	**615**	**537**	**431**	**296**	**810**	**704**	**578**	**507**	**414**
Capital Reserve		**578**	**576**	**495**	**413**	**341**	**268**	**266**	**263**	**232**	**168**	**20**	**18**	**17**
Developer Reserve		**118**	**118**	**118**	**118**	**118**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**
		1,164	**1,046**	**1,622**	**1,213**	**1,074**	**879**	**771**	**635**	**1,118**	**947**	**673**	**601**	**506**

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 0.75% interest
6. Deposit Account - 32 Day Notice earns 0.75% interest

Reconciliation to Annual Budget 2020/21

			£000's
Cash Received			1,739
Cash Spent			-2,397
	Net Cash Movement		-658
Adjust			
Plant and Vehicles			
	Purchases	220	
	Sales	-25	
	P&L non cash - Book Profit on	14	
			209
Pump Stations			
	Purchases	785	
	P&L Non cash - Provision	-225	
			560
Avonmouth/Severnside			
	Purchases	0	
	Income		
	P&L Non cash - Income	44	
			44
Depreciation			
	P&L Non cash - Provision		-144
			11
	Budget 2020/21		11
	Difference		0

	£000's
Closing Cash	506
Opening Cash	-1,164
	-658

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Cash Flow Forecast for 2020/21 to 2024/25

Summary	**2020/21 £000's**	**2021/22 £000's**	**2022/23 £000's**	**2023/24 £000's**	**2024/25 £000's**
Working Capital	414	335	191	299	281
Capital Reserve	17	113	-11	125	-98
Developer Reserve	75	30	-17	-65	-115
Total Cash at Bank	**506**	**478**	**163**	**359**	**68**

Cash Brought Forward	**1,164**	506	478	163	359
Income	1,675	1,778	1,862	1,929	2,042
Expenditure	-2,268	-1,706	-2,038	-1,824	-2,270
Add back Depreciation	144	183	237	227	255
Less Capital Purchases	-209	-283	-376	-136	-318
Cash at year end	**506**	**478**	**163**	**359**	**68**

	£000's	**£000's**
Cash at Bank - 1 April 2020		
Number 1 Account	38	
Number 2 Account	29	
Bonus Saver	90	
Deposit NatWest	604	
Deposit Lloyds	403	
		1,164
Working Capital	468	
Pump Station Reserve	578	
Developer Reserve	118	
		1,164
Difference		**0**

	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Detail					
Working Capital					
Cash Brought Forward	468	414	335	191	299
Income	1,675	1,778	1,862	1,929	2,042
Expenditure	-1,439	-1,507	-1,592	-1,612	-1,672
Transfer to Capital Reserve	-225	-250	-275	-300	-325
Add back Depreciation	144	183	237	227	255
Less Capital Purchases	-209	-283	-376	-136	-318
Cash at year end	414	335	191	299	281
Capital Reserve					
Cash Brought Forward	578	17	113	-11	125
Transfer from working capital	225	250	275	300	325
Expenditure	-786	-154	-399	-164	-548
Cash at year end	17	113	-11	125	-98
Developer Reserve					
Cash Brought Forward	118	75	30	-17	-65
Income from Developers	0	0	0	0	0
Expenditure	-43	-45	-47	-48	-50
Cash at year end	75	30	-17	-65	-115