

UPPER WITHAM INTERNAL DRAINAGE BOARD

Minutes of a Meeting of Upper Witham Internal Drainage Board held on Monday, 23rd January 2023 in Witham House Boardroom at 2pm.

<u>Present:</u>	Cllr. D. Armiger	
	Cllr B Bushell	
	Cllr M Green	
	Cllr. G. Hewson	
	Mr J Hollis	
	Mr E Jackson	
	Ms E Jenkinson	
	Mr P Knight	
	Cllr R Longbottom	
	Mr F H Myers	Chairman
	Cllr D Nannestad	
	Cllr L Pennell	
	Mr R Phillips	
	Cllr R Reid	
	Mr. I. Powell	
	Cllr S Roe	
	Mr J Scarborough	Vice Chairman
	Mr N Tobin	
	Cllr P J Vaughan	Vice Chairman
	Mrs. J. Wilkinson	

In Attendance: Miss Jayne Flower, Executive Assistant.
Mrs. Jane Froggatt, Chief Executive.
Mr. Guy Hird, Head of Engineering & Technical Services.
Mr. Steve Larter, Director of Finance & Governance.
Mrs Georgina Nichols, Capital Programme Manager.
Mr. Martin Shilling, Director of Engineering & Technical Services.

67.22 Apologies.

Apologies for absence were received from Mr A Buckley, Cllr C Burke, Cllr J Cottier, Cllr L Dales, Cllr R Metcalfe, Cllr P Morris, Cllr R Oates, Mr G Rawlings, Cllr I Stokes, Mr W Timmins and Cllr C Watt.

68.22 Declarations of Members' Interests.

Members present appointed by the five Councils declared interests relating to their respective Councils (City of Lincoln, North Kesteven District, West Lindsey District, South Kesteven District and Newark & Sherwood District Councils). Cllr Stephen Roe declared a personal interest as a land owner in matters arising relating to the North Hykeham Relief Road scheme.

69.22 Chairman's Announcements.

The Chairman welcomed everyone to the January meeting of the Board and thanked members for electing him as Chairman once more at the November 2022 Annual Public Meeting, which he was unable to attend.

He reminded members that there remained 3 vacant seats on the Board, for the electoral districts of:

- River Brant
- Long Bennington, Barkston & Normanton
- Borough of Grantham

The Chairman welcomed new Member, Cllr Robert Reid, nominated by South Kesteven District Council. Robert was attending his first meeting, replacing long-standing former member, Cllr Rosemary Kaberry-Brown. Rosemary had been unable to attend a meeting for some time due to ill-health, and members wished Rosemary well.

The Chairman outlined that traditionally at the January meeting the focus is on setting a financially balanced budget for the forthcoming financial year from April. Members have a legal duty to do so, and to publicise this and the drainage rates and special levies for the 5 councils by 15th February each year.

Much preparation work goes into this from the officer team, this year the work having been one of the most financially challenging rounds of budget setting. The Budget Estimates for 2023/24 were on the agenda today, this being inextricably linked to the following item where members formally set the Annual Value and Penny Rate, which in turn determines drainage rates for next year and the level of Special levies for the 5 Councils.

This year officers and the Finance & General Purposes Committee are recommending to the Board a 15% increase in the Penny Rate, an increase far higher than required during the 11 years of the Chairman's tenure.

These are unusual times, and the Board was facing significant cost pressures across pay, fuel costs, repairs & maintenance etc. Members would talk more about these in the meeting, but the Chairman wished to highlight at the start of the meeting that excluding electricity, other cost pressures could be contained with a 5.74% increase in the Penny rate. It is when the impact of the steep increase in electricity costs at our Pumping Stations was included that the required 15% increase in the Penny rate was seen, in order to balance the Budget for next year. Electricity was proving to be the Board's most significant cost pressure at present.

Members appreciated that there had been much discussion locally, and national lobbying about the position in which IDBs across the Country were placed, which is impacting upon drainage rate payers and the Councils who pay Special levies.

70.22 Minutes of the Board Meeting, incorporating the Annual Public Meeting, held on 21.11.22.

The Minutes of the Board's meeting held on Monday, 21st November 2022 had been circulated with the agenda and were proposed Cllr Gary Hewson, seconded by Cllr Mary Green and APPROVED as an accurate record.

MATTERS ARISING:

70.22.5 Potential Expansion of the Witham & Humber Drainage Boards' Agreement.

As previously reported, the 4 Witham & Humber Drainage Boards work in partnership under a joint services legal agreement, which uses Section 11 of the Flood & Water Management Act [2010] to facilitate provision of services for and on behalf of another flood risk management authority in a legally binding, but voluntary partnership.

The partnership was originally of two IDBs, then three and from 01st April 2017 it was expanded to include North East Lindsey joining the joint arrangement.

With the support of the 4 Chairmen, the Chief Executive was exploring an approach from a neighbouring IDB to consider whether it was feasible to expand the joint services partnership to include a fifth IDB.

Officers continued to discuss the matter and no decision had been made either way yet.

Members noted the position.

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

71.22 Minutes of the Finance & General Purposes Committee meeting, 11.01.23.

The minutes of the Finance and General Purposes Committee held on Wednesday, 11th January 2023 had been circulated with the agenda and were proposed by Cllr Pat Vaughan, seconded by Cllr Donald Nannestad and APPROVED as an accurate record.

MATTERS ARISING:

71.22.1 **Estimates for 2023/24 noting the approved plant programme, the recommended Joint Services Budget, the Capital Programme and any one-off schemes (minute 7 refers).**

Prior to considering the proposed Estimates for 2023/24, members of the F& GPC had a long discussion about the nature of cost pressures generally and specifically in relation to increasing pumping station electricity costs.

In headline terms, across the 4 Witham & Humber Drainage Boards the plethora of cost pressures was running at a required increase in the Penny Rate of circa 6% if electricity costs were excluded [in UW pay costs, insurances 2023, plant & machinery costs, fuel prices, general inflation costs, a £40k contribution towards establishing a pumping stations Capital Programme for refurbishments etc together with assumed additional PSCA income of £23k meant that an increase in the Penny Rate would be contained to 5.74%], as the Chairman had highlighted.

When electricity costs were included, the impact is that in 3 of the 4 W&HDBs including Upper Witham, a financially balanced budget will require a 15% increase in the Penny Rate [unfortunately a higher, 29% increase is required in Witham First DIB in order to set a balanced

budget]. The difference between the 5.74% and the 15% for Upper Witham is entirely attributable to electricity price increases.

The impact for 2023/24 of a 15% increase in the Penny Rate [+ land movements between 01.01.22 and 31.12.22] on the 555 Upper Witham drainage rate account holders and 5 Special Levy paying Councils was summarised:

- Extra £40,092 on drainage rates [14.92%]
- Extra £73,961 on City of Lincoln Special Levy [15%]
- Extra £1,775 on Newark & Sherwood Special Levy [15.01%]
- Extra £37,677 on NKDC Special Levy [15.03%]
- Extra £22,985 on SKDC Special Levy [15.45%]
- Extra £10,656 on WLDC Special Levy [20.89%]

Members had noted that the impact in WLDC was proportionately higher due to industrial unit developments predominantly, on which the Council would receive NNDR income.

Historically, Penny Rate increases for the last 8 years had averaged 2.46% for Upper Witham IDB, and the proposed increase of 15% for 2023/24 increases this average over 9 years to 3.85%.

Donald Nannestad cited 1% on Council Tax equated to £77k for City of Lincoln Council and discussion followed at the subcommittee on how not all the £73.9k increase in Special Levy from UW would correspondingly apply to Council Tax and affect the 3% cap before a Referendum [overall expenditure and NNDR also applies]. It was confirmed at the F&GPC meeting that the Finance Officers at Councils had been advised of the likely required increase in the Penny Rate prior to Christmas, although this had yet to be agreed at January Board meetings.

The existing, approved Plant & Equipment Programme was tabled, and formed one of the appendices to the Estimates report to the Board today. It was confirmed that plant replacement purchases had been deferred, where practicable.

Members had received the briefing and after discussion had agreed to recommend the proposed Estimates to the Board with a 15% increase in the Penny Rate for 2023/24.

Members received and noted the minutes of the Finance & General Purposes meeting.

72.22 Minutes of the Joint Services Committee Meeting, 12.12.22.

72.22.1 Pay Award 2023/24 (minute 5.1 refers).

The ADA Lincolnshire Branch's Pay & Conditions Committee met on 10.10.22 to receive the staff side pay claim for next year 2023/24 and to negotiate a proposed pay settlement. The 4 Boards' representative on the Committee is Cllr Lance Pennell, Upper Witham member [supported by the Chief Executive]. 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 in monthly instalments 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 is running closer to 10% now, but that similarly neither party knows what KAC8 will be in September 2023 for the previous 12 months and secondly to give a cash sum element to the pay award so that it targets a proportionately larger uplift to those 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 in total for 2023/24, albeit 2.1% consolidated].

Employers agreed to take this pay settlement to the ADA Lincolnshire Branch for endorsement, and the Branch adopted the recommended pay settlement for 2023/24 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 [with a 75% participation rate, of whom 83% rejected and 17% accepted]. No further claim was received from Unison.

As adoption or not of the ADA Branch pay settlement is a matter reserved to individual Boards, the JSC was advised that 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 with the caveat that the element, which is unconsolidated may need further negotiation, the intent being to keep the total pay cost increase within the already negotiated envelope for 2023/24, but with some movement on the element which is unconsolidated perhaps necessary.

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 2023 and September 2023 salaries to every member of staff. This was in recognition of the current economic climate and cost pressures on all our staff.

A communication of this Employers' side pay settlement offer was sent out at noon on Wednesday 07.12.22 by all 7 relevant 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.

The impact of the revised proposed pay settlement [2.1% consolidated from 01.04.23 plus £1,800 unconsolidated across all pay spine points] has been included in the joint services budget and in individual Board Budget Estimates for 2023/24 but it was highlighted at JSC that the pay settlement for 2023/24 is not yet agreed and concluded.

72.22.2 Proposed 2023/24 Joint Services Budget.

A revised Joint Services Agreement signed by all 4 Boards became operational from 01st April 2017. This was reviewed and updated after 3 years (in 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 have been used from the 2020/21 Budgets onwards.

The proposed 2023/24 Joint Services budget of £1,201,520 was outlined, 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 (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 £6k. 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.
- 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%). If approved, these charges will be apportioned in the agreed proportions and incorporated in each Board's Budget Estimates for 2023/24.

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

The preparation of individual Board's Budget Estimates was well underway when the JSC met on 12th December 2022, significant issues highlighted included:

- 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 a further 10% increase in standing charges).
- Insurance costs assumed 2022 actual costs +10% for 2023 renewals.
- Servicing and Maintenance costs of plant and machinery, significant increases.
- General inflationary cost pressures.

Due to these issues, especially the impact of electricity price increases, significant increases in each Board's penny rate are required, at a level higher than in recent past years, in order to set a balanced budget for each Board for 2023/24. Considerable discussion followed at JSC on the unusually high budget pressures for 2023/24. It was noted, however, that based on budget work to date, most of the cost pressures for each of the 4 Boards could be contained at a circa 6% increase in the Penny Rate excluding electricity, which members agreed was a decent position to be in given the level of general cost pressures. It is the increase in electricity prices which account for most of the increase in Penny Rates for 2023/24.

The JSC had therefore supported the proposed JSC budget and recommended that each of the 4 Boards approve the proposed JSC budget, which accordingly was included proportionally in each of the 4 Boards' Estimates submitted to the January 2023 cycle of meetings.

72.22.3 Capital Programme 2023/24 onwards.

A detailed report had been circulated with the JSC agenda and was jointly presented by the Capital Programme Manager, Georgina Nichols, and the Director of Finance & Governance, Steve Larter.

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 have since June 2021 jointly funded a post of Capital Programme Manager (CPM) (Georgina Nichols) along with Witham Fourth, Black Sluice and South Holland IDBs 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 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 the 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 PF calculator works 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 the higher benefits such as homes/dwellings, 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 may be 100% funded, but those that protect only a few dwellings and protect mostly agricultural land will 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 one FRMA for the period over which the scheme is funded. So, if the EA develops a scheme which protects some properties, with a funding life of say 20 years, those same properties cannot be used 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 that 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 proposed programme is a combination of need and affordability.

JSC Members received a presentation on the outcome of this work and a proposed programme to go to each of the January Board meetings. It was noted that 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 FDGiA funded in the later part of the 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 capital programme.

If approved by each Board at the January Board meetings, 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 and approved by the RFCC for a Project Delivery post to help project manage and deliver the schemes that are approved.

To achieve these pumping station capital refurbishments, the Boards will need to make an annual contribution to their own programmes. Currently this is estimated at £17k for NEL, £50k for UW, £35k for W1 and £50k for W3. These amounts have been included in the draft of Estimates 2023/24 for each Board.

If approved, the Boards will each have a Capital Programme encompassing not just plant and machinery but also pumping stations.

JSC Members received the presentation at the meeting and reviewed the assumptions and basis of the programmes as developed, ahead of the Capital Programmes being submitted to the individual Boards for approval in January. JSC was supportive of the work that had been undertaken and that the individual Capital Programmes be presented to each Board in January 2023.

Board members received and noted the discussion and recommendations from the JSC meeting on 12.12.22.

73.22 Chief Executive's Report.

The Chief Executive's report had been circulated with the agenda. Issues highlighted included:

73.22.1 Electricity Impact on IDBs & meeting With DEFRA, ADA & the EA on 30.11.22.

At the 4 November 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' 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.

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 now 30 pence per/KwH, which is a considerable proportionate increase although below 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 2023/24 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 4 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 income].

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 providing Social Care]. Considerable political interest and lobbying is underway locally and nationally.

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 for 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 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.

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

The Chief Executive's report and update was received and NOTED.

74.22 Corporate Risk Register.

A report had been prepared by the Risk Manager, 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 Risks for Witham and Humber Drainage Boards, to demonstrate the control measures in place for mitigation 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.

The CRR is taken to the Board meetings to ensure that Board Members are aware of the strategic risks which affect the four statutory Boards.

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 or risk, the intent is to continually improve the 4 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.

The Boards' Corporate Risk Register details those risks that are significant enough to warrant management and or oversight by a senior manager. 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 report to ensure that only the key strategic risks are included. Ian Powell queried how risks get back on to the risk register.

Low and Medium risk have been removed as the Senior Management Team manage the low and medium risks 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.

Board Members reviewed the Risk Register and approved:

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

75.22 Schedule of Expenditure, 01.11.22 to 31.12.22.

The Schedule of Expenditure incurred for the two months of 01st November to 31st December 2022 had been circulated with the agenda. It was highlighted that this refers to invoices paid in the two months period.

Expenditure totalled £386,736.27 gross or, excluding £32,815.69 reclaimable VAT, the net amount of £353,920.58. Of this, £7,323.14 was rechargeable expenditure to other bodies.

Items raised by or highlighted to members included:

- Item 37: £83,413.00 (net) to Environment Agency for IDB Flood & Coastal Erosion Risk Management Precept (2nd of 2 payments – total payment due £166,826.00).
- Items 55 & 56: £48,447.44 and £28,932.72 (net) to Ken Wood & Sons Construction Ltd for Pyewipe FDGiA scheme, interim invoice 2 & 3 costs to date. Recharged to Grant monies for the pumping station refurbishment scheme.

Members received the expenditure schedule and NOTED the expenditure incurred in the two months 01st November to 31st December 2022.

76.22 Financial Performance Report 2022/23, for the 9 months to 31st December 2022.

The financial position in 2022/23 as of 31st December had been circulated with the agenda. The report was presented by the Director of Finance and Governance, with a summary as follows:

	2022/23 Budget £	Profiled Budget £	Actual £	Variance (3-2) £
Income	(1,561,876)	(1,462,113)	(1,798,956)	(336,843)
Board & General Admin	25,394	16,894	13,887	(3,007)
One Off Schemes	10,000	5,238	239,029	233,791
Conservation	2,000	749	273	(476)
Depot	79,290	60,696	63,479	2,783
Drains	698,557	605,729	620,642	14,913
Pumping Stations	191,080	119,877	126,041	6,164
Joint Admin/Witham House	164,112	115,140	121,298	6,158
Consents & Enforcement	15,054	0	0	0
Director of Operations/Engineers	116,226	80,677	71,659	(9,018)
Contribution to/(from) Reserves	(23,500)	0	86,470	86,470
PWLB	0	0	0	0
Rechargeable Works	113,500	71,477	59,823	(11,654)
EA Precept	170,163	170,164	166,826	(3,338)
FRS17 Pension Adjustment (net)	0	0	0	0
Wages & Plant Holding Account	0	(39,720)	(27,652)	12,068
(Surplus)/Deficit	0	(255,192)	(257,180)	(1,988)

The Board was showing a minor positive variation position of (£1,988) against profiled budget as of 31st December 2022, so on profile.

Drainage Rates income as at 31.12.22 was at [£278,151.43], a collection rate of 98.2% compared with 95.7% for the comparable month 9 last year. After adjustments, £5,053.54 income remains to be collected by the Board. All historical outstanding rating queries are now resolved and only land issues raised from in-year are now outstanding.

Special Levies had been received (£955k) for the full year 2022/23 from the 5 relevant councils. So, it was noted bank balances would now be at a high point, with little further profiled income due until May 2023, when Special Levies and further drainage rates income would be due to the Board at the start of 2023/24.

Highland Water claims had been submitted to the Environment Agency for the balance owed to the Board on the 2021/22 actual claim, with a further balance of (£47,906) income due, and for 80% [£177,600] of the estimated total claim for 2022/23 of (£222,000), i.e., total income due to the Board of (£225,506). This had been paid by the EA. The significance of Highland Water monies to the Board, paid by the EA for the processing of water from upland areas, was highlighted.

On one-off schemes, the main scheme underway is the refurbishment scheme at Pyewipe Pumping Station, which started in October 2022. As reported to the last Board meeting, due to escalating costs a revised scheme had now been agreed with the EA totalling £713,171 with FDGiA grant awarded of £557,517. The remaining funding is made up of (£141k) of developer funding [Lindum] to meet the cost of the replacement Automatic Weedscreen Cleaner (AWC) and a (£15k) Board contribution which has already been transferred to the One-Off Projects reserve in 2021/22. A total of (£489,246) FDGiA has been received so far to undertake these works. Contracts have been awarded for various elements of the scheme and costs of £182k had been incurred so far. However, contractors are now on site constructing the building and offsite the electrical control panel and AWC are being manufactured.

The Telemetry scheme has also been agreed by the EA and the funding of up to £118,224 is awaited. Site visits have been completed and hopefully the roll out will be completed in this financial year. This is across 3 of the 4 IDBs in the group, and 39 pumping stations.

A provision of £60k has been included for the Board's contribution required to be paid to the EA for the new control panels at Auburn and Sand Syke Pumping Stations.

Electricity will be a significant cost pressure in this financial year. The Board has a 2022/23 budget of £48k for the Pumping Station electricity and to date £38k had been spent. This is only for the first 8 months to the end of November, paid in December, and equates to nearly 79% of the annual budget for 2022/23.

On bank balances and investments, as at 31.12.22 these were detailed as follows:

Bank Balances & Investments	
As at 31st December 2022	
Lloyds Current	£ 58,834.35
Lloyds Deposit	£ 155,000.00
Nationwide Instant Access	£ 1,053,634.10
Nationwide 90 Day Notice	£ 14,509.98
Total	£ 1,281,978.43

PWLB Loan - Balance Outstanding	
2.68%	£ 1,089,709.01
<i>Original loan £1,200,000. Loan period 30 years from 18/01/2019. Maturity date 15th November 2048. Repayments made 15th May and 15th November each year.</i>	

Members NOTED the 2022/23 financial performance for the 9 months to 31st December 2022.

77.22 Capital Programme 2023/24 onwards.

A report had been circulated with the agenda and was presented by Georgina Nichols, Capital Planning Manager. Georgina was presenting to each of the 4 Boards, following on from the JSC meeting on 12.12.22.

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 IDBs 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 then 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 calculator works 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 the 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.

The proposed Capital Programme for Upper Witham IDB was outlined in detail, building on the presentation given at the JSC meeting on 12.12.22 and summarised earlier.

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 NEL, £50k for UW, £35k for W1 and £50k for W3 (plus utilising some existing reserves). These amounts have been included in the proposed Estimates for each Board 2023/24.

Members noted the programme as outlined, supported the need for this to refurbish Pumping Stations over a rolling programme of schemes and supported the financial contribution from the Board on an annual basis, and as built into the Budget Estimates to be considered next on the agenda.

78.22 2023/24 Revenue Estimates & Capital Programme 2023/24 onwards.

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. This position was used to inform the proposed budgets for 2023/24, together with any known cost pressures, necessary developments and known savings.

The detailed Estimates showed:

- The Approved 2022/23 Estimates
- The changes made for inflation and other factors.
- The Proposed 2023/24 Estimates

The summary of the Joint Services arrangements was recommended for approval by the 4 Boards' JSC meeting on 12th December 2022. These costs had 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 and were built into the Estimates.

Additionally, a Capital Programme for the refurbishment of the 4 Boards' Pumping Stations had been developed, as just discussed, and supported, including potential grant funding available from the Flood Defence Grant in Aid [FDGIA] Defra via the EA. This, along with the already approved Plant & Machinery Programme, was included.

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 all have 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 regardless of whether the pumps are running.

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 @30 pence per unit (KWH) for 6 months (01st April 2023 to 30th September 2023), on 20% of assumed usage and 40 pence per unit (KWH) for October 2023 to March 2024 on an 80% assumed usage.
- Standing Charges have been used as current for 6 months 01st April 2023 to 30th September 2023, and 10% increase from 01st October 2023 to 31st March 2024.
- 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 have a wet year.
- 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, and these amounts were included in the 2023/24 estimates:

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
	1,650,000	£ 628,000	£ 179,000	£ 807,000	£ 201,000	£ 606,000	-£ 100,300	£ 505,700

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

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

- **Pay.** 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 these proposed 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.** 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 national reprieve was achieved and so the bulk of plant has remained on red diesel. However, the cost of red diesel has been up and above this £1.08/litre budgeted and white diesel costs are significantly higher. Therefore, the budgets for white diesel have been increased for 2023/24.
- **Repairs & Maintenance (R&M)/Servicing.** Draft budgets have factored in some further increases on R&M/servicing budgets for 2023/24, to reflect the reality of increasing costs.
- **General inflation.** RPI [All Services] was 14% in November 2022 [CPI 9.3%], and we are experiencing 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 bases 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 generated savings to some Boards (which will feed into JSC recharges for all Boards):

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

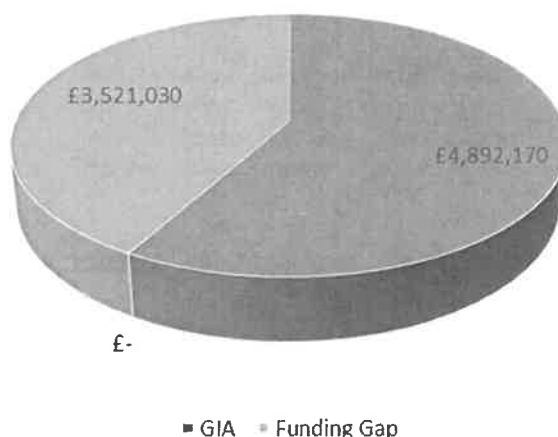
Capital Programme 2023/24 Onwards

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. Earlier, the Board received a presentation and supported the work to develop a wider Capital Programme, to include refurbishment of the Board's Pumping Stations.

From the Flood Defence Grant in Aid [FDGIA] funding assessments undertaken for each Pumping Station/site; the key outcomes derived so far for Upper Witham IDB are:

- 15 pumping stations
 - 5 PS fully funded.
 - 7 PS Partially funded.
 - 1 PS not economically viable under GIA rules
 - 2 PS no benefits remaining, due to EA scheme.
- 1,398 houses protected.
- 251 non-residential properties protected.
- 3,787ha agricultural land
- 12 electricity substations
- 1 sewage treatment works
- Roads A15, A45, A46, A1500 & A1192
- 800m railway

Upper Witham



The outcome of these funding assessments was 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). This is for refurbishment only, not replacement costs although this will be considered when the business case is 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, £10k was already in the baseline so there is a net increase and provision required of £40k.

To offset some of this increase, due to the successful programme of Pump Lifts the Board has had over several years, the budget for Pump Lifts and refurbishments has been reduced from 2 lifts per year to 1 lift per year (reduction of £15k in budget for this Board in 2023/24).

After much discussion between Officers and Members of the Finance and General Purposes Committee at the meeting held on 11th 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 **5.7%** for all the inflationary issues listed excluding electricity, and **9.6%** increase element solely for the impact of the electricity increases. Land movements equate to **-0.3%**.

As context, the following table sets out the 'penny rate' increases that the 4 Boards have set in recent years:

Historic Penny Rate Increases									
Increase in penny rate									
	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%
Average increase since 2015/16									
	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 proposed 15% increase 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 the following report today.

Members have an agreed policy of holding a general 'Revenue Reserve' for emergencies of 10% to 15% of turnover, and the balance is held in 'earmarked reserves' for 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*	(184,523)	(161,023)	(141,023)
Emergency Event	(25,000)	(25,000)	(25,000)
Pumping Stations	(14,550)	(21,825)	(29,100)
One Off Projects**	(335,808)	(0)	(0)
Capital Programme Funding			
Plant & Machinery	(150,258)	(263,203)	(390,771)
Pumping Station Refurbishments	(0)	(0)	(50,000)
Balance	(759,639)	(520,551)	(685,394)

*Assumes year end deficit position of £23,500 for 2022/23 and £20,000 for 2023/24.

** Assumes all FGDGIA schemes completed in financial year.

The Revenue Reserve is the general 'contingency' reserve and will be utilised for any unexpected or emergency purposes which cannot be contained in the revenue budget. This assumes a deficit position of £23,500 on the Revenue Account at the end of this financial year 2022/23 and £20,000 in 2023/24, as budgeted.

The 2023/24 balance is estimated to be **7.8%** of estimated turnover, so it is outside the Board's approved Policy on Reserves of holding 10% to 15% of turnover. This will be reviewed when the actual position for 2022/23 on 31st March 2023 year-end is known, which will be reported to the Board in May 2023.

The Emergency Event 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. During 2019/20, due to the significant rainfall events, the reserve was fully depleted. However, it was fully replenished to the agreed £25k level in 2020/21.

The Pumping Stations reserve receives the depreciation charges from the Automatic Weedscreen Cleaners (AWC's). This fund will fund future one-off emergency works at Pumping Stations.

The One-Off Projects reserve holds the balance of any FDGIA monies received which is not yet fully utilised (e.g., Pyewipe Scheme, 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.

The Plant and Machinery (Capital) reserve funds the future purchases of Plant and Equipment and depreciation charges, and plant sales income replenish this fund on an annual basis to fund future purchases. The reserve increases in 2023/24 as there are no planned purchases in 2023/24, and so it will be replenished providing no additional plant and machinery purchases are necessary outside the current programme.

The Pumping Station Refurbishments (Capital): As supported earlier, an annual contribution will be made to fund the Pumping Station Refurbishment Capital Programme. These contributions will be held in this reserve until required.

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

Board Members discussed and were content to:

- **approve the Pumping Station Capital Programme as set out.**
- **note the Plant & Machinery Capital Programme as set out [as previously approved].**
- **approve the financially balanced Estimates for 2023/24, as summarised, 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 the Agenda.**

79.22 Annual Value (revised as at 31.12.22), Penny Rate, Drainage Rates & Special Levies

A report was presented by the Director of Finance and Governance.

The report set out the Annual Values that need to be agreed as part of the formal setting of the Drainage Rates and Special Levies, before 15.02.23 for the financial year 2023/24.

Annual Values

The Annual Values must be formally approved by the Board. These start with those brought forward from last year's rate setting as of 31st December 2021, with movements during the calendar year 2022 required for land that has been developed or is no longer used for agricultural purposes. This land transfers out of Drainage Rates and is

allocated to the Special Levy for the appropriate Council [there being 5 relevant funding Councils].

The Annual Values as of 31st December 2021 were:

	Pumped £	Gravity £	Total £
Drainage Rates	797,494	1,527,139	2,324,633
City of Lincoln	11,251	6,530,829	6,542,080
North Kesteven DC	238,629	2,722,384	2,961,013
South Kesteven DC	0	1,979,087	1,979,087
West Lindsey DC	201,606	160,798	362,404
Newark & Sherwood DC	41,596	50,534	92,130
Total	1,290,576	12,970,771	14,261,347

The land movements between 01.01.22 and 31.12.22 that require transfer from Drainage Rates to Special Levy were as summarised below:

Account	Area ha	Parish	Council	Developed for	Pump/ Gravity
0208	-8.352	Saxilby	WLDC	Industrial Units	P
0102	-0.809	Spittlegate	SKDC	New road/bypass	G
0675	-0.483	Fulbeck	SKDC	Industrial Units	G
0092	-1.012	Hardwick	WLDC	House/Garden	P
0221	-0.221	Thurlby	NKDC	Dog exercise business	G

This results in the following Annual Values as of 31st December 2022:

	Pumped £	Gravity £	Total £
Drainage Rates	796,557	1,527,030	2,323,587
City of Lincoln	11,251	6,530,829	6,542,080
North Kesteven DC	238,629	2,723,235	2,961,864
South Kesteven DC	0	1,986,846	1,986,846
West Lindsey DC	215,146	160,798	375,944
Newark & Sherwood DC	41,596	50,534	92,130
Total	1,303,179	12,979,272	14,282,451

'Penny Rates'

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

	Pumped (pence in the £)	Gravity (pence in the £)
Current	19.3024	7.5166
Proposed	22.1978	8.6441

This will increase, net of the listed land movements, the income amount generated from Drainage Rates from £268,724 to £308,816 (+£40,092) in 2023/24.

Special Levies

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

	Current £	Proposed £	Difference £	Increase %
City of Lincoln	493,068.00	567,028.86	73,960.86	15.00
NKDC	250,691.80	288,369.42	37,677.62	15.03
SKDC	148,760.03	171,744.99	22,984.96	15.45
WLDC	51,001.35	61,657.31	10,655.96	20.89
N&SDC	11,827.47	13,601.61	1,774.14	15.00
Total	955,348.65	1,102,402.19	147,053.54	15.39

In summary, income to the Board increases by a total of £187,145 (being an increase of £147,053 in Special Levy and a net increase in Drainage Rates of £40,092 due to transfer of agricultural land to other developed land).

Members, following much discussion, **APPROVED:**

- The transfer of land from Drainage Rates to Special Levy as set out.
- The land valuations as of 31st December 2022, upon which Drainage Rates and Special Levies are calculated, is set at £14,282,451.
- The 'penny rate' is increased by 15.00% to 22.1978 pence in the pound for Pumped and 8.6441 pence in the pound for Gravity catchments.
- The Special Levies 2023/24 be agreed for each of the 5 Councils as:

City of Lincoln	£567,028.86
North Kesteven District Council	£288,369.42
South Kesteven District Council	£171,744.99
West Lindsey District Council	£61,657.31
Newark & Sherwood District Council	£13,601.61

The Chairman and Chief Executive were further 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.

80.22 Health and Safety Report.

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

There had been 4 reported Incidents, with no injuries reported, 1 of which related to Upper Witham Board:

During a Service by an external contractor, some unseen debris caught light. The works were not completed by the Board's staff members, but to reduce the likelihood of reoccurrence, the Board's staff will clear the engine bay with an airline in future prior to servicing works.

No near miss reports had been submitted.

Annual training has been completed for all staff:

- Support Staff: Fire Awareness, including use of fire extinguishers and manual handling training.
- Operatives: Fire Awareness, including use of fire extinguishers; manual handling training; confined spaces and working at height.
- Mental Health First Aider Training: Sarah Walden and Leila Quirk have completed this training.
- SHOC training: Annual refreshers, including contractors [Carnaby's] at NEL. New starters to the Board have received SHOC training – Nick Downing and Leila Quirk

Ian Powell asked for an update regarding the cable strike which was reported at the last meeting. This cable strike occurred at Pyewipe pumping station. The Board's Contractor was hand digging and struck/exposed a cable. The area was assessed/scanned by the Contractor prior to commencing works but the cabling had not shown up. No resulting damage to the cable. Cables are now rerouted. Ian Powell had queried at the November meeting whether the contractors used a cat and genny, it was confirmed at the time that a cat was used but not a genny.

Martin Shilling advised that the correct procedure was undertaken on site in that utility searches were completed before work commenced [with details provided to the contractor] and a cat scan of the site was undertaken by the contractor before excavation began.

The fact that this process did not pick up a cable is a lesson learnt for similar sites in the future:

- I. in that the client should undertake a scan of their own before work commences rather than rely on the contractor alone.
- II. Any survey should include the use of both 'cat' and 'genny' to increase the likelihood that de-energised services and cables are located.
- III. Any surveys undertaken and provided to the contractor, shouldn't be wholly relied upon by them.
- IV. In future the commissioning Board will consider the use of professional surveyors to locate and map complex sites where numerous cables or services are known to be present, but the location is unrecorded, as in this case.

It was felt it is not necessary to provide details of subsequent changes to procedures following near misses or incidents, as to do so will result in another lengthy report to meetings.

The Board was reassured that investigations and changes to procedures are made when necessary and appropriate.

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

81.22 Environment Update.

A report had been prepared and circulated with the agenda. It was presented by the Head of Engineering & Technical Services, Mr Guy Hird.

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. The report set out the agreements and achievements of the Board's environmental activities from November 2021 to November 2022.

There was nothing to highlight to members on this occasion and Members noted the update.

82.22 Operations Report.

A report had been circulated with the agenda and was presented by the Director of Operations, Ian Coupland.

The Summer 2022 Annual maintenance programme was almost complete, with just maintenance from various fields to finish. Operatives are due to start PSCA bushing work for the EA on the River Witham from Meadow Lane [by the depot] to the Lincoln Witham Washlands. This quotation was to the value of £26,031.25. Confirmation has been received that the quotations for Boultham Catchwater bushing works @ £22,500 and the River Till bushing works @ £39,692.25 are acceptable to the EA and Operatives aim to start these PSCA works for the EA as soon as possible.

At Burton Pumping Station the weed screen is still ongoing, the work will be undertaken once the outfall has been desilted. The silt has built up, preventing the outfall being dammed off.

At Sandsyke Pumping Station the second pump has now been refurbished and is due to be returned and recommissioned imminently.

At Saxilby Pumping Station the discharge pipe is still awaiting repair, a problem having been found with the pipe, but the pump is still serviceable and in use.

Regarding Plant and Machinery, the Spearhead flail has now finished its summer maintenance works and contact has been made with the relevant parties to arrange an agreeable repair. A date for this meeting is awaited and hopefully the machine will soon be sent in for repair of the chassis.

Officers have been given an informal indication that the 4 Boards are likely to be asked by the EA to undertake a similar level of PSCA summer maintenance works in 2023/24 as in this last year, except the EA will be taking back in-house the obstruction runs that the Boards have been undertaking on their behalf. Quotations will therefore be submitted for this work following Board meetings, with the aim of agreeing this well before the first April 2023 Health & Safety bank cuts. In addition, the IDBs have recently been asked by the EA to quote for additional summer maintenance for this coming summer 2023, mostly additional 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 [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. We are awaiting confirmation on 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 on top of the Board's own maintenance works, and it is commissioned on a short-term basis, this is a pressure.

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.

83.22 Engineering Report.

The Engineering Report had been circulated with the agenda and was presented by the Head of Engineering and Technical Services, Guy Hird.

North Hykeham Relief Road, NHRR (Southern Bypass Link) (UD-3579-2017-PLN)

This is a proposed new highway to complete the Bypass around Lincoln from the A46 to the A15. A meeting was held with Lincolnshire County Council Highways, who confirmed that the proposed scheme has been approved and a tender will be awarded as a Design and Build contract. It is expected some initial works to be carried out on site in 2025 with the main works commencing in 2026. The route affects six Upper Witham IDB watercourses as well as the River Witham. Periodic meetings are due to be held with LCC and consultants to ensure the proposals have minimal impact on the Board. The route extends beyond the Upper Witham district into the extended area, and then into the extended area of Witham 1st DIDB.

There has been information in the press, LCC have selected Balfour Beatty on a Design and Build contract. A planning application is expected to be submitted during 2023. Start on site is programmed for 2025 and it is hoped the road will be open in 2028.

The cost is between £179 and £212m with Department for Transport funding £110 million, the rest from LCC and developer contributions.

A site meeting on the 16th November had been attended with the consultants who are undertaking the survey and modelling for the project to discuss the local drainage affecting the Upper Witham IDB area including how it affects Hykeham Pumping Station and the South Hykeham gravity drainage system. It appears that there will be no affect.

A meeting was scheduled with the Consultant Programme Team and the EA on 12th January 2023, but no significant update was provided.

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.

There were some reservations from officers as to whether this scheme at 39 pumping stations in total was proceeding to schedule for 31st March 2023.

Pyewipe Pumping Station (UD-220-2013-PRO)

Work to refurbish this pumping station site began on 11th October 2022, with excavations for the foundation of the new control house. The concrete elements of the base slab, cable pit and brickwork are now complete. The pad foundations for the Old Electric automatic weedscreen cleaner have also been constructed.

The fabrication of the new motor control centre by Paktronic had also begun. The completed panels should be ready for delivery to site and commissioning by the end of March 2023.

It is programmed for the new weedscreen cleaner to be commissioned in February 2023 and discussions with ACE, regarding its delivery and installation, have begun. This element is to be funded by the developers of Western Growth Corridor, with Lindum due to confirm their £140-£150k S106 contribution at their Board meeting in January 2023, at which point Upper Witham will formally request the Lindum contribution and invoice accordingly.

Following an application for additional sums of FDGiA, a total of £553,171 has now been received for this work from the EA with further contributions from developers and the Board taking the total project scheme envelope to £713,171.

Additional work proposed to be undertaken at the same as that originally planned includes the refurbishment and relocation of the high voltage mains transformer. The relocating of the transformer will raise it above the Canal's defence level and reduce the risk of it flooding.

Western Growth Corridor, WGC (UD-128-2013-PLN) (UD-4618-2019-PLN)

At the Board meeting in June 2013 the Board confirmed its objection in principle to the development within flood plain. However, it was agreed that Officers would continue to co-operate and take part in multi-agency meetings to safeguard the Board's interests and minimise the impact on the pumped drainage system maintained by the Board.

Periodic multiagency progress meetings continue to take place with Lindum, as the project lead.

At the meetings several topics had been discussed that relate to the Board including:

- Contributions for infrastructure
- Land Drainage and Byelaw consents
- Scheduling of watercourses by the Board

In addition to the main meetings a separate meeting with the EA and Lindum was held on the 20th October 2022. Lindum have started looking at the 'Earthworks Program' with the results available to the Board in early January 2023. This will map out how the excavation and fill will be carried out within the site, together with imported material to show how the ground profiles will change over time. It will include where and when the roads, housing, industrial and leisure areas will be phased and constructed over time. For the Board it will show when the various areas change from being rated as agricultural land to other developed land and transferred to Special Levy. The first houses will be built south of the EA's Boultham Catchwater, which does not discharge into the district.

Once development (Phase A2 and A3) starts within the district the drainage will be in place for the water to discharge direct to Skellingthorpe Main Drain (Pyewipe Pumping Station), rather than the current arrangement of discharge into the catchment of Decoy Pumping Station.

A document will be produced setting out the drainage principals and requirements of the 23-year phased development of the site. At the appropriate time, Lindum will be able to give a presentation at a Board meeting. Site works are due to start in April 2023.

Lincoln Water Transfer Limited (UD-5445-2021-GEN)

The Directors' meeting was held on 12th December 2022 which was attended by Officers. Following the third very dry year there was a long discussion on the use of 'pool' water, and they agreed to revise the protocol on how the 'pool' is operated. Also discussed was the ability of water to be effectively abstracted during dry periods and high abstraction demand. UW Board's Officers raised the difficulty with being able to clear the channels of the Board maintained watercourses which provide the main flow paths due to the nesting bird season. Cropping was also preventing and delaying access. LWT were asked to consider through them, their land ownership and contacts, making available continuous access in order that the whole system could be weed cut as early as practicable.

The Directors agreed to recommend boat spraying is undertaken by the Board on a rechargeable basis for the coming 2023 season. The AGM is due to be held in early February 2023. The licence period runs from 01st April to the 31st October.

Railway footpath level crossings to Pyewipe Pumping Station (UD-1363-2014-DRA).

The Board was approached by Network Rail to permanently close two footpath level crossings from Skellingthorpe Fen to Pyewipe Pumping Station over the railway. They are designated BHP3 and SPD3. This is following incidents of the current gates in the palisade fence being broken and trespassing occurring. The crossings are on a bend and are dangerous to use due to limited visibility.

At the November 2021 Board meeting it was agreed that the Board would accept the Network Rail offer to pay the Board £5,000 compensation and professional fees of £2,000 in order to relinquish this historical access route of 2 footpath crossings.

The Board's solicitor Sills and Betteridge and Network Rail's solicitor Addleshaw Goddard LLP have completed the agreement, it has been and signed/sealed and is with solicitors. It is due to be enacted when the trees which are obstructing the access to Pyewipe have been removed and trimmed back by Network Rail to the Board's satisfaction and we have confirmed this.

Upper Witham Strategy Review

We are advised to date it has been an internal EA review. Martin Shilling advised that he had received an update from John Ray at the EA last week, in early January 2023. This project has progressed. It is not yet completed but it is an internal maintenance review. The EA want to identify future capital investment from 2023/2028 onwards. They will look at the lifespans of assets on the Upper Witham. It was stressed that this is not a review of the Lincs Flood Alleviation Scheme, that is a separate exercise.

Members received and NOTED the report and update.

84.22 Planning and Consultations Report.

A report had been prepared and was presented by the Head of Engineering & Technical Services, Guy Hird.

There were no recommendations to the Board on this occasion, the information within the report was for information.

The Board had received several consultations and commented on various planning applications to the different Local Planning Authorities [LPAs]. A full schedule was provided.

One item was highlighted to members:

**Erection of employment park comprising of 2 no. office buildings and 2 no. light industrial buildings (Use Class E) with associated access roads, parking, drainage infrastructure and wildlife pond.
Land At Boundary Lane South Hykeham Lincoln LN6 9NQ**

Thank you for the opportunity to comment on the above application. The site is within the Upper Witham Internal Drainage Board district. The Board maintained South Hykeham Catchwater (26100) is on the northern edge of the site.

The Upper Witham Internal Drainage Board Objects to the current application.

Reason; - The Proposed Site Plan shows infrastructure within the 9m Byelaw distance adjacent to the Board maintained South Hykeham Catchwater. This prevents the Board maintaining the watercourse to an appropriate standard to protect this and surrounding locations. The infrastructure needs to be set back to allow access as set out in the Flood Risk Assessment.

Under the terms of the Board's Byelaws, the prior written consent of the Board is required for any proposed temporary or permanent works or structures in, under, over or within the byelaw 9m distance of the top of the bank of a Board maintained watercourse. **Consent would not be given.**

No development should be commenced until the Local Planning Authority, in consultation with the Lead Local Flood Authority has approved a scheme for the provision, implementation and future maintenance of a surface water drainage system. It is noted there is a proposed attenuated drainage system with a discharge rate of 5.1l/s into South Hykeham Catchwater which is acceptable to the Board. However high-water levels within South Hykeham Catchwater may restrict discharge at times.

In the Flood Risk Assessment paragraphs 3.3.4, 3.3.5, 3.3.1, 3.3.2 and 3.3.3 are misleading. The site does not benefit from the Upper Witham IDB Hykeham Pumping station system, all discharge from the site is via the South Hykeham gravity system into the River Witham. The site does not benefit from the operation of the EA washland site, this is only operated to protect Lincoln. Flows in the river downstream of the washland site, which also affect South Hykeham Catchwater and the site are maintained at a high level even if the washlands are used. The level remains high for an extended period of time, during the event and after when the washland attenuation area is released back into the Witham.

A permanent undeveloped strip of sufficient width should be made available adjacent to the top of the bank of all watercourses on Site to allow future maintenance works to be undertaken. Suitable access arrangements to this strip should also be agreed.

Access should be agreed with the Local Planning Authority, LCC and the third party that will be responsible for the maintenance. The Flood Risk Assessment refers to the watercourse on the southern side of the site and there is also a short section near the road.

85.22 Consents and Enforcements Report.

The Head of Engineering & Technical Services introduced the Consents and Enforcements Report which had been circulated with the agenda and set out the position, both within the drainage district and in the extended rainfall catchment where the Board acts for and on behalf of LCC, as the LLFA.

Pleasingly, many cases had been closed since the last report and there was nothing to highlight on this occasion.

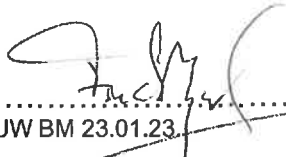
Members received and NOTED the report on consents and enforcement cases.

86.22 Any Other Business.

There were no further items of business and the meeting closed at 16:55.

87.22 Date, Time and Place of Next Meeting.

The next meeting of the Board was confirmed for Monday, 22nd May 2023 at 2pm in Witham House.


.....Chairman.....22 May 2023..... Date
UW BM 23.01.23