

## NORTH EAST LINDSEY DRAINAGE BOARD

### Minutes of a meeting of North East Lindsey Drainage Board held on Wednesday, 22<sup>nd</sup> May 2024 in Stallingborough Grange Hotel at 2pm.

Present: Mr E Faulding  
Mr J Fussey  
Mr L Grooby Vice Chairman  
Cllr S Harness  
Cllr R Hannigan  
Mr J F Hargreaves  
Cllr S. Holland  
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 Cllr P Batson, Cllr P Clark, Mr J Finch, Mr P Hoyes (Chairman), Mr R Kirk, Cllr B Parkinson, Cllr N Pettigrew, Cllr R Shepherd, and Mr S Shepherd.

#### 2. Declaration of Members' Interests.

Members nominated by North Lincolnshire and North East Lincolnshire Councils declared interests relating to their respective Councils.

#### 3. Chairman's Announcements.

The Vice Chairman welcomed everyone to the May meeting of the Board, traditionally one of the busier meetings of the year. In the absence of the Chairman, Philip Hoyes, he had asked Lionel to chair the meeting today.

The agenda was necessarily heavily finance-led, it being that time of year to receive several reports relating to the closure of the preceding financial year to 31st March. He was pleased to say that the Board ended 2023/24 with a modest surplus position of £17,883 putting the Board in a sound position given the range of cost pressures, particularly electricity costs, faced again this year.

Since the last meeting in January, the Board's contractor Eric Carnaby & Son Ltd had completed winter works, both the Board's own district works and the PSCA works for the Environment Agency on main Rivers.

The summer maintenance works would be commencing shortly, with both district works and the PSCA works on EA main river. The Board had been commissioned to undertake a similar level of PSCA works for the EA again this year.

Usually, the Internal Auditor attends the May meeting, as many items relate to closure of the financial year completed on 31st March. But this year TIAA's Director, Fiona Roe, attended the JSC meeting on 13th May and decided not to attend the individual 4 Board meetings. On a positive note, this is because although there are some minor improvements recommended, there is nothing of concern arising from the 2023/24 audits. Indeed, all 4 Witham & Humber Drainage Boards had again been given an audit assurance rating of 'substantial'.

#### **4. Minutes of the Board meeting on 31.01.24.**

The minutes of the Board's previous meeting, held on Wednesday, 31<sup>st</sup> January 2024 were proposed, seconded and APPROVED as an accurate record.

##### *MATTERS ARISING:*

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

#### **5. Minutes of the Joint Services Committee Meeting on 13.05.24.**

The minutes of the Joint Services Committee Meeting held on Monday, 13<sup>th</sup> May 2024 had been circulated with the agenda. Issues highlighted included:

##### **5.1 Joint Services Budget Monitoring Report to 31.03.24 (Item 7 refers).**

The overall variance for 2023/24 was a positive (£15,943) surplus, against a budget of £1,213,220 for the full year.

Most budgets were broadly on target. W3 Joint Services had a total £20k variance due to staff and member training costs of £6k, additional ICT costs mainly for upgrades of Sage (the Finance system) and the Graphical Information System (GIS) of £8k and the cost of replacement laptops at £5k. This is apportioned between the 4 IDBs in the agreed proportions.

##### Engineering and Associated Services (£24k):

The positive (£24k) variance within this budget head is due to the vacant Planning and Consents post for the part-year, which has now been filled from 02.01.24 when the former Head of Engineering & Technical Services [Guy Hird] retired on 05.11.23 returned to work part-time in this role. There remains a vacancy in the Engineering team.

##### JSC Summary:

The approved JSC annual total budget for 2023/24 was £1,213,220. Against this budget, expenditure of £1,197,277 was incurred, so performance was broadly on target with a positive variance of (£15,943) surplus or (-1.31%) underspend.

All Boards have ended the financial year with a modest surplus, which is far better than was envisaged due to the significant storm events in Autumn/Winter 2023/24. Whilst this is positive news, the recovery work is still ongoing and significant repair costs will be incurred in the coming months to recommission pumping stations and repair the large number of bank slips which have occurred, albeit most of the repairs are not in NELDB's drainage district but in largely Witham Third and Witham First.

The figures include the response costs relating to Storms Babet and Henk, i.e., electricity, staffing/overtime and immediate pumping station repair costs, but not any of the major repairs that are required.

A Statement of Claim was prepared and submitted to the Anglian (Northern) Regional Flood & Coastal Committee (A(N)RFCC) in December 2023 for the costs relating to dealing with excessive water entering the IDB systems from EA bank breaches, overtopping and excessive seepage. This claim mainly covered Storm Babet rather than Storm Henk.

The claim covered 2 main elements, the initial costs incurred by each Board for electricity, staffing/overtime, and initial repair costs:

	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
	<b>£ 259,756.54</b>	<b>£ 108,677.61</b>	<b>£ 4,291.11</b>	<b>£ 6,010.10</b>	<b>£ 378,735.36</b>

The second part of the claim was for the estimated costs of operating mobile pumping into December and potentially over Christmas 2023, plus the major repair costs to the pumping stations that had been either inundated during the storm or have run excessive hours during the event meaning repairs are needed to ensure the longer-term reliability of the pumps and motors.

	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
	<b>£ 80,500.00</b>	<b>£ 5,000.00</b>	<b>£ 1,095,000.00</b>	<b>£ 1,180,500.00</b>

The Chief Executive presented the claim to the A(N)RFCC at its meeting on 19th January 2024, which was received and supported by the Committee Chairman, and was agreed to be funded through various routes, as follows:

	W3	W1	UW	NEL	Total
	£	£	£	£	£
Scheme Cost	0.00	0.00	0.00	2,096.40	2,096.40
Incident Response	76,345.90	30,889.72	16,143.20	600.00	123,978.82
Highland Water 1	42,742.72	6,503.60	2,770.53	1,745.80	53,762.66
Highland Water 2	66,829.46	174,822.15	40,669.42	2,076.46	284,397.48
<b>Sub Total Funded</b>	<b>185,918.08</b>	<b>212,215.47</b>	<b>59,583.15</b>	<b>6,518.66</b>	<b>464,235.36</b>
FDGIA submissions	800,000.00	280,000.00	15,000.00	0.00	1,095,000.00
<b>Total overall claim</b>	<b>985,918.08</b>	<b>492,215.47</b>	<b>74,583.15</b>	<b>6,518.66</b>	<b>1,559,235.36</b>

To date, the scheme costs, incident response and Highland Water 2 amounts have been received from the EA, and the Highland Water 1 amounts are included

in the usual Highland Water claims which were submitted on 01<sup>st</sup> May 2024. These claims, usually paid in September, include the balance of the 'actual' for the previous financial year (i.e. 2023/24) plus 80% of the estimated cost for the current financial year (i.e. 2024/25). The balance for the actual 2024/25 will be paid in the following September 2025. However, as these additional actual costs for 2023/24 have been incurred, officers had requested an earlier payment of this element by the EA.

In terms of the FDGIA submissions, officers (particularly the Capital Programme Manager) worked with EA colleagues to develop a business case and then a submission for each of the 18 affected pumping station sites was prepared and submitted for approval. Pleasingly, all the submissions have been agreed and the recovery works have commenced on sites, led by the Director of Operations. A separate full refurbishment business case has been submitted for Woodhall Spa pumping station (W3). The breakdown of the grant funding is as follows:

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

#### Electricity:

There were significant overspends on budgets, already increased from 2022/23 for 2023/24.

NEL did not experience the significant rainfall events that were experienced by the 3 Boards in central Lincolnshire, although the district had excessive groundwater since the events. NELDB benefits from gravity outfalls at most of the pumping stations. The plan was that any underspend (variance) on the electricity budgets would be transferred to an Emergency Events reserve for each Board, to help mitigate any excessive electricity costs incurred during wet weather events. However, with this electricity overspend (except in NEL), this has not taken place.

#### Drainage Rates:

Drainage Rate collection rates have remained high, despite large increases in the 2023/24 penny rates.

#### Investments and Bank Balances:

An investment of £250,000 was made on 20th October 2023, on behalf of each Board, with Chorley Building Society at a rate of 6% for 364 days (i.e., until 18th October 2023). This rate of 6% was achieved due to the overall amount invested being £1m across the 4 Boards, otherwise the rate would have been @5.75%. This generates @£15k interest income for each Board (split across 2 financial years).

It was intended to invest some funds on a shorter period, i.e., 1 to 2 months, but with storm events happening the cash has been kept liquid in the Nationwide accounts.

UW had incurred a £22k disputed payment to Worldpay relating to the transaction charges of the recent credit card fraud that the Board experienced. This was

challenged and disputed relentlessly with Worldpay, who have now repaid the fees. We have ceased using Worldpay for card payments and now use Square, a 'pay as you go' fee card provider rather than incurring monthly fees. This facility is also available on the Boards' websites to make payments.

The impact of the recent storms has been significant, particularly for W1 and W3. The financial impact has been mitigated due to a successful Statement of Claim submitted to the A(N)RFCC. There are ongoing recovery works taking place in 2024/25 which will present another challenging financial year, but at least the 4 Boards' Reserves were not depleted at the end of 2023/24.

## 5.2 Internal Audit Report (Minute 8 refers).

The Internal Auditors (IA), TIAA, undertook the 2023/24 internal audit remotely during March/April 2024 for all 4 Witham & Humber IDBs. The IA's independent report on 2023/24 had been circulated with the agenda. Key outcomes from the audit were highlighted by Fiona Roe TIAA's Director, as follows:

- The IA's overall assurance opinion for 2023/24 is retained at 'Substantial Assurance' [i.e., there is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved] for each of the 4 Boards, as was the case for the previous 3 years 2020/21, 2021/22 and 2022/23. Some priority three recommendations (Routine) were made this year by the IA, as follows:
  - a) Policies and procedures to be reviewed and kept up to date, in accordance with their review period or earlier if circumstances change and the document requires updating.
  - b) The Risk Management Policy and Strategy be added to the Policy Handbook, to ensure that the policy version controls are clearly defined.
  - c) A debt recovery procedure be defined and implemented across the board to ensure there is appropriate staff guidance on the process.
  - d) Monthly ledger reconciliations be signed as prepared and approved in order to evidence completion of reconciliations with appropriate segregation of duties.
  - e) Expense claims be fully signed off with a date by staff and the Chief Executive.
  - f) Purchase orders be fully complete, signed and dated.
- Again, this year reference was made to good corporate governance being practiced by the Boards, with appropriate Board member involvement acknowledged.
- The accounting records were noted as all in order, up to date and in balance.
- Overall, the Boards can be satisfied that the governance, risk and control framework is working well, and the finances are all in order.

Broadly, all 4 reports are very similar. Therefore, the report for Witham Third was provided to the JSC members as an example, including the Management responses submitted. Fiona then took each report individually and reported the detail on each of the findings.

Each report will be submitted to the relevant Board for approval at the May 2024 Board meetings. JSC members agreed that as each Board had received a Substantial Assurance rating and as the Auditor was happy, there were no significant issues to be addressed and it was not necessary for the report to be presented to each Board. Fiona stated that she was satisfied that the audits went very smoothly, staff had been very co-operative, and she would be happy to attend a future meeting if so required.

Members received and NOTED the minutes of the JSC meeting held on 13<sup>th</sup> May 2024.

Julian Hargreaves announced that he would be stepping down from the JSC at this point. It was agreed that, due to the low turnout of Members at the meeting, a replacement would be sought within NELDB at the next Board meeting in November, the APM where representation to the JSC is normally determined.

## 6. Chief Executive's Report.

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

6.1 She was pleased to report some positive news, given how gloomy the position seemed at January Board meetings when we were dealing with the impact of Storms Babet, Henk and heavy rainfall events since October 2023 and the Boards had no certainty as to whether the Statement of Claim for third party costs incurred in receiving water from EA main river systems would be reimbursed:

- The Statement of Claim submitted to the RFCC in December 2023 was supported in principle, the OBC was submitted to the EA for the repair of affected pumping stations and the bulk of the £1,559,235.36 reimbursement claimed have now been received by the IDBs.
- Each of the 4 Boards had a modest 31.03.24 year-end surplus [**NELDB £17,883**; UW £43,922; W1st £16,043 and W3rd £41,027].
- The Internal Auditor at TIAA had completed the independent review of 2023/24 and whilst some improvements are recommended for each Board, as presented to the JSC meeting on 13.05.24 by the Audit Director, there are no material issues raised. There are 2 recommendations for W1st, 3 for W3rd, 1 for UW and **2 for NELDB**. Each Board has been given a 'substantial' assurance rating, the highest rating, for 2023/24.
- The Business Cases in the Capital Programmes are progressing, that being Timberland/Billinghay PS in W1st; **Immingham and Mawmbridge PS in NELDB**, Woodhall Spa PS in W3rd. Pyewipe PS in UW is nearing completion of refurbishment via a FDGiA scheme. The other schemes underway are Telemetry in W1st, W3rd and UW [NELDB being completed], the completion of Metheringham Fen PS refurbishment in W1st and the 2-pilot national LAPSIP schemes at Nocton and Bardney.

One of the next challenges will be to respond to the allocation/bidding process for the **£75 million funding for IDBs** announced at the NFU national conference. We do not yet know the funding criteria or process, guidance is anticipated in the next couple of weeks. What we do anticipate is that it will be a bidding process and the intent is that investment will be directed to those IDB assets which better protect agricultural land and food production, rather than the current EA FDGiA process

which meets criteria geared not towards agriculture but primarily towards numbers of houses and non-agricultural businesses better protected from flood risk.

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

## **7. Electoral Register Approval.**

A report had been circulated with the agenda and was presented by the Chief Executive.

Members will be aware that Elections to each of the four Boards are held every three years (North East Lindsey, Upper Witham, Witham First and Witham Third).

The next elections are due for all 4 Boards in October 2024, for membership to run from 01st November 2024 to 31st October 2027 for those occupiers of land or their nominees who are directly elected. This electoral process does not affect those members of each Board who are nominated by the relevant Special Levy paying Council.

The actions and timetable to complete the elections process within the required timelines was approved at each of the 4 January 2024 Board meetings.

The Chief Executive was appointed as Returning Officer for the 4 Boards at the January 2024 Board meetings.

The four Electoral Registers have been prepared, validated and advertised as available for Inspection from Monday, 29th April to Friday, 17th May 2024.

For the next stage, as there were no objections, inaccuracies or anomalies raised by any inspections by 17.05.24, each Board was asked to formally approve the Electoral Register at its May meeting [UW 20.05.24, W3rd and W1st on 21.05.24 and NELDB on 22.05.24], following which the approval of the Electoral Register would be advertised on the website [www.witham3idb.gov.uk](http://www.witham3idb.gov.uk).

Members were asked to note that Nomination Papers are due to be issued on 02nd September 2024, completed and returned by members standing for election by no later than 04th October 2024. Any members not wishing to stand are requested to advise the Chairman or Chief Executive please at their earliest opportunity.

Members APPROVED the Electoral Register and noted that Nomination Papers would need to be returned no later than 04.10.24.

## **8. Internal Auditor's Report 2023/24.**

A audit report on 2023/24 had been circulated with the agenda and, in the absence of the Internal Auditor, it was presented by the Director of Finance.

The Internal Auditors (IA), TIAA, undertook the 2023/24 internal audit remotely during March/April 2024 for North East Lindsey DB. The key outcomes from the audit were:

1. The IA's overall assurance opinion for 2023/24 is retained at Substantial Assurance, there is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved, as was the case for the previous years 2020/21, 2021/22 and 2022/23.
2. Four priority three recommendation (Routine) have been made this year by IA.

- a. Policies and procedures to be reviewed and kept up to date, in accordance with their review period or earlier if circumstances change and the document requires updating.
  - b. The risk management policy and strategy to be added to the policy handbook, to ensure version control.
  - c. A debt recovery procedure be defined and implemented to provide guidance for staff.
  - d. Monthly ledger reconciliations to be signed and approved, to evidence completion and segregation of duties.
3. Reference was made to good corporate governance being practiced by the Boards, with appropriate Board member involvement acknowledged.
  4. The accounting records were noted as all in order, up to date and in balance.
  5. Overall, the Board can be satisfied that the governance, risk and control framework is working well, and the finances are all in order.

The full report was submitted to the Board for approval. Fiona Roe, Director of Local Government and Emergency Services from TIAA attended the Joint Services Board Meeting on 13th May 2024.

Members received the IA report and noted the Substantial Assurance rating for 2023/24.

#### **9. Financial Report to 31.03.24, month 12 of 2023/24.**

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:

<b>Budget 2023/24</b>	<b>Actual (Surplus)/Deficit</b>	<b>Variance</b>
<b>£</b>	<b>£</b>	<b>£</b>
(0)	(17,883)	(17,883)

The Board had a modest surplus position of (£17,883) at the end of the financial year which will be transferred to Reserves. Whilst this is a healthy outturn position Members are reminded that the Board now has more financial risk especially with regards electricity costs if we encounter wet weather events and given the reliance on PSCA income. Therefore, it is important that the Board's reserves are increased over the coming years to mitigate some of this additional financial risk.

The following table set out the 4 Witham & Humber Boards' outturn positions as at 31st March 2024:

<b>Board</b>	<b>Outturn 2023/24</b>
<b>NEL</b>	<b>(£17,883)</b>
UW	(£43,922)
W1	(£16,043)
W3	(£41,027)

All Boards have ended the financial year with a modest surplus, which is far better than was envisaged due to the significant storm events in Autumn/ Winter 2023/24. Whilst this is positive news, the recovery work is still ongoing and significant repair costs will be incurred in the coming months to recommission pumping stations and repair the large



number of bank slips which have occurred in all 4 districts.

The figures include the response costs relating to Storms Babet and Henk, i.e., electricity, staffing/overtime and immediate pumping station repair costs, but not any of the major repairs that are required.

A Statement of Claim was prepared and submitted to the Anglian (Northern) Regional Flood & Coastal Committee (A(N)RFCC) in December 2023 for the costs relating to dealing with excessive water entering the IDB systems from EA bank breaches, overtopping and excessive seepage. This claim mainly covered Storm Babet rather than Storm Henk. A summary of the claim was shown:

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

The claim covered 2 main elements, the initial costs for electricity, staffing/overtime, and initial repair costs:

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The second part of the claim was for the estimated costs of operating mobile pumping into December and potentially over Christmas, plus the major repair costs to the pumping stations that had been either inundated during the storm or have run excessive hours during the event meaning repairs are needed to ensure the longer-term reliability of the pumps and motors.

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NEL	£ 500.00		£ -	£ 500.00
	<b>£ 80,500.00</b>	<b>£ 5,000.00</b>	<b>£ 1,095,000.00</b>	<b>£ 1,180,500.00</b>

The Chief Executive presented the claim to the A(N)RFCC at its meeting on 19th January 2024, which was received and supported by the Committee Chairman, and was agreed to be funded as follows:

	W3 £	W1 £	UW £	NEL £	Total £
Scheme Cost	0.00	0.00	0.00	2,096.40	<b>2,096.40</b>
Incident Response	76,345.90	30,889.72	16,143.20	600.00	<b>123,978.82</b>

Highland Water 1	42,742.72	6,503.60	2,770.53	1,745.80	<b>53,762.66</b>
Highland Water 2	66,829.46	174,822.15	40,669.42	2,076.46	<b>284,397.48</b>
<b>Sub Total Funded</b>	<b>185,918.08</b>	<b>212,215.47</b>	<b>59,583.15</b>	<b>6,518.66</b>	<b>464,235.36</b>
FDGIA submissions	800,000.00	280,000.00	15,000.00	0.00	<b>1,095,000.00</b>
<b>Total overall claim</b>	<b>985,918.08</b>	<b>492,215.47</b>	<b>74,583.15</b>	<b>6,518.66</b>	<b>1,559,235.36</b>

To date, the scheme costs, incident response and Highland Water 2 amounts have been received from the EA, and the Highland Water 1 amounts are included in the usual Highland Water claims submitted on 01st May 2024. These claims, usually paid in September, include the balance of the 'actual' for the previous financial year (i.e. 2023/24) plus 80% of the estimated cost for the current financial year (i.e. 2024/25). The balance for the actual 2024/25 will be paid in the following September 2025. However, as these additional 'actual' costs for 2023/24 have been incurred officers had requested an earlier payment of this element by the EA.

In terms of the FDGIA submissions, officers (particularly the Capital Programme Manager) worked with EA colleagues to develop a business case and then a submission for each affected pumping station site (18 sites) was prepared and submitted for approval. Pleasingly, all submissions have been agreed and the works have commenced on sites. A schedule of the locations was provided.

The success of this Statement of Claim significantly contributed to the outturn positions for each Board.

Electricity:

The following table sets out electricity costs incurred by Board, from 01<sup>st</sup> April 2023 to 30<sup>th</sup> September 2023 usage (so it excludes Storm Babet, and the new standing charges/rates applied from 01st October 2023):

Board	Full Year Budget	Profiled Budget	Actual	Variance
NEL	£90,000	£27,000	£14,998	(£12,002)
UW	£192,000	£70,769	£47,021	(£23,748)
W1	£305,000	£78,449	£73,554	(£4,895)
W3	£220,000	£70,419	£52,985	(£17,434)

However, the following table sets out electricity costs by Board from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024, so it includes Storms Babet (October 23) and Henk (January 24) plus the other rainfall events and the new standing charges/rates from 01st October 2023:

Board	Full Year Budget	Actual	Variance
NEL	£90,000	£53,584	(£36,416)
UW	£192,000	£247,455	£55,455
W1	£305,000	£553,907	£248,907
W3	£220,000	£325,627	£105,627

These are significant overspends on budgets already increased from 2022/23 for 2023/24, except for NELDB.

NELDB did not experience the significant rainfall events that were experienced by the 3 Boards in central Lincolnshire, although they have had excessive groundwater since the events. We also have gravity outfalls at most of the pumping stations.

The underspend (variance) on the electricity budgets would be transferred to an Emergency Events reserve, to help mitigate any excessive electricity costs incurred during wet weather events.

The current position on the Drainage Rates collected for 2023/24 including previous years' arrears was 95.6% (95.3% in 2022/23), so collection is broadly the same as last year. All unpaid amounts at the year-end 31.03.24 have been rolled forward and will be collected in 2024/25. All historical outstanding rating queries are now resolved and only land issues raised from in-year are being actioned.

Members were reminded that the Board has a General Reserve Policy of holding 10% to 15% of budgeted annual income/expenditure, which currently has an allocation of (£148,350). The surplus of (£17,883) will increase the balance to (£166,233), which is 15.12% of the 2024/25 estimated income and expenditure of (£1,099,566). This is only marginally above the Board's current policy, although the aspiration is to increase the General Reserve holding to nearer 20% of turnover (due to increased risks).

Other earmarked reserves exist for Pumping Station Renewal (£362k), One-Off projects/FDGIA (£170k), Emergency Events (£75k), Conservation (£11k), Rosper Road Pits (£7k) and various Developer Contributions totalling (£101k). Members were further reminded that if funds were required, the Board could approve movements between the reserves at any time.

After discussion, members were content to:

- note the 2023/24 financial performance for the period 01st April 2023 to 31st March 2024 and the year-end surplus of (£17,883).
- note the Governance update
- review and note the Schedules of Expenditure incurred 01.01.2024 to 31.03.2024
- note the unaudited Annual Report and Accounts 2023/24

## **10. Annual Governance Statement 2023/24.**

The Annual Governance Statement is incorporated within and forms part of the Annual Governance and Accountability Return (AGAR) for 2023/24. The Board has a statutory requirement to complete and approve the AGAR.

The AGS part must be approved prior to the Accounting Statements, either at separate meetings or in the same meeting but with the correct order of business on the agenda and this must be evidenced by the meeting minute references and/or dates.

The AGR comprises 9 assertions (number 9 is not applicable to IDBs) which the Board must consider and agree or provide a detailed explanation for the external auditor where it cannot agree and how it will address any weaknesses identified.

Once the AGS is agreed, the Accounting Statements and complete AGAR may be approved.

The Chairman took the Members through the relevant 8 statements and the response to each was agreed.

Members completed the Annual Governance Statement (AGS) 2023/24 that was then

incorporated with the overall Annual Governance and Accountability Return 2023/24.

**11. Annual Governance and Accountability Return (AGAR) 2023/24.**

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

The Board has a statutory requirement to complete and approve the AGAR.

The AGAR has 4 separate sections and normally needs to be approved at a full Board meeting before 01st July each year. It also must be submitted, along with additional requested information, to the nationally appointed External Auditor PKF Littlejohn LLP by Monday 01st July 2023 for their review. Alongside this, the rights of public inspection will also commence on Monday 10th June 2024 until Friday 19th July 2024. This period must incorporate the first 10 working days of July, as required by statute.

The AGAR comprises the following key sections:

- Annual Internal Audit Report 2023/24
- Section 1 – Annual Governance Statement 2023/24
- Section 2 – Accounting Statements 2023/24
- Section 3 – External Auditor Report and Certificate 2023/24

The Annual Internal Audit Report has been completed by the Internal Auditor, TIAA, and their separate, more detailed report was received earlier on this agenda.

The Annual Governance Statement [AGS] was a separate, earlier item on this agenda.

The Accounting Statements section utilises the information used in the preparation of the Statement of Accounts, which was received earlier in the meeting.

Once approved, the AGAR document is published on the Board's website to meet its requirements under the Accounts and Audit Regulations 2015. This will be on Friday 07th June 2024.

The statutory deadline by which the AGAR and signed external auditor report and the Notice of Conclusion of Audit must be published is 30th September 2024.

Members **APPROVED** the Annual Governance and Accountability Return (AGAR) 2023/24 for publishing on the Board's website along with the notice to commence the period of public rights from 10th June 2024.

**12. IDB Revaluation and potential reconstitution of each Witham & Humber Board.**

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

On Thursday 07th March 2024, DEFRA launched a consultation seeking views on the content of a draft statutory instrument (SI) which will enable implementation in England of sections 94 to 97 of the Environment Act 2021 which amend and insert various provisions in the Land Drainage Act 1991. The draft SI is entitled: The English Drainage Boards (Alternative Valuation Calculation) Regulations 2024. Defra is seeking views on ways to update how internal drainage boards allocate their costs to agricultural land

holdings and local authorities.

IDBs are funded locally, mainly through drainage rates paid directly by agricultural land occupiers and special levies issued to local authorities, based on valuation calculations set out in the Land Drainage Act 1991. These valuation calculations determine the proportional split between the charges for the agricultural (“chargeable properties”) and non-agricultural land (“other land”) in their drainage districts.

In determining the special levies charge paid by local authorities in relation to the non-agricultural land, the Land Drainage Act 1991 refers to rateable values shown in a “non-domestic rating list of a charging authority on 01st April 1990” and “valuation list (for domestic properties) on 31st March 1990”. This is in accordance with Section 37 (5)(a) and (b) of the Land Drainage Act 1991. However, in many parts of England, these 1990s rating lists are no longer available, they are either missing or incomplete.

Council tax has since replaced the rateable value of domestic properties, which is based on a property’s capital value as opposed to its rateable value. Therefore, it was necessary to develop a methodology for calculating a ‘notional rateable value’ of residential properties from its capital value, in each property band.

The draft SI provides an alternative valuation calculation that IDBs may use to value the land, allowing them to apportion their expenses between the beneficiaries of their work. ADA is supportive of Defra’s intention to keep the new valuation calculations as similar as possible to the current arrangement utilising contemporary data, and to leave the apportionment between drainage rates and special levies broadly unchanged.

Where IDBs choose to use the new valuation calculations, they would need to update aggregate values for both chargeable properties (i.e. agricultural land and buildings) and other land (non-agricultural land) to maintain the balance of apportioning their costs. To achieve this the IDBs will need to use more up-to-date data for the other land from the Valuation Office Agency (VOA) and more current data for the chargeable properties to ensure consistency.

ADA is strongly supportive of these proposed reforms, enabling a more accurate basis for the fair proportioning of drainage rates and special levies by existing IDBs. ADA has been assisting Defra in developing these amendments by helping to test the proposed new valuation methodology with several IDBs, using contemporary data provided by the VOA. ADA would like to see the new statutory instrument enabled at the earliest opportunity and is thankful to those Defra and IDB officers that have assisted with the process to date.

Without the changes as set out in Environment Act 2021 and the supporting draft SI, existing IDBs cannot extend their boundaries, and new ones cannot be established. ADA is in favour of enabling IDBs’ careful management of water levels for the benefit of the landscape and communities to be expanded to other part of England, where there is local demand and support for the locally coordinated management of lowland watercourses and flood and water control assets.

The Defra consultation closed on Friday, 19th April 2024.

Should the SI be implemented, the Boards have the option to do nothing and stay with their existing calculations for the apportionment of their costs between agricultural land

holdings and special levy, based on the 1992 values.

Should the Boards wish to update their valuations a full revaluation exercise, using the more up to date data, could be undertaken. This means a full revaluation of agricultural land as well as using the updated VOA data on Council Tax bandings and NDR Rateable Values. This could be a costly and time-consuming exercise to undertake, as valuers would need to be engaged as well as the checking of all the data.

The outcome would not only be a revised split of each Board's costs between agricultural land holders and special levy, which could have implications plus and minus, but until the exercise is undertaken the size of the variances will not be known. It will also require a new calculation for the land transfer rate for any land which moves from 'agricultural' to 'other' land. Once an IDB serves notice that the Board wishes to update its values, this cannot be retracted.

If some or all of the 4 Boards wished to undertake this exercise, then it would be sensible to do first the Board in which it is likely to have the least impact (i.e. North East Lindsey), followed by Witham First (majority agricultural land), then Witham Third (no sub-districts and 3 special levy paying Councils) and finally Upper Witham (which has 2 sub-districts and 5 special levy paying Councils).

There have been suggestions by some Members that some of the existing Witham & Humber Drainage Boards are too large and that they should be reconstituted to be smaller Boards, closer to the DEFRA recommended size of no larger than 21 Members. Only NELDB Board complies with Defra guidance on this point, at 21 members.

Due to the possibility of recalculating the apportionment of costs as set out above, it is recommended that any reconstitution of Boards is done alongside/after any revaluation exercise. It would also be sensible to tie this in with an election year which are every 3 years, so after this year's 2024 elections we may have the SI published, determine then whether to undertake revaluation exercises in each Board and determine also at that point whether to reconstitute each Board tied in with elections in 2027 and 2030.

Members noted the report, the proposed Statutory Instrument and were content to review in 2027.

### **13. Operations Report.**

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

#### **3.1 Immingham Pumping Station:**

The small pump has been away for repair and refurbishment and is now back in and running well.

#### **3.2 Winter maintenance 2023/24:**

Winter bushing works had taken place on drain 7A at Little London and drain 1C at Waltham, along with some works to Habrough Marsh drain to allow survey work to start. Some minor PSCA work for the EA had also been completed.

#### **3.3 Bank Slip repairs:**

Slip repairs will be completed either as Carnaby's are undertaking vegetation

maintenance this summer, or later in the year when vegetation maintenance is complete.

#### 7.0 PSCA Works for the EA by all 4 IDBs in 2024/2025:

We have quoted and have been awarded the work for the coming maintenance season with values of: NELDB £165,857.49, UW £198,381.64, W1 £105,598.34 and W3 £319,050.99.

The estimates will vary from the final actual costs/income to the Boards, due to changes made by either party. For example, we do not expect to be able to get on to all the banks we have previously worked, due to their condition following the previous wet winter. The EA has also removed the requirement for PSCA maintenance from watercourses they have classified as **low consequence systems**. These systems are: **NELDB, Brockelsby Beck and Butforth Drain**. Upper Witham, Shire Dyke. Witham First, Old Slea and Ancaster Beck. Witham Third, River Waring, Tilehouse Beck and Stainfield Beck. We have objected to the removal of maintenance on these watercourses with colleagues at the Environment agency, but this is their decision.

For NEL the EA has raised the issue of pricing for flailing work, stating that the quotation for PSCA work was expensive compared to others and they would not be able to proceed at the price quoted. To put some metrics around this, their new main framework contractor is £0.64 pence per meter the 3 Boards with their own Operatives and plant recharge @ £0.68 pence per meter and Carnaby's had quoted £1.59 per metre. To all quotes and estimates we add a 17% Admin and Supervision cost. Darren Scott and Ian Coupland met with Carnaby's and discussed the rates and the reason behind the price, Roland came back with revised rates of £1.07 for some watercourses and £0.74 for others. These new rates were submitted in revised the quotes, and they were approved by the EA.

Priority will always be given to the Board's own work.

Julian Hargreaves asked if the Board could undertake the works on the EA's Butforth Drain, suggesting it would be a very positive PR exercise. Cllr Hannigan supported this proposal and requested that Officers get a costing completed for the works. Martin Shilling was concerned there was no benefit to the individual concerned by undertaking these works. The issue is the EA main river and the tidal limit, undertaking works here would not be a long-term solution. Jane Froggatt suggested that a compromise would be to undertake the works for a peppercorn sum and the liability would remain with the EA. We would not want to set a precedent, certainly the Board would not wish to adopt and schedule this EA main river watercourse for maintenance.

Members were advised that Carnaby's had just commenced flailing works for the EA and were approximately 1 month behind schedule, due to the resubmission of their quote.

Discussion took place regarding the gravity outfalls. Barrow Haven was desilted after the tidal surge in 2013. As the sea level rises the amount of time to discharge decreases. The Outfall does need to be put downstream of where it is now, to improve discharge in the medium term. For 10-20 years if good maintenance takes place it would improve the performance and lifetime. But this would require a licence to undertake the work. It comes back to the EA's motivation for the works.

Members NOTED the Operations report and update.

*Cllr Wells left the meeting at 15.33*

#### **14. Engineering Report.**

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

##### Killingholme Marshes Pumping Station:

The Board's Chief Executive and Director of Engineer met with Able UK Ltd, [AUK] on 05th March via Teams to discuss progress on the site. AUK advised us of a change in site management with Graham Shepherdson taking up the role of Site Manager.

The installation of the railway culvert crossing was programmed to be finished by the end of April and the excavation of the outfall channel serving the pumping station was being undertaken between May and July of this year. Once complete, this would allow the final commissioning of the pumping station. The Board has received an invitation to attend the commissioning, which was expected to take 1 – 2 days.

AUK also advised that the Board would have access to the site as and when required.

Officers have provided final comment on the revised Operation and Maintenance Manual for the site, following the change in operational arrangements previously discussed.

The EA confirmed to AUK on 27th February 2024 that they were satisfied that their proposal to maintain the pumping station was in accordance with the legal agreement between the 2 parties.

##### Mawmbridge PS Refurbishment:

IDB No	ND-3990-2018-PRO
EA National Project No	ANC501E/000A/064A
GIA Claim No	IDB 0543
GIA Approval Amount	£224,458 (£127,948 awaiting approval)
Project Stage	OBC Development
Consultant	Stantec

An FCERM 4 had been submitted to the EA for approval for £127,948 for development of the outline design, economic appraisal and cost estimation. This has received technical sign off and is with LA/IDB Finance [an EA department] for full approval.

Stantec have been commissioned to develop the Outline Business Case (OBC) for the refurbishment of Mawmbridge pumping station. Condition assessments of the pumping station and outfalls have been undertaken by JBA and Stantec. These have identified that the civils elements of the intake structure are in good condition and that the outfall structure, constructed in the 1980s, is at the end of its useful life. This information will be used to support the business case and justify the construction of a new outfall structure. The M&E equipment is beyond its design life, and we will look to replace this with new fish friendly pumps and a new MCC, resilience of the equipment will also be considered and potentially raised to the height of the sea defences.

The benefits information provided by the EA has been examined by Stantec and clarifications on the information are being sought from the EA. An outline design will be



developed by Stantec and will be costed by contractors to provide information to support the business case, which will be submitted to the EA in December 2024.

**Income and spend as at 31st March 2024:**

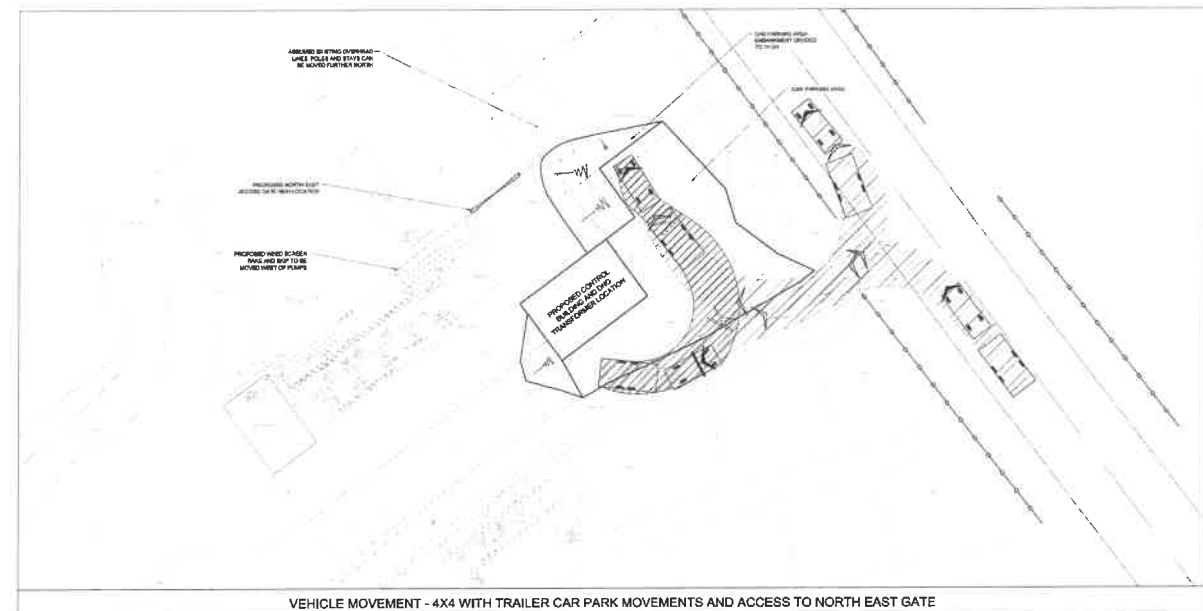
<b>Mawmbridge Catchment Study</b>	<b>Approved</b>	<b>Actual</b>	<b>Variance</b>
FDGIA	(£96,600)	(£96,600)	£0
Board Contribution	£0	£0	£0
	<b>(£96,600)</b>	<b>(£96,600)</b>	<b>£0</b>
Consultants Fees	£96,600	£81,657	(£14,943)
Contingency	£0	£0	£0
	<b>£96,600</b>	<b>£81,657</b>	<b>(£14,943)</b>
Net	<b>£0</b>	<b>(£14,943)</b>	<b>(£14,943)</b>

**Immingham PS Refurbishment:**

IDB No	ND 3987-2018-PRO
EA National Project No	ANC501E/000A/058A
GIA Claim No	IDB 0546
GIA Approval Amount	£115,000
Project Stage	OBC Development
Consultant	Stantec

The development of options for the refurbishment of Immingham pumping station is progressing with consultants Stantec.

The outline design for Immingham PS has been developed and allows for the control building to be moved to provide resilience for the PS against the impact of a breach in main river embankments and to improve the operation of the site for weed clearance etc.



The baseline (current situation) hydraulic modelling undertaken by Stantec shows that of the five pumps on site only three of them operate in a 1 in 100yr plus climate change event, which indicates the capacity of the station is greater than required. The analysis of the historic pump data indicates that 95% of the pumping is done by the small pump and only 5% of the pumping is undertaken by the large pumps. As a result, we are looking at undertaking scenario modelling to reduce the capacity of the pumping station by reducing the number of pumps and changing the capacity of the individual pumps to

provide more resilience to the small pump, which carries out most of the pumping, to determine the impacts on the catchment.

Habrough Marsh drain has been surveyed as the low ground levels, indicated in the LIDAR survey, were raising concerns as to be too low. The LIDAR was found to be inaccurate in this location and the survey has indicated that the left bank of the Habrough Marsh drain is more than 3m AOD along its length. This information is to be fed back into both the modelling and the do-nothing benefits calculations.

An eel DNA survey has been carried out on the catchment and showed no eels were present within the catchment. Discussions with the EA are ongoing about excluding eels from the catchment as the habitat is not considered to be suitable for the long-term sustainability of eels. Therefore, our proposal is not to install eel passage into the catchment but to provide fish/eel friendly pumps to allow them to exit the catchment should they gain entry during a flood event. This will need to be agreed by the EA national team, a submission for approval will be made shortly.

Outline cost estimates had developed for several options of pump replacement as detailed below, all options include new MCC & relocation of control building.

- Option 1 – replace 3 pumps with fish/eel friendly & remove 2 pumps.
- Option 2 – replace 5 pumps with fish/eel friendly (switch 1 large pump to smaller capacity to provide resilience).
- Option 3 – replace 5 pumps with fish/eel friendly.

These costs have been used with the benefits data to determine the cost benefit and partnership funding score. Work is ongoing with the EA to clarify the benefits available, to ensure there is no double counting with the EA's Stallingborough 3 scheme. The results are summarised in the table below. Note a 60% optimism bias has been included in the costs at this stage.

Option	Cost	Benefit	Benefit cost ratio	Partnership Funding Score	GIA available	Funding Gap
1	£7,726,050	£117,914,459	14.1	85%	£7,075,868	£1,195,518
2	£9,394,577	£122,879,279	12.2	73%	£7,372,757	£2,568,175
3	£9,987,300	£122,879,279	11.6	70%	£7,372,757	£2,963,052

The modelling work to determine if Options 1 & 2 are viable is ongoing, however the early indications from the baseline modelling are that they will be viable. The figures above will be used to inform the programme refresh and will continue to be refined as the project develops. The OBC is due to be submitted to the EA in October 2024.

Indicative Programme:

OBC Approval                      October 2024  
 Construction Start                April 2025  
 Construction Completion        March 2026

Income and spend as at 31st March 2024:

<b>Immingham Pumping Station Refurbishment</b>	<b>Approved</b>	<b>Actual</b>	<b>Variance</b>
FDGIA	(£175,000)	(£175,000)	£0
Board Contribution	£0	£0	£0
	<b>(£175,000)</b>	<b>(£175,000)</b>	<b>£0</b>
Consultants Fees	£175,000	£80,885	(£94,115)
Contingency	£0		£0
	<b>£175,000</b>	<b>£80,885</b>	<b>(£94,115)</b>

Stallingborough 3 Sea defence improvements - IDB liaison (ND-5362-2020-ASS):

Officers continue to visit site regularly to view the progress of the work and to ensure the work has no ill effect upon the Board's maintained systems.

A meeting was held on 15th May between the EA, its consultants and NELDB to discuss the proposals for their Oldfleet Drain outfall and connection to the Board's maintained system.

Barton to New Holland Sea Defence Improvements - NE Lindsey IDB liaison (ND-5613-2021-GEN):

The EA is advancing the development of the scheme to improve the tidal defences and outfalls along the frontage from Barton to New Holland. The project considers the next 25-30 years, options will be considered against the assessed benefits for the areas behind the Humber Banks. A meeting between the EA and IDB officers is to be held on 07th June when the issue of gravity outfalls and the effects of this scheme, and climate change in general, will be discussed further.

Newsletters and further information are available on the Citizen Space Link:

<https://consult.environment-agency.gov.uk/lincolnshire-and-northamptonshire/barton-to-new-holland-flood-alleviation-scheme>

Members received and NOTED the Engineering report and update.

**15. 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 various planning authorities and there was one issue to highlight to members:

PROPOSED CONSTRUCTION, OPERATION AND DECOMMISSIONING OF A SOLAR PHOTOVOLTAIC FARM, LAND TO THE WEST OF BRADLEY ROAD GRIMSBY NORTH EAST LINCOLNSHIRE

The Board previously Objected to the above application with the comments below:

*Thank you for the opportunity to comment on the above application. The site is partially within the North East Lindsey Drainage Board area and the Board's 'Team Gate Drain' runs through the site.*

*The Board OBJECTS to the application for the following reasons:*

1. *There is no acknowledgement of the Board in any of the submitted documents.*

2. *There is no acknowledgement of the Board's required 9m access strip for this drain on the submitted documents.*

*The Board requires a 9m access strip, free from obstruction, from the top of the bank either side of the drain for annual maintenance. The Board will not remove its objection until dimensioned drawings with these strips annotated are uploaded to the planning portal.*

*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.*

3. *The FRA states 'should infiltration drainage not be suitable, the discharge point will be into the Team Gate drain' however there is no discharge rate specified. The Board would not allow an unrestricted discharge into its system and would accept a discharge rate matching the greenfield run off rate for that site. The Board will not remove its objection until these discharge rates are specified. Under the terms of the Board's Byelaws, the prior written consent of the Board is required for the introduction of any water into the District whether directly or indirectly.*

Since then, rectified drawings have been provided and the Board recently removed its Objection, with the following comments:

*Thank you for this drawing which in principle shows the infrastructure at least 9m from the Board maintained watercourse, however the detail on the plan does not clearly identify the 'top of the bank' of the watercourse so it is not possible to confirm the infrastructure leaves a 9m clear strip adjacent to the watercourse as required.*

*I am sure in due course the larger scale plans will confirm there is the required 9m strip from the top of the bank.*

Members noted the report on planning and consultations.

**16. 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.

**17. Environmental Update.**

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

It was highlighted that with new ELMs being implemented, buffer strips along watercourses are one possible option for landowners. For buffer strips to be sustainable through management from a Drainage Board, there needs to be suitable provisions put in place. In June there will be a meeting hosted by the Middle Level Commissioners with ADA, Defra, Natural England and the EA in attendance where these provisions will be discussed.

It is important that any buffer strips that are intended to be used as part of a scheme have the prior written consent from the Drainage Board if these are adjacent to a Board maintained watercourse.

Members NOTED the update.

**18. Any Other Business.**

There were no further items of business, and the meeting closed at 16.00.

**19. Date, Time and Place of Next Meeting.**

The next meeting of the Board, incorporating the Annual Public Meeting, was confirmed for Wednesday 27<sup>th</sup> November 2024 at 2pm in Stallingborough Grange Hotel.

.....  ..... Chairman..... 27.11.24 ..... Date

NELDB BM 22.05.24.

