



Association of Drainage Authorities

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POLICY AND FINANCE COMMITTEE

Minutes of the Meeting held on Thursday 12 May 2016
at CIWEM Offices, Saffron Hill, London EC1N 8QS

Present: Ian Thornton (IT) Chairman
Craig Benson (CB), Peter Bateson (PB) (Ex Officio), Henry Cator (HC), Robert Caudwell (RC), Nigel Everard (NE), Jane Froggatt (JF), Matthew Harrison (MH), Robert Hill (RH), Kathryn Holdsworth (KH) (Defra), Andrew Morrill (AM), Bill Symons (BS), Carol Tidmarsh (CT) (Defra), Innes Thomson (ITh), Phil Winrow (PW)

Apologies: Frances Bowler (FB) (Honorary Secretary), John Cooke (JC), David Jenkins (DJ)

In Attendance: Ian Moodie (IM), Ian Russell (IR), Priscilla Mumby (PM)

Ref	Minute	Action
1338	Welcome – IT welcomed Robert Caudwell (RC) to his first Policy & Finance Committee meeting as Vice Chairman of ADA.	
1339	Declarations of interest – None	
1340	Approval of Minutes – Minutes of the meeting held on 12 January 2016 were agreed as a true and fair record proposed by NE.	
1341	Matters arising 1327 – JF thanked PW for communication on this year's capital grant annual programme. PW appreciated the specific feedback received which was more useful to have that, rather than a general points or comments.	
1342	Technical & Environment Committee meeting briefing IT summarised their meeting on 11.05.2016, highlighting their discussion on health, safety and welfare (HS&W) in particular. Committee members felt that ADA must give a clear message to all Boards, regardless of their size, that they are all small autonomous local authorities who cannot pass their responsibility onto ADA or others, but must be responsible themselves and put in place essential corporate governance. JF stated: that key was to set the right culture and tone on training within IDBs and other risk management authorities; that, even with internal advice,	

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	<p>external training advice service was needed; and that it was important to find mechanism to record training within record keeping.</p> <p>AM felt that ADA had a strong role to facilitate advice communication, rather than a direct production role in HS&W materials. Highlighted that ADA should be careful of liability.</p> <p>ITh stated that HS&W will be a matter for ADA's next Board meeting. It would be important to tread carefully on this, and find the right angle, to encourage and incentivise. About sharing best practice, but IDB Board members need to be aware of their responsibilities.</p> <p>Action: ADA will work on structuring a question on HS&W to IDBs via Clerks, to state they action it.</p> <p>Action: ADA will work to widening the HS&W briefing section within the ADA Gazette.</p> <p>Action: ADA to work closely with Ian Benn and other interested groups and individuals to develop HS&W brief.</p>	
1343	<p>General ADA Updates</p> <p>ITh reported that Ellie Cave, who joined us in March 2016 as maternity cover for Heather Bailey, ADA's Communication & Events Officer has moved on to another job from 6 May.</p> <p>In March the Board discussed ADA taking on a more permanent member of staff to focus on the more technical work of ADA alongside IM, incorporating some technical aspects of the communication role. This could be a graduate trainee from a member authority or other related field and ADA will approach local universities as well.</p> <p>AM suggested talking with local further education colleges as these include people working in business management and might provide a route for some succession planning.</p> <p>ITh administration and operation, real figure is £40k surplus for ADA 2014-15. Earning £12-13k, to invest some money in staffing and for revamp of the ADA website, to make it more interactive for mobile devices and video clips etc.</p> <p>ITh appointment of new VP. A lot of discussion about setting up of committee workstreams.</p> <p>ITh conference was close to breaking even, about £1,000 up.</p> <p>Engage board in the business and corporate direction of ADA.</p> <p>RH if looking to revamp website, MLC are doing a very similar activity, David Thomas key contact on that.</p>	

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<p>1344</p>	<p>Revised IDB Policy Statement</p> <p>PM, who is helping to establish a new North Kent Marshes IDB, has drafted a revised IDB Policy Statement based on the old ADA/MAFF model statement but brought up to date in terms of legislation, strategies and in line with ADA's Vision for IDBs.</p> <p>PM stated that the original objectives remain broadly aligned with national flood risk management strategy, it is an overarching statement.</p> <p>BS stated that this had been discussed previously and recognised there was a need for IDBs to review these documents every 3 years.</p> <p>RC supported mention of water level management in the Statement, but recommended looking at including water resources and opportunities there in such as drought resilience.</p> <p>AM thought the document should remain a fairly high level and broad document, and also needs to recognise relevant environmental regulations etc.</p> <p>The Committee recognised the benefit of creating a model revised Policy Statement supported by ADA and Defra and applauded PM for her work on the position statement.</p> <p><i>Action: Governance and Audit workstream members to work with PM to edit Policy Statement into final draft to be presented to September 2016 meeting before forwarding to Defra for approval.</i></p>	
<p>1345</p>	<p>ADA Membership: Subscriptions 2017 and 2018 review</p> <p>ITh took the Committee through a paper outlining the current categories for ADA membership and suggested areas of reform and announced that ADA had agreed with the Environment Agency that as of 2017 ADA will bill the EA once for all RFCCs membership and EA HQ's.</p> <p>HC commented that it was important that ADA remained able to represent the whole industry and recognised that there was a split view amongst IDB members regarding subscriptions with some smaller Boards having left ADA membership in recent years. HC felt that ADA needed to communicate better with its members and suggested investigating a two tier system of membership for Boards.</p> <p>The Committee agreed that ADA should review a range of options and this provided an opportunity to explain the benefits of ADA more clearly to members.</p> <p>The Committee discussed the potential for a core subscription from members with further projects/tasks subscribed to by Boards on a needs basis. It was noted that other membership bodies separate out subscriptions, from their trading arm that can provide services.</p>	

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Concerns were expressed that such a system could allow some members to freeload on the back of it, that consortia groups may only subscribe one Board to projects in order to receive those benefits, and it could generate uncertainty of funding leaving unbudgeted gaps in ADA's finances.

PM had seen profile of ADA raised significantly recently and suggested developing a survey of members. Opportunity to ask what more they would like to receive from ADA as a service.

Action: ITh to develop a survey of members views on subscriptions and services.

ITh had now called all local authority members bar one, and that was very helpful in communicating the benefits of ADA. It was suggested that corporate and local authority members should be distinct categories of membership. Furthermore, a category could be created for individuals and for community groups.

NE asked whether branch subscription should be brought within this review.

PB noted that the substantial value in the time and effort of staff from IDBs who contributed to ADA committees and in representing ADA.

RC not overly keen to spend next 6 years to discuss subscription reform. Must get out there and explain what ADA does. Not in favour, of a split tier level of membership, but would be interested in core ADA sub and services model. Must have a commonality of cause.

PW noted the service provision aspect and opportunity to charge for work such as the establishment of IDBs in the Northwest of England.

PB noted that if providing services, selling will have VAT chargeable, adding 20% to the cost. RH noted that if selling services such as health and safety advice then this may increase liabilities for ADA.

RH suggested adding on a summarised budget of what ADA does, or can continue to provide. This year's 5% increase prompted the question of why from some Boards and they wanted a direct answer.

The Committee discussed the need for ADA to prepare a draft budget once the income from FLOODDEX 2016 was known. The provision of suitable reserves was noted by Committee members to deal with interruptions in income.

Action: ITh to work up a more detailed paper in draft to send to P&F before submitting to ADA's Board.

RH stated that ADA needed to manage members receiving multiple copies of the ADA Gazette as this was causing frustration.

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	<p>Action: RH to send IM updated lists of members from Boards administered by the Middle Level Commissioners.</p>	
1346	<p>Land Searches fees and consistency of response</p> <p>IM introduced a paper by FB regarding changes to land searches regarding flood risk.</p> <p>The Committee discussed the issue, and discussion included wider issues regarding planning and pre-application planning advice for developers.</p> <p>PM noted that there can be some duplication between the LLFA and IDB responding to a planning application. Service could be undertaken jointly in some instances.</p> <p>JF should be a guiding principle that this is about full cost recovery where a public body is providing a service to another local authority.</p>	
1347	<p>IDB1 form questions for 2017</p> <p>IM introduced discussion on whether questions within Defra's IDB1 form needed to be revised including whether this could be merged with annual returns made to external auditors.</p> <p>CT talked through NAO report being prepared on IDB governance which was expected to be published before the Summer. It will be a factual report without recommendations that had been triggered by a specific case.</p> <p>RC noted that the preparation of the NAO report should highlight to all IDBs the risks of not having good governance procedures in place.</p> <p>PB suggested there should be a question within the IDB1 form about compliance with the Transparency Code, but that it would be challenging to have a consistent annual return form.</p>	
1348	<p>Defra update</p> <p>CT gave an update on key topics from Defra.</p> <ul style="list-style-type: none"> • The National Flood Resilience Review is to be published in the Summer. • Flood investigation reports by local authorities, are being published for public consultation, being handled by EA, but may make broader points about government policy and investment. • The Cumbria Flood Partnership is developing an action plan with a number of streams, including exploration of community resilience, natural processes, and new IDBs for Lyth Valley and Waver Wampool. These are across three catchments in Cumbria. • Work from the NFRR and Cumbria Flood Partnership will align closely with integrated catchment management within the Government's 25 year environment plan. Defra will engage more with stakeholders on this later in year, but are not planning a formal consultation. 	

	<ul style="list-style-type: none"> • The Local Government Finance Settlement, published by DCLGDCLG published indicatively. The two grants for flood defence from 2 grants now combined fromn 2016/17 combined defra with dclg stream. Have safeguarded funds from defra stream in real terms? • Flood Re came in on 6 April and is now accepting policies from insurers. • In Kent and Sussex, West of Gravesend IDD has now been abolished. East of Gravesend IDD was being advertised for abolition to be replaced by North Kent Marshes IDB, and Pevensey Levels IDD and Cuckmere IDD were also being advertised for abolition, and are to be replaced with the Pevensey & Cuckmere Water Level Management Board. Abolition of the remaining IDD in Sussex are progressing, although there had been some interest in River Arun IDD where some lengths of ordinary watercourse within the drainage district are to become Main River. • On ratings lists for IDBs, Defra had formed a working group which had met twice to date and were looking for further IDBs to undertake testing of a new methodology. <p>Nigel Everard noted that the reconstitution of Selby IDB was still progressing with Defra.</p>	
1349	<p>Environment Agency update</p> <p>PW announced the transformation of corporate services across the four main Defra bodies (EA, NE, RPA and FC). PW moves to a Defra role as Transformation Director. The changes come alongside the move to 14 area boundaries at the EA aligned with those of Natural England. This will allow both organisations to aligning budgets. It was noted that there were some particular changes to boundaries in the former Anglian Region</p> <p>PW noted it had been an interesting year for flood defence spending at the EA with in-year budget cuts followed by increases owing to the floods. There had been some really good delivery by areas and noted there had been some underspend owing to flood events and recovery efforts, but had provided some flexibility to deliver on local authority and IDB front.</p> <p>PW said there was some ongoing work with IDBs in Somerset and Somerset rivers authority, try to align LEP and SRA money. There was a discussion around the formation of partnerships in Lincolnshire, Somerset and other areas in the future.</p> <p>ITh confirmed that Ian Russell’s post as Partnerships Manager would be continuing with EA and ADA.</p> <p>NFRR Martin Rogers rewriting with Rachael Hibberd.</p>	
1350	<p>Local authority update</p> <p>MH provided an update from Lead Local Flood Authorities.</p> <ul style="list-style-type: none"> • Working group with EA looking at combined sources of flooding. This is aiming to produce a memorandum of understanding with the insurance 	

	<p>industry, to be delivered in June 2016, which would aid with decision making (e.g. around Flood RE). A presentation from JBA Consulting showed that their flood maps are used by 80% of insurance industry. This raised the question of how helpful the combined sources product will fit in with that system.</p> <ul style="list-style-type: none"> • Additional funding for flood defence in the Budget was welcome. • PSCAs were a useful vehicle for delivering on wider maintenance. In Lincolnshire the partnership was looking to allocate around £1m per year to Boards for PSCA work. • Devolution deals had been announced in budget for a number of areas including Great Lincolnshire and East Anglia (Cambridgeshire, Norfolk and Suffolk). Both included significant element on water and flood risk. In Greater Lincolnshire this would build on the successful water partnership already in place. One opportunity is around broadening IDB boundaries in Lincolnshire. <p>AM felt devolution was being handled inconsistently across the country, and had been very politically driven.</p> <p>PW noted that differing devolution deals were being developed around England. It was clear that DCLG and the Treasury wants to test different propositions put forward by Councils to see what works and what doesn't and then move forwards with successful outcomes.</p>	
1351	<p>Committee workstreams for 2016</p> <p>The Committee discussed progress with the various workstreams and the content of the presentation to be given at their FLOODDEX Seminar session.</p> <p>ITh introduced the discussion noting that the main focus for FLOODDEX was to be as a trade event but that ADA had developed a short seminar programme. Within which both ADA Committees had agreed to showcase their work in a 20-25 minutes presentation followed by a Q&A session.</p> <p><i>Action: IM to email members with details of FLOODDEX Seminars and highlighting the opportunity to learn more about the work of ADA's committees.</i></p>	
1352	<p>Rating lists</p> <p>CB provided an update on the work completed through the Defra working group. The issue remains around getting hold of up to date lists for domestic and non-domestic rating. This data had been received from special levy paying authorities by those IDBs testing the new methodology for rating developed by CB and Phil Camamile. The methodology used uplifted agricultural land values alongside the new lists.</p> <p>CB commented that it was useful to order this data by parish and whilst still quite a challenge and time consuming it was possible to exclude postcodes outside of the drainage districts.</p>	

	<p>CB suggested that for similar sample tests, it was best simply to rely on postcodes, accepting some may be incorrectly labelled.</p> <p>CB noted that so far the new methodology and new values had not dramatically changed the split between special levy and drainage rates once all the factors within the Land Drainage Act 1991 had been applied to the data. All Boards tested so far had shown a <2% change. It was now necessary to demonstrating whether or not this works for other IDBs elsewhere around the country.</p> <p>Action: IM to circulate methodology for testing exercise to Committee members and other IDBs.</p>	
1353	<p>Governance and audit</p> <p>PB provided an update that Smaller Authorities' Audit Appointments Ltd (SAAA) will begin with audits of accounts concluding 31 March 2018, and is currently shortlisting for firms to be appointed. The audits will be let in 17 lots, most of these lots will be parish councils but significantly IDBs will all fall in one lot, which should create greater consistency in external auditing outcomes for IDBs. There will be 3 firms in cases where conflicts of interest could exist.</p> <p>PB noted the publication of the new Practitioners Guide, which had been published in March on the ADA website. Section 5 of the Guide which includes examples and case studies would also be published there once completed.</p> <p>JF noted that this work helped create confidence in fit for purpose local public sector organisations, with delivery by the right bodies.</p>	
1354	<p>Managing assets and systems</p> <p>The Committee confirmed that this section would be covered by a presentation on Public Sector Cooperation Agreements by Ian Russell at FLOODEx.</p>	
1355	<p>ADA Business Plan 2017-2020, update by PB</p> <p>PB confirmed that the working group had reviewed the existing plan and was now looking at developing a new plan and would be seeking views on whether the role and vision for ADA had changed.</p> <p>PB announced that ADA had delivered 84% of the outputs by number within the current business plan, which was consistent with the rate of delivery from the previous business plan.</p> <p>PB noted that the Business Plan document needs simplifying, removing pie charts and other information that are not relevant and instead slim it down to a strategy and vision with a series of objectives and measures for identifying when these have been delivered.</p> <p>Intention is to now put the matter to ADA's Board so that it can give strategic direction on whether the role and vision for ADA had changed since the last plan and start to identify key objectives.</p>	

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	RC to be part of the team developing the new ADA Business Plan.	
1356	<p>Date of next meetings: Wednesday 21st September 2016 – all day meeting – London, venue to be confirmed</p> <p>The following dates were proposed for Committee meetings in 2017:</p> <ul style="list-style-type: none"> • Tuesday 10 January – joint meeting with Technical & Environment Committee • 7 or 8 June, • 19 or 20 September. 	

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