



Representing Drainage Water Level & Flood Risk Management Authorities

POLICY AND FINANCE COMMITTEE

Meeting Minutes

23 May 2023

Team 2100 Offices – 111 Buckingham Palace Road, London

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	Trevor Purllant (TP)	Chairperson, ADA T&E Committee	Y
Andrew McGill (AMG)	Chief Executive, Water Management Alliance	Y	Richard Powell (RP)	Chairperson, Anglian (Eastern) RFCC	Y (online)
Andrew McLachlan (AMN)	Chief Executive, Yorkshire & Humber Drainage Boards	Apols	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	Y	Matthew Harrison (MH)	Flood and Water Manager, Lincolnshire County Council	Y (online)
Pete Dowling (PD)	Chief Executive, River Stour (Kent) IDB	Y	Steve Larter (SL)	Finance Officer, Witham & Humber IDBs	Apols.
James Yarham (JY)	Environment Agency	Y(online)	Joanna Mathews	Lower Severn IDB (Guest)	Y

Ref	Minute
1635	<p>Welcome & Apologies</p> <p>Welcomed everyone to the meeting and thanked everyone for attending. Welcome to new committee member MP from Lower Severn IDB and her accompanying guest, Joanna Mathews.</p> <p>Noted that JA will be the EA's regular attendee replacing Adrian Rushworth. JA will be supported by JY.</p>
1636	<p>Declarations of interest - None</p>
1637	<p>Approval of Minutes</p> <p>The minutes of the Committee's meeting on 3rd February 2023 were approved with minor spelling corrections.</p>

1638	<p>Matters Arising PB question about IDB interest in Asset Replacement Allowance. Known interest from Yorks and Humber, Lower Severn, WMA and Witham 4th IDBs. Tony Andreszewski at the EA is managing the process and interested IDBs have been recommended through e-mail from IT to contact him directly.</p>
1639	<p>ADA Finance & Governance IT presented 2023 financial figures for the first 4 months of the year. Position and bank balance stable against projected budget. Staff costs lower than expected due to running vacancy since Sofi Lloyd's departure. IT also advised that Debtors report was skewed by invoicing for Flood & Water Live and membership fees for EA and NRW (which are now paid, with thanks). Committee had no comments to make on the financial reports.</p> <p>RC asked if ADA was covered by insurance for income received and costs incurred for Flood & Water Live if it does not go ahead. IT confirmed that ADA has taken out a specific show cancellation policy with Towergate Insurance.</p> <p>IT went on to advise that a draft set of accounts had been sent to ADA by Streets yesterday and the bottom line showed an operating loss for 2022 of £41,317 against the agreed budget figure of £38,450. IT explained that in-year inflationary pressures, and in particular on staff costs, had contributed to the out-turn difference.</p> <p>IT also said that with interest rates rising, and with outline Board approval, it is the intention to move £80k to the CCLA's Public Sector Deposit Fund. TF asked about the accessibility to the fund and IT confirmed that withdrawals can be made on demand. The current rate of return is around 4.3%. The committee supports in principle.</p>
1640	<p>2024 subscriptions IT was keen to achieve a balanced budget going forward, noting the £41k loss from 2022. ADA finished the year with £224k cash in hand. ADA business plan states that a minimum reserve of half the annual turnover figure should be retained, which equates to about £170k. This means that year on year losses of the kind agreed to in 2022 are not sustainable over the longer term and we need to target a balanced budget.</p> <p>Committee agreed that reductions in reserves are appropriate for identified needs and that ADA should not be holding excessive reserves.</p> <p>AMG questioned where cost increase pressures sat. IT responded that main inflationary pressures were in staff costs, energy, consumables, insurance, rental, and phones/computing charges. IM also mentioned a rebound in travel costs as a result of increased demands for face-to-face meetings.</p> <p>NE - Further ADA subs increases will need to have a clear justification to members based on actual cost pressures sustained by ADA and looking at a longer trajectory of, say, 2 to 3 years of gradual rises rather than a sudden, steep rise.</p> <p>PB advised that a number of argued options need to be put to the Board.</p>
1641	<p>P & F Committee Membership Manjit Pope(MJ) and Steve Larter(SL) have been appointed to the Policy & Finance Committee following a call for expressions of interest at the start of 2023. Adrian Rushworth, who was the EA's nominated representative, has been seconded to other work and James Addicott, supported by James Yarham, will act as the EA's representative until further notice.</p> <p>The Committee is now operating at its full compliment of members.</p>

1642	<p>Re-organisation of ADA Committees</p> <p>IM presented a paper to the Committee about future plans and the rationale for a re-organisation of the P & F and T & E committees. The plan consisted of merging the P & F and T & E committees into one external-facing Policy committee and an internal facing Governance Committee, dealing with matters of ADA business interest.</p> <p>The intention is that the newly appointed chair of T & E, Charles Mills, would continue in the role for a new combined P & F and T & E Committee and TF would pick up the role of chair of the new Governance Committee. A new role of Deputy Chair (Ed Johnson) has also been created for T & E and this would role forward into the new combined committee too.</p> <p>Committee members were generally supportive of the direction of travel with observations as follows;</p> <p>RC – need to carefully chose the name of the Governance Committee and perhaps Audit and Advisory would be better. RP - ADA’s Board is responsible for Governance.</p> <p>TF – important to maintain Defra and EA involvement in Policy Committee</p> <p>PB – real need to focus on delivering outcomes to agreed work topics. IT added that resource limits within ADA may mean that external support (voluntary and contracted) may be required to deliver outcomes, with consequence on budgets. RC – focus needed.</p> <p>TF/RC – ability to invite guests with specific expertise linked to subjects being discussed.</p> <p>JA – Will there be a full Terms of Reference produced. IM – yes.</p>
1643	<p>Public Sector Co-operation Agreements</p> <p>IM noted that the number of agreed PSCAs pre covid had now reduced to 39 from 79. JY noted that various amendments as a result of an Audit of PSCAs were being rolled out. With JY’s assistance, IM to plan to report an update in the autumn or winter ADA Gazette. IT commented that there are still inconsistencies of approach across different regions. Some people see the PSCA as a contract and not as intended as a simple agreement to co-operate. JA said that EA Ops Managers now have FSoD powers to agree work for PSCA.</p> <p>TF noted, with general committee agreement, that where it is working best depends on the will and enthusiasm of individuals involved.</p> <p>Good practice was reported in Yorks and Lincs and PD reported that he is working in a PSCA arrangement with Dover DC. JY asked for examples on good practice to help drive improvement in the process.</p> <p>PD – important to have them set up and ready to use.</p> <p>IM and JY to work together to re-energise the interest in PSCAs.</p>
1644	<p>IDB concern about reaching the £6.5m ceiling for smaller authority audit.</p> <p>AMG raised a serious concern about WMC Board(s) reaching the agreed ceiling for a limited audit procedure (currently based on £6.5m of income or expenditure measured over a period of three consecutive years). AMG confirmed that moving to a full audit process had considerable resource and cost implications for the Board. AMG reported that WMA are already experiencing the issue and struggling to get their accounts accepted. AMG suggested that additional costs could be of the order of £100k.</p> <p>The Redmond report (2020) had recommended moving the threshold from £6.5m to £10m, which has been accepted by Government but not yet implemented.</p> <p>AMG would like assistance in arguing the futility of IDBs having to go through a full audit</p>

	<p>process and the wasted cost and resource in doing so. PB said that it would be entirely logical to argue that government grants, such as FDGIA allocations, should be excluded from audit thresholds.</p> <p>ADA asked of CT could raise the issue with colleagues at DLUHC.</p> <p>TF -need to plan a careful, targeted approach to key people and advise ADA how best they can help.</p> <p>AMG said that there is s real risk that other IDBs will also breach the ceiling in coming years as a result of the increase in FDGIA works. AMG to advise ADA how best they can help through formal correspondence.</p>
1645	<p>Local Government Finance and IDB Special Levies</p> <p>IM reported that Minister Lee Rowley from DLUHC had recently announced a package of £3m of support to Local Authorities struggling with the effects of pressures from Special Levy increases as a result of inflationary cost increases on IDBs. The support was generally aimed at smaller Districts and Boroughs.</p>
1646	<p>Consultation on Infrastructure Levy</p> <p>IM reported that ADA's reply to the Infrastructure Levy consultation was focussing on the importance of flood risk and watercourse management.</p>
1647	<p>ADA Good Governance Guide Update</p> <p>IT informed the Committee that ADA is planning to proceed with the production of a second edition of the Good Governance Guide which was originally published back in 2018. The delay in updating the document has been as s result of lack of resource internally to give sufficient time to the job. Wilkin Chapman has kindly offered to lead the update work, thus taking the burden off ADA staff and the intention is to seek some funding support from SAAA who may be prepared to support this kind of work. Wilkin Chapman will also bear some of the cost of the update in return for their logo being used on the updated document alongside ADA's and SAAA's.</p> <p>The committee supported putting a proposal to SAAA for a funding contribution, passing through PB.</p> <p>CH outlined Wilkin Chapman's intended approach to produce a document for the November ADA conference and asked for volunteers from the committee to form a reference group to review the drafting by Wilkin Chapman.</p> <p>IM mentioned that the last NAO report and East Riding of Yorkshire Council Scrutiny Committee work may also be of assistance.</p> <p>RC – Codes of conduct very important to cover and enhance.</p> <p>IM – also take opportunity to help update ADA model documents/templates.</p> <p>LM, PD, JA and TF offered their assistance and CH suggested that an initial meeting could be convened at Flood & Water Live.</p> <p>PB said that the video training modules for the first edition had been very useful and would ADA be considering more of those and face-to-face training sessions ? ADA to consider.</p>
1648	<p>Guidance on IDB Precepts</p> <p>IT reported that he and Ian Hodge had met recently to talk about how the issue of differences of view on Precept guidance should be resolved and it was decided that a jointly prepared external-facing guide should be prepared to steer how the EA's internal guidance to their staff should be applied in a practical and pragmatic way. ADA remain concerned about the legal interpretation of how and where precept raised from IDBs can be spent in RFCC areas. IT said that historically, the legislation was established when RFCCs were much more localised in their coverage and so the spending of precept within these</p>

	<p>local areas did match with IDB aspirations. Today, where RFCCs cover much larger catchments, IDBs have concerns that the precepts they pay do not always get spent for the benefit of their districts. RP said that over time, precepts and levies are spent in a balanced way across RFCC areas, but not necessarily repeatedly in a particular district in any one year. ADA also have concerns about precepts being spent on EA staff costs.</p> <p>IT asked for volunteers to get involved in a working group to prepare external-facing guidance. AMG, PB, JA, TF and NE agreed to take part. JA to lead the process.</p>
<p>1649</p>	<p>Updates <u>Environment Agency - JA</u></p> <ul style="list-style-type: none"> - EA's new CEO Philp Duffy will start on 1st July. John Curtin is acting up as CEO at present - The EA's Board has now approved a new Asset Management Strategy - Adrian Rushworth is leading the EA's engagement on the latest NAO study into flood risk management - The EA is updating advice on owning a watercourse – Your Watercourse – Rights and Roles. - There is some ongoing industrial action which is affecting the full provision of some service. Automated processes are being used more often. - JA asked if it would be useful to have an MS Teams workshop about the Asset Replacement Allowance – IT, yes. To ask Tony Andreszewski to arrange. - EA involved with Lowland Agricultural Peat Taskforce work. <p>IT invited IDB officers wishing to talk to the NAO to get in touch.</p> <p>ARA still not finalised – IT has sent e-mail update to all Clerks and CEOs.</p>
	<p><u>Defra</u></p> <p>CT updated the committee on the following points;</p> <ul style="list-style-type: none"> - Defra's plan for water was published on 4th April - Frequent Flooding Allowance was announced on 5th April covering 53 projects with £26m of funding - Through consultants, Defra is conducting an Assets Review. IT is strategically involved with the advisory group. - The Levelling up and Regeneration Bill is proceeding through the House of Lords - Defra have noted the results of the IDB Audit report and will be looking for feedback on how, for example the situation with actions giving rise to Ramsey IDB's Public Interest Report is being dealt with. - The next IDB 1 forms will shortly be ready to send out. - East Suffolk reconstitution was completed on 24th March <p>CT said that it would be helpful to Defra if they could understand in advance which IDBs were planning to reconstitute. IT agreed to send out an all-Clerk e-mail asking for their intentions over the next 24 months.</p> <p><u>Local Authorities</u></p> <p>MH had to depart the meeting and so no LA update was provided on this occasion.</p> <p><u>ASA</u> IT advised that there is increasing liaison and discussion with ASA towards creating a closer relationship with them. ADA to prepare a draft business proposal for initial discussion with the ASA Joint Chairs, Laura Bigley and Vikki Keeble in the first instance. If there is a sense of heading in the right direction for both parties, then ADA P & F, Board and ASA Exec to get more involved in the detail.</p> <p><u>Consultations</u> IM advised will place updates when available on website.</p>

1650	<p>Events</p> <p>a) Main message from Keeping our rivers flowing on 28th March Stoneleigh Park was from Caroline Douglass saying that maintenance projects were showing benefits of 11:1 and capital projects closer to 5:1, which has attracted Defra interest.</p> <p>b) Flood & Water Live – we have passed break-even point and have enough in hand now for a wet-weather option. The Committee passed their sincere thanks to David Sisson and the rest of the ADA team for their hard work towards making a successful event, and getting to this point. Focus was now on achieving a good footfall for the event. Bookings for the evening dinner are going well and after-dinner speaker Stuart Roberts is confirmed.</p> <p>c) ADA AGM will be on 27th September, online.</p> <p>d) ADA Conference will be on 21st November at the ICE London. It will start later at 1100, with a lighter lunch offering at 1200 – 1330, and the main conference commencing at 1330 and running to 1630. Under the new format, all Associates will be offered the opportunity to attend and network with conference delegates. Three keynote speakers have been confirmed and invitations are pending for others.</p>
1651	<p>AOB</p> <p>Following the highly negative results from staff grievances at the CBI, IT said that ADA will be working up an internal staff complaints procedure.</p>
1652	<p>Future meetings</p> <p>Future meeting dates were noted as follows:</p> <ul style="list-style-type: none"> • 14 September 2023 – Location TBC
	<p>Meeting Close</p>