

## **Public Accounts Committee**

### **PAC(4) 14-13 – Paper 2**

#### **ADA Supporting Statement to the National Assembly for Wales Public Accounts Committee**

This statement is intended to assist the Public Accounts Committee with its inquiry into the findings of the Wales Audit Office report 'Audit of accounts 2010-11: Caldicot and Wentlooge Internal Drainage Board'. It supports the evidence provided by Dr Jean Venables, appearing on behalf of the Association of Drainage Authorities. It addresses two issues of interest to the Committee: steps to improve the governance and administration of Internal Drainage Boards; and the future of Internal Drainage Boards in Wales.

#### **Steps to improve the governance and administration of Internal Drainage Boards**

ADA is positively using the opportunity provided by the Wales Audit Office Report in the Public Interest on the Caldicot and Wentlooge Internal Drainage Board to reduce the risk that the problems identified in that IDB cannot re-emerge there, or similar problems arise in any other IDB.

ADA has used the opportunity provided by the WAO report to assist IDBs in improving and strengthening their governance frameworks, administrative arrangements and procurement procedures.

The lessons ADA has had reinforced from the WAO report are:

- Board members and staff must be fully aware of the Nolan Principles of public life;
- Boards must have strategic documentation in place setting out their strategy, objectives and performance measures, operational plans, budgets and work programme;
- Boards must have standing orders and/or rules for their proceedings and constitution;
- Boards must have clear and transparent rules, procedures and policy in place for: financial management and procurement; human resources management; conduct of members and staff; and dealing with personal and pecuniary interests and gifts and hospitality. All members and staff must be fully aware of these rules, procedures and policy;
- Boards must maintain clear and up to date records, including rate records.

ADA is working to make External Audit and Internal Audit functions more robust. As a key part of this, the Practitioners' Guide on governance and accountability in Internal Drainage Boards in England is being updated. Historically the Practitioners' Guide was for England

and Wales. Pending further advice from the Welsh Government, this guide is still being used by IDBs in Wales.

Most IDBs already have effective governance, administrative and procurement rules and procedures in place. However ADA is determined to see that all IDBs come up to the standards of the best, reflecting the requirements identified from the WAO report. ADA is encouraging them to review their procedures, checking them for compliance with current requirements.

ADA has a work programme in hand to ensure that the lessons learned from the WAO report are implemented across all IDBs as soon as possible. Following the WAO report a list of necessary governance documents was prepared with agreement between Caldicot & Wentlooge Levels IDB and the Welsh Government. ADA has used this list as a starting point, adding other documents deemed necessary following ADA's detailed consideration of the WAO report. ADA is using this list (at Annex A) to check that Boards have all these documents in place and they are up to date.

ADA is also creating a suite of model governance documents for IDBs, making it easier for them to prepare fit-for-purpose documents. This should reduce IDBs' administrative costs whilst also ensuring consistent high standards.

To date ADA has approached all member Boards to make sure they have up to date Standing Orders in place with Ministerial Approval. This was considered an important starting point given that these Standing Orders provide the fundamental framework for the governance and decision-making of all Boards.

Standing Orders are based on a model provided by Defra. Historically the Defra model set were for England and Wales, but CWLIDB has now produced a suite of governance documents, including 'Rules' (Standing Orders), that were approved by the Board earlier this year. In line with the requirements of the Land Drainage Act, those Rules have now been approved by the Minister for Environment and Sustainable Development. The Lower Wye IDB – that is administered by CWLIDB - has also approved recently a suite of governance documents and the Rules were submitted in April 2013 to the Minister for formal approval.

## **The future of Internal Drainage Boards in Wales**

ADA was pleased to see acknowledgement in the Welsh Government's consultation paper 'Internal Drainage Districts and Internal Drainage Boards Wholly or Mainly in Wales' that a truly holistic approach to managing flood risk is needed. It includes considering how the ways we use land offer opportunities to reduce and manage risk whilst also providing other ecosystem services: this approach is familiar to Internal Drainage Boards. And that the work, knowledge and functions of IDBs are integral to delivering the holistic approach set out in the National Strategy for Flood and Coastal Erosion Risk Management in Wales.

ADA is also pleased to see that the majority (77%) of responses to the consultation supported Option 2, delivery through IDBs with changes to organisational arrangements. This is the option supported by ADA, as set out in its response to the consultation (copy at Annex B).

ADA believes that this level of support for delivery through IDBs reflects appreciation that the IDB model is best suited to deliver the objectives of the National FCERM Strategy and Sustaining a Living Wales. The changes in administrative arrangements that ADA has proposed in its consultation response will provide effective public service delivery by providing greater local accountability and streamlined organisational administration.

Whilst ADA agrees that the new Natural Resources Body for Wales should improve the overall delivery of effective management of Wales' natural environment, it remains convinced, for the reasons set out in its consultation response, that the Natural Resources Body for Wales could not deliver the functions of water level and flood risk management within IDD as effectively as IDBs working in partnership with the Natural Resources Body for Wales.

As ADA pointed out in its consultation response, IDBs in Wales are already very well connected, with a proven track record for working with land managers across drainage districts. This understanding of local land use and needs would help resolve local issues in partnership with the Natural Resources Body for Wales, supporting delivery of the Living Wales agenda as well as the national FRCM Strategy.

This connection would be significantly improved with the establishment of the Wales Water Management Alliance (WWMA) proposed in ADA's consultation response. This group would jointly administer the Welsh IDBs, reducing their costs and improving efficiency to achieve the Welsh Government's objectives for effective public service delivery, whilst providing a simple and strategic point of contact with the Natural Resources Body for Wales.

When the arrangements for the Natural Resources Body for Wales were finalised, it was decided to leave responsibility for managing flood risk from ordinary watercourses with local authorities, for sound reasons of local accountability. It would be inconsistent, and cause considerable confusion, if responsibility for managing flood risk from ordinary watercourses in areas covered by IDBs was transferred to the Natural Resources Body for Wales.

However it would be equally inappropriate to transfer IDB functions to local authorities. There are five principal reasons for this:

- i. IDBs have a wider remit than Lead Local Flood Authorities. In addition to managing flood risk, IDBs are responsible for managing water levels and land drainage.

- ii. IDBs provide better administrative efficiency (to manage water effectively a number of local authorities would have to work together, with attendant organisational and funding complexities);
- iii. There would be a loss of revenue (funds raised through local tax currently paid to IDBs as special levy would be retained but landowner contributions would be lost);
- iv. There would be a loss of control of funds (funds received by IDBs can only be used for IDB purposes but grant to local authorities is not ring-fenced and could be diverted from water level management); and
- v. There would be a loss of specialist expertise and local experience (IDB staff have extensive local experience and specialist knowledge. Local authorities find it difficult to retain specialist staff with appropriate expertise).

Lead Local Flood Authorities provide a good model for managing local flood risk. However IDBs provide the best model for managing both local water levels and flood risk, whilst also managing land in an integrated way to deliver ecosystem services, Water Framework Directive requirements and biodiversity gains. Responsibility for the 11 IDDAs in North Wales that are currently administered by the Environment Agency should be transferred to IDBs.

ADA looks forward to the findings of the additional work on the costs and benefits of Options 2 and 3 and hopes that the Welsh Government will provide an opportunity for interested bodies to comment on the findings before making a decision on which option to take forward.