



Internal Drainage Board / Special Levies – Joint Autumn Statement submission by District Councils’ Network and Association of Drainage Authorities

Introduction

The District Councils Network (“DCN”) and Association of Drainage Authorities (“ADA”) have discussed the impact and viability of the Internal Drainage Boards’ (“IDB”) Special Levy which currently forms a part of the overall Council Tax bill. The two bodies have agreed to request that government works with us to take forward and implement the changes proposed to the treatment and funding of Special Levies as set out below. This note represents a joint submission by the DCN and ADA to the Autumn Statement in addition to the separate submissions made by each organisation on a wider range of issues.

Background

The payments of Special Levy and Local Levy by councils to IDB’s for the specific use to manage the maintenance and operation of drainage, water levels and flood risk is a crucial part in helping to manage water resources and reduce flood risk to people, businesses, communities and the environment.

Special Levy is paid to IDB’s under legal obligations set out in the Land Drainage Act (1991). In excess of 70 District Councils are subject to Special Levies applied by IDB’s, in some cases Special Levies represent a significant proportion of the District Councils’ net budget.

IDB’s receive just under £32m of Special Levy payments which represents almost half of their combined income to enable them to carry out locally-based watercourse maintenance works in areas that rely heavily on these works for their economic wellbeing. The other part of IDB income comes from agricultural rate payers.

A number of extreme flood events over the past few years have increased public awareness of the importance of ensuring the correct levels of investment in drainage, water level and flood risk management.

Drainage, water level and flood risk management is important across a whole catchment, and not just in the areas currently most susceptible to flooding or drought. Therefore, all councils have a social, economic and environmental interest in ensuring the correct management of water within their areas, with a strong argument that the benefits apply to all ratepayers.

Principles

- (1) Councils should neither gain nor lose any money from their budgets in the payments of Special Levies – it is simply the most efficient way of collecting rates when larger numbers of small Levy payments are involved.
- (2) The legal framework for setting such a precept regime must be as robust as the existing Land Drainage Act to ensure long-term continuity of financing for IDBs and should not be included in any rate-capping doctrines.
- (3) Any system of funding for IDB's should enable Local Authorities and the IDB's to operate and make decisions in the best interests of their separate organisations to deliver their corporate priorities. Future funding systems for IDBs should remain a collaborative process between Local Authorities (representing household and business ratepayers) and agricultural ratepayers, with due regard by each party for the best interests of the local communities involved.
- (4) The implementation of the proposal should be financially neutral to both the Local Authorities and IDBs involved at the point of change over.

Issues to Address

- (1) The current levy system of funding of Internal Drainage is not transparent for the local taxpayer. The costs of local drainage measures are managed and controlled by the Internal Drainage Boards and under legislation these costs are levied on the Local Authority. Where Special Levy payments form over 50% of an IDB's income, then the Local Council appointed Board members are able to democratically hold 51% of the voting rights on that Board. For many years 87% of the sum levied was reimbursed through the Revenue Support Grant. The significant reductions in Revenue Support Grant in recent years are perceived to substantially erode the proportion of the cost of drainage levies reimbursed to local authorities. As a consequence, Local Authorities now find it necessary to raise their Council Tax or make savings against their own services to meet increases in the drainage levies voted for by the Board Members of IDBs.
- (2) The Special Levy is not separately identified within the council tax bill and consequently there is no awareness or visibility to the council taxpayer that a part of their council tax payment contributes towards the vital work of the IDBs locally in terms of drainage, water management and flood defences.

Proposal

- That the Special Levy is 'decoupled' from the relevant Local Authorities Council Tax.
- That the Special Levy is established as a precept in the same way as other precepts are levied and shown as separate entries on council tax charges.
- That the DCN and ADA work with DCLG to address the technical details of the implementation of the proposal.

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