

WITHAM AND HUMBER DRAINAGE BOARDS

*Four independent statutory Land Drainage and Flood Risk Management Authorities working in partnership.
Witham House, Meadow Lane, North Hykeham, Lincoln LN6 9GJ Tel: 01522 697123*



www.witham3idb.gov.uk

By Email

12th January 2024

OFGEM Call for Input – Standing Charges.

Thank you for providing an opportunity to input into the 'OFGEM Call for Input on Standing Charges'. This response is provided by Witham & Humber Drainage Boards, 4 Internal Drainage Boards operating collectively as a Group [the statutory entities being North East Lindsey Drainage Board (NEL), Upper Witham Internal Drainage Board (UW), Witham First District Internal Drainage Board (W1) and Witham Third District Internal Drainage Board (W3)].

Each Internal Drainage Board (IDB) is a smaller public body that manages land drainage, water levels and flood risk in its internal drainage district, where there is deemed a special need for drainage. IDBs undertake works to reduce flood risk to people and property and manage water levels for agricultural and environmental needs within their district.

There are 112 IDBs in England whose districts cover 1.2 million hectares (9.7% of England's landmass). They play a key role in reducing flood risk to over 600,000 people and nearly 900,000 properties and key infrastructure such as road, rail, national gas and electricity grids. They operate and maintain over 500 pumping stations, 22,000 km of watercourse, 175 automatic weed screen cleaners and numerous sluices and weirs.

IDB's are funded through local taxation, by either Drainage Rates charged to owners/occupiers of agricultural land, or through Special Levy which is paid by lower tier/combined Councils (District/Unitary) which is resourced via Council Tax and Business Rates. Each Board annually sets a rate in the £ (penny rate) which is then multiplied by land rateable values to achieve the Drainage Rates and Special Levies to be demanded.

Electricity Use in IDB's

The main use of electricity by an IDB is for the pumps located in each pumping station. Historically, these were diesel powered but over the last 50 or so years most have been converted to electric powered pumps. The use of the pumps is mainly driven by weather conditions so in the summer they may be used very little or not at all, and during the winter months they may be used more frequently. During a storm event, such as the recent Storms Babet and Henk, the pumps are used excessively, running for 24/7 for several days/weeks/months.

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Due to this reliance upon the weather, usage can vary greatly over a calendar year and vary year on year. The recent KWH usage for the 4 Boards is shown in the following table. As evidenced, 2019 was a higher usage year due to the wet weather events of Autumn 2019 and similarly, 2023/24 will be very high usage due to Storm Babet in October 2023 and Storm Henk in January 2024:

	NEL	UW	W1	W3	Total
	KWH	KWH	KWH	KWH	KWH
Oct18 - Sep 19	104,675	182,422	607,872	299,513	1,194,482
Oct19 - Sep 20	296,024	473,904	1,476,871	635,929	2,882,727
Oct20 - Sep 21	155,124	377,732	807,811	451,577	1,792,244
Oct21 - Sep 22	79,729	259,124	376,711	252,082	967,645
Oct22 - Sep 23	71,596	241,575	444,437	315,815	1,073,423

Electricity Procurement

Since 01st October 2018, the 4 Boards have procured their electricity via Eastern Shires Purchasing Organisation (ESPO), a local authority owned purchasing provider who negotiate and make available framework contracts to public sector bodies like us. They operate a flexible buying strategy ahead of need and the electricity contracts have been delivered during this time through TotalEnergies (formerly Total Gas & Power). This approach has helped to smooth out the impact of the recent significant price rises over recent years, with average unit costs being:

From	Average Day Unit Rate (pence per KWH)	Average Night Unit Rate (pence per KWH)
1 st October 2019	14.7974	10.8729
1 st October 2020	13.6598	10.6157
1 st October 2021	14.9232	12.1040
1 st October 2022	30.6964	28.2408
1 st October 2023	34.2874	32.5520

Standing Charges

This section is in response to Question 14 - What issues affecting standing charges in the non-domestic retail sector should we consider further?

Standing Charges have had a significant impact on the 4 Boards over the last 2 years, especially with significant increases resulting from the OFGEM Targeted Charging Review (TCR). The Boards operate 48 Pumping Stations and in October 2019 they were paying **£13,692** in Standing Charges. From October 2023 this has risen to **£199,863** for the same 48 sites, a **1459% increase**. A schedule of all the sites is attached as an Appendix to this letter.

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Standing Charge £/Year

From	NEL £	UW £	W1 £	W3 £	Total £	Increase £
1 st October 2019	1,147	3,804	5,219	3,522	13,692	
1 st October 2020	1,379	4,124	5,174	4,313	14,990	1,298
1 st October 2021	4,679	12,244	20,362	14,099	51,384	36,394
1 st October 2022	10,670	28,820	54,623	33,803	127,916	76,532
1 st October 2023	16,120	44,482	84,851	54,410	199,863	71,947

These increases in Standing Charges have had a significant impact on the Board's budgets and have had to be passed on to the taxpayer and occupiers of land. The following table shows the impact of this as percentage of budget increase:

Increase	NEL £	UW £	W1 £	W3 £	Total £
2019 to 2020	232	320	-45	791	1,298
2020 to 2021	3,300	8,120	15,188	9,786	36,394
2021 to 2022	5,991	16,576	34,261	19,704	76,532
2022 to 2023	5,450	15,662	30,228	20,607	71,947

Impact on penny rate	NEL %	UW %	W1 %	W3 %
2019 to 2020	0.04%	0.03%	-0.01%	0.08%
2020 to 2021	0.53%	0.70%	1.65%	0.94%
2021 to 2022	0.92%	1.35%	3.47%	1.79%
2022 to 2023	0.71%	1.10%	2.36%	1.58%

As illustrated, these increases have had a serious impact in the last 2 years, since the OFGEM TCR has been implemented.

Whilst the Boards understand the rationale and intent behind the changes, the financial impact we feel consequently has been excessive and is not distributed evenly. From what we can ascertain, IDB's have been particularly impacted upon, perhaps due to factors such as our ad hoc/inconsistent usage and by our Pumping Stations being in remote locations. However, the Boards are providing a vital public service including to the energy industry by providing well maintained drains and channels and pumping from low lying ground to reduce the risk of flooding of homes, business and critical infrastructure. The large increases in Standing Charges experienced in the last 2 years cannot continue, as it is creating a large burden on local taxation for no change in service provision, when financial resources are scarce, and these additional costs have been necessarily passed on to Local Councils and Drainage Rate payers as the occupiers of land.

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IDBs are public bodies not commercial profit-making organisations, and these increased standing charges are putting significant strain on already overstretched budgets with insufficient additional funding to meet these costs. It appears IDBs are a sector that is unwittingly bearing the unfair and unintended consequences of the OFGEM Charging review.

We would therefore urge OFCOM to:

1. Review the bandings for critical infrastructure such as IDB Pumping Stations.
2. Review what charges have been moved from unit rates to standing charges and consider if this is fair and reasonable or should some of the charges revert to the unit rate on the principle that the 'user pays' (i.e. the more you use the more you contribute to these costs).
3. Consider the introduction of special rates or treating IDBs as an exception case (either through unit or standing charges), by issuing a 'dispensation' for critical infrastructure such as IDB Pumping Stations.
4. Cap any future increases in standing charges to inflation (say CPI).

Yours Sincerely,



Jane Froggatt,
Chief Executive.

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Site Name	Oct23 Standing Charge £/Year	Oct22 Standing Charge £/Year	Oct21 Standing Charge £/Year	Oct20 Standing Charge £/Year	Oct19 Standing Charge £/Year
<u>North East Lindsey IDB</u>					
HABOROUGH MARSH DRAIN	£ 226.90	£ 189.04	£ 168.49	£ 160.73	£ 120.45
Immingham PS	£ 5,572.58	£ 3,617.55	£ 1,358.53	£ 109.18	£ 108.89
LITTLE BUCK BECK	£ 400.51	£ 298.07	£ 206.60	£ 73.00	£ 120.45
Mawmbridge PS	£ 3,097.56	£ 2,032.88	£ 927.59	£ 387.36	£ 440.92
Middle Drain PS	£ 5,720.32	£ 3,747.81	£ 1,539.68	£ 429.60	£ 160.41
New Holland Estate PS	£ 398.19	£ 498.29	£ 284.66	£ 73.00	£ 120.45
New Holland Outfall	£ 703.69	£ 286.49	£ 193.44	£ 145.97	£ 75.54
Total North East Lindsey IDB	£ 16,119.75	£ 10,670.12	£ 4,678.99	£ 1,378.84	£ 1,147.12
Annual Increase	£ 5,449.63	£ 5,991.13	£ 3,300.15	£ 231.73	
<u>Upper Witham IDB</u>					
Boultham	£ 1,677.94	£ 1,125.94	£ 476.05	£ 142.09	£ 73.33
Broxholme	£ 350.92	£ 263.79	£ 186.17	£ 142.09	£ 73.33
Burton	£ 7,234.95	£ 4,790.21	£ 1,893.49	£ 501.97	£ 505.77
Coulson Road	£ 2,754.21	£ 1,879.30	£ 879.98	£ 348.20	£ 505.77
Decoy	£ 623.39	£ 449.25	£ 256.55	£ 145.38	£ 73.33
Fen Lane	£ 705.11	£ 513.00	£ 267.83	£ 142.09	£ 73.33
Hykeham	£ 1,596.22	£ 1,062.19	£ 464.77	£ 142.09	£ 73.33
Ingleby	£ 2,754.21	£ 1,879.30	£ 879.98	£ 505.77	£ 505.77
Oxpasture	£ 7,234.95	£ 4,790.21	£ 1,893.49	£ 501.97	£ 505.77
Pyewipe	£ 12,621.25	£ 7,466.06	£ 2,939.41	£ 741.74	£ 731.95
Saxilby	£ 623.39	£ 449.25	£ 256.55	£ 142.09	£ 73.33
Thorpe	£ 616.41	£ 433.65	£ 245.08	£ 142.09	£ 73.33
Torksey	£ 5,688.53	£ 3,718.07	£ 1,605.16	£ 526.54	£ 535.67
Total Upper Witham IDB	£ 44,481.50	£ 28,820.22	£ 12,244.51	£ 4,124.13	£ 3,803.99
Annual Increase	£ 15,661.27	£ 16,575.71	£ 8,120.38	£ 320.14	
<u>Witham First DIBD</u>					
Billinghay	£ 214.47	£ 189.62	£ 169.31	£ 142.01	£ 72.31
Blankney	£ 15,188.94	£ 9,411.86	£ 3,092.10	£ 516.60	£ 506.86
Branston	£ 4,687.48	£ 3,179.22	£ 1,382.77	£ 516.60	£ 506.86
Chapel Hill	£ 15,188.94	£ 9,411.86	£ 3,092.10	£ 516.60	£ 506.86
Digby	£ 4,571.21	£ 3,076.69	£ 1,269.18	£ 362.80	£ 506.51
Farroway	£ 7,235.27	£ 4,792.22	£ 1,895.50	£ 516.60	£ 506.86
Heighington	£ 4,571.21	£ 3,076.69	£ 1,269.18	£ 387.36	£ 440.92
Metheringham	£ 7,235.27	£ 4,792.22	£ 1,895.50	£ 516.60	£ 506.86
Nocton	£ 15,188.94	£ 9,411.86	£ 3,092.10	£ 516.60	£ 506.86
North Kyme	£ 403.85	£ 311.55	£ 212.57	£ 142.01	£ 72.31
Ringmoor	£ 361.56	£ 283.04	£ 201.30	£ 160.49	£ 72.31
Sandhill Beck	£ 2,768.81	£ 1,893.90	£ 894.58	£ 362.80	£ 506.51
Timberland	£ 7,235.27	£ 4,792.22	£ 1,895.50	£ 516.60	£ 506.86
Total Witham First DIBD	£ 84,851.25	£ 54,622.95	£ 20,361.68	£ 5,173.69	£ 5,218.87
Annual Increase	£ 30,228.30	£ 34,261.27	£ 15,187.99	-£ 45.19	
<u>Witham Third DIBD</u>					
Bardney Abbey Road	£ 361.56	£ 283.04	£ 201.30	£ 145.74	£ 73.56
Bardney Fen	£ 361.56	£ 283.04	£ 201.30	£ 145.74	£ 73.56
Bardney Manor Farm	£ 627.04	£ 452.90	£ 260.20	£ 145.74	£ 73.56
Coningsby Ings	£ 359.24	£ 346.78	£ 212.57	£ 142.09	£ 73.56
Dogdyke	£ 1,599.87	£ 1,065.84	£ 468.42	£ 145.74	£ 73.56
Duckpool	£ 1,681.59	£ 1,129.59	£ 479.70	£ 145.74	£ 73.56
Greetwell	£ 12,621.57	£ 7,468.07	£ 2,941.42	£ 756.37	£ 735.38
Horncastle Ings	£ 278.19	£ 271.45	£ 189.82	£ 145.74	£ 73.56
Kirkstead	£ 1,599.87	£ 1,065.84	£ 468.42	£ 73.56	£ 73.56
Marsh Lane (New)	£ 1,599.87	£ 1,065.84	£ 468.42	£ 145.74	£ 73.56
Short Ferry	£ 12,621.57	£ 7,468.07	£ 2,941.42	£ 756.37	£ 735.38
Southrey	£ 12,621.57	£ 7,468.07	£ 2,941.42	£ 756.37	£ 735.38
Stainfield	£ 627.04	£ 452.90	£ 260.20	£ 145.74	£ 73.56
Stixwould	£ 214.47	£ 189.62	£ 169.31	£ 145.74	£ 73.33
Woodhall	£ 7,235.27	£ 4,792.22	£ 1,895.50	£ 516.60	£ 506.86
Total Witham Third DIBD	£ 54,410.29	£ 33,803.27	£ 14,099.40	£ 4,313.06	£ 3,521.91
Annual Increase	£ 20,607.02	£ 19,703.87	£ 9,786.34	£ 791.15	
Total Witham & Humber IDB's	£ 199,862.78	£ 127,916.57	£ 51,384.58	£ 14,989.73	£ 13,691.90
Annual Increase	£ 71,946.21	£ 76,531.98	£ 36,394.86	£ 1,297.83	