

NORTH EAST LINDSEY DRAINAGE BOARD

Minutes of a meeting of North East Lindsey Drainage Board held on Wednesday, 31st January 2024 in Stallingborough Grange Hotel at 2pm.

Present: Cllr P Batson
Mr E Faulding
Mr J Finch
Mr J Fussey
Mr L Grooby Vice Chairman
Cllr R Hannigan
Mr J F Hargreaves
Mr P R Hoyes Chairman
Cllr S. Holland
Mr R Kirk
Cllr N Pettigrew
Mr S Shepherd
Cllr D Wells

In Attendance: Mr Ian Coupland, Director of Operations.
Ms. Jayne Flower, Executive Assistant
Mrs. Jane Froggatt, Chief Executive
Mr. Steve Larter, Director of Finance & Governance
Mr Martin Shilling, Director of Engineering & Technical Services

1. **Apologies.**

Apologies for absence were received from Cllr P Clark, Cllr S Harness, Cllr B Parkinson and Cllr R Shepherd.

2. **Declaration of Members' Interests.**

Members nominated by North Lincolnshire and North East Lincolnshire Councils declared interests relating to their respective Councils. The Chairman declared an interest in planning matters raised in respect of NELC pertaining to Stallingborough.

3. **Chairman's Announcements.**

The Chairman welcomed everyone to the January meeting of the Board.

He reminded Members there remained 2 vacant seats on the Board, both for the Brocklesby, Habrough, Keelby, Kirmington, North Killingholme & South Killingholme electoral ward.

Traditionally at the January meeting, the focus is to set a financially balanced budget for the forthcoming new financial year from April. There is a legal duty to do so, to publicise this and drainage rates and special levies for the 3 councils by 15th February each year.

A lot of preparation work goes into this from the officer team, this year this work having been one of the most financially challenging rounds of budget setting. Proposed Budget Estimates for 2024/25 are on the agenda today, this being linked to the setting of the

Annual Value and Penny Rate, which in turn determines drainage rates for next year and the level of Special levies for the 3 Councils.

The Board is facing significant cost pressures. It is when the impact of the steep increase in electricity costs at our Pumping Stations is overlayed that the higher than usual increase in the Penny rate is required to balance the Budget for next year. The Board also faces significant risks, we have seen this in neighbouring drainage districts during the heavy rainfall events of recent months. Fortunately, North East Lindsey has not experienced the devastation to assets from Storms Babet and Henk seen in neighbouring Witham Third and Witham First Districts, but the financial risks in those districts in dealing with the impact of heavy rainfall events is obvious and North east Lindsey's district could be next.

Members were advised that there had been much discussion locally and national lobbying about the position in which this places IDBs across the Country, our drainage rate payers and the Councils who pay Special levies. A series of high-profile visits had taken place this month of Environment Agency personnel and the Floods Minister to the Witham & Humber Drainage Board districts.

4. Minutes of the Board meeting & APM on 28.11.23.

The minutes of the Board's previous meeting, incorporating the Annual Public Meeting, held on Wednesday, 28th November 2023 were proposed, seconded and APPROVED as an accurate record.

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

5. Minutes of the Joint Services Committee Meeting on 11.12.23.

The minutes of the Joint Services Committee Meeting held on Monday, 11th December 2023 had been circulated with the agenda. Issues highlighted included:

5.1 Joint Services Budget Monitoring Report to 30.09.23 (Item 6 refers).

The approved JSC annual total budget for 2023/24 is £1,213,220. The profiled budget for Q2 to 30.09.23 was £639,823. Against this Q2 budget, expenditure of £610,437 has been incurred for the first 6 months, so performance is broadly on target with a positive variance of (£29,386) underspend or (-4.59%).

An investment of £250,000 was made on 20th October 2023 on behalf of each of the 4 Boards with Chorley Building Society, at a rate of 6% for 364 days (i.e., until 18th October 2023). The rate of 6% was achieved due to the total amount invested being £1m across the 4 Boards, otherwise the rate would have been @5.75%. This will generate @£15k interest for each Board.

It was intended to invest some funds on a shorter period, i.e., 1 to 2 months, but because of Storm Babet the cash has been kept liquid in the Nationwide accounts.

The impact of Storm Babet has been significant, particularly on W3 and W1 on this occasion. The financial impact will depend upon how much, if any money, can be recouped via a Statement of Claim to be submitted the Anglian [Northern]

RFCC for the Boards' systems and Pumping Station a water from EA maintained main rivers.

Keep for
NELDB
Board Book for
Agendas, etc

5.2 Proposed Joint Services Budget for 2024/25 and Estii refers).

A revised Joint Services Agreement signed by all 4 Boards became operational from 01st April 2017 when NELDB joined the Group. This was reviewed and updated after 3 years, 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, at present there is no suggestion that this apportionment of costs is unrealistic.

The proposed 2024/25 Joint Services budget of £1,281,314 was an increase of £68,094 (5.61%) * on the approved 2023/24 budget of £1,213,220. This increase is due to:

- Staffing costs - pay award costs of £39k (approved by each Board at 6.45% after consolidating £1,130 of the 2023/24 pay award, including incremental point movements for some staff of £4k) and corresponding NI costs of £3k & Pension contributions of £11k, Essential User Allowance costs of £7k (including 1 extra entitlement to EUA).
- General inflation on support contracts, insurance, ICT, utilities, etc, at £8k.

These charges would be apportioned in the agreed proportions and incorporated in each Board's Budget Estimates for 2024/25, submitted for approval to each of the January Board meetings.

The JSC SUPPORTED the proposed JSC budget and recommended that each of the 4 Boards approve the proposed JSC budgets, to be included in each Board's Budget Estimates at the January 2024 Board meetings.

*N. B: Post meeting note: This was revised marginally, when further budget work was completed, to £1,289,504, constituting a £76,284 (6.29%) increase from the approved 2023/24 JSC budget.

Members received and NOTED the minutes of the JSC meeting held on 11th December 2023, particularly the proposed joint services budget discussion and that this was included in the proposed 2024/25 Budget estimates for the Board's approval today.

6. **Chief Executive's Report.**

The Chief Executive's report circulated with the agenda was presented, with the following items highlighted:

- 6.1 All 4 Witham & Humber Drainage Boards reasonable financial health as of 31st December 2023, month 9 of 2023/24, although the positions had moved from 30.11.23 surplus positions to a deficit position of £13,939 in UW, a deficit of £126,834 in W3rd, a deficit of £46,776 in W1st. Only NELDB remained in a

marginal surplus position as of 31.12.23 at (£37.5k), which reflects the limited impact of Storm Babet in the drainage district.

- 6.2 Budget setting for 2024/25 has been challenging, given the significant costs of Storms Babet and Henk in addition to the usual range of cost pressures like insurances, pay awards, increasing repairs and maintenance costs and materials costs. After much discussion, the recommended increases in the Penny rates for each Board [excluding land movements as at 31.12.23 which are applied afterwards, and on which Councils do receive offsetting CT and NNDR income] are 14.96% for W3rd, 20% for W1st, 16% for UW and 15% for NELDB [note the 15% proposed was later in the meeting changed to 14%].

6.3 Visit from the Environment Agency, 03.01.24.

With the support of ADA colleagues, a visit to the Witham & Humber IDBs was arranged for 03rd January, enabling the EA's Chief Engineer to see how interrelated the IDB and EA systems are in the County and how the recent storm events had overwhelmed two of our drainage districts, W3rd and W1st. The impact was more severe than in the heavy rainfall events of Autumn 2019. Those who visited included:

- Innes Thomson, (ADA Chief Executive)
- Eddy Poll, Anglian (Northern) RFCC Chairman
- James Brackenbury, (EA Recovery Manager)
- Leigh Edlin, (EA Area Director for Lincolnshire and Northamptonshire)
- Ian Hodge (EA Chief Engineer & Director, Asset Management & Engineering)
- Morgan Wray, (EA Flood and Coastal Risk Manager, Lincolnshire and Northamptonshire Area).

The purpose of the day was:

- To provide a picture across Lincolnshire in the wake of Storm Babet from 20.10.23 onwards, showcasing as examples the impact on IDB systems and Pumping Stations, on villages and communities, residential properties and businesses and on agricultural land and businesses. We started 2024 with Storm Henk 02.01.24, so visitors saw an example of a live situation impacting further on already saturated catchments.
- To jointly recognise the current risks and unsustainability for IDBs in the future, operationally and financially, of those IDBs regularly receiving and dealing with third party water from EA main watercourses, which was not designed to enter IDB systems, and which had inundated assets.
- To outline, as an example, the W&HDBs' December 2023 Statement of Claim to the Anglian (Northern) RFCC of £1.5 million. Claims by similarly affected IDBs like that from colleagues in Witham Fourth District IDB were outlined, and that the dilemma is there is no alternative source of funding nationally.
- To discuss options for FRMAs working differently and innovatively together to better use public monies and existing national guidance not on recovery but on preventive maintenance (a) maintaining better the existing systems to maximise the conveyance of water and then (b) when we are in a recovery situation to build back with better resilience, to an improved level of flood defence rather than recovering to existing levels.

- To explore the available mechanisms at our disposal, e.g. PSCAs, IDB precept payments to the EA.

The meeting went well, followed by site visits crucially bringing clarity to seriousness of the event. Feedback has been positive. It was indeed a sobering journey around, with only time to view a few of the many affected locations. Following Storm Henk the previous day, those sites we visited looked worse, indeed as we looked around a second breach on the EA's main river Barlings Eau was confirmed. The EA mobiles at Stainfield were moved onto Stainfield bridge but were inundated, including the generator.

Colleagues could see just how fragile the situation is in Lincolnshire, it was clear we have deployed everything we have and were struggling. We have no remaining capacity and there were now 13 bank breaches in EA main rivers in Lincolnshire and at its height, 28 mobile pumps deployed with 17 Pumping Stations damaged.

6.4 Visit from the EA's Chief Executive, 05.01.24.

Following a phone call on 04.01.24, the EA's Chief Executive Phillip Duffy visited Shortferry Depot of the EA and spent a couple of hours with Jane Froggatt and Ian Coupland touring sites severely affected from Storm Babet onwards.

6.5 Visit from Floods Minister, Robbie Moore MP and the EA's Chairman, Alan Lovell on Saturday, 06.01.24.

The Floods Minister and EA Chairman were visiting Lincolnshire to see the devastation in local communities, following a phone call that morning the Chief Executive had an opportunity to meet them at Branston Booths [in Witham First DIDB's district] to brief them on the impact of flooding on IDB assets and on agricultural land in central Lincolnshire more generally.

6.6 Statement of Claim to Anglian [Northern] RFCC.

A Statement of Claim for the 4 IDBs' additional costs incurred arising from EA main river water entering IDB systems during Storm Babet in October 2023, and further costs incurred to 30.11.23, had been submitted to the RFCC Chairman and EA Area Director on 18.12.23. The claim had been discussed with Morgan Wray of the EA on 03.01.24 and a 'Funding Proposal' as to how the £1.5 million costs might be serviced by the EA had subsequently been submitted on 09.01.24. On 19.01.24 the Chief Executive had presented the claim to an informal afternoon meeting of the RFCC, following which submission of an Outline Business Case for the Capital repairs had been requested. This had now been completed and approval was awaited.

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

7. Corporate Risk Register.

A report prepared by the Risk Manager, Leila Quirk, had been circulated with the agenda and was presented by the Director of Finance.

The purpose of the Corporate Risk Register (CRR) report is to provide the Board and the public with an update of the CRR for Witham and Humber Drainage Boards. The CRR provides a strategic oversight of the corporate risk management process and the key risks.

The CRR is submitted to each Board to ensure that the Board Members are aware of the strategic risks which affect the Boards within Witham and Humber Group of 4 IDBs.

The CRR details those risks that are significant enough to warrant management and/or oversight by a member of the Management Team, providing detail of the risk control measures in place to reduce the likelihood and/or impact of a risk occurrence where this is felt to be practicable /appropriate.

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, W&HDBs intend to continually improve the 4 Boards' governance, increase accountability and enhance overall performance.

A new risk had been added into the CRR, to reflect the significant impact that Storm Babet (October 2023), Ciaran, and Debi had upon the main rivers, which led to inundation to IDB watercourses, and assets. This was further compounded during Storm Henk (January 2024) where already saturated ground reacted to a further wet weather event, in addition to pre-existing and new breaches, overtopping and significant seeping.

A second new risk had been added into the CRR, to reflect the Drainage Rating System (DRS) future changes. Whilst this is nationally within the IDB industry, it features to allow ongoing monitoring due to the significance of the risk. The Director of Finance and Governance is a member of the Association of Drainage Associations (ADA) relevant sub-committee, which is supporting ADA to find a solution across the industry.

Following discussion, Members APPROVED:

- the addition of risk due to the impact of main river breaches, overtopping and significant seepage following Storms Babet, Ciaran, Debi (End of 2023) and Henk (2024) and the level of risk posed to the IDBs and surrounding communities.
- the addition of risk due the potential impact on the four Boards, as well as national implications.
- the minor amendments and updates to reflect the new financial year and impacts of the recent Storms Babet and Henk.

8. 2023/24 Financial Report to 31.12.23, month 9.

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

The financial performance as of 31st December 2023 was summarised as:

Profiled Budget P9 £	Actual (Surplus)/Deficit £	Variance £
(251,574)	(289,040)	(37,466)

The Board was currently showing a positive position against the profiled budget. This position includes the financial impact of the October 2023 Storm Babet event. However, NELDB was less affected financially than the other 3 Boards. Some of the 'high risk' spend areas can recur (especially electricity) and inflationary increases continue across many budget heads which will impact on the remainder of this financial year. Electricity price increases have been implemented from 01st October 2023 which will have a further impact on the Board's financial position over the remainder of this financial year, especially if there is further wet weather to 31st March 2024.

The main income streams have been posted in terms of Drainage Rates raised (not necessarily paid) at (£27k) and Special Levies received at (£0.724m) for the full year payments from the 3 relevant councils. Ongoing action is taking place against unpaid drainage rate account holders.

Rechargeable Works are being undertaken, mainly works for the EA through the PSCA. Invoices have been raised to the end of November at (£167k) for PSCA works.

Highland Water claims have been submitted to the EA for 2022/23 actual costs, with a further balance of (£4,580) paid and for the 2023/24 Estimate (£117,000). The EA has paid 80% of the estimated claim for 2023/24 (£93,600) along with the balance for 2022/23 actual costs incurred of (£4,579), i.e., a total of (£98,180). Correspondingly, the balance for actual 2023/24 costs incurred will be payable in September 2024.

FDGIA grant monies of £110k had been received for the Immingham Pumping Station refurbishment scheme.

Transfers will be made to/from reserves to fund the Capital Projects/FDGIA schemes. Any grant income received and not utilised in 2023/24 year will be transferred to reserves and any spend will be transferred from reserves at the year-end.

There is currently a contribution to the electricity reserve/Emergency Events reserve, based on the underspend on the electricity budget to date.

The current position of the Drainage Rates collected for 2023/24, including previous years' arrears as of 31st December 2023, stands at 95.1% collected (94.6% @P9 2022/23) so collection is slightly better than last year. First reminders were despatched on 15th August 2023 and final reminders were despatched on 05th October 2023. A court date had been set for 04th March 2024 at Grimsby Magistrates Court. Any unpaid amounts at year end 31.03.24 will roll forward and be collected in 2024/25. All historical outstanding rating queries are now resolved and only land issues raised in-year are now being actioned.

The balances as of 31st December 2023 were shown for information. A £250k one-year fixed term cash deposit was made on 20th October 2023 with Chorley & District Building Society at 6%. This was in combination with the other 3 Boards (although 4 separate investments of £250k each Board) to achieve this rate, with a combined investment of £1m. In addition, £50k was transferred to the Nationwide account on 11th January 2024.

The increase in electricity unit rates and standing charges from 01st October 2023 was reported to the Board at the November meeting. The October and November invoices had been paid at these new rates, as well as the additional usage charges resulting from

Storm Babet. It was noted that significant rainfall events have continued through December and January and electricity usage costs for these two months is not included in these figures.

It was proposed that any underspend on the electricity budget be allocated as a contribution to reserves at the end of the financial year on 31.03.24, to build up a wet weather reserve to offset future additional costs.

The country had experienced inflationary pressures over recent months. Electricity, fuel, plant and vehicle maintenance, insurance, mobile phones costs all rose significantly over the last couple of years. Where possible, these are locked into contracts, so not all the impact is currently being felt, but it will feed through into future costs.

The Capital Programme Manager had provided an update on the Flood Defence Grant in Aid (FDGiA) projects across the 4 Boards, which was included in the report. The current schemes relevant to NELDB are Immingham and Mawmbridge pumping station refurbishments.

Following Storm Babet in October and subsequent rainfall events the Witham and Humber Drainage Boards incurred significant additional costs dealing with additional water resulting from bank breaches, overtopping and excessive seepage from EA main rivers. To date, NELDB had not been excessively affected financially by these events. The Statement of claim was submitted to the RFCC Chairman and EA colleagues on 18th December 2023.

The Board had incurred additional electricity usage costs at Mawmbridge Pumping Station, due to the ongoing issue with the blocked outfall at this location, resulting in additional pumping by the Board which would not be required if a working outfall was in place. These costs had been included in the Statement of Claim. Pleasingly, this outfall had now been cleared.

An EA contractor required the outfall at Middle Drain Pumping Station to be blocked off for several days, again incurring additional pumping costs. This issue had also been included in the Statement of Claim.

The claim was compiled on the same basis as the one submitted in Autumn 2019, summarised as:

Witham Third District IDB	£985,918.08
Witham First District IDB	£492,215.47
Upper Witham IDB	£74,583.15
North East Lindsey IDB	£6,518.66
Total	£1,559,235.36

This has been split into those costs incurred already up to the end of November 2023 (Actuals) and those likely to be incurred from December onwards (Estimates) to reflect the additional pumping costs and to rectify the damage caused to the Boards' pumping stations.

On actual costs, the following costs had already been incurred and prompt reimbursement was requested via the RFCC:

	Electric Oct/Nov	Staff to date	Fuel	Emergency Repairs	Sub Total Actuals
W3	£ 84,572.18	£ 62,219.69	£ 3,691.11	£ 5,435.10	£ 155,918.08
W1	£ 141,325.76	£ 30,379.72	£ -	£ 510.00	£ 172,215.47
UW	£ 28,439.95	£ 16,078.20	£ -	£ 65.00	£ 44,583.15
NEL	£ 5,418.66	£ -	£ 600.00	£ -	£ 6,018.66
	£ 259,756.54	£ 108,677.61	£ 4,291.11	£ 6,010.10	£ 378,735.36

The following estimated costs are likely to be incurred in the coming weeks/months to continue to deal with the ongoing event (electricity and staffing) and to repair the IDB pumping stations [17] damaged by the excessive water received from EA main rivers.

	Electric Dec	Xmas Staff Refuelling, etc	Planned Repairs	Sub Total Estimates
W3	£ 25,000.00	£ 5,000.00	£ 800,000.00	£ 830,000.00
W1	£ 40,000.00		£ 280,000.00	£ 320,000.00
UW	£ 15,000.00		£ 15,000.00	£ 30,000.00
NEL	£ 500.00		£ -	£ 500.00
	£ 80,500.00	£ 5,000.00	£ 1,095,000.00	£ 1,180,500.00

Total claim £1,559,235.36 +VAT across the 4 Witham & Humber Drainage Boards.

Following much discussion Members:

- NOTED the 2023/24 financial performance for the 9 months period 01st April to 31st December 2023.
- NOTED the Capital Programme update.
- NOTED the Governance update.
- RECEIVED the verbal update on the Statement of Claim submitted to A[N]RFCC, a copy of which had been circulated with the agenda.
- REVIEWED AND NOTED the Schedules of Expenditure incurred for the two months 01.11.2023 to 31.12.2023.

9. Proposed 2024/25 Revenue Estimates & Capital Programme 2024/25 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 income and expenditure in 2023/24 as of 31st December 2023. This position had then been used to inform the proposed budgets for 2024/25, together with any known cost pressures, necessary developments and known savings.

The summary of the Joint Services arrangements was presented for information, which was recommended for approval by the 4 Boards' JSC meeting on 11th December 2023. These costs have been allocated between the 4 Boards on the agreed proportions of 30% each to Upper Witham IDB and Witham Third DIB and 20% each to Witham First DIB and North East Lindsey IDB.

The Capital Programme previously approved in January 2023 for the refurbishment of the 4 Boards' Pumping Stations, including potential grant funding available from the

Flood Defence Grant in Aid [FDGIA] resource funded by DEFRA via the EA was also supplied.

Preparing the 2024/25 Revenue Budget Estimates had been challenging following the heavy rainfall events since October 2023, including Storms Babet and Henk. This means the Boards are likely to finish 2023/24 with deficits, thus reducing the level of reserves, although NELDB is in a better position than the other 3 Boards. Dealing with the significant additional water entering IDB systems resulting from EA main river breaches, overtopping and excessive seepage has given significant financial uncertainty to two of the Boards. Electricity usage has been very significant with some pumps running 24/7 for several weeks and at higher unit rates than in the last major wet weather events in Autumn 2019. Pumping stations have been inundated or operating excessively, resulting in repairs required of £1.1m across the 4 Boards.

Another significant increase in costs is the electricity standing charges, which in cash terms have risen as much (£72k) as they did last year (£76k). These are incurred whether the pumps are running or not. The following table summarises the increase for the 4 Boards, but a headline increase is that in October 2020 the 4 Boards were paying £15k and in October 2023 they were paying £200k for electricity standing charges:

W&H Pumping Stations	Oct-23	Oct-22	Oct-21	Oct-20	Oct-19
NEL	£ 16,119.75	£ 10,670.12	£ 4,678.99	£ 1,378.84	£ 1,147.12
UW	£ 44,481.50	£ 28,820.22	£ 12,244.51	£ 4,124.13	£ 3,803.99
W1	£ 84,851.25	£ 54,622.95	£ 20,361.68	£ 5,173.69	£ 5,218.87
W3	£ 54,410.29	£ 33,803.27	£ 14,099.40	£ 4,313.06	£ 3,521.91
Total	£ 199,862.78	£ 127,916.57	£ 51,384.58	£ 14,989.73	£ 13,691.90
Increase					
NEL	£ 5,449.63	£ 5,991.13	£ 3,300.15	£ 231.73	
UW	£ 15,661.27	£ 16,575.71	£ 8,120.38	£ 320.14	
W1	£ 30,228.30	£ 34,261.27	£ 15,187.99	-£ 45.19	
W3	£ 20,607.02	£ 19,703.87	£ 9,786.34	£ 791.15	
Total	£ 71,946.21	£ 76,531.98	£ 36,394.86	£ 1,297.83	
Min	£ 214.47	£ 189.04	£ 168.49	£ 73.00	£ 72.31
Max	£ 15,188.94	£ 9,411.86	£ 3,092.10	£ 756.37	£ 735.38
Average	£ 4,163.81	£ 2,664.93	£ 1,070.51	£ 312.29	£ 285.25

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

- Pay & Joint services at £37k. The Boards face significant retention and recruitment issues. A pay award of 6.45% was agreed by all 4 Boards in November 2023 from 01.04.24, as recommended by ADA's Lincolnshire Branch, based on the ONS average uplift in public sector pay. This feeds into joint services costs.
- Insurance costs. The Boards are facing very significant challenges in procuring suitable insurance cover at realistic prices, and this will increase following the recent storms. We have assumed the renewal costs budget for July 2024 will be the costs as of July 2023 plus 10%. However, some covers may be reduced or withdrawn so we are looking at detail into our insurance arrangements with our advisors, The Risk Factor.
- Pump Lifts at £15k. Pump lift budgets have been uplifted due to increasing costs of components.
- General inflation at £18k. Whilst overall inflation has reduced from its peak in 2023, it is still much higher than the 2% Bank of England target. We are still 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 2024 onwards.

- Other changes included in the budget include:
- Election costs £1k included for 3-year election costs due in November 2024.
- Minor Improvements at £25k. New budget included for minor improvement works across the IDB area. Initially this will be used to rectify damage caused by the recent storms.
- Depreciation £0k, no change.
- Contribution to Reserves of £50k. Due to the likely deficit for 2023/24, the contribution to the General Reserve has been uplifted by £45k. The Capital Programme contribution has also been uplifted by £5k, from £40k pa to £45k pa.

To mitigate some of these cost pressure increases, where possible we have frozen budgets. 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.

To deliver the Pumping Station Capital Programme in the medium term (10 years) 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 an additional contribution of £5k per annum has been provided for, increasing the £40k budget to £45k pa.

A balanced budget position can be achieved for 2024/25 based on the assumptions stated and a recommended 15.00% increase in the penny rate [note the recommended 15% was revised to 14% later in the meeting].

The following table sets out the 'penny rate' increases that the Boards have set in recent years:

Historic Penny Rate Increases											
Increase in penny rate											
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%	%	%	%	%	%	%
NEL	1.37%	0.00%	0.00%	2.50%	0.00%	1.00%	2.00%	2.00%	5.00%	15.00%	15.00%
UW	1.89%	1.75%	1.50%	1.25%	2.00%	2.00%	2.40%	2.50%	6.25%	15.00%	16.00%
W1	2.00%	1.75%	1.50%	0.00%	0.00%	0.00%	5.00%	2.50%	6.50%	29.00%	20.00%
W3	2.00%	1.75%	1.25%	0.75%	2.00%	0.50%	2.00%	2.50%	5.00%	15.00%	14.96%
Average increase since 2015/16											
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24
	%	%	%	%	%	%	%	%	%	%	%
NEL	1.37%	0.69%	0.46%	0.97%	0.77%	0.81%	0.98%	1.11%	1.54%	2.89%	3.99%
UW	1.89%	1.82%	1.71%	1.60%	1.68%	1.73%	1.83%	1.91%	2.39%	3.65%	4.78%
W1	2.00%	1.88%	1.75%	1.31%	1.05%	0.88%	1.46%	1.59%	2.14%	4.83%	6.20%
W3	2.00%	1.88%	1.67%	1.44%	1.55%	1.38%	1.46%	1.59%	1.97%	3.28%	4.34%

Whilst the proposed penny rate increase is significant, without this proposed 15.00% increase [later revised to 14% in the meeting] 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, for the calendar year 01.01.23 to 31.12.23, which impact on each individual Special Levy paying Council.

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 specific requirements.

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

Reserve	2023/24 b/f £	2023/24 c/f £	2024/25 c/f £
Revenue Reserve*	(148,349)	(148,349)	(148,349)
One Off Projects**	(237,065)	(0)	(0)
Emergency Events	(0)	(0)	(45,000)
Pumping Stations	(308,700)	(312,147)	(315,594)
Conservation	(11,634)	(11,634)	(11,634)
Rosper Road Pits	(6,839)	(6,839)	(6,839)
Developer Contributions			
South Killingholme	(65,006)	(65,006)	(65,006)
North Killingholme	(2,151)	(2,151)	(2,151)
Catch Site	(3,670)	(3,670)	(3,670)
Habrough Fields	(30,739)	(30,739)	(30,739)
Capital Programme Funding			
Pumping Station Refurbishments	(0)	(40,000)	(85,000)
Balance	(814,153)	(620,535)	(713,982)

*Assumes year end balanced position for 2023/24 and 2024/25.

**Assumes all FGDGIA schemes completed in financial year.

Revenue Reserve:

This is the general 'contingency' reserve and will be utilised for any unexpected or emergency purposes which cannot be contained in the revenue budget. This table assumes a balanced outturn position on the Revenue Account at the end of this financial year 2023/24, but this may be a deficit.

The 2024/25 balance is estimated to be 13.40% of estimated turnover, so within the Board's current approved Policy on Reserves of holding 10% to 15% of turnover. But this does not consider any deficit in the current financial year so is likely to be lower than this at outturn. This will be reviewed when the actual position for 2023/24 at 31st March 2024 year-end is known and will be reported to the Board in May 2024.

One Off Projects:

This reserve holds the balance of any FGDGIA monies received and not yet fully utilised.

Emergency Events:

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.

Pumping Stations/AWCs:

This reserve receives the depreciation charges from Pumping Stations/AWCs. This fund will fund future one-off emergency works at Pumping Stations.

Conservation Reserve:

Reserve to facilitate conservation initiatives within the Board's area.

Rosper Road Pits:

Balance of the contributions received for the Rosper Road Pits project, to be utilised in developing and maintaining this scheme.

Developer Contributions:

Balance of the contributions received for various development contributions, which will meet future maintenance and improvement costs as required.

Pumping Station Refurbishments (Capital):

Annual contributions are made to this reserve to fund the Pumping Station Refurbishment Capital Programme. These contributions will be held in this reserve until required.

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

There followed considerable discussion about the balance of recognising the financial risks to the Board and the acceptability of a 15% increase in the Penny Rate for Drainage rate account holders and the 3 Special Levy paying councils. On balance, the proposed 15% increase was felt to be too high. However, Members did not feel that 13% would provide the security required.

After discussion, 14.00% was proposed, seconded and agreed by members as an appropriate increase in the Penny Rate for 2024/25. On this basis, members:

- APPROVED the financially balanced Budget Estimates for 2024/25, based upon a **14.00%** increase in the penny rate.
- NOTED the outcome of this report will determine the level of penny rate and Special Levies to be set in the following report.

10. Annual Value, Drainage Rates and Special Levies 2024/25.

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

The Annual Values must be formally approved by the Board. These start with the brought forward from last year's rate setting as at 31st December 2022, with movements during the calendar year 01.01.23 to 31.12.23 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.

The Annual Values as at 31st December 2022 were:

	Total £
Drainage Rates	590,336
North Lincolnshire Council	3,999,816
North East Lincolnshire Council	10,923,266
West Lindsey DC	84,775
Total	15,598,193

The land movements between 01.01.23 and 31.12.23 that require transfer from Drainage Rates to Special Levy are:

Council	Area ha	Annual Value
Drainage Rates	-91.20	-£7,632
North Lincolnshire Council	12.65	£44,102
North East Lincolnshire Council	78.55	£273,791
West Lindsey DC	0.00	£0
Total (Net)		£310,261

The land is removed from Drainage Rates at the known Annual Value and transferred to Special Levy at the 'Developed Land' rate, as calculated on 1993 values, of £3,485.74 per hectare. The developed land rate calculated on the 1993 values is as follows:

	Acres	Hectares	Annual Value	Rate per Hectare
Agricultural	18,930	7,661	671,801	£87.69
Developed	8,881	3,594	12,527,747	£3,485.74
Total	27,811	11,255	13,199,548	

The changes set out result in the following Annual Values as at 31st December 2023:

	Total £
Drainage Rates	582,704
North Lincolnshire Council	4,043,918
North East Lincolnshire Council	11,197,057
West Lindsey DC	84,775
Total	15,908,454

The Penny Rate drives the level of Drainage Rates and Special Levies. The following 'penny rates' for 2024/25 will be applicable if the proposed **14.00%** increase is agreed:

	Penny Rate (pence)
Current	0.048217
Proposed	0.054967

This will increase, net of land movements, the Board's income generated from Drainage Rates from £28,464.23 in 2023/24 to £32,029.49 (+£3,565.26) in 2024/25.

Special Levies:

The changes 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 %
NLC	192,859.13	222,282.04	29,422.91	15.26
NELC	526,687.12	615,468.63	88,781.51	16.86
WLDC	4,087.60	4,659.83	572.23	14.00
Total	723,633.85	842,410.50	118,776.65	

In summary, income to the Board increases by a total of £122,342 (being an increase of £118,777 in Special Levy and a net increase in Drainage Rates of £3,565 due to transfer of agricultural land to other developed land).

Members AGREED:

- The transfer of land from Drainage Rates to Special Levy as set out is approved.
- The land valuations as of 31st December 2023, upon which Drainage Rates and Special Levies are calculated, is set at £15,908,454.
- The 'penny rate' is increased by **14.00%** to 0.054967 pence for all areas of the Board's Drainage District.
- The Special Levies 2024/25 be agreed and set for each of the 3 Councils as:

North Lincolnshire Council	£222,282.04
North East Lincolnshire Council	£615,468.63
West Lindsey District Council	£ 4,659.83
- The Chairman and Chief Executive be authorised to sign the 'Rate Book', apply the seal of this Board and publicise the revised penny rates, estimated Drainage Rates and Special Levies before 15.02.24.

11. Operations Report.

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

At Mawmbridge pumping station outfall permission was granted to access the foreshore as an emergency flood-prevention measure, to desilt the gravity outfall following a power outage and build-up of water threatening to overtop the banks. This had made a significant improvement to water being evacuated by gravity, saving on pumping. The Board would really like to pursue an agreement with natural England to be able to undertake periodic maintenance on the outfall, as required.

Barton weedscreen cleaner installation has been completed.

There were no further issues to highlight to members on this occasion.

Members NOTED the Operations report.

12. Engineering Report.

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

There were no issues to highlight to members on this occasion.

Members NOTED the Engineering report.

13. Consents & Enforcements Report.

A report had been circulated and was presented by the Director of Engineering.

There were no items to highlight to members on this occasion:

Members NOTED the update.

14. Planning & Consultations.

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

The Board received several consultations and has commented on various planning applications to the various planning authorities but there were no issues to highlight to members.

Members noted the report.

15. Environmental Update.

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

Members NOTED the update.

16. Elections 2024.

A briefing paper and timetable had been circulated with the agenda and was presented by the Chief Executive.

Elections to each of the four Boards are held every three years.

The next elections are due in 2024 for revised membership to run from 01st November 2024 to 31st October 2027 for all four Boards (Upper Witham, Witham First, Witham Third and North East Lindsey).

Members APPROVED the list of actions and timetable to complete the elections process within the required timelines.

Members APPOINTED a Returning Officer, the Chief Executive.

Members NOTED that Nomination Papers were due to be issued on 02nd September 2024 and returned by 04th October 2024.

If any members have a problem with these dates (e.g. abroad on holiday) they were asked to please alert the office in advance on 01522 697123.

17. Any Other Business.

There were no further items of business, and the meeting closed at 16.15.

18. Date, Time and Place of Next Meeting.

The next meeting of the Board was confirmed for Wednesday 22nd May 2024 at 2pm in Stallingborough Grange Hotel.

Leonel Croxby Chairman..... *22nd May, 2024* Date

NELDB BM 31.01.24.

