

Association of Drainage Authorities

POLICY AND FINANCE COMMITTEE

Minutes of the Meeting held on Tuesday 9 September 2014 at the The Farmers Club, London

Present: **Ian Thornton (IT) Chairman**
Peter Bateson (PB), Craig Benson (CB), Frances Bowler (FB), Henry Cator (HC), Karen Daft (KD), Nigel Everard (NE), Tim Farr (TF) Jane Froggatt (JF), Stephen Morris (SM), David Sisson (DS), Carol Tidmarsh (CT), Jean Venables (JV), Michael Watson (MW), Phil Winrow (PW)

Apologies: Lewis Baker (LB), David Hickman (DH)

In Attendance: Sharon Grafton (SG) ADA, Ian Russell (IR) EA/ADA, Chris Trotman (CTr) ADA, Phil Camamile, Water Management Alliance (PC)

Ref	Minute	Action
1275	Declarations of interest None	
1276	Minutes of the meeting held on 14 May were agreed as a true and fair record and signed by the Chairman	
1277	<p>Matters arising</p> <p>Min 1271: PB said that the word minister should be removed from the sentence “Following the flooding in Somerset, and a conversation with the Minister, Dan Osgood regarding dredging...” as Dan Osgood is not a Minister</p> <p>Min 1268: PC told the committee that MW, Ian Moodie (NFU) and himself would be speaking with the steering group in Eastbourne to persuade them of the importance of IDBs. PW said that it was right to set up an IDB in the areas of Sussex which the Environment Agency are withdrawing from but this is very difficult.</p> <p>JV added that Theresa Willway, Environment Agency, was working to reach an agreement. The biggest problem faced is with the special levy which would start in the middle of a spending period, meaning councils would have to find funds from their budgets to pay the levy. A further problem is that Eastbourne doesn’t understand why it should pay rates as no work is carried out in its area. It does however benefit from work done downstream of its area.</p> <p>PC asked whether the two potential new boards in the Lake District have been asked for justification statements, and whether ADA, as a body, would be setting up an IDB?</p> <p>Min 1269: PF said that all branch agreements should have now been received, but if not a request should be put to branch secretaries.</p> <p>Min 1273: DS explained that the T&E Committee debated the subject of Surface Water Development Contribution Rate and agreed that ADA should produce a guidance document with advice as to how to calculate the contribution and put documentation together, so Boards can develop this if they wish.</p> <p>PC told the Committee that the Rate charged by the Consortia of Boards managed by the Water Management Alliance is fully justified, and the figure has been reviewed both by the previous Chief Executive and by a Barrister. If this information can be used to help develop guidance then it can be provided.</p>	
	<i>ADA to produce guidance documentation for Boards to use when setting up a Surface Water Development Contribution Rate</i>	ADA
1278	Defra Items CT told the committee that the new Secretary of State, Elizabeth Truss, has experience with IDBs and has already been in discussions with Defra and LB. With regards funding, work is currently ongoing in preparation for the Autumn Statement, which will take place on 3 December 2014.	

	<p>Four RFCC will be advertising for Committee Chairs from mid-September. These are Anglian (Northern), Trent, Wessex and Yorkshire, and the aim is to have the new Chairs decided by the end of 2014</p> <p>The closing date for IDB1 forms was 31 August, and a majority of IDBs have replied, although a few are now being chased up. The Environment Agency have asked whether it would be possible to include a section for information to be included in Section 18 reporting, a requirement of the Flood and Water Management Act for the Environment Agency to report flood risk issues to ministers each year. Including this in the IDB1 form will enable information to be collected once rather than several times over.</p> <p>HC said that when Owen Paterson, the previous Secretary of State, visited Milton Keynes during his visit to Bedford Group of IDBs it was demonstrated that while IDB maintained watercourses were well maintained, they were dependent upon rivers being equally maintained to retain capacity, which is not the case either around Milton Keynes or England. Following this visit Owen Paterson requested information on the length of watercourses and rivers which require maintenance be sent to the Environment Agency. Would it be possible for the information to also be sent to ADA?</p> <p>JF told the Committee that the Environment Agency maintenance team sent a list rivers and their priority in terms of maintenance to the Witham First, Third and Upper Witham Boards, which was forwarded to Members and Rate payers to add to before prioritising the work and returning it to the Environment Agency. HC stated that it is important to understand the scale of the work for the future – prioritising so only the worst gets rectified defeats the object of the exercise.</p> <p>TF added that some of the evidence suggests that some of the areas may require a scale of work which would be unsuitable for riparian owners, and said that if the ultimate goal is for riparian owners to look after stretches of river or watercourse work will need to be done in advance in order that riparian owners can take it on.</p> <p>JV said that, following the Winter flooding, only structures and walls were checked for integrity, not channels. There needs to be a policy change so that capacity along an entire river is considered, not just sections.</p> <p>CT explained that the English section of Lower Wye IDB is advertising to transfer into Lugg IDB when Natural Resources Wales takes on management of IDBs in Wales. The consultation is due to finish mid-September, and there have been no objections to date. Following the close of the consultation it will be forwarded for order making. At present Powysland IDB is at the pre-consultation stage, but have not made a further decision.</p> <p>PW told the committee that there is a need to resolve the problem with Yorkshire IDB boards which are withholding their precept. HC suggested that ADA hold a round table meeting with, the Environment Agency and the Yorkshire Board to try to resolve the issue.</p>	
	<p><i>ADA to arrange a meeting with the Environment Agency and Yorkshire IDBs</i></p>	<p>ADA</p>
<p>1279</p>	<p>Legislation: Local Audit and Accountability Act 2014</p> <p>JV explained ADA had requested clarification from the Department for Communities and Local Government regarding two points in the Local Audit and Accountability Act. Following this there is now a need to understand how IDBs will procure auditors following the closure of the Audit Commission in April 2015.</p> <p>PC added that the DCLG are looking to the sector to procure this information. The boards which have a turnover of less than £25,000 per year (6 IDBs) will be exempted, but will have to comply with the Transparency Code, which is more onerous than the current regime. Every authority will be required to produce accounts, but only those with a turnover higher than £25,000 will be audited.</p> <p>PW said that the public would be able to raise questions within a certain period of time regarding all accounts and require an audit if they are concerned, although we will have to await the Code regarding this.</p> <p>PB added that at present, under the Audit Commission the publication of unaudited accounts will trigger a full audit.</p> <p>FB commented that at present the format of the IDB1 form means that two sets of</p>	

	<p>accounts have to be produced, which don't appear to match. It would be helpful if there was some guidance in place to ensure that figures match.</p> <p>HC thank PC and PB for the work they have carried out regarding this issue.</p>	
1280	<p>Infrastructure Bill</p> <p>JV told the committee that the Infrastructure Bill was very mixed and giving rise to concern. Part 2 of the Infrastructure Bill deals with invasive non-native species, and gives bodies powers to require landowners to carry out work such as clearing an invasive species from a watercourse, although it is unclear that IDBs will be able to use these powers. Peter Bide will be preparing a response to the Bill. If any members have anything to add please forward this to Peter.</p>	
1281	<p>Proposed Sector Led Audit Body</p> <p>PC said that the DCLG had set out a number of recommendations, and explained that there are some concerns regarding the sector led approach. If ADA are involved a request should be made to DCLG to pay for setup and initial running costs as the Government abolished the Audit Commission, and it shouldn't be for smaller authorities to meet these costs. A project team should be set up including other bodies in order to remain engaged with the process, the NALC are represented by Jonathan Owen . At present the situation is fluid, and it is important that there is the option for someone else to appoint an auditor as many parish councils and IDBs may not be able to do this, and build flexibility into the regulations so that IDBs can appoint their own auditor if they wish. At present it is important to stay with the process, even if no commitment is made.</p> <p>PW agreed, telling the Committee that at the DCLG small bodies meeting he stressed the short timescale as there is a need to know which body will take over for financial year 2015/16. There is also the possibility of taking advantage of the Local Government Associations application to administer for larger bodies but this will need justification</p> <p>JF asked whether a task project group should work on a fallback position in case funding cannot be supported</p> <p>PC replied, expecting that the project group would be look at all options. With regards to the Practitioners Guide, it is important to understand what changes the DCLG want. Parish Councils have tried to update their practitioners' guide 3-4 times a year, which makes it hard for some council's to comply. It is a balancing act to ensure that changes are made, but not so many changes that Boards can't keep up. In comparison to four years ago qualified opinions have dropped.</p> <p>JV asked what the first target for the group will be, keeping in mind the timescale. PC said initially a draft business plan would be a target.</p> <p>PW added that it is also important that DCLG provide timescales for the bids and agreements.</p> <p>HC suggested a working group be set up to discuss the matter further and report back to P&F. The committee will consist of FB, PB, PC, KD, NE, SG, PW</p>	
	<p><i>Sub-Committee to meet on 1 October to discuss the proposed sector led body further</i></p>	<p>FB, PB, PC, KD, NE, SG, PW</p>
1282	<p>Access to Rating Lists referred to in section 35 (7) of the LDA 1991</p> <p>PC explained that only one of the Boards managed by the Water Management Alliance had access to the ratings lists. This could lead to an issue of governance, as it was referred to in the Caldicot & Wentlooge IDB audit review, and there could also be problems if an IDB were to extend its area, or a new IDB was set up as access to lists which are unavailable and out of date. A reasonable suggestion would be to use current rating lists which are used for council tax and business rates, but this could involve some work. Using information held by Water Companies, as suggested by CT at the last P&F Committee meeting would still have the drawback of using out of date lists, when authorities want to use up to date information.</p> <p>JV added that ADA had worked hard to get information in advance of the statement in the House of Lords, but the timescale was very short. There was also wariness from some boards regarding providing this information.</p> <p>CT said that there was a need to understand how widespread the problem is and whether there is an alternative way of collating the information. FB asked whether</p>	

	<p>councils held the lists?</p> <p>PC said that within the Water Management Alliance area they do not. The valuation office no longer holds copies either, but Water Companies do due to non-metered supplies of water. HC said that he understood that Water Companies were reluctant to issue out of date lists</p> <p>KD added that Welland and Deepings IDB have access to the lists but as they are now over 20 years old they are in very poor condition.</p> <p>SM explained that North Level District IDB is taking forward a scheme to extend their boundaries, but this is only a small area. A meeting has taken place with Fenland District Council in order to progress the scheme.</p> <p>CT said that it was necessary to see how widespread the problem is</p> <p>JV suggested ADA could write a letter to Defra stating that the lists are out of date, difficult to access and those which exist are in poor condition. This could affect new IDBs, so is an important subject.</p> <p>NE stressed that when data is available it is important to digitise it and put it into a useful format – for example a shapefile.</p>	
	<i>ADA to write to Defra regarding the availability and condition of ratings lists</i>	ADA
1283	<p>Matters arising in the External Audit of IDB Annual Accounts relating to the treatment of Fixed Assets – Interim Guidance Update</p> <p>JF explained that an issue arose which was raised as an “other matters” report in box 9 on IDB annual returns, as the Boards were using the current values of assets, in line with the Practitioners Guide. The wording has been changed to “historic values”, and following discussions with auditors it was agreed that the Board should use historic values.</p> <p>KD added that she had received the opposite advice from the same audit office.</p> <p>JF said that guidance hadn’t yet been circulated, as there is concern that ADA could have problems if a board is something different. When the handbook is produced it should include clear guidance, and a discussion with DEFRA regarding changing the working on the IDB annual return would perhaps be helpful. It may also be helpful for ADA to highlight the issue at the National Meeting of Smaller Bodies Auditors Group in October.</p> <p>PC has queried the figure which should be used with George Weiz at the Audit Commission, who confirmed that it should use historic costs. If ADA were to circulate this to all boards it may provide some clarification.</p>	
	<i>ADA to circulate guidance from George Weiz to all IDBs</i>	ADA
1284	<p>EA Update on the Public Sector Co-operation Agreement</p> <p>IR told the committee that 23 Public Sector Co-operation Agreements are now in place, with another 30 agreed in principle which will hopefully be signed up soon. Work is now taking place, some in areas where it would not normally and there are efficiency gains occurring. Although at an early stage, it appears that savings of £65,000 were made in 2013-14, and at least £0.5 million has been made so far in 2014-15. It is important that Boards and the Environment Agency keep in close contact regarding maintenance plans and have discussions around forward planning. The Agreement can be used in times of flood, so even if there is no work to carry out at present it can speed up the process following a flood if an Agreement is in place.</p> <p>NE praised IR for attending meetings and discussing the Agreement with Environment Agency colleagues, as this assists them to understand what it is about. The only disappointment is that Boards have to financially negotiate on an annual basis, even during a five year agreement. IR explained that this was aimed at agreeing the charging rate for the forthcoming year.</p> <p>PW pointed out that the savings are good news, meaning funds can go towards other projects and suggested that, if it’s not already being done, it would be helpful to capture savings compared to what would have been spent ordinarily.</p> <p>JF said that the point regarding efficiencies and trying to capture them is valid, and explained that Witham First, Third and Upper Witham have rearranged works on Soak Dykes, in order that hired plant can be used to cover both Board Activity and</p>	

	<p>Environment Agency activity.</p> <p>MW added that the variety of rates was a discussion, even down to jobs such as weed cutting. It would be helpful if the Agreement could be pushed out to Local Authorities, as Medway Council were quoted a large sum for dredging work, and despite Medway Group of IDBs contractor being cheaper, Medway Council couldn't use them as they were not approved.</p> <p>JV replied that although the contracts are set up for the Environment Agency and IDBs they could be used for Local Authorities.</p> <p>TF said that the Agreement was allowing work to take place where it wouldn't otherwise have been done, and asked whether there could be any potential obstacles with regards working with Local Authorities? IR replied, saying that there is nothing in particular. At present the focus is on IDBs, but a presentation was made at the Local Authority Seminar in March 2014 regarding the Agreement.</p> <p>PB asked whether there was any Environment Agency PR being issued regarding the Agreement. IR confirmed that North Level District were advertising work they were carrying out thorough a banner on site but more could be done.</p>	
1285	<p>Consents charges: S23; S66; and pre-application advice</p> <p>DS told the Committee that he was aware of a case where Lead Local Flood Authorities were initiating a debate as to whether a £50 charge was enough to cover Consents charges and had asked ADA if it would support them in their lobbying of Defra. A paper has been produced which has suggested a fee of £150, while ADA had thought that £100 would be a starting point on a sliding scale. Is this something ADA would support?</p> <p>CT said that it was understood that there will be a consultation of fees next year, although there is no specific date.</p> <p>FB stated that a sliding scale is a good idea, while £150 would not be enough. Northampton, Milton Keynes and South Bedford councils all apply a charge of £200 to the authority and £50 to the applicant. There isn't a one size fits all price – if an application involves site visits costs to the Board can soon rise.</p> <p>MW said that on asking the Environment Agency regarding their policy it was explained that they have changed their procedure, as they now charge for meetings.</p> <p>IT suggested that this topic be discussed again at the January 2015 P&F meeting.</p>	
	<p>Pre-application advices</p> <p>DS told the committee that there are plans to change, through the planning legislation, the way Development Control Orders function. At present a Major Infrastructure project developer can elect to include S23, rather than having to and Boards can negotiate fees with the developer, so that costs are covered through charging a time fee, not a consent fee. It is unclear whether this will be available under the new proposal, but if the developer gets things wrong they will be subject to an enforcement order, which could potentially be an issue for IDBs. There is a need for a robust response to this.</p> <p>CT added that representations have already been made to the Department for Communities and Local Government regarding the costs of IDBs being covered.</p> <p>JV said that the uncertainty and lack of clarity is concerning, particularly if something is dealt with at a higher level with no opportunity of recourse. This isn't about stopping projects going ahead, just ensuring that they go ahead in the right way.</p> <p>TF added that there was the danger that local knowledge could be ignored, and this connection could be lost.</p>	
	<p>Outgoing members</p> <p>IT thanked the committee for their valued input, particularly the outgoing members, CB, PB and FB and encouraged applications to the committee.</p> <p>JV added her thanks to the outgoing members, saying that the rolling terms which have been in place for the last three years have enabled members to learn more about ADA, and have helped ADA gain a wide pool of knowledge and skillsets. Those wishing to apply must do so before the deadline of 30 September. A Chairman's Group will then meet on 15 October to assess applicants and appoint committee</p>	

	members.	
	Date of next meetings	
	Wednesday 21 January 2015	13:30 – 16:00
	Wednesday 13 May 2015	13:30 – 16:00
	Wednesday 16 September 2015	13:30 – 16:00