



IMPACT OF INTERNAL DRAINAGE BOARD LEVIES ON COUNCILS

WHY A NEW APPROACH TO FUNDING IS NEEDED





THE HISTORY OF THE IDB SPECIAL LEVY

The IDB Special Levy funds the work of IDBs. The Special Levy is almost fully funded by Council Tax.

Until the 1970s IDBs collected their Special Levy directly from households, businesses and landowners.

In the 1970s Councils began collecting the Special Levy for administrative ease.

It was later decided to spread the Special Levy cost over all households.

THE HISTORY OF THE IDB SPECIAL LEVY CONT...

Thereafter, the Special Levy was consumed into the Council Tax requirement (which was then capped) but funded by Government via the Revenue Support Grant.

Since 2013/14, the Revenue Support Grant has been reduced by Government. Councils then had to start funding IDB levies and annual increases directly through their Council Tax (note Council Tax increases are capped).

2022 and 2023 saw HUGE increases in IDB levies due to rising utility costs, making their pumps and machinery more expensive to run.

WHY ARE WE ASKING FOR A CHANGE?



Relatively small number of Councils are disproportionately impacted but it is placing them at a significant financial disadvantage and making them financially precarious.



The current funding approach is unsustainable for many small Councils, forcing service cuts to be made and preventing statutory service growth to meet need.



Councils have been responding to rising costs in IDBs and their own operations by cutting back on service investment and reducing service provision.

INTENAL DRAINAGE BOARD SPECIAL LEVY

- 41 Councils are impacted and form the Local Government Association Special Interest Group for IDBs. ADA's CEO is a standing invitee to the group.
- Between 22/23 and 24/25 the Special Levy has increased from £38m to £50m, with further increases for 25/26 (modelling at 5%).
- Councils fully support the essential work of the IDBs. It is the funding process which is flawed and in need of fixing.

THE NATIONAL PICTURE

22/23	23/24	24/25	25/26 (modelled 5%)	25/26 (modelled 8%)
£38,752,119	£45,919,512	£49,942,230	£52,439,342	£53,937,609

Assuming a 5% increase in 25/26, the Special Levy will have risen by almost £13,700,000 since 22/23.

IDB LEVY INCREASE COST PRESSURE 2022/23 TO 2024/25

Council	Levy rise 2022/23 to 2024/25	Percentage increase
East Lindsey	£1,370,085	35%
Boston	£707,679	33%
South Holland	£580,191	20%
City of Doncaster	£500,797	35%
King's Lynn & West Norfolk	£492,148	16%
Fenland	£410,104	24%
North Lincolnshire	£370,586	27%
City of Lincoln	£343,007	37%
North Kesteven	£300,198	47%
Great Yarmouth	£272,214	98%
Newark & Sherwood	£271,792	40%
Bassetlaw	£257,278	40%
East Cambridgeshire	£218,090	39%

WHAT IS DRIVING THE RISE IN SPECIAL LEVY?

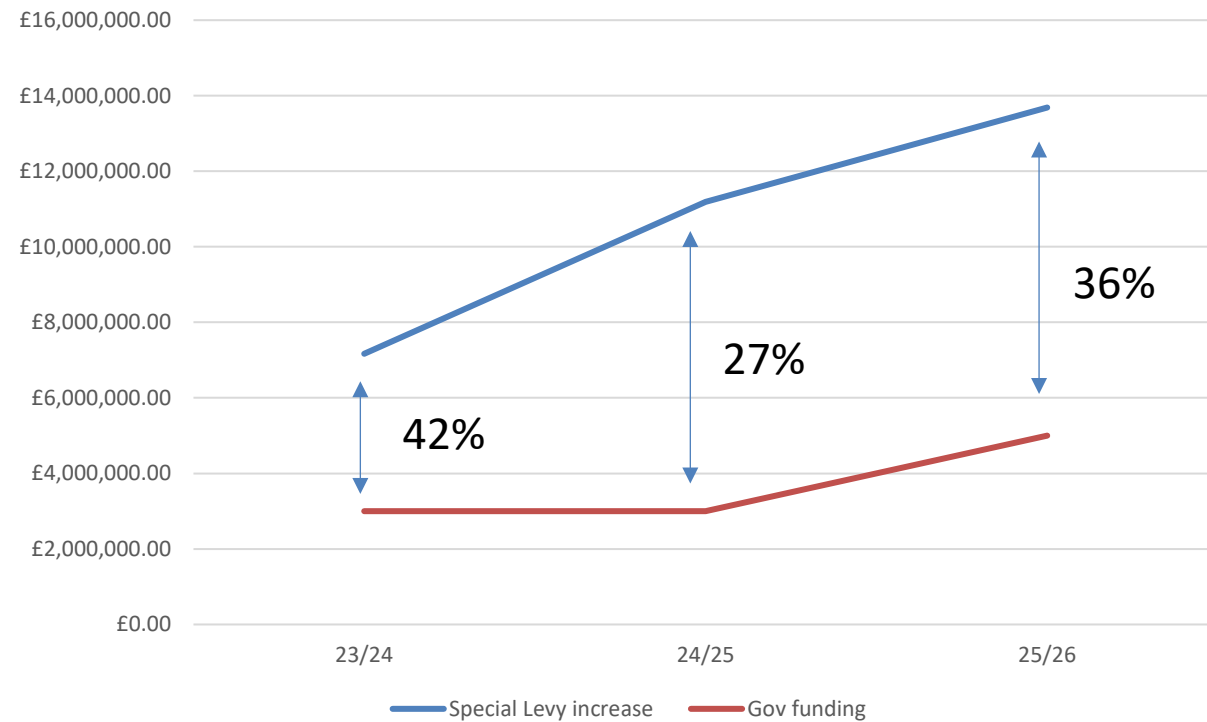
A wide range of issues

- Climate changes, more intense rainfall
- Electricity megawatt costs and standing charges
- Economic issues and other inflationary pressures (materials, labour, plant)
- Capital Projects / Asset replacement
- Asset Repairs and increased maintenance works
- Increased housing development in Internal Drainage Districts
- Lack of EA lowland main river maintenance – more consequence to IDBs

THE IMPACT ON COUNCIL SERVICES

- Councils are legally obliged to pay the Special Levy but are constrained by the cap Government has placed on Council Tax increases.
- Some Councils have had to cut services.
- Councils don't have the Council Tax available to invest in service growth.

SPECIAL LEVY INCREASE V GOVERNMENT GRANT



OUR ASK

Increased short term funding to address the significant pressure Councils have dealt with since 22/23, whilst Government accelerates a long-term funding solution for Internal Drainage Boards that removes the pressure from Councils.