



## POLICY AND FINANCE COMMITTEE

### Minutes of the Meeting held on Tuesday 9 January 2018 at CIWEM, 106-109, Saffron Hill, Farringdon, London, EC1N 8QS

**Present:** Ian Thornton (IT) Chairman

Peter Bateson (PB) (Ex Officio), Robert Caudwell (RC), John Cooke (JC), Karen Daft (KD), Nigel Everard (NE), Jane Froggatt (JF), Matthew Harrison (MH), Robert Hill (RH), Bill Symons (BS), Innes Thomson (ITh), Carol Tidmarsh (CT) (Defra)

**Apologies:** Craig Benson (CB), Frances Bowler (FB), David Jenkins (DJ), Phil Winrow (PW).

**In Attendance:** Ian Moodie (IM), Andrew McGill (AM), Tim Farr (TF), Howard Midworth (HM) - in part, Heather Bailey (HB)

Ref	Minute	Action
	<b>Apologies and welcome</b>	
1426	<b>Declarations of interest</b> – None	
1427	<b>Approval of minutes</b> – Minutes of the meeting held on 19 September 2017 were agreed as a true and fair record proposed by NE and seconded by MH.	
1428	<b>Matters arising</b> <b>ADA Technical Seminars 2018</b> – ADA is proposing to work in partnership with Defra to develop a guide for existing and new internal drainage board members covering, governance, accountability and transparency. This guide will be supplemented by five training workshops to take place across the UK. The project is to be jointly funded with the plan for delivery of the first draft of the document by 31 March 2018 and all workshops complete by 31 March 2019. ITh meeting with David Cooper and Chris Rusbridge on 11 January 2018 to discuss and seek approval and funding support to proceed.	
1429	<b>Defra update</b> CT reported that following a recruitment campaign, four RFCC chair posts have now been filled; <ul style="list-style-type: none"><li>• Brian West Stewart as the Chair of the Anglian (Central) RFCC,</li><li>• Paul Hayden as the Chair of the Anglian (Eastern) RFCC,</li><li>• Shirel Stedman as the Chair of Severn and Wye RFCC,</li><li>• Dr Martin Hurst as the Chair of Southern RFCC.</li></ul> The public enquiry into the abolition of the River Arun IDB will open on 20 February 2018. Report to be submitted to the minister in March 2018. <b>IDB1 reports</b> – From analysis of the reports, Defra has noted some concerns as below: <ul style="list-style-type: none"><li>• A third of local authority appointed IDB seats were vacant at year end.</li></ul>	

	<ul style="list-style-type: none"> <li>• There appears to be some confusion between calculating and understanding the difference between an appointed and elected member.</li> </ul> <p><b>Action: ADA to work with Defra in understanding the analysis results and working with IDBs as appropriate to address issues</b></p> <p>Defra welcomes ADA’s support in developing an accessible guide covering governance and transparency and drainage board member training workshops.</p> <p>The IDB1 form is being revised for this year with more being added on the guidance notes.</p> <p>The IDB Policy Statement being developed by ADA and Defra is almost ready to go to the Minister for final approval.</p> <p><b>Ratings</b> – CT advised that the Minister is keen on getting legislation through and Defra have been making bids for parliamentary time but can’t say much more at this time.</p> <p>IM updated that the testing of the new ratings methodology developed by Phil Camamile, Craig Benson and Karen Daft has been completed on 17 IDBs. The aim remains to achieve zero net burden to agricultural drainage rate payers or special levy paying councils. However there have been some differences between the boards tested. ADA is to organise a meeting with the LGA, NFU and CLA to brief them on the test findings before progressing further with draft legislation.</p> <p><b>Action: JF and KD to send papers to IM</b></p>	<p><b>IM/CT</b></p> <p><b>JF/KD</b></p>
<p><b>1430</b></p>	<p><b>Environment Agency update</b> 5,000 homes that fall within an IDB area are to be protected as part of the current FCERM capital programme.</p> <p><b>New Generation Supplier Agreements (NGSA)</b> are being consulted upon and ADA has been asked to provide comment and practitioner-led feedback to the Environment Agency.</p> <p><b>Water Abstraction Licensing</b> – the Environment Agency has acknowledge concerns regarding water transfer licencing. Catherine Wright is to agree a date to meet with the Environment Agency’s water resources team and ADA.</p> <p><b>Action: ITh to confirm meeting date with EA</b></p> <p><b>Demaining</b> – Three pilot areas to progress to public consultation in February. River Lugg pilot will not be proceeding at the present time and remainder will proceed as soon as details are confirmed.</p>	<p><b>ITh</b></p>
<p><b>1431</b></p>	<p><b>Local Authority update</b> MH presented the topics from lead local flood authorities (LLFAs) and local</p>	

	<p>government.</p> <p>MH advised that his 'Engaging young people' article will soon be submitted for consideration in the Spring edition of the ADA Gazette.</p> <p>MH and RC attended Local Government Flood Forum (LGFF) in November. Presentations included;</p> <ul style="list-style-type: none"> <li>• National Infrastructure Commission consultation on national infrastructure investment on flood risk management,</li> <li>• LGFF on reducing the risk of flooding and lessons learnt in 2017,</li> <li>• The Committee for Climate Change (CCC) on progress in preparing for climate change report.</li> </ul> <p>MH advised that the CCC report covered how SuDS has been working. The report shows gaps between LLFAs and raises questions around how LLFAs are managing water. Based on concerns that the report is potentially damning to LLFAs, ADEPT have been involved and currently waiting on a JBA report.</p> <p>CIRIA report on FCERM Partnership Funding is now published online and available for download.</p>	
<p><b>1432</b></p>	<p><b>ADA Budget for 2018</b></p> <p>ITh presented the 2018 draft budget to the committee for review with explanation around key budgeted amounts as follows;</p> <ul style="list-style-type: none"> <li>• External Technical Assistance to cover eel regulations research with University of Hull and work on criminal bylaws.</li> <li>• Legal &amp; Professional Services to cover professional advice to ensure our compliance with General Data Protection Regulation effective May 2018</li> <li>• £9,050 is in the PR/Website/Marketing budget for 2018. This amount covers up to 31 July 2018.</li> <li>• Ian Russell will continue to support ADA on PSCA work.</li> </ul> <p>ITh confirmed that the policy for reserves in the current ADA Business Plan is to retain 30% of income.</p> <p>The P&amp;F Committee confirmed they were happy for ITh to take the draft budget as presented, to the Board meeting on 13 February 2018.</p> <p><b><i>Action: ITh to circulate final draft budget and final outturn figures for 2017 in advance of Board Meeting.</i></b></p> <p><b>b) Review of 2018 ADA staff salaries and allowances</b></p> <p>RC recommended that a small group of four lead by the P&amp;F Committee Chair would be responsible for reviewing ADA staff salaries and allowances and making an annual recommendation for their approval to the board. The Committee agreed the reviewing group as below;</p> <p>1/ P&amp;F Chair 2/ Company Secretary 3/ Karen Daft</p>	<p><b><i>ITh</i></b></p>

	<p>4/ Matthew Harrison</p> <p>BS suggested that the group would require additional confidential information including contract of employment, current salary/allowances, and staff performance review.</p> <p><b>Action: ITh to share the above information in confidence with this group who will meet in early February to discuss and make a recommendation to the Board.</b></p>	<p><b>ITh</b></p>
<p><b>1433</b></p>	<p><b>Committee Work Streams from 2017 &amp; continuing into 2018</b></p> <p><b>a) Audit/Governance</b></p> <p>Howard Midworth from Smaller Authorities' Audit Appointments (SAAA) provided an overview of the SAAA and the benefits the new external audit scheme will bring.</p> <p>SAAA has been appointed by the Department of Communities and Local Government (DCLG) to appoint and manage audit performance and contracts to smaller authorities (under £6.5 million) from April 2017.</p> <p>Changes to legislation for 2017/18 mean local authorities with an annual turnover of less than £25,000 can declare themselves exempt from a review by an external auditor. Importantly though they must still fully complete and publish an annual return and include the certificate of exemption. No audit fee applies to these authorities.</p> <p>Key parts of the Annual Return form remain the same. Deadlines will remain the same although PKF Littlejohn will set their own, i.e. one month earlier for larger authorities.</p> <p>Benefits of SAAA:</p> <ul style="list-style-type: none"> <li>• IDBs and the sector as a whole should save money,</li> <li>• All IDBs will have the same external auditors, (PKF Littlejohn) which will mean greater consistency.</li> </ul> <p>Some account qualifications seem very trivial and CT agreed to check qualifications with Public Sector Audit Appointments.</p> <p><b>Action: CT to check IDB 2016-17 account qualifications</b></p> <p>PB is on the committee with NE helping to produce a Guide For Smaller Authorities.</p> <p>JF suggested sharing information to help achieve national consistency. She has organised IDB1 form training combined with external speakers on 20<sup>th</sup> March 2018.</p> <p>ITh is very keen to set up a working group with focus on smaller IDBs. ADA are</p>	<p><b>All</b></p> <p><b>CT</b></p>

	<p>currently supporting a board in the South West on a series of governance matters.</p> <p><b>b) Membership Subscription Review for IDBs</b> RC is leading this work and all agreed that careful consideration of this subject was needed to match with evolving membership trends and, in particular, to consider the fee structures for smaller IDBs.</p> <p><b>Action: RC to focus on a revised fee structure for smaller boards and report back progress to P &amp; F for June meeting.</b></p> <p><b>c) IDB ratings – New and extended IDB areas</b> Work continues and remains of priority interest to Defra.</p> <p><b>Action: Update meeting with Defra to be arranged</b></p> <p><b>d) Internal publicity &amp; communications to branches and members</b> Work progressing on the updating of general information booklets with work agreed on needing to understand support needed by Branches, local events and promotion of IDB/LA local activities to schools and teachers.</p> <p><b>Action: MH to liaise with HB on scoping the needs</b></p> <p><b>e) Emergency Response capability of IDBs</b> ITh reported that some progress has been made in starting preparation of a protocol for IDBs getting involved in flood incident emergency response and recovery. The aim of this workstream was to have a draft for discussion available by late Spring 2018 and an agreed operation document published by Autumn 2018.</p> <p><b>Action: ITh to work with group members and review interface with PSCA work through Ian Russell.</b></p> <p><b>Potential new workstreams for 2018</b> Committee members expressed interest in focussing on information and guidance around the new General Data Protection Regulation (GDPR) that will come into force later this year.</p> <p><b>Action: IM to issue ‘holding statement’ for consistency purposes</b></p> <p>Also developing support for dealing with the FCERM process for applying for Flood Defence Grant-in-Aid.</p>	<p>RC</p> <p>IM</p> <p>MH/H B</p> <p>ITh</p> <p>IM</p>
<p><b>1435</b></p>	<p><b>Proposal for alterations to Committee Structures</b> Due to time restrictions, ITh to correspond by email with the Committee on the proposed alterations to the T&amp;E committee structure and the proposal for the creation of a Chairman’s Advisory Group.</p>	<p>ITh</p>
<p><b>1436</b></p>	<p><b>Appointment of new P&amp;F Committee Chair</b></p>	

	<p>IT announced his intention to step down as Chairman of the P&amp;F Committee having served two terms of two years in its current format and several years before that too. In accordance with ADA's Memorandum &amp; Articles and the Committee's terms of reference, RC put a proposal to the Committee for TF to succeed IT with effect from 1 April 2018. The proposal, seconded by CT was unanimously approved by the Committee members present and the decision would be notified to the Board.</p> <p><b>Action: ITh to notify Committee decision to the Board</b></p> <p>RC warmly thanked IT for his services to the Committee recognising the excellent leadership he had provided.</p>	<p><b>ITh</b></p>
<p><b>1437</b></p>	<p><b>IDB Policy Statement &amp; Bylaws</b></p> <p>IM updated the Committee that we are almost there with these, overall in a good place. There are some modifications to the model set of bylaws as follows;</p> <ul style="list-style-type: none"> <li>• Conservation of habitats should read 2017 not 2010</li> <li>• Clarity required around what counts as water control. IM suggested using wording as per Frances Bowler document</li> <li>• Clause 3 – important that water added into Drainage Board system is not restricted to development only, rather any form of water</li> </ul> <p>Defra are taking proposed amendments to the minister.</p>	
<p><b>1438</b></p>	<p><b>Consultations</b></p> <p>IM updated on the following consultations;</p> <p>1/ Infrastructure Commissions                  2/ Environment and permitting                  3/ Wildlife charging</p> <p>The consultation for the Environmental Permitting Regulations (EPR) charging scheme runs until 26<sup>th</sup> January 2018. The Environment Agency wishes to implement these new charges during April 2018. IM plans to put together a robust reply to the proposals to ensure the regulations and charges facilitate the delivery of effective and efficient management of flood risk and water levels across England and enable close cooperation and partnership to establish between risk management authorities, their suppliers and the communities and stakeholders they serve. The response will highlight concerns regarding:</p> <ul style="list-style-type: none"> <li>• the proposed scale of the charge increases,</li> <li>• the information provided around the proposed charges,</li> <li>• the limited engagement that has been made with the flood risk management sector in developing these charging proposals,</li> <li>• the very short timescales proposed for the introduction of the charges post consultation.</li> <li>• the risk of creating disincentives for riparian owners and risk management authorities to work towards the better management of flood risk, water levels and the water environment.</li> </ul>	

	<p>RC advised the Committee that ADA needs to strongly contest the proposals on the grounds of cost recovery, transparency and rationale.</p> <p><b>Action: IM to respond on behalf of ADA to Environment Agency charge proposals from April 2018 consultation.</b></p>	<b>IM</b>
<b>1439</b>	<p><b>IDB Audit Results 2017</b></p> <p>This matter was discussed in earlier matters during the meeting.</p>	
<b>1440</b>	<p><b>Events</b></p> <ul style="list-style-type: none"> <li>• Flood &amp; Coast – 20-22 March 2018 at the Telford International Centre. ITh chairing a session on Wednesday 22<sup>nd</sup> March. ADA will have a stand at the event. At least two IDBs have entered the Project Excellence Awards.</li> <li>• Technical Seminars previously discussed would now be delivered as governance workshops during 2018 as this project progresses.</li> <li>• FloodEx 2019 – 27-28 February 2019 at East of England Arena, Peterborough</li> </ul>	
<b>1441</b>	<p><b>Proposal to work with LASOO (SuDS Association)</b></p> <p>ITh outlined a developing proposal for a collaborative agreement between ADA and LASOO to work more closely on the common theme of sustainable drainage. LASOO have identified ADA as their preferred partner in assisting with administrative support for their association and, subject to gaining enough approval from their base of local authority members, it is intended that a special item shall be presented to the next ADA Board on 13<sup>th</sup> February outlining the working proposals.</p> <p>The Committee supported the proposal in principle but cautioned against over-commitment of resource or financing. ITh said that before entering any agreement, both sides would be working closely to develop acceptable terms of collaboration and a fully costed business plan.</p> <p><b>Action: ITh agreed to keep Committee members closely informed of progress</b></p>	<b>ITh</b>
<b>1442</b>	<p><b>AOB</b></p> <p>Exceptionally, IT permitted an item of AOB and was duly presented with a small token of appreciation by ITh on behalf of ADA and its members for his sterling service as Chair of the P&amp;F Committee.</p> <p>IT thanked the Committee for their service under his chairmanship.</p>	
<b>1443</b>	<p><b>Date of future meetings:</b></p> <p>Committee meetings in 2018:</p> <ul style="list-style-type: none"> <li>• Wednesday 6 June, at CIWEM, Farringdon</li> <li>• Tuesday 18 September, at CIWEM, Farringdon</li> </ul>	