



All Party Parliamentary Group *for* Sustainable Flood and Drought Management

Notes of APPG Meeting – 26th February 2025

Final

Attendees:

The Earl of Caithness MP (Chair)
Jess Brown-Fuller MP
Ros Savage MP
Tim Davies for Simon Opher MP
Edmund Legrave (PS to Jess Brown-Fuller MP)
Alex Britton (representing Blake Stevenson MP)
Tilly Marshall (representing Joy Morrissey MP)
Ruby Simpson (representing James Naish MP)
Alice Borrett (representing George Freeman MP)
Estelle Yamkovoya (representing George Freeman MP)
Cllr Paul Redgate (Speaker – LGA SIG & S Holland DC)
Paul Burrows (Speaker – Middle Level Commissioners)
James Gilbert (South & East Lincolnshire Councils Partnership (Boston, East Lindsey and South Holland Councils))
Cat Moncrieff (CIWEM)
Innes Thomson (ADA)

Apologies:

Lee Pitcher MP
George Freeman MP
Joe Eaton

Minutes of meeting on 15th January were taken as a correct record.

Matters arising

Steven Tupper has provided an update about benefits apportionment which is attached in Appendix A to these minutes.

Since the last meeting, the APPG has also made a submission to HM Treasury on the future Spending Review which is added to the minutes in Appendix B

Other actions outstanding from the meeting of 15th January were noted as follows;

- Officers and Members to gather evidence of surface water flooding in their constituencies for discussion at the May meeting,
- Defra to provide a more detailed response about the possible adoption of a “Totex” approach to funding and possible future alignment of investment programmes,



- APPG Chair to push Investment Reform Consultation out through APPG members once it goes live,
- Chair to make appropriate request(s) for a 60 minute debate. Jess Brown-Fuller MP also recommended that the APPG could also consider applying for a 90-minute back bench debate.
- ADA and CIWEM to reflect on documents/evidence required to support a Parliamentary debate on SuDS as part of the debate above.

Purpose of the Meeting

The purpose of the meeting was to explore the increasing cost challenges to the operation of Internal Drainage Boards and Local Authorities.

Speakers

Paul Burrows, CEO, Middle Level Commissioners (presentation on APPG website page at <https://www.ada.org.uk/events/appg/>)

Paul made a presentation about the financial and operational challenges facing the Middle Level Commissioners and the other 29 Internal Drainage Boards administered by them. Paul outlined the critical factors out-with the IDB's control covering weather, sea level rise, energy costs and water arriving in their districts from higher up the river catchments.

He explained that the Middle Level Commissioners need to pump water out of areas which are below sea level and sometimes up to 8m of uplift. Some IDBs are able to discharge to EA-managed main rivers or the sea by gravity but sea-level rise in particular could have serious consequences for the future. Middle Level Commissioners own and operate the UK's largest pumping station at St Germans, which can pump over 100 cubic metres of water per second.

Paul went on to show the breadth of operations and activities of the Middle Level Commissioners , covering work focusing on environmental enhancements, improvement of flood risk assets and water conveyance, reducing and optimizing energy consumption, and navigation. He outlined their water resources role and highlighted how crucial their infrastructure is to the Fens Reservoir proposal which is needed to help address water scarcity in the wider region, enabling housing and economic growth.

Paul highlighted the following core funding pressures;

- Drainage rates (agricultural land/land with agricultural potential),
- Special Levies raised on non-agricultural beneficiaries (collected by Local Authorities via Council Tax),
- Highland Water (from the Environment Agency – Revenue flood grant),
- Weak health of general fund reserves and improvement funds,
- Precept (paid to the Environment Agency for main river maintenance),
- Capital flood grant – generational renewals of IDB infrastructure,
- IDBs are very lean organisations and still founded on 'volunteer' inputs.

He concluded with outlining the following opportunities within the Middle Levels:

- 'Once in 400 year opportunity' – Fens Reservoir – MLC would value a devolution settlement given role to enable Oxford-Cambridge Arc growth stifled by water scarcity,
- Legislating for MLC/IDB unfunded water resources role,
- Driving reform - Fitness for the future of the existing IDB model (amalgamations),
- Increasing funding from developers,
- Renewables – 'Electricity Net Zero',
- Commercial opportunities, eg hosting Biodiversity Net Gain required by developers.



The following questions and discussion followed this presentation;

Jess Brown-Fuller asked “Can IDBs can dip into funding schemes that local authorities can’t, so does having an IDB increase local budgets to address flooding?”

Response: There are small one-off grants that IDBs may be able to access and that others may not, but they are not significant. The way that IDBs raise their primary income is through the 1991 Land Drainage Act to charge local rates for the work they do, composed of the special levy and the agricultural rate.

Jess Brown-Fuller went on to enquire if there is any evidence to show that there is a better outcome for places with IDB versus those that haven’t as well as who decides about the creation of a new IDB ?

Response: We don’t have that level of evidence, but anecdotally, where IDBs are present, local councils and local communities appreciate that they have a body whose sole interest is the management and maintenance of water levels and flooding, working with the EA and Local Authorities. Regarding the decision on the creation of new IDBs, that is essentially led by a collective local desire to do that and there are several areas where that is being considered such as in Lancashire and South Cumbria. There is an important piece of legislation about to be submitted to Parliament called The English Drainage Boards (Alternative Valuation Calculation) Regulations 2024 which would provide the mechanism for allowing rating valuations to be legally established for new areas or extensions to internal drainage districts. Primary legislation is already in place under the Environment Act and these regulations form the enabling Statutory Instrument.

The Earl of Caithness went on to ask about who needs to approve a new or extended internal drainage board area ?

Response: It will be the Defra Minister, and it has been made it clear that any approval would require near-unanimous local support.

Jess Brown-Fuller then asked about responsibilities for fixing issues.

Response: That will depend on where the issue is. Landowners have riparian responsibilities and then there is a variety of different authorities, each with statutory and/or permissive responsibilities depending on the designation of the river or watercourse. Various reviews and reports have been undertaken for Defra who is considering the issue.

Cllr Paul Redgate, Deputy Leader S Holland DC and Chair of the LGA SIG for IDBs (*presentation on APPG website page at <https://www.ada.org.uk/events/appg/>)*

Paul began his presentation by explaining the history of special levy payments to IDBs and how Local Authorities had, for practical reasons, gradually taken over the role of levy collectors from households and businesses on behalf of the IDBs. A number of changes to legislation, conflicting regulations in that legislation and declining financial support through Revenue Support Grant reducing to zero has left Local Authorities in a catch-22 situation where they are limited on the amount of rates they can raise versus the special levy demands from Internal Drainage Boards since the covid epidemic and financial crisis.

Paul went on to highlight that whilst a relatively small number of Councils are disproportionately impacted, it is placing them at a significant financial disadvantage and making them financially precarious. He argued that the current funding approach is unsustainable for many small Councils, forcing service cuts to be made and preventing statutory service growth to meet need. He said that

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

Paul was very clear that Councils fully support the essential work of the IDBs (operating as small local authorities themselves) and that it is the funding process which is flawed and in need of fixing. 41 Councils are impacted and form the Local Government Association Special Interest Group for IDBs and ADA's CEO is a standing invitee to the group.

Paul highlighted concerning numbers - between 22/23 and 24/25 the Special Levy has had to increase to cover costs from £38m to £50m, with further expected increases for 25/26 at around 5%. Total Special Levy payments to IDBs have increased from just under £39 million in 2022/23 to £50 million in 2024/25 and is then projected to rise to close to £53 million in 2025/26.

There has been a variability in percentage increases by Local Authority varying between 16% to almost 100%. Paul went on to echo the financial pressures outlined by Paul Burrows in the previous presentation and emphasised that councils under that sort of financial pressures have no option but to cut other services if they do not receive financial support.

Paul concluded by stating Local Councils' wishes that Government provides increased short-term funding to address the significant pressure Councils have dealt with since 22/23, whilst they accelerate the implementation of a long-term funding solution for Internal Drainage Boards that removes the pressure from Councils. Currently, the most affected councils have received notification that for this year, they will receive a £5 million support grant following from the two previous years where a £3 million grant was awarded. Paul estimates that nearer to £10 million per year is needed to balance the books.

Following this presentation, there was a variety of questions and discussion covering the following issues;

Ros Savage asked about what are Paul was referring to in the expression "long-term issues"?

Response: Many of the structures date from the Victorian era and are life expired or need increasing levels of management and maintenance. ADA provides some key statistics and information about the value of IDBs at <https://www.ada.org.uk/knowledge/value-of-water-level-management/> The primary long term issue is the conflicting legislative positions of the Communities Act involving council tax capping and the Land Drainage Act requiring the payment of agreed levies (Special and Agricultural).

Since COVID, financial and energy crises of 2021 - 2022, there is an increasing gap between what Councils can raise from ratepayers and what they are then obliged to pay to IDBs in Special Levy, with Councils forced to make cuts to other services to be able to pay IDB Special Levy charges, but without the ability to recoup that from local taxpayers. In the early 1990's, IDBs raised rates directly with households and businesses and Local Authorities took over the rate collection duties on their behalf for efficiency reasons. As small public bodies, IDBs operate leanly at cost with small numbers of staff and overheads. If you were to turn off IDB pumps, you would essentially end up flooding the majority of the high-category food producing land in the UK, as well as severely affecting infrastructure, communities and the environment.

Ros Savage went on to ask if there are conversations with insurance companies about this?

Response: Nothing substantial although there are occasional contacts with Flood Re. On a wider note, we could be much smarter about how we collaboratively share and manage the available funding, with much more devolution from the EA of the share of that available funding allocated to Local Authorities and Internal Drainage Boards. IDBs can also secure public works loans, for example, but they get worse interest rates than local authorities and more incentive therefore to build



up reserves over time and use that to pay for planned works. There is clearly an opportunity to streamline loan agreements towards one more favourable interest rate being made available.

Ros Savage then asked if we are feeding into the land use framework?

Response: ADA, CIWEM, many IDBs and Local Authorities will be. It is really important that we adopt a consistent catchment-wide approach and continue to reduce instances where interventions are carried out in isolation to what is happening elsewhere in the catchment. The Cabinet Office has also become more interested in this as flood and drought risk management are essential to the economy and to growth and stability to attract investment.

The Earl of Caithness asked about third-party water companies working with a unitary authority.

Response: They need to be part of the solution but we need to be careful to share the burden across the whole population and not just expect those in flood-prone lowland areas to bear the brunt of the costs.

Ros Savage commented that she could see the huge human cost of flooding in her constituency which prompted The Earl of Caithness to ask ‘What happens if there are no volunteers?’

Response: We are seeing a declining willingness to get involved on a voluntary basis and where numbers are declining, then action is required to bring Internal Drainage Boards together through the creation of consortia or amalgamations so they can operate not only with fewer people, but also potentially gain from economies of scale and a greater resilience to risks.

Forward planning

March Meeting – 25th March, 1500 – 1600, Room T, Portcullis House

Professor Jim Hall has been invited to speak at this meeting and has accepted. Professor Hall is both a Commissioner of the National Infrastructure Commission and current President of the Institution of Civil Engineers. He will be focusing on the state of the UK’s water and flood risk management infrastructure and the need for adequate investment to manage and maintain it throughout our river catchment systems.

Further ahead – May, June and July

May – a possible roundtable around SuDS/sponge cities at the APPG, inviting the Minister to join the meeting.

June – inclusion of a session at Flood & Coast to host a selection of APPG MPs and experts to discuss a range of issues in open forum, with questions from the audience.

July – to be confirmed but may be worth re-approaching Sir Jon Cunliffe.

Agreed Actions

- As well as APPG Chair to considering application for a 60-minute debate, also consider applying for a 90-minute back bench debate.
- ADA and CIWEM to reflect on documents/evidence required to support a Parliamentary debate on SuDS as part of the debate above.
- Officers and Members to gather evidence of surface water flooding in their constituencies for discussion at the May meeting,



- Secretariat to follow up with Defra on providing a more detailed response about the possible adoption of a “Totex” approach to funding and possible future alignment of investment programmes,
- APPG Chair to push Investment Reform Consultation out through APPG members once it goes live,
- ADA/CIWEM to prepare possible detail for an APPG seminar event at CIWEM’s Flood & Coast Conference on 3rd to 5th June and seek support and opinion from APPG members.
- Secretariat to consult APPG Chair on the

APPENDIX A

EA Update on Benefits Apportionment – taking a Strategic Approach

In 2023 the Environment Agency updated the guidance for all risk management authorities to clarify that, in the vast majority of cases, projects to address different sources of flooding in the same location can be funded without concern over double-counting of benefits. This update was in response to feedback from project teams that they found it difficult to access grant funding for communities that were at risk of flooding from more than one source. Most often this occurred when a project to reduce river flooding was delivered but subsequent funding to address residual surface water flooding was difficult to secure.

In all cases, it is important to consider all investment need in a community to maximise outcomes, value for money and minimise disruption to the community. It also encourages an integrated approach to managing flood risk from different sources, recognising that communities see flood water rather than where it came from.

APPENDIX B

APPG response to HM Treasury on Spending Review Consultation

Headline

The APPG for Sustainable Flood & Drought Management calls for funding for the maintenance of existing Flood and Coastal Erosion Risk Management (FCERM) assets to be put on a more equal footing to capital funding.

One of the greatest challenges in how we manage flood risk is the imbalance between the availability of capital and revenue funding for flood defences.

Whilst the national provision of national capital funding for flood risk management schemes has more than doubled compared to the previous six-year period (to £5.6 billion), revenue



budgets to fund maintenance are in a parlous state.

The APPG recently heard from the chair of Wessex Regional Flood and Coastal Committee (RFCC) David Jenkins that their revenue allocation this year was only 47% of the amount bid for (£8.36 million versus a bid figure of £17.7 million). Nationally, the Environment Agency's asset management information system (AIMS) shows that in September 2023 assets for which the Environment is responsible were assessed at just 92% of target condition, and declining at 0.84% per year. Those assets maintained by third parties were at 89% condition and declining.

David Jenkins reported that the imbalance is such that the lack of funding for maintenance is now a significant disincentive for local authorities to devise new capital schemes; building new schemes will increase the pressure on desperately stretched revenue budgets.

Echoing the above, ADA's primary concern remains with the lack of maintenance and poor condition of many main rivers, their flood risk assets and flood embankments in lowland areas. This directly affects and hinders the correct operation of Internal Drainage Board functions which require to discharge water into these main rivers. ADA's members remain concerned that the Environment Agency is significantly under resourced to adequately maintain these assets and keep them in a good condition.

The issue also extends to coastal defences. CIWEM's 'Postcards from the Edge report' found that thinly stretched budgets for the maintenance of sea defences mean that risk management authorities are left with a growing set of rapidly deteriorating coastal assets¹. Not only do unmaintained, deteriorating assets risk life and limb, it does not make economic sense. Analysis by the Association of British Insurers (ABI) and Flood Re found for every £1 spent on flood defence maintenance saved £7 in spending on new defences².

We urge the government to review the accounting rules so that 'TOTEX' costs for flood risk infrastructure are considered, where future maintenance costs are effectively 'capitalised' – i.e. included within the initial costing of a capital scheme.

We also urge the government to take forwards the recommendations in the latest Bricks & Water Inquiry³, reported in January 2025, in particular:

- (i) that the Environment Agency be granted the flexibility to move underspend from its capital programme for flood defence to its budget for maintenance.
- (ii) for Local Authorities to be fully eligible for government Grant-in-Aid funding for the maintenance of coastal flood and erosion risk management assets.

¹ <https://www.ciwem.org/policy-reports/postcards-from-the-edge-report-2024>

² <https://www.abi.org.uk/news/news-articles/2021/06/joint-abi-and-flood-re-report-highlights-the-need-for-adequate-maintenance-of-the-uks-flood-defences>

³ <https://www.policyconnect.org.uk/research/bricks-and-water-flood-and-coastal-erosion-risk-management-policy-new-government>



Representing Drainage
Water Level & Flood Risk
Management Authorities



We also want to highlight that both the National Infrastructure Commission⁴ and Public Accounts Committee⁵ have made clear recommendations to Government about increased investment in asset maintenance in their most recent reports.

Officers and Members of this APPG would be ready and willing to discuss this subject area in more detail with HM Treasury Officials.

On behalf of the Officers and Members

Lee Pitcher MP, Chair
February 2025

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⁴ <https://nic.org.uk/app/uploads/NIC-Reducing-the-Risk-of-Surface-Water-Flooding-Final-28-Nov-2022.pdf>

⁵ <https://committees.parliament.uk/publications/42888/documents/213370/default/>