

Public Accounts Committee

PAC(4) 14-13 – Paper 2

ADA Supporting Statement to the National Assembly for Wales Public Accounts Committee: Annexes

Annex A: List of necessary governance documents for IDBs (generated from discussions between CWLIDB and the Welsh Government, and further added to by ADA based on IDB best practice)

- Standing Orders
- Financial Regulations
- Schedule of Matters Reserved for the Board/Scheme of Delegation
- Duties of IDB members and Officers
- Division of responsibilities between Chair and General Manager
- Employee Handbook/Terms and Conditions of Service
- Employees Code of Conduct
- Members Code of Conduct
- Register of Interests
- Gift and Hospitality Policy
- Gift and Hospitality Register
- Publication Scheme
- Risk Management Strategy
- Corporate Bribery Act Policy
- Anti-Fraud and Corruption Policy
- Whistle Blowing Policy
- Investment Strategy

Annex B: Copy of ADA response to the consultation on Internal Drainage Districts and Internal Drainage Boards Wholly or Mainly in Wales

1. Which of the three Options for the future delivery of IDB functions in Wales do you support and why?

ADA supports Option 2 – Delivery through IDBs, with changes to organisational arrangements.

ADA supports Option 2 for IDBs in Wales because we feel there is clear value in including local communities in decisions that affect water level management in those parts of Wales with specific drainage needs. Internal Drainage Boards provide locally representative bodies to manage water levels in these areas and have important experience, skills and expertise essential for managing the risks within their districts and wider catchments. Their focus on areas of special drainage need and relevant practical expertise go beyond those that could reasonably be expected to be provided by a single Natural Resources Body for Wales (Single Body).

IDBs have a proven track record for working closely with land managers in their districts and have the potential to be a useful partner in facilitating and supporting the delivery of a Living Wales agenda. Their understanding of local land use and needs could help unlock local issues in partnership with a Single Body for Natural Resources Management in Wales and local authorities in the future. A good example from recent practice is the role Caldicot & Wentlooge Levels IDB (CWLIDB) played in developing the water level management regime for the Newport Wetlands Reserve.

The CWLIDB has worked directly with the Countryside Council for Wales, the RSPB and the Gwent Wildlife Trust (GWT) in conservation projects on the Gwent Levels. It provided essential water management advice during the planning and construction of the Reserve created to compensate for the barraging of Cardiff Bay. It also provides advice and acts as the main drainage contractor to the Newport Wetlands and the GWT's Magor Marsh Reserve.

Using the partnership working powers within the Flood & Water Management Act 2010, IDBs can be utilised to assist Lead Local Flood Authorities within and beyond their boundaries on local flood risk management plans, strategies, sustainable drainage systems, consenting and enforcement, and planning issues.

Alternative Options

Considering the alternative options, it is clear that Option 3 would be a significant backwards step in terms of local democracy, community involvement and local expertise in addressing a uniquely local set of challenges. There are substantial concerns that delivery through a Single Body would reduce water level management activity in these Internal Drainage Districts and increase the risk of flooding given the problems being experienced in England over main river maintenance, especially in rural communities. Communication with communities appears to have become strained regarding the maintenance of main rivers by the Environment Agency. IDBs have noted that members of the community now contact the IDBs directly with concerns rather than the EA as a conduit for alleviating conveyance problems.

Very little information is provided in the consultation document to explain how the Welsh Government would ensure the continued delivery of essential services such as pumping and maintenance of the hydrological systems within Internal Drainage Districts. Therefore, ADA consider that the Welsh Government must acknowledge in its risk assessment that there is a heightened risk of flooding to land, people, property and infrastructure within existing Internal Drainage Districts under Option 3, especially in the medium to long term.

Option 1 is similarly an unacceptable option as it does not take the opportunity of the changing environmental management landscape in Wales to make improvements to the management of IDBs.

Suggested changes to IDBs under Option 2

Under Option 2 the Welsh Government has put forward a set of suggested changes to IDBs. The following three paragraphs address ADA's view of these suggestions.

1. Simplifying legislative processes

ADA thinks it is important that legislation is brought forward to simplify the process by which the size, shape and structure of Internal Drainage Boards are changed in the future, so that IDBs can adapt in response to local needs and the needs of Wales. ADA also supports proposals to adjust the membership profile of IDBs to help each board retains the right suite of skills, expertise and experience from land managers and the wider community, whilst making boards' makeup more proportionate to expenditure.

2. Circular Payments

Circular payments between the Environment Agency and IDBs can be solved by netting off the value of Precepts and High Land Water Contributions as has been agreed by many IDBs with the Environment Agency. As the Precept is almost always more than the discretionary High Land Water contribution paid by the Environment Agency for water entering an Internal Drainage District it therefore would result in a net payment from the IDB to the Environment Agency. Care must be taken to review the value of these payments periodically to ensure they remain equitable to the works and services being provided by both parties before being netted off.

3. Reform of Special Levy

ADA does not support replacing the Special Levy with contractual arrangements between IDBs and relevant local authorities in Wales as this would undermine the basis on which IDBs are funded and the payment of agricultural drainage rates. The Special Levy replaced IDBs collecting a rate directly from all homes and properties within their districts in the 1980s, as it was more efficient for the rates to be collected as part of council tax by the local authority and passed on to the IDB. The balance between special levy and drainage rates is in proportion to the annual value of farmland versus homes and other property in the district. Moving to a wholly contractual basis would break this fundamental link of the beneficiaries pays. However a better balance could be found if the Welsh Government supported a review of annual values for Internal Drainage Districts in Wales.

2. Are there any other options for the future delivery of IDB functions in Wales that you think the Welsh Government should consider?

Yes. ADA considers that if either Option 1 or 2 are taken forward the Welsh Government and the new Single Body should support the IDBs in Wales operating within a consortium. This body, the Wales Water Management Alliance (WWMA), is being set up with representatives of existing IDBs with the intention of pooling resources and expertise where appropriate whilst retaining local officers, and the Boards themselves.

The Wales Water Management Alliance

The WWMA is a group of Internal Drainage Boards (IDBs) who share vision, values and standards, which have chosen to jointly administer their affairs in order to reduce costs, strengthen their own organisations and increase influence at both a national and regional level, without losing an unacceptable degree of autonomy. The Consortium would ensure that the three IDBs in Wales (and potential any new Boards created in North Wales) have access to a full suite of professional engineering, environmental, financial and administrative services.

The funding for the works conducted by the Boards will remain fully accountable to the ratepayers and other stakeholders within their districts. The individual Boards are still the legal corporate bodies that retain all of the powers and duties that fall to them from the Land Drainage Act 1991 and Flood & Water Management Act 2010 as well as the environmental and health and safety legislation.

The WWMA is to be controlled by its Member Boards and run for the benefit of those Member Boards. The WWMA is not about centralising delivery of the drainage service and taking away control from its members. As a Service Provider the WWMA will provide shared administrative and support services to its constituent Member Boards, allowing those Member Boards to concentrate on delivery within their Drainage Districts. All back office functions will be handled by the WWMA at the behest of the Member Boards, and, as a

result, each Member Board is able to use more of its resources and energy supporting the public and providing quality front line services.

Consortia arrangements amongst IDBs are common place within England and have been encouraged by MAFF and Defra for many years to build capacity amongst the IDB community. As such there are a number of good examples of how such management arrangements would work for Welsh IDBs. The clearest and most closely aligned model to the one envisaged for the WWMA is the Water Management Alliance in East Anglia. Their website has a helpful Governance section (www.wlma.org.uk/index.pl?id=58) which explains the type of arrangements that the WWMA would seek to put in place if IDBs are retained in Wales. Other good examples include the Bedford Group of IDB (www.idbs.org.uk), Somerset Drainage Boards Consortium (www.somersetdrainageboards.gov.uk) and York Consortium of Drainage Boards (www.yorkconsort.gov.uk).

The WWMA would offer a single point of contact for the new Single Body, relevant Unitary Authorities and the Welsh Government to communicate with Welsh IDBs, improving partnership working and local consultation. This will allow IDBs to work collectively with the Welsh Government to make further reforms and improvements to IDBs in Wales to ensure they are fit for purpose as 21st century Welsh public authorities. The Alliance may also provide a useful maintenance and service provider for other flood risk management authorities in Wales outside of Internal Drainage Districts as is the case for a number of Lead Local Flood Authorities in England who utilise the skills and expertise of IDBs. Notable examples of this practice include the partnerships relevant IDBs have developed with Lincolnshire, Central Bedfordshire, Northamptonshire and Milton Keynes Councils. Through these partnerships IDBs have assisted local authorities by taking on the consenting role under Section 23 of the Land Drainage Act on behalf of these authorities.

IDDs in North Wales

The WWMA would also provide a structure to explore creating Boards for the eleven Internal Drainage Districts in North Wales currently administered by the Environment Agency. Landowners in a number of these districts are concerned about the service provided by the Environment Agency and are keen to have a greater say on the water management of their local area. They have contacted existing Welsh IDBs and ADA regarding the potential for re-forming IDBs to govern water level management in these districts. If this were to occur, this would need the experience of existing IDB staff and the WWMA would be well placed to provide this. Not all of these districts may desire or need an IDB and it is almost certain that the districts could be amalgamated to be managed through between one and four IDBs.

A number of concerns regarding IDD in North Wales stem from the mismanagement of drainage rates by the Environment Agency Wales which they failed to levy for a period of six years. However, rates are now being levied and the Environment Agency Wales has rectified a number of errors with its ratings database. Therefore, re-forming IDBs in North Wales should not provide a significant new financial burden for local authorities or ratepayers in those districts as both currently pay a special levy and drainage rates respectively to the Environment Agency so these charges would simply transfer to any new IDB/s formed. For local projects and maintenance IDBs can often offer greater value for money in service

delivery than the Environment Agency by utilising local drainage contractors or directly employed staff.

A similar process of reforming Boards for Environment Agency Internal Drainage Districts was conducted in Suffolk in 2008. This resulted in the formation of the East Suffolk IDB from eight Internal Drainage Districts. This amalgamation and formation of a new IDB was made possible through the work of consortium of East Anglian IDBs. The new Board is now part of this Consortium (the Water Management Alliance) and manages water levels within the Suffolk Coasts and Heaths Area of Outstanding Natural Beauty and includes some internationally important environmental assets, most notably Minsmere National Nature Reserve. The area is home to around 10,000 people, and is a hugely popular tourist destination.

The Boards in that Consortium offers an example of what can be achieved by IDBs working in partnership with each other, local authorities and other risk management authorities to deliver a high quality water management service. We hope that this is a model that the Welsh Government would enthusiastically take forward for managing areas of special drainage need in Wales working alongside a Single Body for Natural Resources Management in Wales.

ADA requested at the outset of the consultation period details regarding service delivery and cost for EA Wales working in IDD in North Wales. The EA Wales has not yet been able to provide this information, which has been a barrier to further developing more detailed plans for re-forming IDBs in North Wales at this stage. ADA and existing IDBs in Wales would be pleased to support the Welsh Government and Single Body with this process.

3. Do you have any further information or evidence which you feel the Welsh Government should consider in reaching their final decision on the future delivery of IDB functions in Wales?

*Yes. Using the same criteria as used in the Consultation Document, the Association of Drainage Authorities and IDBs in Wales would like to submit an assessment of delivery via a consortium of IDBs in Wales, the **Wales Water Management Alliance (WWMA)**. We hope that this is a model that the Welsh Government would enthusiastically take forward for managing areas of special drainage need in Wales working alongside a Single Body for Natural Resources Management in Wales.*

Criteria	Assessment
Delivery of the requirements of the flood and coastal	High

<p>erosion risk management system for Wales, as set out within the National Strategy.</p>	<p><i>The Consortium of IDBs will fulfil their roles as designated Welsh Risk Management Authorities in close cooperation with other relevant bodies. The IDBs have specialist knowledge of the particular topographies which present the sometimes unique challenges within their districts. The IDBs will continue to work towards mitigating these risks whilst simultaneously adopting the goals of the National Strategy, working in cooperation with the single body and relevant local authorities. A greater breadth of delivery by IDBs could be achieved through partnership working with LLFAs or through the rational expansion of IDB districts.</i></p>
<p>Criteria</p>	<p>Assessment</p>
<p>Delivery of the Living Wales agenda and an ecosystem approach to resource management in Wales.</p>	<p><i>High</i></p> <p><i>The functions of the IDBs will remain the same and improvements to the governance and other administrative and operational arrangements via the WWMA will ensure that the IDBs meet their requirements under the Living Wales Agenda. Some boundary reviews could be undertaken and the size of districts increased, although the existing IDB districts are very much in line with the Indicative Flood Risk Map for England and Wales (Environment Agency Flood Zone 2 data) and therefore are broadly fit for purpose for serving areas of special drainage needs in low lying parts of Wales.</i></p>
<p>Alignment with the expectations of twenty first century public service delivery in Wales.</p>	<p><i>Medium to High</i></p> <p><i>The IDBs are aware that the general population rightly expects and deserves full transparency and accountability in respect of the delivery of public services The IDBs accept that there has been cause for concern in the past and have already made large improvements in this area. The WWMA will ensure that all IDBs in Wales are operating in a professional manner and to the highest standards. The Boards propose to build on the Transparency Code within the Draft Local Audit Bill. By abiding by the Transparency Code IDBs in Wales would publish online:</i></p> <ul style="list-style-type: none"> <i>• all items of expenditure and end of year accounts;</i> <i>• minutes, agendas and papers of formal meetings;</i> <i>• internal audit reports;</i>

	<ul style="list-style-type: none"> • a list of councillor/board responsibilities • annual governance statements; and • the location of IDB land and building assets. <p><i>The IDBs also believe that all IDBs in Wales should have or develop the following standard policies:</i></p> <ul style="list-style-type: none"> • Risk Management Strategy and Policy • Whistle blowing Policy • Anti-Fraud and Corruption Policy • Bribery Act Policy • Data Protection Policy • Freedom of Information Publication Scheme • Investment Strategy • Employees Code of Conduct <p style="text-align: right;"><i>(cont.)</i></p>
Criteria	Assessment
<p>Alignment with the expectations of twenty first century public service delivery in Wales. (cont.)</p>	<p><i>(cont.) The Boards consider that through this proactive approach and by working with the Welsh Government and Wales Audit Office they can put the governance and accountability of IDBs in Wales beyond reproach. To succeed the Welsh Government will need to set out a clear set of public service requirement for public bodies in Wales.</i></p>
<p>Scope for maintaining and building expertise in flood and coastal erosion risk management, including local requirements.</p>	<p><i>High</i></p> <p><i>The IDBs already have extensive expertise in this area, managing the risks within their districts. Boards also have an excellent understanding as to how the areas outside of their boundaries within the surrounding catchment are affected by the flow of water through the drainage districts. Factors that affect attenuation in other areas for example, are of interest to the Boards as this can impact on the speed at which water flows into their districts.</i></p> <p><i>If Boards districts were expanded or IDBs were utilised to assist local authorities with, for instance, consenting and enforcement outside of their districts IDBs already have the expertise to build up the requisite knowledge quickly. Additionally, if existing IDD become IDBs further local expertise could be harnessed.</i></p>

<p>Ability to address cross border requirements, including risks and management activities.</p>	<p><i>High</i></p> <p><i>The two IDBs with parts of their districts in England are already addressing and meeting cross border requirements. The IDBs are concerned with the flows of water in and out of their districts and therefore maintain a keen awareness of factors affecting flow within their catchments regardless of political boundaries. There could be benefits in strengthening cross border ties by amalgamating Powysland IDB with neighbouring Rea IDB and Meverley IDB in England in the future.</i></p> <p><i>IDBs already have a working relationship with local authorities either side of the border on matters such as planning applications from outside of drainage district which may impact on the water levels in the Boards district.</i></p>
<p>Criteria</p>	<p>Assessment</p>
<p>Delivery of a cost effective and efficient flood and coastal erosion risk management service.</p>	<p><i>High</i></p> <p><i>IDBs can often offer greater value for money in service delivery than the Environment Agency by utilising local drainage contractors or directly employed staff. The consortium approach will obtain the highest level of cost effectiveness by the combining and sharing of resources where appropriate, whilst enabling the smaller Boards to utilise the proven value for money resources that are already available to them. The free resource of expertise offered by Board members will be maintained and local people will continue to get excellent value for money.</i></p> <p><i>If the IDD's in North Wales become IDBs they are likely to be able to manage their financial resources more closely than under the current regime and would be able to draw on the ratings expertise of staff within the Alliance.</i></p>

4. Are there any other matters that you would like to draw to the attention of the Welsh Government in relation to the delivery of IDB functions in Wales?

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

Yes. ADA is aware that following the case of Attewell v. Environment Agency & others (2011), heard in the High Court in Cardiff, CWLIDB is obliged to maintain the sea wall in pursuance of its duties under the Caldicot and Wentlooge Levels Act 1884. These duties would therefore be transferred to the Single Body if Option 3 is pursued.

Responses to consultations may be made public – on the internet or in a report. If you would prefer your response to be kept confidential, please tick here:

ADA is content for its response to be made public.

Annex C: Background - History of local authority involvement in IDBs

IDBs have always sought contributions to their work from those benefitting. Originally these contributions were collected directly from both landowners and those occupying property. Occupants of properties (homes and businesses) each paid a very small levy direct to the IDB. This large number of small payments was administratively very inefficient so it was decided that the local authority would collect the property levy alongside council tax, and pass the accumulated levy payments to the IDB. To make the arrangements even more efficient it was decided to collect the property levy with the council tax, so that property occupiers only had to make one payment to the local authority.

Local authorities pay the sum of the individual property levies collected to the IDB as a single payment known as the Special Levy. This is not payment by the local authority for IDB services; the local authority is merely acting as a collection agency on behalf of the IDB.

Local authorities have seats on IDB Boards to ensure local democracy by representing the interests of the householders and businesses paying for and receiving IDB services.

Annex D: Background – role of ADA and IDBs

ADA website: <http://www.ada.org.uk/>

IDBs: An Introduction:

<http://www.ada.org.uk/downloads/publications/IDBs%20An%20Introduction.pdf>

A Vision for Internal Drainage Boards in England and Wales:

<http://www.ada.org.uk/downloads/publications/IDB%20Vision.pdf>