

# Association of Drainage Authorities

## BOARD MEETING

Draft Minutes of the Meeting held on Tuesday 15<sup>th</sup> July 2014 at  
The Great Northern Hotel, Peterborough

**Directors:** Henry Cator (HC) – (Chairman)  
Eddy Allen (EA), Tony Bradford (TB), Bryan Collen (BC), Tim Farr (TF), Pete Fox (PF),  
Malcolm Harris (MH), David Hickman (DH), John Hoyles (JHs), Graham Littleton (GL),  
Richard Penn (RP), Peter Pridgeon (PP), Ian Thornton (IT), Michael Watson (MW)

**Vice President:** David Riddington (DR)

**In Attendance:** Lewis Baker (LB), Peter Bateson (PB) (Company Secretary), Alistair Driver (AD), Sharon  
Grafton (SG), Ian Russell (IR), David Sisson (DS) (Senior Policy Adviser), Jean Venables  
(JV) (Chief Executive)

**Apologies:** Lord De Ramsey (LDR), John Heading (JHg)

Ref	Minute	Action
7	Declarations of interest forms were handed round to be completed and returned to JV after the meeting	
8	The Minutes of the Executive Committee meeting held on 19 March 2014 were agreed as a true and fair record	
9	The Minutes of the Shadow Board meeting held on 19 March 2014 were agreed as a true and fair record	
10	There were no matters arising from the minutes of the Executive Committee or the Shadow Board	

### ADA ADMINISTRATION AND OPERATION

#### 11 Incorporation of ADA

##### 11a Approval of Policies

JV began by explaining that this item was to formally approve transferring unincorporated ADA's policies for new ADA.

i. Paper 1 is a report to the Board regarding the progress of the incorporation, and how ADA has arrived at incorporation. It also sets out the role of the Branches and the Board in the new structure. It explains that the Directors are charged with looking after the interests of ADA, and are also the link between the Board and the Branches.

ii. Paper 2 deals with the arrangement with Crane Environmental Limited who currently provide Chief Executive and management services to ADA. The delivery of these services have, in the past, always been provided by a company with a nominated individual. Most recently these services were provided by Venables Consultancy Services but this was changed to Crane Environmental on 1 April for business purposes, which was agreed at the last meeting of the Executive Committee. The paper lists the main services provided but the services go further, and involve liaising with Parliament and EUWMA. The purpose of this paper is to confirm that ADA wishes to continue with this arrangement.

***The Board agreed to continue procuring Management Services from Crane Environmental Ltd.***

iii. Paper 3 is concerned with the frequency and venue of Board meetings. In the past the schedule would follow a pattern of T&E and P&F meetings, followed by Executive Committee meetings 4-6 weeks later. It is proposed that the Board meetings follow this cycle and the suggested Board meeting dates in 2015 are 18 March; 30 June and 7 October. The second meeting of the year has been moved back a week to 30 June to avoid clashing with the Great Yorkshire Show. Due to school holidays and other shows it is would be undesirable to move the date to later in July. The Board can have additional meetings to the three within the cycle, which is likely to be the case in 2015 in order that succession planning can take place.

There have also been suggestions that the meetings are held in locations other than

Peterborough, perhaps in London.

***Vote on preferred location of Board meetings in future***

Peterborough – 7 votes; London – 8 votes

PF commented that although venue costs may be cheaper in London, it is possible that the costs of travelling for Board members will increase drastically. EA reminded the Board that booking tickets in advance can reduce the cost of tickets drastically. TB pointed out that the Great Northern Hotel in Peterborough is very convenient, as it is across the road from the station. HC suggested that the Board split the meetings between two locations in 2015, with the October meeting in London, perhaps at a venue close to St Pancras and the March and June meetings in Peterborough.

ADA

***Action: ADA to investigate venues in London for the October 2015 Board meeting***

iv. Paper 4 covers the issues for Board agreement, including the appointment of Directors and appointment of officials. The terms of office for Directors have been extended by one year from the old Executive Committee.

***The Directors and terms of office were agreed by the Board***

RP said that, as of 1 April 2015 he will no longer be involved with Drainage Boards, as IDBs will be transferred to Natural Resources Wales. This may lead to the representative for Wales Branch changing.

GL said that as Lower Severn IDB would be joining the South West Branch, and Caldicot & Wentlooge IDB would be a part of Natural Resources Wales from 1 April 2015 there were only a few small boards left within the Severn Branch, and asked how things would proceed in this area. JV replied, stating that discussions were ongoing in this area, and there was a chance that there would be a small Severn Branch, which represents these smaller boards. TF added that he would encourage the smaller IDBs to retain their membership of the Severn Branch and put a representative forward. The IDBs in these areas are quite agricultural and could have valuable input for ADA. PB said that all board members have been appointed as Directors at Companies House except JHg and BC, who need to supply additional details.

***Action: JHg and BC to liaise with PB regarding Companies House details.***

PB/JHg/BC

v. HC welcomed AD to the meeting and, explained that he had been involved with ADA for a long time, bringing knowledge of environmental matters to the old Executive Committee, and asked Board members to vote to agree that AD should become an observer at future Board meetings.

***The Board agreed to AD becoming an observer at future Board meetings***

**vi. Election of Chairman**

***TB proposed the election of HC to the role of Chairman, which was seconded by GL and was agreed by the Board***

HC thanked the Board for election, and added that he did not plan on continuing as chairman for longer than 9 years (having been appointed in 2006), but did not plan on stepping down at the same time as the Chief Executive.

**vii. Election of Chief Executive**

***HC proposed the appointment of JV to the role of Chief Executive, which was seconded by JHs and was agreed by the Board***

**viii. Election of Company Secretary**

***HC proposed the appointment of PB to the role of Company Secretary, which was seconded by MH and was agreed by the Board***

**ix. Vice Chairman**

PP told the Board that he had not envisioned taking the role of Chairman when HC stood down, however he was happy to hold the position in the meantime as it would be wrong to appoint a new Vice Chairman when the Chairman and Chief Executive will be standing down. TF said that there was the opportunity to appoint a second Vice Chairman. HC encouraged Board Members to consider possible candidates for the role

of a Vice Chairman.

***HC proposed the appointment of PP to the role of Vice Chairman, which was agreed by the Board***

x. **President**

***HC proposed the appointment of LDR to the role of President, which was agreed by the Board***

xi. **Vice Presidents**

The Board discussed the role of the Vice Presidents and suggestions were made for consideration.

**Action: ADA to investigate whether Robert Sturdy is still an MEP** ADA

**Action: ADA to invite Neil Parish to become a Vice President** ADA

**Action: ADA to investigate potential candidates for Vice President** ADA

xii. JV explained that the Memorandum and Articles of Association are based on the Constitution of old ADA, to enable a smooth transition. HC added that amendments can be made to these, with Board approval, should this be required in the future

***EA proposed the approval of the Memorandum and Articles of Association, which was seconded by PP and was agreed by the Board***

***xiii. The Board were asked to agree the terms of reference of committees and to invite the chairmen of the T&E and P&F Committees to be Board Members, which the Board agreed***

xiv. Paper 5 is concerned with the finance and accounting policies for ADA

***The Board were invited to ratify the summary of the balance taken forward on 1 April 2014 from the old ADA to the new ADA, which the Board agreed***

***xv. The Board were invited to agree that the accounts of the new ADA shall contain the same level of information as the accounts of the old ADA, and be presented in the same format, which the Board agreed***

xvi. JV explained that due to the date of incorporation (1 April 2014) the last accounts for old ADA would cover 15 months, while the first accounts for new ADA would be for 9 months, before reverting to a financial year which runs from January to December.

***The Board were invited to agree that the nine months accounts for 2014 be presented at the 2015 AGM, which the Board agreed.***

xvii. JV explained that although ADA is too small to be required to have an audit it is good governance to carry this out.

***The Board was invited to agree the proposed arrangement for external audit, which the Board agreed.***

xviii. JV explained that the new ADA bank account would have the same authorisation requirements as the old ADA account. For payments made online the following process will take place:

- For payments below £5,000 Jean Venables, CEO, signs the invoice to confirm authorisation to make payment online.
- For payments above £5,000 an email is sent to both Henry Cator, Chairman, and David Sisson, Honorary Senior Policy Advisor, requesting authorisation to make a payment. A copy of the invoice(s) in question is also emailed. Payment can only be made when either David or Henry (or both) have replied positively.

For payments made by cheque the following process will take place

- For cheques below £5,000 only one signatory is required.
- For payment above £5,000 a second signature is required.

For payments to Crane Environmental Ltd or Venables Consultancy Services Ltd the following process will take place

- For all payments to Crane Environmental Ltd or Venables Consultancy Services Ltd an email is sent to Henry Cator and David Sisson requesting authorisation. A copy of the invoice(s) in question is also emailed. Payment can only be made when either David or Henry (or both) have replied positively.

PP asked whether Venables Consultancy Services should still be included, as they will not be providing management services to ADA.

JV said that there was a period of changeover, which made it sensible to include Venables Consultancy Services at present.

***EA proposed approval of these financial delegations and thresholds, which was seconded by MW and was agreed by the Board***

xix. Paper 6 covers the variety of documents which have been produced to support delivery of ADA's objectives and the work of IDBs.

***The Board was requested to endorse the ownership by the new ADA company of these ADA documents, which the Board agreed***

## **11b Delivery of ADA services**

HC told the Board that JV had indicated that she would like to step down from the role of Chief Executive in April 2015, and reassured the Board that, although he was planning to step down as Chairman, this would not take place at the same time. There needs to be consideration and investigation as to how this would take place, either by continuing to procure services through a management company or through an IDB, or by directly employing a Chief Executive, an option which is available following incorporation. There is a need to be practical, as finances are limited, but it is a strategic opportunity.

MW asked whether it would be possible to continue using Crane Environmental Limited, as it seemed logical to retain the same set up. JV replied that Crane Environmental could be available.

HC asked whether the Board wanted to continue with a part time Chief Executive and full time second (as Chris Trotman is currently)

EA commented that the next person would need to be well connected to continue promoting ADA.

BC said that, given the limited resources it may be that the Chief Executive will need to be attached to a management company. However, they would need to be fully committed to ADA, and the Board would need to have the power to remove someone if they are not carrying out their role. A directly employed Chief Executive would be more accountable to the Board.

AD asked if JV had a view of whether the next Chief Executive should be full or part time. JV replied, saying that it was more important to get the best person for the role, rather than concentrating on the best arrangement. At present Crane Environmental is providing 3.4 full time equivalent employees, but these are spread over a higher number of employees, with some spending all their working time on ADA, and others only a small proportion. A named individual, with a team working in the background is how ADA has been run in the past. There is a very limited budget to achieve the level of lobbying which needs to be carried out.

DR cautioned that now was not the time to increase ADA's budget, as the shrinking of the Executive Committee to the Board was not universally popular, and some may use a subscription increase as an argument that incorporation is not working

HC suggested that there may be some retiring RFCC chairs who may be interested in the role, on a part time basis.

IT said that following incorporation it is the perfect time to reconsider the way services are provided, and that serious consideration should be given to employing staff directly.

TB asked whether Ian Moodie, who left Venables Consultancy to work for the National Farmers Union, may consider coming back.

GL was concerned about the costs of full time employment, for example National Insurance and pension costs.

EA said that there was a need to consider the location of the next Chief Executive, as it would be difficult if the Chief Executive was based a large distance away from support staff, if it were decided to continue using Crane Environmental for support services.

TF asked how much of Crane Environmental's turnover was provided by ADA, and whether it may be preferable to remain with them in the short term to provide flexibility, but have a long term plan to then move away. JV replied that ADA provided around 45% of Crane Environmental turnover at present, adding that it shouldn't make any difference to someone's commitment whether they are contracted or employed, but the

individual needs to continue with what has been done, and continue to promote ADA. Perhaps the advertisement for the post could be open to both and further discussions could then be made with interested parties.

MH said that there was a need to test the market, as it was impossible to make a decision without doing this. PF added that there was time to broker a suggestion to bring back to the Board in October, if work starts quickly.

HC thanked the Board for their comments, saying that if the Board was happy a Chairman's Group would be formed, with members of the Board, T&E and P&F Committees to progress this, with a view to circulating an advertisement in August.

RP suggested that perhaps it would be helpful to use an Executive Search company HC replied that this could be very costly and suggested advertising in the first instance to see the type of response.

The Board thanked JV and all the support staff at Crane Environmental for the work they carry out.

**Action: HC to form a Chairman's Group to search for a new Chief Executive**

**HC**

#### **11c ADA Annual Conferences 2014**

JV told the committee that preparations for the Annual Conference were underway. David Porter will be making the technical presentation and Professor Brian Collins will be making the lunchtime speech. The Secretary of State had been invited to make the opening speech, however in light of the announcement that Owen Paterson had been replaced by Liz Truss, a new invitation will need to be sent. Jeremy Parr from Natural Resources Wales was offered a place on the Question Time panel but cannot accept. RP said that he would ask at an upcoming meeting with the Welsh Government whether there were any potential candidates who could take his place. HC suggested Paul Hammett from the NFU could take part in the Question Time panel. JV encouraged the Board to book their places for the conference

#### **12 FINANCES AND BUSINESS PLANNING**

##### **12a Approval of 2013 Audited Accounts**

JV explained that comparison accounts have not been produced for the 2013 audited accounts as the 15 month reporting period would make these very difficult to produce and Streets Audit LLP advised against producing this. The report to management details changes which were made by the Auditors to correct errors. It also raises the issue that the Chairman's Honorarium could potentially be subject to PAYE and National Insurance. This is now being investigated. A further issue which has been raised is that, in the past it was assumed that gazette advertising and exhibiting at demonstration was only done by associate members, and was therefore treated at mutual trading for Corporation Tax purposes. However it was noted in the 2013 audit that around 25% of income from the Gazette and Demo was received from non-members, giving rise to a liability for Corporation Tax on profit from non-member trading.

PB added that this would have been noted regardless of incorporation as the Gazette is now making a profit.

PP asked for clarification regarding the recharged postage costs to Venables Consultancy SG explained that ADA owned a franking machine which Venables Consultancy also used. At the end of every month Venables Consultancy was invoiced by ADA for all postage used.

*The Board were asked to approve the 2013 Audited Accounts on behalf of the old Executive Committee.*

*EA proposed approval, which was seconded by RP and was agreed by the Board*

*PB asked for approval of the letter of representation to Streets LLP, which the Board approved.*

##### **12b Payments March 2014 to June 2014**

The payments made by ADA between March 2014 and June 2014 were accepted by the Board.

##### **12c Finance Report for 2014**

The finance report for 2014 was noted by the Board

##### **12d ADA Office: Key activities**

The activities of JV, TV, SG and SE were noted by the Board.

## **13 REVIEWS, CONSULTATIONS & GOVERNMENT POLICY**

### **13a Environment Agency Matters**

#### **Recovery and funding**

PF said that, following the winter flooding Government has allocated specific funding of £270m for repair of assets. The repair program has identified about 890 sites which require repair following the events of 2013. £30m of the funding has been spent making urgent repairs, mainly to coastal assets along the east coast which were damaged in the December coastal surge. £10m of the funding has been allocated to the Somerset Levels and Moors Action Plan, for the year 2014-2015, and work on dredging in this area is ahead of schedule, with almost a quarter complete. £70m has been allocated to revenue funds, to be split equally between two years, and a bid is being put together for work which the second half of this funding (£35m) will cover in 2015-2016.

TB thanked PF for the work the Environment Agency has been doing, praising what they have done and commenting that, now that people in Somerset can see that something is being done, they feel reassured.

### **13b FCRM Investment Programme**

PF explained that Government have offered the Environment Agency a six year capital programme for the first time, extending beyond the General Election which will be held in 2015. This offers more certainty to the public, and hopefully will allay some concerns. DS said that the funding was important, but it was key that IDBs respond to the ongoing survey of dredging needs, if contacted. Work needs to be carried out on a needs basis, not just for the sake of it.

### **13c Long Term Investment Strategy**

PF explained that the Environment Agency is preparing to publish its Long Term Investment Strategy. This will include an assessment of maintenance needs, and goes wider than just a statement of capital needs, as it has been in previous years.

### **13d Flood Risk Regulations – Flood Risk Management Plans**

PF said that the Environment Agency is planning to consult on the first cycle of flood risk management plans from September to December, following publication of guidance in March. This is aligned with the river basin management plans consultation, which will run from September to March 2015, in order that any issues and comments can be discussed in one place.

### **13e Flooding and agriculture project**

PF explained that the pilots for maintenance have been extended to March 2015, following the winter flooding. Red tape in the pilot areas have been reduced to make it easier for work to be carried out.

MH raised concerns regarding the amount of work which may need to be carried out in certain areas, which could lead maintenance being patchy along some stretches of river, with some landowners carrying out maintenance, and others not.

### **13f National FCERM Report for England**

PF thanked ADA and DS for their input to the Section 18 report of the Flood and Water management Act 2010. It is anticipated that the report will be published in the Summer, subject to Ministerial approval.

### **13g Public Sector Cooperation Agreement**

PF reminded the Board that IR was still working with IDBs to set up Public Sector Cooperation Agreements, with 31 currently in draft stage, awaiting finalisation. The Environment Agency are keen to collect information regarding how much work is being shared.

JV said that some IDBs, once they have started the process get concerned about the level of work, but IDBs cannot be forced to do anything. IR emphasised that the Agreement is a way to get work to take place which wouldn't have otherwise happened.

**IR/ADA**

### **13h Extending IDB areas**

HC told the committee that one of the points discussed with the SoS was extending the areas IDBs covered – for example water flows through a town outside of a drainage

**ADA**

district, but causes flooding within the drainage district. Following the Winter floods it seems that, in Somerset, an agreement has been reached which will see contributions from Taunton towards drainage boards. However, it may be necessary to include this in a Finance Bill

TB added that the Boards in Somerset are looking to extend their areas, however they are struggling with the valuation of agricultural land.

PB explained that many boards do not have access to original valuation details from 1991, either in their own records or through local authorities, and a non-legislative route to set the value is not available. It may therefore need to be included in a Finance Bill.

## **14 CONSULTATION UPDATE**

### **14a Efra Report**

JV explained that the EFRA Committee Winter floods 2013-14 had released their findings in June. Many of the conclusions mirror the views of ADA which could be cause for cautious optimism.

### **14b Transportation**

JV said that following ADA's submission to the Department for Transport's Transport Resilience Review consultation a phone call was arranged by the chairman of the review committee giving a further helpful opportunity to explain the link between drainage and the transport network.

### **14c Proposed changes to section 23 consent requirements**

JV told the committee about a forthcoming consultation by DCLG which will open in July for around 6 weeks. At present there is very little information regarding the consultation but there is a significant concern that this could undermine the powers of IDBs regarding significant infrastructure. LB said that it was important that ADA analyse the consultation and the issues which have been raised.

JV added that any advice on practical implications would be welcome. It appears that the consultation is driving at getting construction projects underway without too much involvement of other bodies.

**ADA**

## **15 REPORTS FROM THE COMMITTEES**

### **15a Technical & Environmental Committee**

GL presented the T & E committee report from the meeting held on 13 May which discussed the lessons learned following the Winter floods, IDB operations and agri-environmental agreements, special events committee membership, chemical weed control trials, slowing catchment flow, health and safety issues, powers of entry, water transfer licensing, the Environment Agency's working with natural processes project, local flood Angle research framework workshop and the channel management handbook.

HC passed on his thanks to all committee members for the work they carry out. JV added that ADA often consults with the committee when consultations are received or if ADA's representation is required at meetings.

TF asked whether there was any update regarding the water transfer rate. IR replied, saying that on enquiring he discovered that there may be a reporting requirement, but not a charge. However, this is currently only in a discussion stage so it should be noted that this could change.

**ADA**

### **15b Policy & Finance Committee**

IT presented the P&F Committee report from the meeting held on the 13 May which discussed the Local Audit and Accountability Act, the Water Act, long term investment in maintenance funding, access to rating lists, surface water development contribution rate, IDB membership a representation questionnaire and the treatment of fixed assets in IDB annual accounts.

## **16 Any other business**

- a) JHs suggested writing a letter of thanks to the outgoing Secretary of State, Owen Paterson

**Action: ADA to write a letter to Owen Paterson**

**ADA**

- b) RP said that he would be attending a meeting in the near future with Natural

Resources Wales regarding their taking over management of IDBs in Wales on 1 April 2015. An update will be prepared following this meeting.

**Action: RP to update Board at the next Board meeting in October**

**RP**

- c) BC explained to the Board that the cost of renovating pumps is being increased by the environmental costs associated with WLM and Eels Regulation, which is causing IDBs to have to resubmit bids for work.

**Action: To be discussed further at the next T&E meeting**

**T&E**

**Dates of next meetings**

- **ADA Board meeting Wednesday 15 October 2014 in Peterborough**
- **ADA Conference 2014- Wednesday 12 November 2014 , London**
- **ADA Board meeting Wednesday 18 March 2015 in Peterborough**
- **ADA Board meeting Wednesday 30 June 2015 in Peterborough**
- **ADA Board meeting Wednesday 7 October 2015 in London**