

Response ID ANON-E7F9-UNBH-8

Submitted to Local authority funding reform: objectives and principles
Submitted on 2025-02-12 23:54:05

Introduction

a What is your name?

Name:
Ian Moodie

b In what capacity are you responding to this consultation?

Other representative group
Name of your organisation (if applicable):
ADA (Association of Drainage Authorities)

Your position (if applicable):
Technical Manager

c What is your email address?

Email:
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d What is your telephone number?

Phone number:
02476 992 889

e What is your address?

Address (including postcode):
Rural Innovation Centre, Avenue H, Stoneleigh Park, Kenilworth, Warwickshire CV8 2LG

1. Summary of the government's proposed approach

1 Do you agree with the government's objective to allocate grant and retained business rates income in a way which accounts for differences between local authorities in demand for services, the cost of delivering them and ability to raise Council Tax locally?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response:

2 In addition to the areas included in this consultation, are there elements of the local government finance system that are not fit for purpose and require improvement and reform? If so, please provide information on what reforms are required and why.

If you have views, please share these and any supporting explanation or evidence:

3 Do you agree that the suggested principles should inform our approach to updating local authority funding allocations?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response:

2. Measuring differences in demand for services

4 Do you agree with our proposal to use the best available evidence and most up-to-date data in the assessment of need, including using the most recent census data?

Neither agree nor disagree

Please provide any additional information, including any explanation or evidence for your response:

5 Do you agree with our proposal to simplify the assessment by reducing the number of Relative Needs Formulae? If you disagree, please explain why and which service areas you are concerned about.

Disagree

Please provide any additional information, including any explanation or evidence for your response:

ADA disagrees with the proposal for removing relative needs formulae in relation to flood defence and coastal protection. There is a strong rationale for establishing a bespoke formulae in relation to flood defence and coastal protection. Flood defence and coastal protection in England include a range of functions performed by a variety of risk management authorities, stand-alone specialist local authorities in lowland areas (internal drainage boards), upper and lower tier authorities in other inland areas and along England's coasts, and a national authority on main rivers and major flood defences (Environment Agency).

One area that Government particularly tried to strengthen in the Flood & Water Management Act 2010 was the role of local government in FCERM. County and unitary councils became Lead Local Flood Authorities (LLFA) under the Act with responsibility for the overview of surface water flood risk within their respective areas. LLFAs report a significant divide between their FCERM responsibilities and capacity, alongside the gradual decline of specific flood and drainage expertise and staffing levels.

The impacts of flooding and the response to it remains a huge concerns for many LLFAs and this has been voiced directly to government with regards the urgent need for further funding, but also to enact the recovery grants process to support the communities and individuals that need it most.

Expenditure on flood defence, land drainage and coastal protection is an important issue for a number of councils across all tiers of local authorities, and whilst expenditure in this area accounts for a small proportion of local authorities' total service expenditure, it will be critically important to those most impacted. It will be an area of expenditure of increasing variability owing to the vulnerabilities posed by climate change, particularly in lowland areas, rural communities, and highly urban areas. It is therefore a service area that is distinct as it takes account of significant risk as well as demand factors, which justifies taking a bespoke approach.

ADA would support a bespoke formulae that strengthens the functions, powers and resources of county, unitary, and district councils to carry out their flood risk management functions and the consideration of ring-fenced allocations to local authorities for that work and funding responsibilities.

Such a bespoke formulae should take account of the relative needs of local authorities, including those related to:

- flood incidents investigation (Section 19, Flood & Water Management Act 2010),
- special levy costs associated with lowland water level management by internal drainage boards,
- flood incident response,
- regulatory responsibilities for ordinary watercourses and surface water management (SuDS),
- maintenance works in relation to ordinary watercourses and flood defences, and
- coastal flooding, erosion, and adaptation.

Special levy

Across a tenth of England's land area, internal drainage boards (IDBs) work to manage water levels for lowland landscapes. Such landscapes, often rural, but increasingly urbanised and developed with infrastructure, industry and housing have specific risks that need to be managed in a changing climate. This presents additional burdens upon local authorities in those areas, and additional costs to manage that water.

In total, there are 112 IDBs in England protecting over 9% of the total land area of England and operating 625 pumping stations. These directly reduce the flood risk to over 600,000 people who live or work within these boundaries and 880,000 properties, including 50,000 farms and landholdings (including 50% of Grade 1 agricultural land in England); 129 miles of motorway and 910 miles of railway, and 56 power stations.¹ It takes up to 7 years to recover land that is flooded with saltwater. This outlines how vital the role of drainage boards are to protect and support our communities and the economy. Therefore, ensuring that IDBs are funded in a sustainable manner is critical.

The current funding mechanism means that IDBs pass on increases in their requirements to the occupiers of agricultural land and Councils. A relatively small number of Councils are significantly impacted, placing them at a financial disadvantage and this may be unsustainable for some of these smaller Councils. ADA continues to engage with IDBs and Defra to ensure the efficient and sustainable governance and functioning of IDBs. A number of IDBs are currently considering amalgamation to increase their resilience to financial pressures in operating, maintaining, and renewing the critical lowland water infrastructure that they manage.

Section 19 investigations

These reports are triggered under the Flood & Water Act 2010 which infers a duty on Lead Local Flood Authorities (LLFAs) to investigate flood events that are considered locally significant and to publish a formal report into that event. These investigations suggest recommended actions that various organisations and communities could take to reduce the risk and impacts of flooding in the future.

However, our changing climate, coupled with development pressures, and the worsening condition of lowland main rivers and flood defence assets, is increasingly triggering such S19 investigations. To a number of local authorities it is becoming clear that, what feels like being in permanent recovery following rainfall events, is not sustainable not only for LLFAs, but IDBs, the EA and those individuals who have been impacted by flooding, some twice in the space of a year.

Nearly 1,000 homes and businesses were flooded in total in October 2023 and January 2024 during those two storms. Lincolnshire County Council carried out 264 separate 'Section 19' flood investigations to determine the contributing factors to the flooding.

Consequently, the cost of Section 19 investigations are highly variable to LLFAs, and present a vulnerability that can directly undermine the ability of local authorities to adapt and remediate flood risk in the future, without adequate funding targeted to where such support is needed. Investigations take too long to produce, and do not go far enough to create Action Plans that give local residents some assurance that accountable steps will be taken to reduce flood risk. Unfortunately, by the time evidence has been gathered, the report has been edited and re-drafted several times, and input received from the various actors/authorities involved, the outcome may avoid the more challenging truths about a flood event. There seems to be too much contemplation of capital scheme options rather than consideration of what could be done to reduce flood risk more immediately and in a

sustained manner through adherence to basic maintenance regimes.

A revised system to log and map all flood events to land and property would perhaps be more beneficial, with more strategic investigations by LLFAs with the assistance of other RMAs being undertaken for larger-scale or repeated incidents. This would be assisted by a streamlined reporting system, perhaps a portal for RMAs to feed information about flood events into. Allowing live information to be captured during and immediately after a flood event, while that knowledge is still fresh and readily available.

Recovery funding

Risk management authorities in England do not have an agreed consistent mechanism for recovering costs and damage to flood resilience assets and systems following major flood events.

Following major flooding in the winter of 2019/20, several IDBs in Eastern England saw damage to their assets and systems due to the consequences of failures of embanked main river systems [river bank breaches, overtopping and significant bank seepage], but a formal emergency situation was not declared. No funding support was provided nationally by government to IDBs and Bellwin grant was not triggered for local authorities as the threshold for the financial assistance was not passed for those local councils. The Environment Agency received a national grant of £120 million for their own costs from the Treasury.

The opposite has been true following the floods of the winter of 2023/24, where the EA estimates costs and damage to infrastructure in the region of £200 million but received no additional financial resources from government. IDBs received a package of support of £75 million from Defra, funding originally allocated to Defra's farming budget but underspent. £25 million has been allocated to flood incident recovery and costs and £50 million to enhancing the resilience of assets and systems.

The above highlights the inconsistency of approach, and therefore uncertainty of how recovery of assets and systems following flood events will be afforded without impacting the management, maintenance, and future investment in flood defences and systems by those risk management authorities impacted.

6 For the children, young people and family services formula, do you agree that the variables set out are the right ones to consider in an assessment of relative need? If you recommend the addition or removal of variables, please provide supporting evidence and recommend a suitable dataset.

No view

Please provide any additional information, including any explanation or evidence for your response:

7 Do you agree that the government should consider updating the data in the fire and rescue services Relative Needs Formula?

Not Answered

Please provide any additional information, including any explanation or evidence for your response:

3. Measuring differences in the cost of delivering services

8 Do you agree we should assess differences in cost using an Area Cost Adjustment based on the structure of 2024 ACA? If not, please provide evidence for alternative approaches.

No view

Please provide any additional information, including any explanation or evidence for your response:

4. Measuring differences in locally available resources

9 Do you agree that (other than locally retained business rates) we should only adjust for Council Tax when assessing local resources? If you do not agree, please include details of what other sources of income you think should be included (if any), and how the government should adjust for them.

Not Answered

Please provide any additional information, including any explanation or evidence for your response:

10 Do you agree that we should measure Council Tax income by making uniform assumptions on the Level of Council Tax charged by local authorities and factors which determine their ability to raise Council Tax?

Not Answered

Please provide any additional information, including any explanation or evidence for your response:

11 To what extent should we adjust for Council Tax when determining local authority allocations (i.e. what assumption should we make on Council Tax Level)?

Not Answered

Please provide any additional information, including any explanation or evidence for your response:

5. Resetting the business rates retention system

12 Do you agree Transitional Arrangements should account for a Business Rates Reset? If not, please explain why.

Not Answered

Please provide any additional information, including any explanation or evidence for your response:

6. The New Homes Bonus

13 Do you agree or disagree we should enable and encourage local authorities to support housebuilding in their areas through the Local Government Finance Settlement?

Not Answered

Please provide any additional information, including any explanation or evidence for your response. :

7. Implementing changes and keeping allocations up-to-date

14 What measures should we use to support local authorities to move to their updated funding allocations? Please check the options you agree with (if any)

Please provide any additional information, including any explanation or evidence for your response:

15 Do you agree we should keep funding allocations up-to-date dynamically by using the most up-to-date data possible? If so, how?

Not Answered

Please provide any additional information, including any explanation or evidence for your response.:

8. Reviewing demands on local government

16 What are the most excessively burdensome activities or requirements for councils, which if changed, could significantly free up local government capacity?

If you have views, please share these and any supporting explanation or evidence.:

17 Do you agree with our proposals to reduce the number of grants and New Burdens payments issued to local government?

Not Answered

Please provide any additional information, including any explanation and evidence.:

9. Sales, fees and charges reform

18 Do you agree or disagree that the government should provide local authorities with greater control over Sales, Fees and Charges? Please provide supporting evidence, considering specific fees where greater control would be of most benefit, and expected impacts on charge-payers.

Not Answered

Please provide any additional information, including any explanation and evidence.:

10. Equalities impacts of the proposals in this consultation paper

19 Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

If you have views, please share these and any supporting explanation or evidence.: