



Representing Drainage Water Level & Flood Risk Management Authorities

POLICY AND FINANCE COMMITTEE

Meeting Minutes

21 September 2022

Venue: CIWEM, 106-109 Saffron Hill, London, EC1N 8QS

Remote Access: Microsoft Teams

Invited					
Name	Role and organisation	Present	Name	Role and organisation	Present
Tim Farr (TF)	Committee Chairperson	Y	Catherine Harris (CH)	Partner & Head of Agriculture, Wilkin Chapman LLP	Apol.
Ian Moodie (IM)	Committee Secretary	Y	Lorna McShane (LM)	Solicitor and Assistant Clerk, Middle Level Commissioners	Apol.
Innes Thomson (IT)	Chief Executive, ADA	Y	Adrian Rushworth (AR)	Environment Agency	Y
Robert Caudwell (RC)	Chairperson, ADA	Y	Trevor Purlant (TP)	Chairperson, ADA T&E Committee	Y
Andrew McGill (AMG)	Chief Executive, Water Management Alliance	Y	Richard Powell (RP)	Chairperson, Anglian (Eastern) RFCC	Apol.
Andrew McLachlan (AMN)	Chief Executive, Yorkshire & Humber Drainage Boards	Y	Peter Bateson (PB)	Company Secretary, ADA / Chief Executive, Witham Fourth District IDB	Apol.
Carol Tidmarsh (CT)	FCERM Team, Defra	Apol.	Jane Froggatt (JF)	Chief Executive, Witham & Humber Drainage Boards	Y
Nigel Everard (NE)	Clerk, Selby Area IDB and Kyle & Upper Ouse IDB	Y	Matthew Harrison (MH)	Flood and Water Manager, Lincolnshire County Council	Y
Pete Dowling (PD)	Chief Executive, River Stour (Kent) IDB	Y	VACANCY		

Ref	Minute
1608	Welcome & Apologies Welcomed everyone to the meeting.
1609	In memory of Her Late Majesty Queen Elizabeth II Committee members stood for a minute's silence in remembrance.
1610	Declarations of interest SL: Announced leaving ADA to take up a position as Environment Officer for the Middle Level Commissioners. TF and IT gave their thanks and best wishes.
1611	Approval of Minutes The minutes of the Committee's meeting on 25 May 2022 were approved.
1612	Matters Arising None raised.

1613	<p>Committee membership</p> <p>Renewal - Matthew Harrison (MH) from Lincolnshire County Council was welcomed back to the Committee as the local authorities' representative.</p> <p>Concluding term shortly - JF will have completed three terms and supported new applicants coming forwards. TF: Thanked JF for her contributions to the Committee, sorry to lose expertise from the Committee.</p> <p>Vacancies - IM: There is one vacancy on the committee and requested suggestions for potential candidates. Va. Please forward suggested candidates to IM.</p> <p>Future structure of ADA Committees - IM: No decision yet made, still considering changes to ADA's Committee structures following feedback from both Committees. Aim remained to create a more streamlined structure either with a unified Policy Committee with task and finish groups for all policy matters, or clearer terms of reference for both existing committees to reduce duplication.</p>
1614	<p>ADA Financial position</p> <p>Bank balance</p> <p>IT: Balance lower than August 2021 by around £20,000 and inline with the budget approved by the ADA board to pursue spending on specific additional activities of benefit to members.</p> <p>IT: Propose moving a proportion of ADA's reserves into a AAA-rated CCLA savings fund and will seek approval from ADA's Board in October 2022.</p> <p>Income and expenditure</p> <p>IT: Income slightly down on budget by around £20,000. Half of which attributed to lower than budgeted revenues from ADA Gazette advertising. Expenditure also lower than budget by around £30,000 owing to lower costs for the ADA Conference and regarding professional services related to red diesel. So the balance between income and expenditure is a more positive picture than that budgeted for.</p> <p>Aged debtors</p> <p>IT: Good position compared to previous years, owing to reminder by SC. The amount left is mostly recoverable. 1 or 2 Local Authority may not renew membership. Outstanding amounts predominantly subscriptions from local authorities, which do sometimes pay at the end of the year. Three IDBs outstanding for subscriptions, some IDB debt may be due to awaiting annual meetings to approve expenditure. Nordelph IDB has declined membership in 2022. Outstanding debt from ASA had been resolved subsequent to papers provided for the meeting.</p> <p>PD: Asked about IDB membership and why some had dropped out. IT reported that this did occur with smaller IDBs from time to time, but ADA's IDB membership was still within the 95% target set by ADA's Board in the current business plan.</p> <p>AM: Offered to assist with following up outstanding subscriptions with local authorities in East Yorkshire.</p>
1615	<p>Financial pressures on Risk Management Authorities</p> <p>The Committee discussed how cost increases affecting the FCERM sector are impacting members' organisations and ADA. Particularly regarding:</p> <ul style="list-style-type: none"> • electricity costs for many IDBs have tripled so if we have a winter of increased pumping, this will put huge strain on those affected. • insurance costs - we are seeing significant increases for IDBs as many insurance companies exit the market. • materials costs • staff remuneration - inflationary pressures on salaries, etc. • fuel costs

IM: Will be raising the matter for discussion at the IDB Senior Officers' Think Tank on 12 October and IDB clerks have been emailed a request for further information. At the time of the Committee meeting further information regarding the energy cost cap were in the process of being released by the government. Defra had written to IT to request more detail on cost increases impacting IDBs.

Discussion

Energy: One consortium of IDBs purchases electricity as part of group purchasing provider. This gave a 15% increase in costs in 2021-22, but were only able to forward purchase for one year, which concludes in September 2022. The framework provider has forewarned a 100% increase for the coming year. IDB representatives agreed that the pricing structure for electricity is complex and variable, particularly how energy providers calculate standing charges. Another IDB had been quoted increases of 380% in electricity costs. Committee discussed energy costs concerns if winter 2022 is wetter than average. Highlighted need for IDBs to hold resilience funds for wetter years.

Insurance: For one consortium the average insurance increase was 9.5% in 2022, having followed a 45% increase in 2021. Insurers are increasing the number of exclusions, of concern this includes some pumps that are aging. Consultants have advised that many insurers have pulled out of the market. Hoping some companies will re-enter and reduce exclusions.

Material costs: Increasing and affecting budgeted refurbishment programme. Only one pumping station refurbishment can now be completed for the budget originally set for two.

Employment costs: New negotiations underway and some trade unions looking to align to RPI. IDBs need to reconsider entering into a pay formula. But, IDBs were competing with other industries such as construction.

Rates and levies: Energy cost increases could mean increases in drainage rates and special levy in 2023 by up to 20%. Some IDBs have pre-warned councils that increases on penny rate are likely to mean an increase of 5.5-6% similar to that set this year. Noted that three councils in East Anglia had raised concerns about increasing special levies with the Department for Levelling Up, Housing and Communities. Committee discussed benefits of seeking separation of special levy from capping on council tax. Noted that this may be challenging for ministers at present and unlikely this would be taken forward given challenges around the cost of living.

Emergency recovery and repair: In past incidents, IDBs have had to spend reserves on paying to pump water that has come out of main river through breaches or overtopping. If we have another wet year, some IDBs may have to ask the Environment Agency to consider covering the costs of this pumping activity and damage incurred. IDBs are holding reserves at a level, which is set politically based on council tax cap, not to cover wet year costs. Furthermore, the damage and cost incurred to IDB systems often extend beyond the conclusion of any emergency period that has been formally declared by other authorities. Other authorities such as the Environment Agency and local authorities have been able to recoup costs of repairs and damage from emergency events. Discussion highlighted that short term spending to improve asset maintenance would save money in the long term, particularly cost recovery from incidents.

MH: Local authorities' reserves are being utilised. Flood risk management is still prioritised in Lincolnshire. Increasing costs will need to look more at partnership working and identifying and utilising novel funding streams where available, e.g. Department for Education to better protect schools from flood risk.

Action: ADA to seek a formal mechanism for managing emergency response and cost recovery for IDBs, particularly when asset failures may be outside of an IDB's control.

Action: IT to collect all information regarding cost pressures and forward these to Defra and the Environment Agency.

1616	<p>Your watercourse: rights and roles document</p> <p>The Committee discussed a new draft document that the Environment Agency propose to become the successor to the former ‘<i>Living on the edge</i>’ document describing riparian rights and responsibilities. Committee supported the purpose of the document, wanted to ensure that the purpose of watercourse maintenance related to flood risk management was present, the role of all RMAs accurately described, include reference to flood and land drainage byelaws, and provide clarity around waste permitting and exemptions. Was noted that the final document was likely to be published in the new year.</p> <p><i>Action: IM to prepare ADA response to draft document by 30 September, including comments raised by Committee members.</i></p>
1617	<p>Health Safety & Welfare</p> <p>The Committee discussed a draft Health Safety & Welfare Questionnaire that ADA will be sending to IDBs later in 2022. IM proposed to add a new section of the questionnaire on welfare.</p>
1618	<p>IDB Valuation Calculations Statutory Instrument</p> <p>The Committee discussed a proposed methodology, SI and public consultation regarding a new statutory instrument under the Environment Act 2021 to amend the functions within the Land Drainage Act 1991 to value non-agricultural land for the purposes of IDB ratings. The proposed new methodology, valuing other land using more contemporary VOA data from council tax bands, will sit alongside the existing one, with an election process for IDBs to individually opt in. Such opting in would be held in accordance with IDBs’ existing standing orders. Proposes to use same adjustment factors as within the land drainage act 1991, committee members were asked how these adjustment factors were derived. Aim to finalise for consultation in late autumn 2022. TF thanked CT for the detailed update provided on progress.</p> <p>Discussion focused around the frequency with which IDBs using the new methodology would undertake further revaluations in the future. IM proposed ADA draft a guidance document explaining IDB ratings and valuation.</p> <p><i>Action: IM to develop proposal for a guidance document on IDB ratings to sit alongside new valuation methodology.</i></p>
1619	<p>Updates</p> <p>a. <u>Environment Agency</u> AR: covered a refresh of the Environment Agency’s FCERM Asset Management Strategy in development, and the National FCERM Strategy’s Action Plan. The Action Plan includes several actions delivered by ADA on: educational resources, carbon calculator for IDBs, participation in a new Rural Resilience Partnership being convened by the Environment Agency and NFU, and a guidance document for carbon reduction in lowland catchments. The latter of which is set to be published by ADA by the end of 2023.</p> <p><i>Action: Discussion at next Committee meeting on new Environment Agency Asset Management Strategy. To include Environment Agency and Defra comments on how deteriorating assets and main river capacity and conditions in lowland areas will be addressed, as requested by AMG.</i></p> <p>b. <u>Defra</u> CT highlighted: the new ministerial team at Defra, a statutory review of FCERM assets ownership powers and duties, consultants now working on a quick scoping review for which ADA sits on the steering group, IDB1 report analysing responses from IDBs over the past five years, welcomed work on Environmental Good Governance Guide for IDBs.</p> <p>c. <u>Local authorities</u> MH highlighted: a CIWEM water management survey conducted over the summer on cooperation, collaboration, and skills within all RMAs, LLFA grants to improve surface</p>

	<p>water modelling, and a new national groundwater flood group being established.</p> <p>Action: MH to forward on further information on these topics to IM.</p> <p>d. <u>Committee Workstreams</u> No further updates discussed at this meeting.</p> <p>e. <u>Consultations</u> IM: Note ADA responses to recent consultations available on ADA website: www.ada.org.uk/category/consultations. None relevant to the remit of P&F.</p> <p>f. <u>T&E Committee</u> TP: Noted thanks to SL for her work, particularly around a number of workstreams. Wanted to make sure ADA would continue to deliver across its policy commitments.</p> <p>Action: IM to share draft minutes from T&E meeting on 13 September 2022 with P&F Committee members.</p>
1620	<p>Events</p> <p>IT: Noted a number of upcoming events including:</p> <p>a. <u>ADA AGM 2022</u> – Online meeting on 28 September, free to attend and open to all.</p> <p>b. <u>ADA Board meeting and IDB Senior Officers’ Think Tank</u> – Two separate meetings on 12 October at The Hive, Nocton and online.</p> <p>c. <u>ADA Conference 2022 on 9 November</u> – Hybrid event, 80 people in person at The Hive, Nocton. Morning conference followed by a buffet lunch and a visit to the nearby Dunston Beck Improvement Project in the afternoon. Speakers had been confirmed.</p> <p>d. <u>Flood & Water Live 2023</u> (See: www.floodandwater.co.uk) – Confirmed bookings had been received for 15% of stand capacity to date, so sales were on track. Focus for event team was to contact as many prospective exhibitors as possible in next two months. David Sisson Event Manager working through logistical aspects, which were also progressing well.</p>
1621	<p>AOB</p> <p>AMN: Asked about the commencement of Schedule 3 of the Flood & Water Management Act 2010. CT: Defra review team were finalising a report to be put to Ministers. IT: Had been involved with the steering group, felt that enactment of Schedule 3 would not happen imminently, but looks likely that this will be recommended to be taken forward for further detailed consideration and consultation.</p> <p>IM: Mentioned updating a Code of Conduct for IDB Board Members.</p> <p>Action: IM to work on draft revised Code of Conduct for discussion at the Committee’s next meeting.</p>
	<p>Future meetings</p> <p>Future meeting dates were noted as follows:</p> <ul style="list-style-type: none"> • 24 January 2023, CIWEM, London / MS Teams • 23 May 2023, CIWEM, London / MS Teams • 14 September 2023, CIWEM, London / MS Teams
	<p>Meeting Close</p>