



# Representing Drainage Water Level & Flood Risk Management Authorities

## POLICY AND FINANCE COMMITTEE

# Meeting Minutes

14 February 2024

Westminster Kingsway College, Victoria Centre, 76 Vincent Square, London

SW1P 2PD

10.30 – 13.00

## APPROVED

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	Y.(online)
Ian Moodie (IM)	Committee Secretary	Y	Lorna McShane (LM)	Solicitor and Assistant Clerk, Middle Level Commissioners	Y
Innes Thomson (IT)	Chief Executive, ADA	Y	James Addicott (JA)	Environment Agency	Y
Robert Caudwell (RC)	Chairperson, ADA	Y	Steve Larter	Finance Director, Witham & Humber IDBs	Y.
Andrew McGill (AMG)	Chief Executive, Water Management Consortium	Y	Richard Powell (RP)	Chairperson, Anglian (Eastern) RFCC	N
Andrew McLachlan (AMN)	Chief Executive, Yorkshire & Humber Drainage Boards	Y	Peter Bateson (PB)	Company Secretary, ADA / Chief Executive, Witham Fourth District IDB	Y
Carol Tidmarsh (CT)	FCERM Team, Defra	Y	Manjit Pope (MP)	Chief Executive, Lower Severn IDB	Y
Nigel Everard (NE)	Clerk, Selby Area IDB and Kyle & Upper Ouse IDB	N	Matthew Harrison (MH)	Flood and Water Manager, Lincolnshire County Council	N
Pete Dowling (PD)	Chief Executive, River Stour (Kent) IDB	N	Ruth Forrester (RF)	Environment Agency	Y
James Yarham (JY)	Environment Agency	N	Sue Crowther (SC)	ADA	Y

Ref	Minute
1667	<b>Welcome &amp; Apologies</b> Welcomed everyone to the meeting and thanked everyone for attending and recorded apologies received from those not in attendance as indicated above.
1668	<b>Declarations of interest – None</b>
1669	<b>Approval of Minutes</b> The minutes of the Committee meeting on 13 September 2023 were approved, with adjustment to AMG's role and organisation reference.
1670	<b>Matters Arising</b> No matters arising were raised.  <b>£6.5 million Ceiling for Smaller Authority Audit</b> - CT stated that the Minister would

	<p>shortly be writing back to ADA to request an official meeting on this matter.</p>
1671	<p><b>ADA Finance &amp; Governance</b>  Finances presented up until end of December 2023.</p> <p><b>Income &amp; Expenditure</b> - IT presented a summary income and expenditure for 2023. Surplus of £6,348 against an agreed budget deficit of £33,300, principally a result of undertaking LAPSIP work for Defra, and reduced staff expenditure for 2023 owing to not hiring an additional staff member as budgeted.</p> <p>Reserves Policy recommends ADA to have six months costs reserves.</p> <p><b>Bank balance</b> – Currently stands at £172,035 ( This excludes an expected payment from Defra of around £57k which was invoiced in December 2023 ).</p> <p>AM requested that a Balance sheet would be useful which would be provided as part of the end-of-year accounts.</p> <p><b>Aged debtors</b> - Currently stands at £76,855.31 with a sizeable amount still to collect from DEFRA in respect of LAPSIP project. Notification has been received to say funds have been transferred. IT comfortable with situation.</p> <p><b>Recruitment</b> - RC asked about new staff member recruitment. IT reported that ADA advertised for the new position, received 30 applicants and would be seeking to interview when a triage of the applicants had taken place. There is some (usual) risk that good applicants may have already secured work elsewhere.</p> <p>A decision was made at the last ADA Board meeting to focus the role on business and membership administration which ADA officers maintain is the best solution for the business. IT continues to justify this approach stating that an increasing supply of independent technical resource provided resilience in that area and that focussing on ADA's need to manage its membership data and information and knowledge base was essential for the good health of the business.</p> <p><b>Action: IM to share new role job description with Committee members.</b></p> <p><b>Budget for 2024</b>  IT reported on some minor changes that would be proposed to the ADA Board:</p> <ul style="list-style-type: none"> <li>• A reduction in ADA Gazette printing costs of £6,000 - £8,000 because of changing printers following a comparison of quotes from existing and potential suppliers by Ryan Dixon.</li> <li>• Likely minor reduction in ADA Gazette advertising revenue forecast in 2024.</li> <li>• Adjustments based on income estimates for LAPSIP in 2024.</li> <li>• Timing of staff recruitment will have a significant bearing on costs in 2024.</li> </ul> <p><b>Action: IT to circulate for comment a revised ADA Budget for 2024 based on changes discussed.</b></p> <p><b>Reserves</b>  IT advised that £40,000 has been put into a business savings account. Proposes to place £40,000 into CCLA, a public sector account with minimum risk. This requires Board approval and would be put to them on 5<sup>th</sup> March.</p>
1672	<p><b>Re-organisation of ADA Committees Update</b>  IM presented an update on the plan to re-organise ADA's committees presenting a draft Terms of Reference for both the proposed ADA Policy Committee and ADA Advisory Committee. Previously proposed to the committee in September 23 and Board in October 23. Concerns had been expressed regarding the size of committee and clarity re attendance.</p>

	<p>IM had noted the key changes, refer paper, and welcomed committees comments.</p> <p><b>Action: IM to make the following changes to the draft Terms of Reference recommended by the Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Revise Policy Committee 2.2 to clarify ADA's role in assisting members in setting policy, particularly, but not exclusively, IDBs.</b></li> <li>• <b>Consider adding chair of Policy Committee as a standing member of the ADA Advisory Committee.</b></li> </ul> <p><b>Action: IM to share an updated final draft of both Terms of Reference with Committee members.</b></p> <p>The Committee discussed the importance of the timing of papers being received in advance of ADA Board meetings.</p>
1673	<p><b>Lessons learnt from Winter Storms</b></p> <p>IT summarised the flooding events that had impacted members over the winter of 2023/24. IT highlighted 4 main areas of concern, Operation &amp; Maintenance, Recovery &amp; Support, Resilience &amp; Adapt and future planning, the split between revenue &amp; capital. IT thanked the IDB's for contributing data and evidence and making people more widely aware of the situation. ADA would welcome feedback to prepare for a meeting with Minister Moore IT &amp; RC have on 28th February 2024.</p> <p>Items discussed:</p> <ul style="list-style-type: none"> <li>• Ratings reform consultation – sign off.</li> <li>• Increase to audit threshold for smaller authorities.</li> <li>• Influence the balance of budget between revenue and capital investment in FCERM. Need for change in approach Government financing its revenue costs to maintain existing assets. These limits relate to spending government borrowing.</li> </ul> <p>AMN highlighted amount of red tape and interpretation of PSCA's. He had received money back from EA to undertake main river maintenance but the EA Fisheries and Biodiversity team has delayed work over two years. Bureaucracy related to environmental aspects is a legitimate concern. IT/RC will raise matter with Phillip Duffy and Alan Lovell respectively.</p> <p>AMG trial to start for IDB to undertake main river maintenance to agreed environmental standards. Example to be followed through PSCA work.</p> <p>SL highlighted lack of emergency funding and overly long permit process for permits and licences. Need suitable class licences to be able to get on as RMAs. In emergency situations, decisions are made much more quickly.</p> <p>IT advised IT &amp; AMG had attended a Local Government Authority Special Interest Group ( for IDB Special Levies) parliamentary meeting with over 80 attendees ( including MPs and Ministers ) which promoted the good work IDB's carry out. Very clear that Local Authorities and IDBs working together, but require central Government support to resolve the local government funding anomaly in relation to Special Levy.</p> <p>CT advised in respect of Audit thresholds; DLUHC Minister will be writing back requesting an official meeting with ADA.</p> <p>JA updates from EA on impacts etc:</p> <ul style="list-style-type: none"> <li>• After wet winter, EA have been undertaking post flood asset surveys:</li> <li>• 25,000 – 30,000 asset inspections carried out after Storm Babet</li> <li>• Similar number following Storm Henk</li> <li>• Impact on rural areas, limited staff visits availability, have been using drone surveys and geomatics. IDB and local information is invaluable if that can be fed in.</li> <li>• Day jobs are not incident management, and incidents have considerable impact on staff time.</li> <li>• Operating and maintaining assets, want to come back with data around this.</li> </ul>

	<p>IT would like to understand the data around asset condition around all assets including those currently considered medium and low consequence. JY and IT to work together.</p> <p><b>Action: IM to add support for demaining and PSCA work to lessons learnt.</b>  <b>Action: IM to add regulatory burden and delays as a result of consents and permits to lessons learnt.</b></p> <p>RC reported that Alan Lovell was keen to explore further the barriers to demaining and IDB boundary changes.</p>
1674	<p><b>IDB costs and levies/rates 2024</b></p> <p>a. <b>Electricity standing charges.</b>  The Committee discussed ADA’s recent response to Ofgem’s Standing charges – call for input. SL reported that ADA had met with Ofgem staff to discuss the issues presented, and Ofgem are prepared to investigate the matter further, given the specific impact upon IDBs alongside other adversely impacted sectors. BBC Countryfile had filmed with Paul Burrows at Middle Level Commissioners and IT at North Level District IDB in early February regarding this issue and it was due to be broadcast in March 2024 (10<sup>th</sup> March tbc).</p> <p>There was a suggestion about raising any potential rebate from electricity companies if a change in approach were taken by Ofgem. This was thought to be highly unlikely, owing to the range of other sectors also impacted.</p> <p>b. <b>LGA Internal Drainage Board Levies Special Interest Group (SIG)</b>  IT highlighted the newly formed LGA SIG had met in Westminster with MPs and members of the House of Lords (see 1673 above). CT reported that representatives from the SIG had met with a Defra special adviser on this matter and requested further information. Defra and DLUHC Directors have also met to discuss the issue.</p> <p>c. <b>Future funding options for IDBs</b>  The Committee discussed the development of proposals to fund the wider water level management role of IDBs related to soil and environmental conservation and enhancement, water resource management, and flood risk to infrastructure and strategic assets such as power generation. IT highlighted the need to widen the field from drainage to water management. RF suggested that work to look at mapping the beneficiaries of IDBs work would be useful. RC highlighted the growing need for IDBs to have the ability to charge for water transfers and water resource management within their district.</p> <p>The Committee also discussed creating a clearer proposal to address the funding concerns being raised by some local authorities.</p> <p><b>Action: SL and IM to prepare a paper identifying preferred measures to resolve issue with special levy cost pressures on local authorities.</b></p>
1675	<p><b>Future of the Drainage Rating System (DRS)</b>  AMN presented a paper to the Committee discussing the options for developing a future DRS system for IDBs. The paper was the basis for the stages to be taken to get to the point of commissioning a new piece of software.</p> <p>The Committee discussed the paper and recognised that ADA and the IDB sector lack the capability to develop this alone, and it would require clear funding and support to be developed.</p> <p>It was noted that other ratings systems already exist for other forms of taxation and governance, and it would be prudent to investigate those providers as to whether a system for IDBs could be bolted on to any existing systems.</p> <p>The Committee discussed the opportunities for seeking funding support from Defra through</p>

	<p>the rating statutory instrument, but it was noted that support was also required to develop guidance to the sector regarding ratings. The support at this stage should be focused around investigating the feasibility and developing a business case to define a way forward and how such a system will be funded.</p> <p>Committee would welcome the development of a timetable for developing a new system.</p> <p><b>Recommendation: The Committee recommended that the Board engage with delivering stage 1: commission a steering group with clear terms of reference, and the authority to progress through stages 1,2, and 3 if certain gateways are met. Including a timeline for approval.</b></p> <p>It was agreed that the steering group must be able to revise the project plan as the project develops.</p>
1676	<p><b>Rural Flood Resilience Partnership (RFRP)</b></p> <p>IM and RF provided an update on the progress of the Partnership that has been led by the EA and NFU to look at increasing the resilience of rural areas to flooding. RF highlighted the importance of allowing the different organisations to discuss the items important to them. This had resulted in a draft 21 action plan to move forward with. Committed to looking at rural flooding with 3 themes, evidence, support, and engagement. Highlighted that the partnership can't necessarily amend policy but will present with one informed voice.</p> <p>The Committee highlighted their support for the work of the Partnership.</p> <p><b>Action: IM to circulate the draft RFRP Action Plan for comment by Committee members.</b></p>
1677	<p><b>Updates</b></p> <p>Suggestion to intersperse updates from Defra, EA, LLFA in agenda. Suggest that these key points are provided in writing wherever possible. Consult on suds shortly.</p> <p><b>a. Defra</b> – CT provided an update on:</p> <ul style="list-style-type: none"> <li>• Several IDB reconstitution orders were set to be advertised shortly.</li> <li>• Defra was following up on concerns about the time taken on the amalgamation process for the Bedford Group of IDBs</li> <li>• National Infrastructure – hoping to publish Government response shortly.</li> <li>• The Middle Level Commissioners had sought Defra's interpretation of a part of the model IDB byelaws.</li> <li>• Consultants were reviewing and developing guidance regarding Section 19 of the Flood &amp; Water Management Act 2010. IT is involved as part of an advisory panel of experts.</li> <li>• Consultations on SuDS and landfill tax policy were to be expected later this year.</li> </ul> <p><b>b. Environment Agency</b> – JA provided an update on:</p> <ul style="list-style-type: none"> <li>• Publication of the replacement for Living on the Edge was expected imminently.</li> <li>• PSCA audit work – updated guidance</li> <li>• Discussions were continuing with Defra around the Asset Replacement Allowance.</li> <li>• EA wishes to establish a precept working group which also looks at higher land water contributions. IT said that it is essential that IDBs play a key part in this.</li> <li>• Defra had announced the recipients of the Water for Peat pilot projects.</li> <li>• LAPSIP – working well, appreciate the process.</li> </ul> <p><b>Action: CT, JA, MH to provide written updates to IM for circulation to Committee Members.</b></p>

1678	<p><b>AOB</b></p> <p>IT asked those present about whether their respective organisations had Professional indemnity insurance. The majority of those present indicated they had some form of PI cover.</p> <p><b><i>Action: IM to circulate a query raised by the River Stour IDB regarding commuted sums and developments with private small sewage treatment works.</i></b></p>
1679	<p><b>Future meetings</b></p> <p>Future meeting dates were noted as follows:</p> <ul style="list-style-type: none"><li>• 22 May 2024 – London Location TBC</li><li>• 11 September 2024 – London, Westminster Kingsway College.</li></ul>
	<p><b>Meeting Close</b></p>