

North West Regional Flood and Coastal Committee

Local Levy Rate Vote 2023/24

This document provides information for North West lead local flood authorities and strategic flood risk partnerships to consider in deciding how to vote in the setting of the Local Levy rate for 2023/24, to take place at the October 2022 North West Regional Flood and Coastal Committee (RFCC) meeting.

It explains what Local Levy funding is and what it is used for, highlighting some recent flood risk management schemes and initiatives that have been made possible with Local Levy investment.

It references the programme, its benefits, provides a picture of the ongoing need for local funding and sets out the current Local Levy allocations to projects.

Finally it sets out the current Local Levy rate, how the RFCC has voted in recent years, possible options for increases in the rate for 2023/24 and how much individual local authorities will pay under the different increase scenarios.

What is Local Levy funding?

Each year RFCCs raise a Local Levy from their Lead Local Flood Authorities which is used to fund work by flood risk management authorities to reduce flood risk and to increase climate resilience.

A lot of our work on flood and coastal erosion risk management is funded from central government Grant in Aid (GiA) but we have to bid for this along with twelve other RFCCs and it is subject to a national prioritisation process based on the benefits each scheme will deliver. The partnership funding formula means that many schemes are not fully funded by GiA and require other sources of funding as well.

Local Levy is a local source of funding which the RFCC decides how to spend and there is greater flexibility on the type of activity it invests in.

Unlike many other public finances, Local Levy balances can be carried forward across financial years and earmarked for use in future years, providing flexibility to respond to evolving needs and programme changes, and to maximise other sources of funding when available.

How does the RFCC use it?

The main ways in which the North West RFCC uses its Local Levy funding are:

- Partnership contributions to capital flood risk management schemes (both local authority and Environment Agency-led) which reduce the risk of flooding (i.e. building new defences).
- ‘Quick Win’ funding for each of the five sub-regional partnerships for small scale interventions (increased to £100k per annum from 2022/23).
- Delivery of the RFCC’s Business Plan, which covers a range of actions including:
 - Ongoing maintenance of The Flood Hub website – an online one-stop-shop for flood and coastal risk in the North West
 - Projects to trial and develop new approaches and tools, identifying and sharing best practice, which aim to address some of the current barriers to achieving flood resilience.
 - Additional resources and capacity to support risk management authorities in delivering their strategies, plan and investment programmes.

For capital schemes, often, it is the Local Levy contribution which makes them affordable - either that or it would take many more years to raise the required funding from other sources, leaving communities at greater risk for longer. We use Local levy to leverage in GiA and other funding, sometimes then releasing or reducing the Levy contribution. It also allows schemes to develop business cases and to establish the size of funding gaps until contributions from others are secured.

From 2015 - 2021, for every £1 of Local Levy invested in schemes, on average we drew in £2 of other funding. This return makes it a sound investment option for local authorities to attract significant national and private sector funding for flood risk reduction to their communities.



The [Caton Road scheme in Lancaster](#) benefits business and infrastructure rather than residential properties so did not attract much GiA funding. It was only made possible with a £2m contribution from the RFCC’s Local Levy fund.

Local Levy Strategy

In September 2020 the Committee approved a Local Levy Strategy which sets out key principles and commitments the RFCC apply to make the most of the funding and to further its Business Plan goals.

What is the future need?

The impacts of climate change will continue to increase the demand for flood and coastal risk management measures, through better protection, building design and place-making, and increasing awareness and preparedness within communities. We welcome the doubling of the government's investment but this will always only go so far and often still leaves funding gaps for schemes. Across the North West, there are projects at various stages of development. Some are at an early stage, possibly arising in response to recent flooding incidents, and Local Levy may play a role in supporting this project development and/or forming part of the funding package for the works required.

The RFCC is aware of the impact of global price rises and inflationary pressures impacting the programme, leading to funding gaps arising for schemes which are already in progress or planned in the next few years. Inflation is expected to hit a high of 10-11% before starting to subside late in 2023. The price of steel has risen dramatically (around 60%) but may have peaked, gas has risen fivefold in price, oil has doubled, and concrete prices are significantly higher and are yet to peak. While the RFCC is clear that Local Levy cannot and should not fill these gaps, it may play a more limited role in supporting risk management authorities to weather this disruption and make any necessary adjustments to the programme if required.

The RFCC launched a new Business Plan for 2022-2025 which translates the National Flood and Coastal Erosion Risk Management Strategy to the North West and sets out 16 actions across five ambitions: Accessing investment and funding, Building community resilience, Managing water at catchment scale with nature, Achieving climate resilient planning, development and infrastructure, and Increasing risk management authority capacity and collaboration. Many of these actions will require Local Levy investment and the RFCC approved an allocation of £1.4m in 2022/23 with a similar level of investment expected to be required in the next two years.

It is clear that surface water flood risk remains a very high priority in the North West which is currently underfunded and more difficult to address. This is a theme throughout the Business Plan with many of the actions covering aspects of this.

Some of the work the RFCC wants to explore is not eligible for government funding. With the Local Levy, the RFCC has greater flexibility to fund the type of activity that is required to innovate and develop non-traditional or non-mainstream approaches. Resources within all risk management authorities, particularly local authorities, are limited and spread so thinly, constraining the pace at which we can make progress towards resilience. Local Levy gives us the opportunity to increase our capacity, both on the delivery of capital programmes and to support Business Plan delivery.

The partnerships worked hard to develop some strong submissions for the national Resilience Innovation funding, some of which were not successful. The RFCC remains open to seeing how it might be able to support unsuccessful bids, either to continue to develop their business case for future funding opportunities, or to provide funding to allow them to progress some of the initiatives contained within them, albeit at a smaller scale.

It is vital that we continue to raise Local Levy which allows us to go further, be innovative and lead the way, to lever in other funding, and to enable us to respond to local priorities. The more local funding raised, the more we can do to better protect our communities.

What is the current Local Levy rate and how has the RFCC voted in recent years?

In 2022/23 the Local Levy was set at £4.283m. You can see in the table below how the RFCC has voted and how this has changed the Levy rate over recent years.

Year	Levy raised	% increase on previous year
2018/19	£3.938m	2%
2019/20	£4.017m	2%
2020/21	£4.097m	2%
2021/22	£4.179m	2%
2022/23	£4.283m	2.5%

What should partnerships be considering now?

Arrangements for agreeing the rate to vote for may vary between partnerships but normally each local authority is asked to:

- Consider the range of rate options.
- Decide what rate they wish to support, seeking the support of the relevant cabinet member and approval of their Council Leader, bringing the decision back to the next strategic partnership meeting.
- Agree a majority consensus for the partnership.

The partnership representatives on the RFCC will then normally vote in line with this consensus.

To aid this discussion the table below sets out the rate that would result from increases of 1%, 2% and 3%.

The RFCC fully appreciates the wider and significant pressure on local authority budgets, as a result of COVID, inflationary pressures and ongoing competing priorities, but even in this context the flood risk management Local Levy only represents a very small element of the levies paid by local authorities. The collective benefits from those Local Levy payments far outweigh the size of individual authorities' contributions.

	Rate increase options	Resulting Levy rate
2023/24	1%	£4.326m
	2%	£4.369m
	3%	£4.412m

How much will individual local authorities pay?

The amount of Local Levy raised from each Local Authority is based on the Council Tax Base for Band D equivalent properties to provide a fair and equitable basis for the calculation. The table on the following page shows the current amount payable by each upper tier Local Authority and the additional amount that would be payable for a 1%, 2% or 3% increase for 2023/24.

Local Authority	2022/23 Council Tax base (Band D Equivalent)	2022/23 Levy	2023/24 Additional levy for a 1% increase	2023/24 Additional levy for a 2% increase	2023/24 Additional levy for a 3% increase
Unitary authorities					
Halton Borough Council	35,831	£69,502	£695	£1,390	£2,085
Warrington Borough Council	69,538	£134,883	£1,349	£2,698	£4,047
Blackpool Borough Council	37,140	£72,041	£720	£1,441	£2,161
Blackburn with Darwen Borough Council	35,439	£68,742	£687	£1,375	£2,062
Cheshire East Council	156,607	£303,773	£3,038	£6,075	£9,113
Cheshire West And Chester Council	125,465	£243,365	£2,434	£4,867	£7,301
County councils					
Cumbria County Council	173,241	£336,038	£3,360	£6,721	£10,081
Derbyshire County Council	21,219	£41,159	£412	£823	£1,235
Lancashire County Council	371,751	£721,088	£7,211	£14,422	£21,633
Northumberland County Council	134	£259	£3	£5	£8
North Yorkshire County Council	5,809	£11,267	£113	£225	£338
Shropshire County Council	2,574	£4,993	£50	£100	£150
Staffordshire County Council	16,015	£31,064	£311	£621	£932
MBCs					
Bolton Metropolitan Borough Council	77,795	£150,900	£1,509	£3,018	£4,527
Bury Council	55,611	£107,869	£1,079	£2,157	£3,236
Manchester City Council	127,620	£247,545	£2,475	£4,951	£7,426
Oldham Council	57,450	£111,436	£1,114	£2,229	£3,343
Rochdale Borough Council	56,232	£109,074	£1,091	£2,181	£3,272
Salford City Council	71,905	£139,475	£1,395	£2,789	£4,184
Stockport Metropolitan Borough Council	96,883	£187,925	£1,879	£3,758	£5,638
Tameside Metropolitan Borough Council	63,306	£122,795	£1,228	£2,456	£3,684
Trafford Metropolitan Borough Council	77,601	£150,523	£1,505	£3,010	£4,516
Wigan Council	94,100	£182,526	£1,825	£3,651	£5,476
Knowsley Council	37,907	£73,528	£735	£1,471	£2,206
Liverpool City Council	108,461	£210,383	£2,104	£4,208	£6,311
St Helens Metropolitan Borough Council	53,290	£103,367	£1,034	£2,067	£3,101
Sefton Council	84,170	£163,266	£1,633	£3,265	£4,898
Wirral Council	95,172	£184,607	£1,846	£3,692	£5,538
Total	2,208,267	£4,283,391	£42,834	£85,668	£128,502

Calculation

The value of the Levy is calculated by taking the sum of all the Tax Base figures for levied authorities, dividing it by the grand total of all Tax Bases and multiplying it by the total annual levy charge (e.g. Lancashire CC 371,751 divided by 2,208,267 multiplied by £4,283,391). This gives the individual charges to be made for the year.

Note

The numbers of Band D properties can change from year to year so the levy increases for 2023/24 are indicative, based on the Band D data for 2022/23.

Band D data confirmed as current by National Defra Finance, August 2022.

Recent examples of Local Levy investment

In recent years, the North West RFCC has part-funded numerous smaller capital schemes and also provided some large contributions to some major schemes.

Together these schemes have:

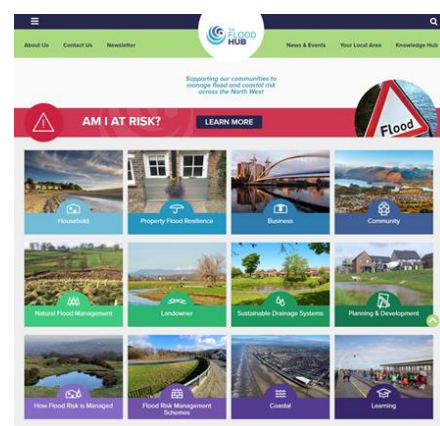
- Better protected thousands of homes, businesses and infrastructure
- Protected future development sites enabling regeneration and job creation
- Created habitat for biodiversity
- Provided new green space, improved footpaths and cycleways for recreation and amenity
- Delivered all the social, health and wellbeing benefits associated with the above.

Wirral Council's [West Kirby coastal defence scheme](#), currently under construction, has been enabled by a £1.6m Levy contribution. This mitigates the risk of flooding for around 100 properties now, more in the future due to sea level rise, and has been incorporated into wider public realm improvements to benefit tourism, recreation, and wellbeing.



At its July 2022 meeting, the RFCC approved a £250k Local Levy contribution to the £7m [Penketh and Whittle scheme](#) in Warrington, which will reduce the flood risk to 221 properties. The scheme is already under construction, and costs have increased for various reasons, other sources of funding being secured to help fill the funding gap arising. The scheme includes creation of 6500m² of habitat (Biodiversity Net Gain) and approximately 40m² of new tree planting.

The North West [Flood Hub website](#), funded from Local Levy, quickly became a highly valuable and well used tool for raising awareness and sharing information on flood risk and related matters. The site is actively managed and supported, the key to its success, and new content is being developed and added all the time. It continues to receive really positive feedback and large numbers of page hits and views from community users, local authorities and others.



Current Local Levy allocations by project (approved for 2022/23 and indicative up to 2024/25)

Partnership	Project	Current approved and future indicative (up to 2024/25) Local Levy allocations (£K)
Cumbria	Skirting Beck, Egremont (EA)	1,200
	Kendal Appraisal Package – Kendal (EA)	1,430
	Carlisle Appraisal Package Millhouse (EA)	148
	Waver Wampool Pumping Station Investigation (EA)	140
	Lyth Valley Drainage Investigations (EA)	175
	Mill Beck, Barrow in Furness (EA)	130
	Soutergate Beck, Kirkby-in-Furness (EA)	70
	Warcop (EA)	20
	Grange, Lindale Road (LA)	270
	Cumbria Quick Win Projects	100 per year
Lancashire	Preston and South Ribble (EA)	2,000
	Pegs Pool and Wardleys Pool, Hambleton (EA)	2,000
	Alt Crossens Drainage Investigations (EA)	250
	River Calder, Padiham (EA)	1,300
	Wyre Investment Readiness Project	45 per year
	Lancashire Quick Win Projects	100 per year
Merseyside	West Kirby Flood Alleviation Scheme (LA)	1,605
	The Pool, Southport (LA)	495
	Merseyside Quick Win Projects	100 per year
Greater Manchester	Radcliffe and Redvales Flood Risk Management Improvements Scheme (EA)	500
	River Roch, Rochdale and Littleborough FRM Scheme (EA)	2,700
	Irwell Vale to Chatterton EA)	2,200
	River Irwell, Kearsley (EA)	546
	Golburn Clough, Greenfield, Oldham (LA)	188
	Stockport Rd, Romiley (LA)	120
	Partridge Way, Chadderton, Oldham (LA)	85
	Dobcross New Road, Oldham (LA)	75
	Longford Brook Flood Alleviation Scheme (LA)	70
Greater Manchester Quick Win Projects	100 per year	
Cheshire Mid Mersey	Sankey Bk FRM Scheme (EA)	379
	Penketh and Whittle FRM scheme (EA)	250
	Cheshire/Mid-Mersey Quick Win Projects	100 per year
Cross Partnership	Business Plan implementation	1,371 in 2022/23