

## WITHAM THIRD DISTRICT INTERNAL DRAINAGE BOARD

Minutes of the one hundred and twenty second meeting of Witham Third District Internal Drainage Board held on Tuesday 24<sup>th</sup> January 2023 in Minting Village Hall at 09.30am.

### Present:

Mr J Armstrong	
Cllr T Ashton	
Mr I Clark	
Cllr I Fleetwood	
Cllr W Gray	
Cllr W Grover	
Mr R Hairsine	
Cllr G Hewson	
Ms J Holland	
Mr M Hoyes	
Cllr T Kemp	
Cllr J Kirk	
Mr I Parker	Chairman
Mr D Sempers	
Mr M I Thomas	Vice Chairman
Cllr P J Vaughan	
Mr R Weightman	
Mr T Williams	

### In attendance:

Mr. Ian Coupland	Director of Operations.
Mr John Davie	Observer
Miss Jayne Flower	Executive Assistant.
Mrs. Jane Froggatt	Chief Executive.
Mr Mike Harrison	Observer
Mr. Steve Larter	Director of Finance and Governance.
Mrs Georgina Nichols	Capital Programme Manager
Mr. Martin Shilling	Director of Engineering & Technical Services.

### **3024 Apologies for absence.**

Apologies for absence were received from Cllr S Avison, Cllr B Bushell, Cllr Mrs C Grimble, Cllr Mrs F Martin, Cllr P Morris and Cllr D Nannestad.

### **3025 Declarations of Interest.**

Declarations of interest were received from members nominated by City of Lincoln, West Lindsey District and East Lindsey District Councils in matters relating to their respective Councils.

### **3026 Chairman's Announcements.**

The Chairman welcomed members to the January meeting of the Board, particularly Mr John Davie and Mr Mike Harrison who attended as observers and as potential future members of the Board.

He reminded members that there were 5 vacant seats for the electoral wards of:

- Horncastle & River Bain
- Bardney [ 2 vacancies]
- Langworth
- Kirkstead

Traditionally at January meetings, the focus is to set a financially balanced budget for the new financial year from 01st April. Boards have a legal duty to do so and to publicise the Penny Rate, drainage rates and special Levies paid by the 3 relevant Councils by the 15th February.

This year budget preparation had been very challenging and in addition to the Standing Committee meeting on 10th January, the subcommittee met on 20th December 2022 informally and specifically to go through the Budget Estimate proposals in detail.

The Budget Estimates were on the agenda with proposals for a financially balanced budget. This year officers and the Standing Committee were recommending to the Board a 15.00% increase in the Penny Rate, an increase far higher than previously required. A similar 15% increase is being proposed in two of the other Witham & Humber Drainage Boards and unfortunately in Witham First District IDB a 29% increase will be recommended in order to set a financially balanced budget.

The Board was facing significant cost pressures across pay, fuel costs, repairs and maintenance costs etc. The Chairman highlighted to members that excluding electricity costs for a moment, these other cost pressures could be contained with a 5.23% increase in the Penny Rate. It was the impact of the recent steep increase in electricity costs at pumping stations that was driving the 15% increase required in the Penny Rate for 2023/24.

Members were advised that there had been much discussion locally and nationally about the position in which this places IDBs across the country, drainage rate payers as land owners/occupiers and the Councils who pay Special Levies.

### **3027 Minutes of the Board Meeting, incorporating the Annual Public Meeting 30.11.22.**

The Minutes of the Board's previous meeting held on Tuesday 30<sup>th</sup> November 2022 had been circulated with the agenda and were proposed, seconded and APPROVED as an accurate record.

#### ***MATTERS ARISING:***

There were no matters arising, all items being covered by the agenda.

### **3028 Minutes of the Board's Standing Committee meeting, 10.01.23.**

The Minutes of the Board's Standing Committee meeting held on Tuesday, 10<sup>th</sup> January 2023 had been circulated with the agenda and were proposed, seconded and APPROVED as an accurate record.

#### ***MATTERS ARISING:***

There were no matters arising, all items being covered by the agenda, and members noted the recommendations in respect of the proposed increase of 15.00% in the Penny Rate.

## **3029 Joint Services Committee 12.12.22.**

The minutes of the Joint Services Committee had been circulated with the agenda and were presented by the Chief Executive, who highlighted the following items to members:

### **3029.1 Internal Audit Plan for 2023/24 (minute 7 refers).**

A new Internal Audit contract was procured jointly with the other Lincolnshire and Bedfordshire IDBs and was awarded to TIAA from 01st July 2017 to 31st July 2022 (with an option to extend until 31st July 2024). The contract had been extended until 31st July 2024, covering therefore the 2022/23 and the 2023/24 AGARs.

The Audit Programme for 2023/24 was submitted by Chris Harris from TIAA for the 2023/24 audits. He had provided the following narrative regarding the 2023/24 Audit Plan:

“Remote internal auditing is now accepted as an environmentally friendly way to conduct an internal audit and IT systems and the like now facilitate an independent and appropriate means to assist in obtaining data and evidence to support audit outcomes. I am therefore proposing another remote audit but to attend the Boards to present my audit report and findings from the audit.

The audit plan/programme does not materially change year on year as the main driver behind the audit is to be able to satisfactorily complete the internal audit section of the AGAR. That said I am very happy for your management team and again at the Board meeting to reflect on any matter that you think would benefit by including in the programme to provide an independent view and outcome”.

JSC Members were reminded that this is the Internal Auditor’s independent Audit Programme and has not been compiled by Officers. The Internal Auditor had also requested JSC Members be made aware that should any significant issues arise as part of his 2022/23 audit work to be undertaken in March 2023, then the Audit Plan for 2023/24 may need to be amended, but this will be notified to the JSC in May if required.

JSC Members had considered the contents of the programme and whether there were any other specific areas of risk that they wish to be reviewed as part of the work plan for 2023/24. No amendments were proposed.

JSC Members were content to approve the Audit Programme for 2023/24 on behalf of the 4 Boards and noted that the Internal Auditor would be conducting his review of 2022/23 in March 2023 before reporting his findings to the May 2023 Board meetings.

### **3029.2 Proposed 2023/24 Joint Services Budget.**

A revised Joint Services Agreement signed by all 4 Witham & Humber Drainage Boards became operational from 01st April 2017. This was reviewed and updated after 3 years (2020), with agreed revised cost contribution arrangements of Upper Witham (UW) 30%, Witham First (W1) 20%, Witham Third (W3) 30% and North East Lindsey (NEL) 20%. These contribution rates have been used from the 2020/21 Budgets onwards.

The proposed 2023/24 Joint Services budget of £1,201,520 was outlined to the JSC, showing an increase of £145,290 (13.76%) on the approved 2022/23 budget of £1,056,230. The increase is due to:

- pay award and staff costs from 01.04.23 (pay settlement recommended to each Board at 2.1% + £1,800 unconsolidated one-off payment) £54k, including also incremental point movements for some staff and corresponding NI (£6k) costs & Pension contributions of £6k for the Boards. This includes the impact of the Government's reduction in the NI contribution rate from 15.05% to 13.8% and revised pension contribution rates. Staffing changes are £72k for full costs of the Risk Manager post, although some of this will be recovered through PSCA recharges.
- Assumed increase in Essential User Allowance £12k (separate report considered by the JSC).
- General inflation on support contracts, insurance, ICT, utilities, etc at £7k.

Overall, there is a budget increase of £145k for 2023/24 on the approved £1,056k budget for 2022/23 (+13.76%). These charges were supported by the JSC, apportioned in the agreed proportions and incorporated in each Board's Budget Estimates for 2023/24 as presented to the January 2023 round of Board meetings.

For 2023/24, the revised Pension Employer Contribution Rates have been certified by the Lincolnshire Pension Fund Actuary, Barnet Waddingham.

The preparation of individual Board's Budget Estimates was, as at the 12.12.22 JSC meeting, well underway and significant issues were highlighted:

- Pay award (recommended 2.1% + £1,800 unconsolidated one-off payment).
- Electricity increases (using 01st October 2022 price increases +30% increase on unit prices and from 01.10.23 10% increase in standing charges).
- Insurance renewals costs, at an assumed last year actual cost +10%.
- Servicing and Maintenance costs of plant and machinery.
- General inflationary cost pressures.

The JSC had supported the proposed JSC budget.

### 3029.3 Annual Inspection 2023

The Director of Engineering & Technical Services gave a verbal update as to initial plans for the 2023 annual inspection which would be held on Thursday, 20<sup>th</sup> July 2023, starting from Stallingborough.

It would be North East Lindsey's turn to host, and potential sites for the itinerary included:

- Killingholme Marshes Pumping Station
- Middle Drain Pumping Station (including gravity outfalls and tidal defences)
- Barrow Haven Buttforth Drain area, and the issues with the capital works.

Coach access, as always with the Annual Inspection, would be a main consideration in planning the day.

JSC Members were content to support the proposals.

### **3030 Chief Executive's Report.**

The Chief Executive's report had been circulated with the agenda and issues highlighted included:

#### **3030.1 Pay Award 2023/24.**

The ADA Lincolnshire Branch's Pay & Conditions Committee met on 10.10.22 to receive the staff side pay claim for 2023/24 and to negotiate a proposed pay settlement. The 4 Boards' representative on the Committee is Cllr Lance Pennell, Upper Witham member. The staff side and employer's side reached agreement as follows:

"To use the ONS Earnings 01 Average Weekly Earnings Indicator of Total Pay in Great Britain, using the provisional figure, as published in September, for the public sector, 12-month average [August of the previous year to July of the current year] of the single month changes [KAC8], % change year-on-year. This to be for a 2-year deal, with it continuing beyond, unless either party gives 12 months' notice to re-enter negotiations. In addition, for 2023/24 an unconsolidated payment of £1,500 will be paid in addition to the salary over 12 months".

Applying the formula as set out, that corresponded to a 2.1% uplift across all pay scales in the ADA Lincolnshire White Book of Terms & Conditions from 01st April 2023 plus a further sum of £1,500 payable from April 2023 as an unconsolidated sum. The reasons for the £1,500 were to recognise the historical nature of the indicator and that CPI inflation was running closer to 10%, but that similarly neither party knows what KAC8 will be in September 2023 for the previous 12 months and therefore to give a cash sum element to the pay award so that it targets a proportionately larger uplift to the staff on lower pay scales. The impact, for example, of the 2.1% recurrent salary uplift plus the £1,500 unconsolidated cash uplift for an Operative on Spine Point 15 is that basic pay rises from £25,824 in this year 2022/23 to £27,866 in 2023/24 [a 7.91% uplift, with 2.1% consolidated in baseline].

Employers agreed to take this pay settlement to the ADA Lincolnshire Branch for endorsement, and the Branch adopted the recommended pay settlement at its meeting on 20.10.22.

Staff side agreed to take the pay settlement to a UNISON ballot of members, which they did without recommendation of acceptance or refusal. The ballot results were communicated on 11.11.22 as a refusal of the proposed settlement [75% participation rate of whom 83% rejected, 17% accepted what was proposed]. No further claim was received from Unison.

As adoption or not of the ADA Branch pay settlement is a matter reserved to individual Boards, Boards were unable to approve the ADA Lincolnshire Branch pay settlement at their November meetings. Given the staff side rejection of claim, Boards were content to NOTE that the pay settlement adopted by the ADA Lincolnshire Branch was adopted in principle by each Board and Cllr Lance Pennell and the Chief Executive were supported by all 4 Boards to negotiate revised arrangements.

A meeting of the Employers' side of the Pay & Conditions Committee was held on Monday 05.12.22 to determine how to respond to the Unison ballot result, given no counterclaim had been received. In summary, it was agreed to propose a revised pay settlement still based on the agreed pay formula linked to changes over a rolling 12 months in Average Weekly Earnings in the Public Sector. This element of the offer, as per the original agreement remains at 2.1% for 2023/24, as a consolidated uplift across all salaries from 01.04.23. The unconsolidated sum proposed was increased from the previous £1,500 to £1,800, to be paid in 2 instalments of £900 in April and September 2023 salaries to every member of staff. This was in recognition of the current economic climate and the cost pressures on all our staff and to disproportionately support staff on lower pay scales.

A communication of this Employers' side pay settlement offer was sent out by relevant Chief Executives at noon on Tuesday 06.12.22, from IDBs party to the ADA Lincolnshire Branch's Pay & Conditions Committee [i.e., our 4 Witham & Humber Drainage Boards, Witham Fourth District IDB, Black Sluice IDB and South Holland IDB]. This was sent by employers direct to all employees and to Unison.

It was confirmed that the impact of the revised proposed pay settlement [2.1% + £1,800 unconsolidated] has been included in the joint services budget and proportionately in individual Board Budget Estimates for 2023/24.

An update will be provided to the next Board meeting.

#### 3030.2 Electricity Impact on IDBs & meeting with DEFRA, ADA & the EA on 30.11.22.

At the round of November Witham & Humber Drainage Board meetings, members were briefed on the significant cost pressure which increases in electricity prices present for IDBs nationally and specifically for each of our Witham & Humber Drainage Boards. The increase is on both the standing/daily charges the Boards have at 53 Pumping Stations [at 47 sites] and in the daytime/night unit rates per/KwH. The Boards use ESPO as a framework contract, ESPO purchasing electricity on behalf of circa 2,000 largely public sector organisations like IDBs, Council and Schools. The current electricity provider is Total Gas and Power until 30.09.24.

The 2022/23 budget for electricity across the 4 Drainage Boards totals £201,000 [NELDB £15k, UW £48k, W1st £69k and W3rd £69k]. This has generally been sufficient to fund usage in an 'average' rainfall year, the difference in cost for a wet year of heavy rainfall events generally being met from IDB Reserves.

Standing Charges for the Boards were stable prior to the OFGEM Targeted Charging Review. On 01.10.2019 the standing charges totalled £13,914 [NELDB £1,223, UW £3,877, W1st £5,219 and W3rd £3,595] and on 01.10.2020 standing charges totalled £15,580 [NELDB £1,521, UW £4,427, W1st £5,174 and W3rd £4,459].

The first significant increase in standing charges was from 01.10.2021, when they rose to £51,645 for the 4 IDBs [NELDB £4,679, UW £12,505, W1st £20,362 and W3rd £14,099]. The increase is compounded from the new price rates from 01.10.22 with standing charges now totalling £127,917 [NELDB £10,670, UW £28,820, W1st £54,623 and W3rd £33,803]. The impact of this means at least 49% of the budget [79.2% in W1st] is consumed in fixed daily/standing charges at pumping stations, before a pump is switched on to evacuate water.

Unit rates have also increased from what was prior to 01.10.22 circa 12 pence per/KwH [there is some variation between pumping stations and between day and night rates- the pumps running where practicable between 00:00 and 07:00 hours]. The average unit rate from 01.10.22 is 30 pence per/KwH, which is a considerable proportionate increase although below the market rate.

Advice from ESPO suggests that based on IDB electricity usage for an 'average year' in 2023/24 with 80% of that usage being in the 6 winter months of October 2023 to March 2024, the IDBs need to be increasing budgets markedly for 2023/24. This is coupled with a forecast further increase of circa 35% on unit rates from 01.10.23. So, the Boards need to budget at 40 pence per/KwH and for 80% of the 2023/24 assumed annual electricity usage at 40 pence/KwH with 20% of the assumed annual usage at the current 30 pence/KwH, and a further 10% increase in standing charges from 01.10.23.

The overall impact is that the 4 Boards need to establish electricity budgets for 2023/24 to plan for an average usage year and the revised standing charges. It would be unrealistic to budget for a wet year or indeed a dry year [the other 2 scenarios considered]. Summarised, the 4 Drainage Boards need to increase the 2022/23 current £201,000 total electricity budget to £880,960 [NELDB from £15,000 to £88,330, UW from £48,000 to £191,610, W1st from £69,000 to £381,740\* and W3rd from £69,000 to £219,280].

\*A revised pumped hours assumption has been made in W1st Estimates, to limit the electricity budget increase to £305,000.

These required increases in electricity budgets for next year have considerable impact upon the Penny Rate [in the pound] for all 4 Drainage Boards, which in turn drives increases in the Special Levies paid by Councils and the Drainage Rates paid by the 1616 owners/occupiers of land in the drainage districts [271 NELDB, 443 W3rd, 347 W1st and 555 in UW].

As context, 1% on each Board's Penny Rate generates different levels of income to the Board in question [in NELDB 1% is £6,480.62, in UW £12,240.73, in W1st £9,807.00 and in W3rd 1% equates to £10,927.36].

The increase in electricity prices and impact on budgets has caused concern within IDBs and with Councils curtailed to a 3% Council Tax increase cap [or 5% for Upper Tier Authorities where they provide Social Care]. Considerable political interest and lobbying is underway.

Following the ADA Annual Conference on 09.11.22 where the significance of this issue for IDBs was raised, the Chief Executive attended an ADA convened meeting with the EA and 3 Defra colleagues on 30.11.22. The issue was outlined and discussed as too were some requests for flexibility/assistance nationally or using existing RFCC mechanisms, e.g., providing at least a one-year IDB to EA precept 'holiday' for 2023/24 which would total £516,030 for the 4 Witham & Humber Drainage Boards [NELDB £161,019, UW £166,826, W1st £83,031 and W3rd £105,154], and would total £2.1 million across the Lincolnshire IDBs. No commitment to support was given at the meeting by Defra colleagues, but the Briefing Note we provided will be shared within Defra/DULUC. The importance and timing of the required flexibilities was stressed, prior to IDBs setting their increases in the Penny Rates in late January 2023. No response had been received.

Locally, the IDBs have secured a half-hour slot on the Anglian [Northern] RFCC agenda for Friday 27.01.23 and I will present the case there [noting that our 4 Board meetings will have been completed by then].

### 3030.3 Budget Setting for 2023/24.

Budgets preparation was challenging for 2023/24, to be able to present today a financially balanced budget to each Board. During November and early December, a series of officer meetings is held to go through budget cost pressures on the current year, cost pressures on the forthcoming year and any known developments or known improvements Boards wish to achieve are also fed through into a first draft of individual Estimates for each Board. As part of this process, the Joint Services Budget for 2023/24 is reviewed, following a similar process of building up known pressures and other pressures like the need to establish a Capital Programme for long-term investment in the refurbishment of our Pumping Stations. The proposed Joint Services Budget for 2023/24 was examined and supported by the JSC on 12.12.22 and has accordingly been apportioned into the budget Estimates for individual Boards on the agendas for January Board meetings [in the Joint Services Agreement agreed proportions of Upper Witham and Witham Third contributing 30% each and North East Lindsey and Witham First Boards contributing 20% each]. The Capital Programmes for a 20-year period were also presented to the JSC on 12.12.22 and the individual Programmes are on the agendas for the January Board meetings and contributions are built into the Estimates for each Board from 2023/24 onwards.

By way of context, the following cost pressures are included in budgets:

- Pay award at 2.1% consolidated from 01.04.23 and a further £1,800 unconsolidated sum for 2023/24 only, as a hardship support in the current economic climate.
- Electricity Budgets rebased, as set out previously with 20% of assumed usage at 30p/KwH and 80% at 40p/KwH plus a further 10% increase in standing charges at pumping stations from 01.10.23.
- Insurance costs- assumed July 2023 renewals at July 2022 costs plus 10%.
- Contribution to Capital Programmes [£17k NEL, £35k W1 and £50k each for UW & W3]
- NNDR - No increase in NNDR as the multiplier as was frozen in the Chancellor's Autumn Statement but revaluations implemented from 01st April 2023 will affect W1 [+£600] and W3 [+£1,700]. UW valuation has not increased and NELDB Depot is below the threshold to pay NNDR.
- Assumed % costs increase in mobile phones and ICT contracts (CPI+ based) from April 2023.
- Based on costs escalating on servicing and repairs and maintenance of plant and equipment, draft budgets have factored in increased R&M/servicing budgets.
- Fuel costs rebased to £1.50 (ex VAT) for Derv and left at 2022/23 level of £1.08 per litre for Gas Oil.
- Telemetry costs on 3 of the 4 Boards [not NELB).
- Pump lifts and refurbishments have been reduced from 2 to 1 lift in 2023/24.
- Lease vehicle costs 0% change [rebased where required].
- Assumed 15% increase in the Penny Rate for 2023/24 in NELDB, UW and W3rd IDBs and 29% increase in the Penny Rate in W1st, subject to each Board agreeing this [plus any percentage increase for land movements



31.12.22 from agricultural land to other developed land category under the Land Drainage Act [1991]].

In meeting the Boards' legal obligations to set a financially balanced budget for 2023/24, we can do so. But this is setting a Penny Rate increase far in excess of the uplift in recent years. In 3 of the 4 Boards [NELDB, UW and W3rd] the proposed Budget Estimates for 2023/24 present a financially balanced budget with a proposed 15% increase in the Penny Rate. The impact of electricity price increases is more significant for W1st, and to set a financially balanced budget for 2023/24 the proposed increase in the Penny Rate is 29%.

The Boards must expect increased scrutiny of our budgets for 2023/24 in this current economic climate and given the proposed increases in the Penny Rates. As an example, NELDB's Chairman [supported by me] attended a meeting of IDBs convened by North Lincolnshire Council's Leader on 12.12.22.

Members received and NOTED the Chief Executive's report and update.

### **3031 Corporate Risk Register.**

A report had been circulated with the agenda and was presented by the Director of Finance and Governance.

The purpose of the Corporate Risk Register (CRR) report is to provide the Board and the Public with an update of the Corporate Risk Register for Witham and Humber Drainage Boards, to demonstrate the control measures in place for mitigation of the risks and ongoing management, and to acknowledge where risk is controlled to a low/ medium level and therefore no-longer is deemed as a 'corporate risk' but 'business as usual'.

The CRR is reviewed at periodic intervals. However, it is a live document, which is reviewed as required. It is brought to the Board meetings to ensure that Board Members are aware of the strategic risks which affect the four statutory Boards within the Witham and Humber Group.

Witham and Humber Drainage Boards continue to have a robust risk management process, which enables consideration of external and internal risks. By establishing a systematic approach to identification, assessment and management of risk, WHDB intends to continually improve the Boards' governance, increase accountability and enhance overall performance.

The CRR provides members with strategic oversight of the corporate risk management process and the key risks to which WHDB is exposed.

Those risks that are significant enough to warrant management and/or oversight by a member of Management Team are detailed. Specific risk control measures are in place to reduce the likelihood and/or impact of a risk occurrence where this is felt to be practicable /appropriate.

A new layout of the CRR is in use, which changes the layout but does not change the specific information within the risk register. As part of the review, it is recognised that risk is inherent within all public body organisations, and where the risk is low or medium, these risks have been removed from the published report to ensure that only the key strategic risks are included. Ian Powell queried how risks get back on to the risk register once removed, and this was discussed.

Low and Medium risk have been removed as the Senior Management Team (SMT) manage the low and medium risk robustly within their teams. The Risks 3, 5, 6, 7, 9, 10 & 12 have been removed from the Strategic/ public risk register due to being low and medium risk items.

Board Members reviewed the Risk Register and approved:

- the new lay out of the Risk Register.
- removal of the low and medium risks is accepted by the Board to allow the scrutiny of strategic high and very high risks to remain the overarching consideration by the Board.

### **3032 Schedule of Expenditure, 01.11.22 to 31.12.22.**

The Schedule of Expenditure for the two months' period 01<sup>st</sup> November to 31<sup>st</sup> December 2022 had been circulated with the agenda and was presented by the Director of Finance and Governance. The schedule relates to those invoices paid in the period, not the period itself.

Gross expenditure totalled £397,726.28 or, net of £19,203.88 VAT, £378,522.40. Of this, £7,088.97 was recharged to other bodies.

The following items were highlighted to or by members:

Item 28: £52,577.00 (net) to EA for Flood & Coastal Erosion Risk Management Precept (2<sup>nd</sup> of 2 payments – total annual payment £105,154.00).

Items 65 & 66: £3,220.00 and £3,728.00 (net) to Jeremy Benn Associates Ltd for interim payments 6 & 7 for Greetwell & Shortferry catchment Study.

Items 115 & 116: £24,500.00 and £1,357.53 (net) for the wheeled Atlas FX15 JYP machine boom repair, rear prop shaft failure replacement.

Members received and NOTED the expenditure incurred in the two months from 01.11.22 to 31.12.22.

### **3033 Financial Performance Report 2022/23, Period 9 to 31<sup>st</sup> December 2022.**

The Director of Finance & Governance presented the Financial Performance Report to 31.12.22, month 9 of 2022/23, which had been circulated with the agenda. The summary position was:

	<b>2022/23 Estimate</b>	<b>Profiled Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income	(1,510,417)	(1,426,573)	(1,732,034)	(305,461)
Board & General Admin	23,573	16,684	14,175	(2,509)
One Off Schemes	10,000	4,706	28,563	23,857
Conservation	2,000	1,461	1,773	312
Depot	33,160	27,906	30,357	2,451
Drains	568,137	511,109	531,233	20,124
Pumping Stations	298,400	212,347	249,679	37,332
Joint Admin/Witham House	164,112	194,823	219,506	24,683
Consents & Enforcement	15,052	31,915	29,544	(2,371)
Director of Operations/Engineers	116,226	103,173	68,096	(35,077)
Contribution to/(from) Reserves	0	0	88,188	88,188
Rechargeable Works	172,500	149,440	201,588	52,148
EA Precept	107,257	107,257	105,154	(2,103)
FRS17 Pension Adjustment (net)	0	0	0	0
Wages & Plant Holding Account	0	(41,925)	38,138	80,063
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(107,678)</b>	<b>(126,041)</b>	<b>(18,363)</b>

The Board's budget was showing a positive variance of [£18,363] against profile at 31.12.22.

In relation to Income, Special Levies income from the three councils had been received (£889k) for the full year, with the second tranche payments received in November. The collection rate for Drainage Rates was 99.3% as of 31.12.22 (97.0% at the same point in 2021/22), with £210,626.20 collected to 31.12.22 and, after adjustments, a remaining £1,376.14 income outstanding to the Board. All historical outstanding rating queries are now resolved and only land transfers from in-year are now being actioned.

Rechargeable Works are being undertaken, mainly for the EA through the PSCA. Invoices have been raised up to the end of December (£267k) for PSCA and (£27k) other rechargeable works.

Highland Water claims have been submitted to the Environment Agency for the 2021/22 actual claim, with a further balance of (£65,225) paid. The EA has paid 80% of the estimated claim for 2022/23 (£205,600) along with the balance for 2021/22 actual costs incurred (£65,225), making a total income received by the Board of (£270,825).

Flood Defence Grant in Aid income of (£116,750) had been received for the following schemes:

Scheme	Total Scheme £	Received £	Due £
Greetwell Catchment Study	(23,000)	(23,000)	0
Telemetry	(112,500)	(93,750)	(18,750)
<b>Total</b>	<b>(135,500)</b>	<b>(116,750)</b>	<b>(18,750)</b>

This income will be expended during the year, with any balance transferred to reserves for works to be completed in future financial years, if required.

Electricity is a significant cost pressure in this financial year. This Board has a budget of £69k for the Pumping Station electricity and to date £46k has been spent. This is only for the first 8 months up to the end of November 2022, as the December pumping station invoices are awaited. It equates to 66% of the annual budget for 2022/23 spent so far, with 4 further months' expenditure to be incurred.

Members will be aware of the national inflationary pressures, which are affecting many of the Board's costs. RPI was 14% [CPI 9.3%] in November. Electricity, fuel, plant and vehicle maintenance, insurance, mobile phones are all seeing escalating costs. Where possible, these are locked into contracts so not all the impact is being felt currently, but it will feed through into future costs which will put undue pressure on the last months of this financial year's budgets and next year's budgets. Additionally, the availability of materials, spare parts and suitable companies to carry out works is causing additional downtime and delays for our operational and Engineering teams.

Bank balances and investments were set out as at 31.12.22, as follows:

Natwest	£	122,927.68
Nationwide Instant Access	£	932,380.83
Nationwide 95 Day Notice	£	425,621.29
<b>Total</b>		<b><u>£ 1,480,929.80</u></b>

Members NOTED the 2022/23 financial performance for the 9 months 01<sup>st</sup> April to 31<sup>st</sup> December 2022.

### **3034 Capital Programme.**

A report had been circulated with the agenda and was presented by Georgina Nichols, Capital Planning Manager.

Historically, the 3 Boards with plant and machinery have annually set and funded a Plant Programme for the future purchase and replacement of plant and machinery. However, the Boards have not had a wider Capital Programme, to include other assets especially Pumping Stations.

The 4 Boards jointly fund a post of Capital Programme Manager (CPM) (Georgina Nichols) along with Witham Fourth, Black Sluice and South Holland IDB's to assist the 7 Boards in developing Flood Defence Grant In Aid (FDGIA) schemes, business cases and grant submissions including calculating the cost/benefits/potential grant availability of any potential schemes.

Over recent months, Georgina has been working with the 4 Boards' Officers to develop a Capital Programme for the 4 Boards' Pumping Stations. This has required an assessment of each pumping station in terms of what works are required at each site, whether that be new control panels, pump/motor refurbishment, weedscreen installation/refurbishment, etc. The Operations and Engineering teams prioritised from their perspectives which sites were most in need of works and which, due to the Boards' investment in pump lifts, roof replacements, ongoing maintenance, etc, were in less need of works.

This work is based upon refurbishment of the existing pumping stations and not replacement. However, should additional funding/alternative third party funding become available then the replacement option will be considered at the Outline Business Case stage. Once the scope of works had been assessed and quantified, Georgina completed the EA's Partnership Funding Calculator for each site, which assesses what grant is available from the EA through its Flood and Coastal Erosion Risk Management (FCERM) Grant in Aid programme. This is nationally a £5.2bn 6-year programme which all Flood Risk Management Authorities (FRMA's) can access.

The partnership funding calculator is based on what assets will be protected by any proposed improvement scheme, including dwellings/homes, business premises, critical infrastructure, and to a lesser degree agricultural land. Each asset has monetary benefits attributed to it based on its value to the nation, so the more assets protected, particularly those that attract higher benefits such as homes/dwellings then the more grant is available. Due to the purpose and locality of some land drainage pumping stations it means that those that provide protection for the more urban areas can be 100% funded, but those that only protect a few dwellings and protect mostly agricultural land will only receive partial funding or no funding. Any shortfall in grant needs to be funded by the Boards and/or alternative third-party funding.

A complication to this process is that these benefits can only be used once and not double counted, by a FRMA for the period over which the scheme is funded. So, if the EA develop a scheme which protects some properties, with a funding life of say 20 years, then those same properties cannot be used/counted to generate benefits for an IDB scheme in the same location in that period. Therefore, the Boards are often negotiating a 'share of benefits' to ensure large EA schemes do not use up all the benefits in an area where the Boards may wish to progress a scheme. Within Witham 1st and 3rd districts the Lower Witham Flood

Resilience Project is in the process of apportioning all the benefits within the project area to each individual flood risk management asset so projects can be developed, and benefits are not double counted.

Once the potential Grant in Aid had been assessed for each pumping station Officers were able to combine the likely cost, potential grant available and assess the potential shortfall in funding for each site. Where pumping stations operate on the same catchments, whether due to being a 'booster station' or due to having links between the catchments, then these have been assessed as a single scheme.

The schemes were then prioritised on a financial (affordability) basis with those schemes attracting 100% Grant in Aid being in the short to medium term for delivery, with those with less funding being in the latter part (medium to long term) of the programme. Discussions then took place to align the Operational/Engineering priorities with the Financial/affordability priority to enable the team to generate a proposed Capital Programme for each Board.

Therefore, the programme proposed is a combination of technical need and affordability. At the JSC meeting on 12.12.22 Members received a presentation on the outcome of this work and supported a proposed programme to go forward to the January Board meetings for each Board. Each Board will need to make an annual financial contribution towards these schemes from within their own Board's Estimates, which may not be required in the earlier years of the programme but will be required to build a sufficient financial 'pot' to service those schemes which are not fully funded in the later part of the 20-year programme. It is anticipated these annual contributions will be built into the revenue estimates from 2023/24 onwards, in order to achieve the delivery of the programme. And these sums are included in the Budget Estimates for 2023/24.

If approved by each Board, these contributions will provide a programme of works to be developed into Business Cases over the coming years which will be coordinated by the CPM. Additionally, a bid was submitted to the Anglian [Northern] RFCC to seek funding for a Project Delivery post to help project manage and deliver any schemes that are approved, and this has been approved.

To achieve these pumping station capital refurbishments, the Boards will need to make an annual contribution to their own programmes. Currently this is at £17k for NELDB, £50k for UW, £35k for W1st and £50k for W3rd (plus utilising some existing reserves). These amounts have been included in the proposed Estimates for each Board 2023/24, which follow on this agenda. The Boards will each then have a Capital Programme encompassing not just plant and machinery but also pumping stations refurbishment over the next 20 years as many pumping stations reach the end of their original design life.

Members noted the programme and supported in principle the establishment of a Capital Programme for the pumping stations.

### **3035 Proposed 2023/24 Revenue Estimates & Capital Programme 2023/24.**

A report had been circulated with the agenda and was presented by the Director of Finance and Governance.

Detailed work had been undertaken to review the actual income and expenditure in 2022/23 as of 31st December 2022 (Q3). This position has then been used to inform the budgets for 2023/24, together with any known cost pressures, necessary developments and known savings.

Members were shown the summary Estimates position comparing the 2022/23 approved Budget to the 2023/24 proposed Budget, with variances. This also summarised the key changes included in the proposed budget.

The summary of the Joint Services arrangements was presented for information, which were recommended for approval by the 4 Boards' JSC meeting on 12th December 2022. These costs have been allocated between the 4 Boards on the agreed proportions of 30% each to Upper Witham IDB and Witham Third DIDB and 20% each to Witham First DIDB and North East Lindsey IDB.

Additionally, this year, a Capital Programme for the refurbishment of the 4 Boards' Pumping Stations has been developed, including potential grant funding available from the Flood Defence Grant in Aid [FDGIA] resource funded by DEFRA via the EA.

Preparing the 2023/24 Revenue Budget Estimates has been very challenging, given there are significant cost pressures which are externally driven and outside the control of the Boards, especially electricity costs. The 112 IDBs nationally are experiencing similar cost pressures and there has been much discussion with our membership body, ADA [the Association of Drainage Authorities] and with neighbouring IDBs about the impact of these cost pressures. Emails have also been exchanged with all Special Levy paying councils, to advise them of the particularly challenging financial pressures for 2023/24.

The main cost pressure this year is from the significant increase in electricity costs and the impact this has on our operational pumping stations which are all electric powered pumps. A core part of this overall increase is the large increase in standing charges, as previously reported to the Board, which will be incurred whether the pumps are running or not.

In discussions with our energy framework provider Eastern Shires Purchasing Organisation [ESPO], the following assumptions have been included in these estimates:

Unit prices have been calculated @30p per unit (KWH) for 6 months (April 23 to September 23), on 20% of assumed usage and 40p per unit (KWH) for October 23 to March 24 on 80% assumed usage. Standing Charges have been used as current for 6 months April 23 to September 23 and 10% increase from October 23 to March 24. Assumed usage is based upon historical usage, modelling 'dry', 'average' and 'wet' years. An 'average' usage level has been used for the purpose of these estimates which is a significant risk to the Board if we experience a wet year of heavy rainfall.

Additional Highland Water contributions from the EA have been assumed on those pumping stations that attract a Highland Water allocation.

A summary of the assumptions is shown in the following table:

Pumping Station Electricity									
	Usage KWH	Usage Cost	Standing and Other Charges	Total Electricity Cost	less Current Budget 2022/23	Net Increase in Electricity Budget	Additional Highland Water	Net Additional Cost	
NEL	200,000	£ 77,000	£ 13,000	£ 90,000	£ 15,000	£ 75,000	-£ 8,500	£ 66,500	
UW	400,000	£ 152,000	£ 40,000	£ 192,000	£ 48,000	£ 144,000	-£ 35,000	£ 109,000	
W1	600,000	£ 228,000	£ 77,000	£ 305,000	£ 69,000	£ 236,000	-£ 10,800	£ 225,200	
W3	450,000	£ 171,000	£ 49,000	£ 220,000	£ 69,000	£ 151,000	-£ 46,000	£ 105,000	
	<b>1,650,000</b>	<b>£ 628,000</b>	<b>£ 179,000</b>	<b>£ 807,000</b>	<b>£ 201,000</b>	<b>£ 606,000</b>	<b>-£ 100,300</b>	<b>£ 505,700</b>	

Additionally, electricity budgets at other sites (depots/offices) have been increased.

Other cost pressures due to inflation, market changes and contractual arrangements include:

**Pay costs.** The Board is facing significant retention and recruitment issues. A pay award of 2.1% plus a £1,800 unconsolidated lump sum has been proposed by the Lincolnshire Pay & Conditions Committee but to date this has not yet been agreed by the Unions representing the employees. However, this is the pay costs increase assumed in draft 2023/24 budgets.

**Insurance costs.** The Boards are facing very significant challenges in procuring suitable insurance cover at realistic prices. We have assumed the renewal costs budget for July 2023 will be the costs as of July 2022, plus 10%. We are also looking at detail into our insurance arrangements with our advisors, The Risk Factor.

**Fuel costs.** Last year the fuel budgets were prepared on an assumed £1.08/litre for white diesel, also assuming all plant would need to move to white diesel from 01st April 2022. A last-minute reprieve was achieved and so the bulk of plant has remained on red diesel. However, the cost of red diesel has risen above the £1.08/litre budgeted and white diesel significantly higher. Therefore, the budgets for white diesel have been increased to meet actual costs.

**Repairs & Maintenance (R&M)/Servicing.** Draft budgets have factored in some further increases on R&M/servicing budgets for 2023/24, to reflect the experience of increasing costs.

**General inflation.** RPI [All Services] was 14% in November 2022 [CPI 9.3%], and we are seeing increased costs in many areas of the 4 Boards' spend which will feed into ICT, mobile phone and other CPI based contracts from April 2023 onwards.

In order to mitigate some of these cost pressure increases, where possible we have frozen budgets. Significantly, we have also deferred all our major plant purchases scheduled for 2023/24, which will have a further impact on our service and maintenance costs. Where capacity allows, we are also sharing staff and machines across the Boards to reduce external costs. We have reviewed our main spend areas and achieved savings for items such as mobile phones and by standardising supplier base across the 4 Boards. In terms of back-office functions and costs as a proportion of turnover, the 4 Boards have worked together in a voluntary partnership now since April 2017, considerably reducing management costs for each Board.

Other pay related reductions have been achieved due to the reversal of the previous increase in National Insurance employer contribution rates, now reducing the rate by 1.25% [reduces the contribution rate from 15.05% now to 13.80%].

There has also been a Pension Fund triennial revaluation with new rates to be implemented from 01st April 2023, which has given savings to some Boards (and which will feed into JSC recharges for all Boards):

<b>Employer Pension Contribution Rates</b>				
	<b>NEL</b>	<b>UW</b>	<b>W1</b>	<b>W3</b>
<b>Current (2022/23)</b>				
Primary %	20.7%	19.7%	20.5%	18.9%
Secondary %			-1.2%	
Secondary £	£ 1,000	£ 54,000	£ -	£ 27,000
<b>Overall % of Pay</b>	<b>23.3%</b>	<b>33.9%</b>	<b>19.3%</b>	<b>23.7%</b>
<b>2023/24</b>				
Primary %	25.1%	24.1%	30.1%	23.5%
Secondary %	-4.4%		-10.8%	
Secondary £		£ 11,000	£ -	
<b>Overall % of Pay</b>	<b>20.7%</b>	<b>26.9%</b>	<b>19.3%</b>	<b>23.5%</b>
<b>2024/25</b>				
Primary %	25.1%	24.1%	30.1%	23.5%
Secondary %	-4.4%		-10.8%	
Secondary £		£ 11,000	£ -	
<b>Overall % of Pay</b>	<b>20.7%</b>	<b>26.9%</b>	<b>19.3%</b>	<b>23.5%</b>
<b>2025/26</b>				
Primary %	25.1%	24.1%	30.1%	23.5%
Secondary %	-4.4%		-10.8%	
Secondary £		£ 11,000	£ -	
<b>Overall % of Pay</b>	<b>20.7%</b>	<b>26.9%</b>	<b>19.3%</b>	<b>23.5%</b>

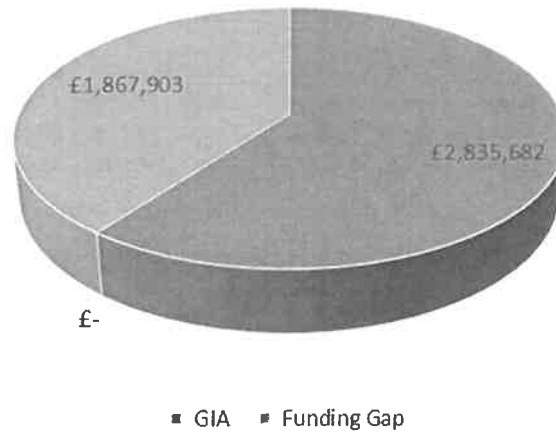
### Capital Programme 2023/24 Onwards.

Historically, the 3 Boards with plant and machinery have annually set and funded a Plant Programme for the future purchase and replacement of plant and machinery. Based on support earlier in the meeting for a wider Capital Programme to include refurbishment of the Board's Pumping Stations, the Flood Defence Grant in Aid [FDGIA] funding assessments undertaken for each Pumping Station/site illustrate the key outcomes derived so far for this Board as:

- 14 pumping stations
  - 4 PS fully funded.
  - 8 PS Partially funded.
  - 2 PS not economically viable under GIA rules
- 268 houses protected.
- 37 non-residential properties protected.
- 2,698ha agricultural land
- 6 electricity substations
- 1 sewage treatment works.
- 1 school
- Roads A158 & A153



### Witham 3rd



The outcome of these funding assessments has then been developed into a Capital Programme, scheduling each site over the next 20+ years. Each site has been assessed based on its Asset Condition priority, Affordability (GIA funding available) and Deliverability (staff and other resources). It was stressed this is for refurbishment only not replacement, although this will be considered when the individual detailed business cases are prepared.

In order to deliver this Pumping Station Capital Programme in the medium term (10 years) then the Board needs to make an annual contribution from its Revenue Budget to the programme to make it affordable and deliverable. Therefore, in the draft Revenue Estimates a contribution of £50k per annum has been provided for from 2023/24 onwards, utilising the previous budget for One-Off schemes.

#### Summary Revenue Budget Proposals 2023/24.

The summary of the proposed Revenue Budget 2023/24 was presented along with an analysis of the various increase costs, savings and additional income.

After much discussion between Officers and Members of the Standing Committee at the meeting held on 10<sup>th</sup> January 2023, a balanced budget position can be achieved for 2023/24 based on these assumptions and a recommended **15.00%** penny rate increase. This is broadly made up of **5.2%** for all the inflationary issues listed, excluding electricity, and **10.4%** solely for meeting the impact of electricity price increases. Land movements equate to **-0.6%**.

For comparative purposes the following table set out the 'penny rate' increases that the Boards have set in recent years:

<b>Historic Penny Rate Increases</b>									
<b>Increase in penny rate</b>									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	%	%	%	%	%	%	%	%	%
NEL	0.00%	0.00%	2.50%	0.00%	1.00%	2.00%	2.00%	5.00%	15.00%
UW	1.75%	1.50%	1.25%	2.00%	2.00%	2.40%	2.50%	6.25%	15.00%
W1	1.75%	1.50%	0.00%	0.00%	0.00%	5.00%	2.50%	6.50%	29.00%
W3	1.75%	1.25%	0.75%	2.00%	0.50%	2.00%	2.50%	5.00%	15.00%
<b>Average increase since 2015/16</b>									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	%	%	%	%	%	%	%	%	%
NEL	0.00%	0.00%	0.83%	0.63%	0.70%	0.92%	1.07%	1.56%	3.06%
UW	1.75%	1.63%	1.50%	1.63%	1.70%	1.82%	1.91%	2.46%	3.85%
W1	1.75%	1.63%	1.08%	0.81%	0.65%	1.38%	1.54%	2.16%	5.14%
W3	1.75%	1.50%	1.25%	1.44%	1.25%	1.38%	1.54%	1.97%	3.42%

Whilst the proposed penny rate increase is more significant than in previous years, without this the Board will not be able to set a balanced budget and secure its financial stability. Additionally, there will be the land movements from agricultural land to 'other developed land' under the Land Drainage Act 1991, which impact on each individual Special Levy paying Council. These land movements were set out in a further report today.

#### Funds and Reserves.

Members have an agreed policy of holding a general 'Revenue Reserve' for emergencies of 10% to 15% of turnover, with the balance held in 'earmarked reserves' for particular requirements.

It was proposed the fund balances be allocated on the following basis:

Reserve	Actual 2022/23 b/f £	Estimated 2022/23 c/f £	Estimated 2023/24 c/f £
Revenue Reserve*	(242,291)	(242,291)	(242,291)
Emergency Events	(35,000)	(35,000)	(35,000)
Insurance	(35,000)	(35,000)	(35,000)
One Off Projects**	(80,941)	(80,941)	(74,941)
Office Computer Renewal	(13,919)	(16,719)	(9,519)
Commuted Sums	(10,400)	(10,400)	(10,400)
Capital Programme Funding			
Plant & Machinery	(306,132)	(357,319)	(439,161)
Pumping Stations	(283,222)	(286,936)	(290,650)
AWC Renewal	(176,556)	(189,834)	(203,112)
Pumping Station Refurbishments	(0)	(0)	(50,000)
Balance	(1,183,461)	(1,254,440)	(1,390,074)

\*Assumes balanced year-end financial position for 2022/23 and 2023/24.

\*\* Assumes all FGDGIA schemes completed in financial year

An explanation of the reserves was provided, as follows:

#### Revenue Reserve.

This is the general 'contingency' reserve to be utilised for any unexpected or emergency purposes which cannot be contained in the revenue budget. This assumes a balanced position on the Revenue Account at the end of this financial year 2022/23 and next year 2023/24.

The 2023/24 balance is estimated to be **12.75%** of estimated turnover, so is within the Board's approved Policy on Reserves, 10% to 15% of turnover. This will be reviewed again when the actual position for 2022/23 as of 31<sup>st</sup> March 2023 year-end is known and will be part of the Outturn report to the Board in May 2023.

#### Emergency Event.

This reserve can be used for funding emergency expenditure incurred if a flooding event takes place, additional electricity usage is incurred at the pumping stations or for preventative/remedial action to help deal with emergency events.

#### Insurance.

This reserve was established to offset some of the additional costs of insurance, whether through additional self-insurance or offsetting some of the additional premium costs in future years.

#### One-Off Projects.

This reserve holds the balance of any FDGIA monies received and not yet fully utilised (e.g., Telemetry Replacement, etc). It is assumed all schemes will be completed in 2022/23 but if not, any balances will be held in this Reserve until required.

#### Office IT Renewal.

This reserve receives depreciation charges to help fund future replacement of the main office IT server. This is due to be renewed in 2022/23, thus reducing the fund balance and a project team is currently assessing required replacements.

#### Commuted Sums.

This reserve contains commuted sums received by the Board to be utilised to meet future maintenance costs of the related scheme.

#### Plant and Machinery (Capital).

This reserve funds future purchases of Plant and Equipment, with depreciation charges and sales income replenishing this fund on an annual basis. The reserve increases in 2022/23 and 2023/24, although there are modest approved purchases in both financial years.

#### Pumping Stations (Capital).

This fund will fund future one-off emergency works at Pumping Stations and support the delivery of the Board's Pumping Station Refurbishments.

#### AWC Renewal (Capital).

This reserve receives depreciation charges from the AWC's. It is utilised for the one-off maintenance/replacement of Automatic Weed Cleaning systems and supports the delivery of the Board's Pumping Station Refurbishments. Not all the Board's pumping stations currently have AWC's.

#### Pumping Station Refurbishment (Capital).

As detailed, an annual contribution is required to fund the Pumping Station Refurbishment Capital Programme. These contributions will be held in the reserve until required.

Members were reminded that they can reallocate resources between these reserves at any time, should the need arise.

Following discussion members were content to:

- approve the Pumping Station Capital Programme, as set out.
- note the Plant & Machinery Capital Programme, as set out and previously approved.
- approve the financially balanced Estimates for 2023/24, based upon a 15.00% increase in the penny rate.
- note the outcome of this report will determine the level of penny rate to be set in the separate report on this Agenda.

### **3036 Annual Value, Drainage Rates and Special Levies 2023/24.**

A schedule setting out the Annual Values that need to be agreed as part of the formal setting of the Drainage Rates and Special Levies, had been circulated with the agenda and was presented by the Director of Finance and Governance.

The Annual Values start with those brought forward from last year's rate setting, with movements required for land that has been developed and therefore comes out of Drainage Rates and is allocated to Special Levies for the appropriate Council.

The Annual Values as of 31<sup>st</sup> December 2021 were:

	<b>Annual Values 31.12.20 £</b>	<b>Land Transfers 2021 £</b>	<b>Annual Values 31.12.21 £</b>
Drainage Rates	2,005,166	(157)	2,005,009
City of Lincoln	2,776,055	0	2,776,055
East Lindsey DC	3,712,176	54,021	3,766,197
West Lindsey DC	2,211,611	1,059	2,212,670
<b>Total</b>	<b>10,705,008</b>	<b>54,923</b>	<b>10,759,931</b>

The land movements between 01.01.22 and 31.12.22 that require transfer from Drainage Rates to Special Levy were shown. Land is transferred at the agreed development rate of £4,287.44 per hectare:

<b>Area ha</b>	<b>Parish</b>	<b>Council</b>	<b>Developed for</b>
-0.106	Horncastle	ELDC	Part of caravan site (Elmhirst Lakes)
-0.125	Goulceby	ELDC	Residential dwelling
-0.208	Horncastle	ELDC	Trinity Antiques Centre grounds
-0.405	West Ashby	ELDC	Residential dwelling
-0.405	Woodhall Spa	ELDC	JJ's garage and shop and domestic garden
-0.555	Woodhall Spa	ELDC	Manor Crest housing development
-1.508	Kirkstead	ELDC	McCarthy Stone new development
-2.933	Woodhall Spa	ELDC	Manor Crest housing development
-3.059	Tattershall Thorpe	ELDC	Quarrying site Tattershall Thorpe
-3.148	Kirkstead	ELDC	Rippon Homes new development
-0.150	Fiskerton	WLDC	Dwelling/Garden
-0.172	Langworth	WLDC	Dwelling/Garden

-0.243	Bardney	WLDC	Residential dwelling
-0.308	Snarford	WLDC	Residential dwelling
-0.534	Stainfield	WLDC	Residential dwelling
-0.600	Scothern	WLDC	Garden and private menagerie

This results in the following Annual Values as of 31<sup>st</sup> December 2022:

	<b>Annual Values 31.12.21 £</b>	<b>Land Transfers 2022 £</b>	<b>Annual Values 31.12.22 £</b>
Drainage Rates	2,005,009	(1,268)	2,003,741
City of Lincoln	2,776,055	0	2,776,055
East Lindsey DC	3,766,197	53,387	3,819,584
West Lindsey DC	2,212,670	8,605	2,221,275
<b>Total</b>	<b>10,759,931</b>	<b>60,724</b>	<b>10,820,655</b>

### Penny Rates

The following 'penny rates' will be applicable if the 15.00% increase proposed is agreed:

	<b>Penny Rate (Pence in the £)</b>
<b>Current</b>	<b>10.1556</b>
<b>Proposed</b>	<b>11.6789</b>

### Drainage Rates.

The increase to the penny rate will provide a net increase in the income to the Board generated from Drainage Rates, from £203,621 in 2022/23 to £234,015 in 2023/24 (+£30,394).

### Special Levies.

The increase to the penny rate will have the following impact on Special Levies, including the rebasing of the Annual Values for the land transfers for each Council:

	<b>Current £</b>	<b>Proposed £</b>	<b>Difference £</b>	<b>Increase %</b>
<b>City of Lincoln</b>	<b>281,925.04</b>	<b>324,212.69</b>	<b>42,287.65</b>	<b>15.00</b>
<b>ELDC</b>	<b>382,479.88</b>	<b>446,085.42</b>	<b>63,605.54</b>	<b>16.63</b>
<b>WLDC</b>	<b>224,709.91</b>	<b>259,420.47</b>	<b>34,710.56</b>	<b>15.45</b>
<b>TOTAL</b>	<b>889,114.83</b>	<b>1,029,718.58</b>	<b>140,603.75</b>	<b>15.81</b>

In summary, income to the Board increases by a net total of £170,998 for 2023/24 (being an increase of £140,604 in Special Levy and a net increase in Drainage Rates of £30,394).

Following discussion members AGREED:

1. The transfer of land from Drainage Rates to Special Levy as set out be approved.
2. The land valuations as of 31<sup>st</sup> December 2022 upon which Drainage Rates and Special Levies are calculated is set at £10,820,655.
3. The penny rate is increased from 10.1556 pence in the pound to 11.6789 pence in the pound (+15.00%) for 2023/24.

4. The Special Levies 2023/24 be agreed and set for each of the 3 Councils as:
  - a. City of Lincoln £324,212.69
  - b. East Lindsey District Council £446,085.42
  - c. West Lindsey District Council £259,420.47
  
5. The Chairman and Chief Executive be authorised to sign the Rate Book, apply the seal of the Board and publicise the revised penny rates, estimated Drainage Rates and Special Levies before 15.02.23.

### **3037 Health and Safety Update.**

A Health and Safety update had been circulated with the agenda and was presented by the Director of Operations.

There had been 4 reported Incidents, with no injuries reported, 3 of which were in Witham Third:

(W3) Hand Team Operative slipped into the water course when removing items from footwear which were causing discomfort. Internal investigation completed, no injuries, they were not submerged, the watercourse was shallow, Operative was able to readily and easily stand up and get out of the dyke. Colleagues were working with the Operative as is custom and practise within the hand team.

(W3) Stone wall was clipped during weed cutting, causing some damage. Investigation completed and required work to remedy the damage has been agreed with owner at Tattershall.

(W3) RTC when a Board's 4x4 vehicle skidded off the highway during the December icy conditions. No injury to Operative or to third parties. Insurer's assessment is that the vehicle is uneconomical repair and a write-off sum of circa £11.2k after policy excess has been agreed. Arrangements in place for collection of the vehicle from the Board's depot.

The Chairman queried if it was necessary to contract Cope, the external Health & Safety providers, as the Boards did now employ a Risk Manager with extensive Health & Safety experience. Ian Coupland advised that it was good practice to have an outside audit, but the use of Cope would now be targeted to reduce any duplication and ensure cost efficiencies.

Members received, discussed and NOTED the Health and Safety report and update.

### **3038 Environment Update.**

An update by the GIS and Environment Officer had been circulated with the agenda and was presented by the Director of Engineering & Technical Services.

As a public body, under the Natural Environment and Rural Communities Act (2006), Internal Drainage Boards must have regard to the purposes of conserving biodiversity in a manner that is consistent with the exercise of normal functions such as policy and decision-making. 'Conserving biodiversity' may include enhancing, restoring, or protecting a population or habitat. An IDB has a legal duty to protect and enhance the environment, set out in a wide range of legislation.

There was nothing to highlight to members on this occasion, members noting the Environmental update.

### **3039 Operations Report.**

The Operations Report had been circulated with the agenda and was presented by the Director of Operations.

Summer 2022 maintenance works will be complete by mid-January and the winter bushing and de-silting programme has started on Horncastle canal.

The new Big Ab trailer that the Board approved in the 2022/23 plant programme is due for delivery by the end of January. Two purchases have been made this week, a 4x4 vehicle and a van, in anticipation of a new Operative starting.

Cllr Tom Ashton queried where was the proposal for the extension of the JSC agreement to include plant and operatives across the Boards. It was confirmed that Officers were exploring this and how to make this work effectively and fairly for 3 of the 4 Boards.

There is still a vacant position in Witham Third for an Operative in the floating role [vacated when Matt Brockelsby left]. Interviews were held in November and a job offer was made. However, following further discussions with the prospective candidate he decided he could not afford to join the Board. None of the other interviewees were thought to be appointable at the time. However, after further discussion with one potential candidate, who is again considering the pay and benefits, this may be a way forward. A further advertisement for the vacancy will be placed within the next couple of weeks. Members discussed advertising routes and suggested options.

At Greetwell Pumping Station there was no update at present on the transformer slab repairs, this being on-hold pending the outcome of the EA/W3rd/developer funded Greetwell and Shortferry catchment study to advise on optimum pumping station requirements for the future if Cherry Willingham Fen marina development progresses.

Regarding Stamp End Pumping Station, LCC have now completed the works they agreed to undertake as improvements before handing over the asset to the Board for an agreed commuted sum of £75k. However, the issue preventing the pump from running correctly is currently under investigation. Perry's pumps have visited site and eliminated the pump as being at fault. Paktronic will now visit and check the panels and electrical equipment. LCC have asked the Board to facilitate the repair at LCC's expense. There is also delay in the legal work to achieve this transfer, due to change in ownership of land adjacent to the pumping station and an easement agreement is now needed with Cadent / National Grid rather than Western Power, say respective solicitors. The Board's legal fees are being met by LCC.

As previously reported winter maintenance recently commissioned by the EA in 2022/23, officers have been given an informal indication that the 4 Boards are likely to be asked to undertake a similar level of summer maintenance works in 2023/24 as in this last year, except the EA will be taking back in-house the obstruction runs the Boards have been undertaking on their behalf. Quotations will therefore be submitted for this work following the Board meetings, with the aim of agreeing this well before the first April Health & Safety cuts. In addition, the IDBs have recently been asked by the EA to quote for additional summer maintenance for summer 2023, mostly tractor/flail work and additional handwork [not weed-cutting excavator work]. If we are given confirmation by the EA that they wish to commission this additional work, it equates to work to an estimated value of £105,006.79 for Upper Witham, £38,870.00 for Witham first and £1,380 for Witham Third [the actual recovery costs may differ].

There are quotes submitted to undertake work for other third parties. Upper Witham currently have quotations to the value of £59,268.33 and Witham Third has quotations to the value of £3,554.40. We are awaiting confirmation of orders for these works.

Once the volume of these additional works to be commissioned is known, officers will be able to plan the delivery of the works in terms of Operatives and plant, as this is a considerable additional workload to absorb, and is commissioned only on a short-term basis. The priority remains to complete the 4 Boards' own work on adopted & scheduled watercourses, as funded by drainage rate payers and Special Levy paying Councils.

Members received and NOTED the Operations report and update.

### **3040 Engineering Report.**

The Engineering Services Report had been circulated with the agenda and was presented by the Director of Engineering & Technical Services.

#### **Telemetry upgrade for Upper Witham IDB, Witham 1st DIDB and Witham 3rd DIDB**

An opportunity arose following successful FDGiA grant funding schemes for other Boards within Lincolnshire to upgrade Telemetry systems. Georgina Nichols, Capital Programme Manager for our 4 IDBs and 3 other Lincolnshire Boards, has successfully gained Flood Defence Grant in Aid for the three Boards to the value of £98,353 for Upper Witham IDB, £125,625 for Witham 1st DIDB and £93,750 for Witham 3rd DIDB.

The system being implemented is from Xylem, a multinational company including the division that was formally known as Flygt. The system is the web based 'VTScada' installed successfully in NELDB pumping stations and several other stations across the Witham Boards.

The previous generation server based 'AquaView' system is currently used for existing Upper Witham stations with telemetry. Two Witham 3rd stations and one Witham 1st station will require upgrades for the equipment on site to enable communication to the web-based system. All other stations across the Boards will require new equipment picking up existing telemetry ready provision where available and new connections as required.

Following the formal confirmation being received from the EA, initial site visits have taken place with Xylem to finalise the units and equipment required at the stations. Some information has been received and further site visits have taken place and further information is expected soon but officers are disappointed with the lack of progress and are chasing.

#### **Willingham Fen Marina Project (TD-3733-2017-PLN)**

Mr Dean Sempers declared an interest in this project and took no part in the discussion. Willingham Fen Marina Project is also known as Cherry Marina, the landowner has created the embankments to form the marina basin outline. It retains some groundwater but is yet to be connected to the River Witham or to cross the Board maintained North Delph. Discussions are ongoing to ensure the Board's interests are protected.

The Board has commissioned a catchment study covering the North Delph and the North Engine Drain [with funding contributions from the EA, the Board and the developer]. The draft results of the modelling work were forwarded to the Board at the beginning of December 2022. The results were positive in that the location of the marina is on the natural catchment split between Greetwell and Short Ferry Pumping Stations, resulting in no increase in flood risk when the stations are fully operational. However, the loss of the link between the stations



will have a potential impact if there is an issue with either station, therefore the developer is required to provide several resilience measures and safeguards. Discussions are ongoing to finalise the measures, together with any current and future financial requirements. The full model results and report are expected soon and will be presented to the Board, however, there has been no update since the last report to the Board in November 2022.

The Engineering Services report was received and NOTED.

**3041 Planning and Consultations Report.**

A report had been circulated with the agenda and was presented by the Head of Engineering & Technical Services.

The Board had received several consultations and had commented on various planning applications to the various planning authorities. A full schedule was provided where responses included no objections or minor standard comments referring to soakaways the requirement for consents.

There was nothing to highlight to members on this occasion.

Members NOTED the report.

**3042 Consents and Enforcements Report.**

The Consents and Enforcements Report had been circulated with the agenda and was presented by the Head of Technical & Engineering Services.

The Enforcement Officer had made considerable progress since the last report and there was nothing in terms of problem cases to highlight to members. It was pleasing to see that many of the Enforcement Issues, particularly in the extended area had been closed.

Members received and NOTED the report on Consents and Enforcement cases.

**3043 Any Other Business.**

There being no further items of business, the meeting closed at 11:55.

**3044 Date, Time and Place of the Board's Next Meeting.**

The Board's next meeting was confirmed for Tuesday, 23<sup>rd</sup> May at 09:30am in Minting Village Hall.

*Faulkner* ..... Chairman ..... *23-5-23* ..... Date  
W3rd B.M. 24.01.23.

