Board Meeting - Open
Thursday 22 May 2014

There will be a meet the Board lunch from 1.00pm

Time: 2.00pm – 4.00pm
Venue: Ergon House, London
Quorum: 8 non executive Board members

1. Apologies
2. Declarations of Interest
3. Minutes of the meeting on 6 February 2014 and matters arising
4. Floods: response and recovery
5. Floods: investment, approach and watercourse maintenance
6. Update on Water Framework Directive
7. South East Internal Drainage Board annual report and accounts
8. Corporate Scorecard Quarter 4
9. Finance Report
10. Chief Executive’s update
11. Pensions Committee Terms of Reference and Standing Orders
12. Schemes of delegation
13. Any other business

Date of next meeting – 17 July 2014 in Ergon House, London
Minutes of the Open Board meeting held on 6 February 2014 at Broadway House, London

Present (Board Members)  
Lord Chris Smith  Chairman  
Cllr Robert Light  Deputy Chairman  
Dr Paul Leinster  Chief Executive  
Peter Ainsworth  
Karen Burrows  
Emma Howard Boyd  
Richard Leafe  
John Varley  
Jeremy Walker

In attendance  
Miranda Kavanagh  Executive Director of Evidence  
Mark McLaughlin  Executive Director of Finance  
Jonathan Robinson  Executive Director of Resources and Legal Services  
Ed Mitchell  Executive Director of Environment and Business  
David Jordan  Executive Director of Operations  
David Rooke  Executive Director of Flood and Coastal Risk Management  
Pam Gilder  Head of Performance and Engagement  
James Walker  Board and Executive Secretariat Officer  
John Seager  Head of Environment Strategy

1.0 The Chairman opened the meeting and welcomed members of the public and staff who were observing.

Item 1  Apologies for absence

1.1 Apologies were received from Clive Elphick and Richard Macdonald.

Item 2  Declarations of Interest

2.1 There were no declarations of interest.
Item 3  Minutes of the meetings on 16 October 2013 and matters arising

3.1 The minutes from the Board meeting on 16 October 2013 were accepted as a correct record of the meeting.

3.2 There were no matters arising.

Item 4  Recent flooding events

4.1 David Jordan introduced the item and delivered a slide presentation. He explained that this winter is likely to be the wettest winter on record.

4.2 David Jordan highlighted some key facts around the recent flooding events and explained that:

- Approximately 4,400 Environment Agency staff have been involved in responding to the flooding incidents
- Around 5,000 properties have been flooded since the early December coastal surge with flood risk management assets protecting a further 1.2 million properties
- There is currently a focus on repairing flood assets to reduce the risk of further flooding and damage to the assets
- An extra £30 million funding has been announced by Defra and will be used towards the maintenance and repairs of the flood risk management assets in 2013/14.

4.3 The Board congratulated all the staff who have been involved in the flood response and who have worked around the clock even through a time of large organisational change.

4.4 Board members discussed the Somerset Moors and Levels and noted that there are different techniques that could be used to dredge the River Tone and River Parrett. Paul Leinster explained that dredging will happen as soon as it is safe to do so.

4.5 Peter Ainsworth asked what assessment will be made of potential damage to biodiversity and local ecosystems as a result of dredging. Paul Leinster explained that an environmental impact assessment will be carried out before any works begin.

4.6 Emma Howard Boyd asked what the Environment Agency was doing to reassure communities affected by flooding. Paul Leinster explained that staff are engaging with communities and highlighted the example of residents in the Somerset Moors and Levels who have received an email every other day updating them on the flooding situation.

Item 5  Levy, IDB Precepts and Environment Agency administered IDB charges
5.1 David Rooke and Mark McLaughlin introduced the item. Mark McLaughlin explained that the levies have been decided and agreed by the individual Regional Flood and Coastal Committees.

5.2 The Board agreed to issue the flood and coastal levies, General Drainage Charges and Internal Drainage Board precepts for 2013/14 and approved the drainage rates and special levies.

Item 6  Decision on Corporate Scorecard measures and Approving the Corporate Plan

6.1 Paul Leinster introduced the paper with support from Pam Gilder and John Seager.

Corporate Scorecard measures and targets for 2014-16

6.2 The Board welcomed the introduction of the new measure that will look at the number of health and safety actions implemented in the target time.

6.3 The Board agreed the Corporate Scorecard measures and targets for 2014-16. The updated targets, taking the additional funding into account, will return to the Board for final approval.

Corporate Plan 2014-16

6.4 Paul Leinster introduced the Corporate Plan and explained that Board members have already reviewed it at previous meetings. He added that the latest version incorporates comments from the Board and Defra.

6.5 Paul Leinster explained that a shortened version of the Corporate Plan will be produced and circulated to staff.

6.6 Karen Burrows asked whether the Corporate Plan was similar to other organisations, such as Natural England and the Marine Management Organisation. Pam Gilder explained that Natural England has recently published their Corporate Plan and the Environment Agency is referenced in it. A summary of the Triennial Review Action Plan will also be included as an appendix to our Corporate Plan.

6.7 Paul Leinster informed the Board that all members of staff have an Individual Performance Plan and that there will be a clear line of sight between individual objectives and the Corporate Plan.

6.8 The Board approved the Corporate Plan.

Item 7  Finance Report

7.1 Mark McLaughlin introduced the paper.

7.2 The Board noted the financial position for the first nine months of 2013-14 and welcomed the additional funding that has been announced.
7.3 The Board noted the timetable for the 2013-14 Annual Report and Accounts. Emma Howard Boyd explained that the Audit and Risk Assurance Committee will be meeting in March and June to review the accounts.

Item 8 Chief Executive’s update

8.1 The Board noted the contents of the Chief Executive’s update.

Item 9 Committee meetings – oral updates

Flood and Coastal Risk Management Committee

9.1 Jeremy Walker updated the Board on the Committee meetings in December and January. He explained that the Committee had been focussing on two key issues, the impact on assets following the recent flooding and the Regional Flood and Coastal Committee levies.

9.2 Jeremy Walker explained that the Committee will consider the wider implications of the work on the Somerset Moors and Levels and will also look at the condition of the Environment Agency’s pumps. He noted that some pumps were commissioned in the 1960s and that there will need to be a replacement programme in the future.

Environment and Business Committee

9.3 Robert Light informed the Board that the Committee had met twice since the last update in November. He explained that the Committee had looked at abstraction reform, Environment and Business Grant in Aid funding, the relationship between the Environment Agency and Local Enterprise Partnerships and navigation.

9.4 The Committee also discussed charging strategies and were clear that charges should cover all of the Environment Agency’s costs on areas that we regulate. Waste crime was also considered and the Committee noted a worrying trend in organised crime around the waste sector.

Joint Working Board Group with Natural England

9.5 Robert Light informed the Board that the Board Group had approved the official response to the Triennial Review.

9.6 The Joint Working Board Group will be discussing shared offices at their next meeting and will meet in Lateral House, Leeds where the two organisations are already working together successfully.

Item 10 Schemes of delegation

10.1 The Board noted the changes to the Financial Scheme of Delegation.

Item 11 Any other business
11.1 There was no other business.

Item 12 Date of next meeting
12.1 The next meeting will be on 22 May 2014 in Ergon House, London.

The meeting closed at 3.50pm
Paper by: Executive Director of Operations

Subject: Winter 2013/14 floods recovery

FOR INFORMATION

Recommendations
The Board is asked to note:

1. Progress on recovery, repair and restoration
2. The pace and scale of our recovery programme

1.0 Background

1.1 We have experienced the biggest coastal surge for 60 years (and in some places a much longer period than this) and the wettest winter on record. Since the beginning of December 2013, over 7,000 properties have been flooded across England. Environment Agency flood defences have protected 1.4 million homes and businesses from flooding and 2,700 hectares of farmland.

1.2 Many of the flood risk management assets damaged in the extreme weather since December have already been repaired, restoring protection to many communities across the country. But there is still much more to do. Political interest remains high.

2.0 Recovery repairs

2.1 We have received an additional £140 million of funding in the Budget. Together with the £130 million made available to the Environment Agency in February, this makes an additional £270 million to repair, restore and maintain priority flood and coastal erosion risk assets. £30m was used for the most urgent repairs and additional emergency-related costs in the 2013/14 financial year.

2.2 The remaining £240 million is to be invested in 2014/15 and 2015/16 for the following purposes:
   - £70 million is for the maintenance of the Environment Agency priority assets protecting high consequence areas; £35m each year in 2014/15 and 2015/16;
   - £10m is for the Somerset Levels and Moors Action Plan to be spent in 2014/15; and
   - The remaining £160 million is for:
     o the repair of essential Environment Agency, local authority and Internal Drainage Board flood and coastal erosion risk management assets that have been damaged since 5 December;
one-off capital maintenance works needed to restore other Environment Agency priority assets in high consequence areas to target condition; and
- £135 million of this is available in 2014/15 and £25 million in 2015/16.

2.3 If money is available once funding has been provided for all of the repairs it will fund the return of Environment Agency flood risk assets in high consequence areas to target condition as quickly and effectively as possible.

2.4 Repairs for flood and coastal erosion risk management assets damaged between 5 December 2013 and 31 March 2014 are eligible for funding in 2014/15 provided that the works are:
- promoted by a risk management authority, as defined in the Flood and Water Management Act 2010;
- classed as capital;
- the asset being repaired reduces the risks of flooding or coastal erosion;
- the benefits the asset provides, in terms of the economic damages of flooding or coastal erosion avoided, exceed the costs of the repair; and
- where assets provide multiple benefits then capital grant under this scheme will be given up to a maximum of the flood and coastal benefits.

2.5 The priority is to ensure that the most critical flood and coastal erosion risk assets are repaired and functional before the next winter. More than half of the 4,000 assets that were damaged by the surge, storms and flooding are maintained by others (third parties). We are contacting asset owners and providing advice on suitable repairs.

2.6 Urgent repair work to Environment Agency flood risk management assets and other Risk Management Authority flood and coastal erosion risk assets is well underway and started in December 2013. To date:
- repairs to 300 flood and coastal erosion risk management assets are already completed (58% Environment Agency; 42% other risk management authority), restoring protection to over 115,000 homes; and
- 600 flood and coastal erosion risk management assets have repairs planned or underway (63% Environment Agency; 37% other risk management authority), to restore protection to 235,000 properties; and
- the remaining flood and coastal erosion risk management assets are subject to further consideration.

2.7 Environment Agency flood asset inspectors and more than 200 members of the armed forces have completed an assessment of over 150,000 flood risk management assets across the country, visually inspecting and recording the condition of England’s flood risk management assets. Detailed engineering inspections are currently being carried out on all flood risk management assets shown on visual inspection to be below required condition. Engineering inspections will be completed by the end of May and we will know the total cost to return assets to required condition in June as we need to have this information for the next Ministerial meeting.

2.8 At the end of April 2014, 94% of the Environment Agency’s flood risk management assets in high consequence systems were at target condition. This is 3% below our corporate target of 97%.
2.9 The number of flood risk management assets below required condition is shown in the table below. Our corporate target of 97% applies to Environment Agency assets in high consequence systems.

<table>
<thead>
<tr>
<th>National Totals</th>
<th>High At target condition</th>
<th>Medium At target condition</th>
<th>Low At target condition</th>
<th>Total At target condition</th>
<th>High Below required condition</th>
<th>Medium Below required condition</th>
<th>Low Below required condition</th>
<th>Total Below required condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Agency</td>
<td>23,418</td>
<td>1,493</td>
<td>4,471</td>
<td>313</td>
<td>1,971</td>
<td>176</td>
<td>29,860</td>
<td>1,982</td>
</tr>
<tr>
<td></td>
<td>(94%)</td>
<td>(6%)</td>
<td>(93%)</td>
<td>(7%)</td>
<td>(92%)</td>
<td>(8%)</td>
<td>(94%)</td>
<td>(6%)</td>
</tr>
<tr>
<td>Third Party maintained flood risk management assets</td>
<td>21,854</td>
<td>1,366</td>
<td>5,375</td>
<td>437</td>
<td>2,873</td>
<td>248</td>
<td>30,102</td>
<td>2,051</td>
</tr>
<tr>
<td></td>
<td>(94%)</td>
<td>(6%)</td>
<td>(92%)</td>
<td>(8%)</td>
<td>(92%)</td>
<td>(8%)</td>
<td>(94%)</td>
<td>(6%)</td>
</tr>
<tr>
<td>Total:</td>
<td>45,272</td>
<td>2,859</td>
<td>9,846</td>
<td>750</td>
<td>4,844</td>
<td>424</td>
<td>59,962</td>
<td>4,033</td>
</tr>
<tr>
<td></td>
<td>(94%)</td>
<td>(6%)</td>
<td>(93%)</td>
<td>(7%)</td>
<td>(92%)</td>
<td>(8%)</td>
<td>(94%)</td>
<td>(6%)</td>
</tr>
</tbody>
</table>

2.10 The effective and efficient investment of the money provided to repair and restore England’s flood risk management assets from the damage caused by the unprecedented weather of the winter of 2013/14 is of huge importance to the Environment Agency. Significant effort and governance is being devoted to ensure success.

3.0 Conclusion and recommendations

The Board is note:
1. Progress on the recovery and repair work
2. The pace and scale of our recovery programme

David Jordan
Executive Director Operations

12 May 2014
### National Recovery Programme at 15 May 2014

**Purpose of funding**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Total</th>
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<tbody>
<tr>
<td>Recovery Programme</td>
<td>20</td>
<td>10</td>
<td>135</td>
<td>165</td>
</tr>
<tr>
<td>Asset condition to 97%</td>
<td>25</td>
<td>25</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Routine maintenance</td>
<td>35</td>
<td>35</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>Somerset</td>
<td>10</td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>180</strong></td>
<td><strong>60</strong></td>
<td><strong>270</strong></td>
</tr>
</tbody>
</table>

**Current allocation of £165m recovery programme**

- Spent 2013/14: £30m (18%)
- Approved 2014/15: £58m (36%)
- Awaiting information: £43m (29%)
- Not yet allocated: £165m

**Households at increased risk from winter 2013/14**

- At risk: 215k (57%)
- Repairs complete: 115k (33%)

**Breakdown of allocation to date by EA Areas**

**Allocation to date**

- EA Capital: £165m
- RMA Capital: £109m
- EA Revenue: £23m
Open Board meeting  
Meeting date: 22 May 2014  
Item no. 5

Appendix 1 Land drainage and FCRM  
Appendix 2 History of Dredging  
Appendix 3 Dredging  
Appendix 4 Working with others  
Appendix 5 Identification of maintenance needs and allocation of funding  
Appendix 6 Partnership funding  
Appendix 7 River Maintenance Pilots  
Appendix 8 locations where the maintenance protocol has been applied  
Appendix 9 Building in the Floodplain - Extract from National Planning Policy Framework  
Appendix 10 Flood and Coastal Risk Management and wildlife

Paper by:  Executive Director of Flood and Coastal Risk Management  
Subject:  Floods: investment, approach and watercourse maintenance

Recommendations

The Board is asked to discuss:

1. The current maintenance investment priorities in the light of the recent floods and additional money provided by Government  
2. The position statements on current issues

1.0 Introduction

1.1 The recent floods have put the role of the Environment Agency and our implementation of Government flood and coastal risk management policy under scrutiny. This paper highlights the key issues arising from the winter of 2013/14 and seeks a steer from the Board on any changes needed in current practice.

1.2 Our approach to maintenance has always been evolving. However this has accelerated over the past ten years, driven by a combination of factors including the improved understanding of how rivers and catchments function, changes in Government policy, increased environmental awareness and environmental legislation and the need to prioritise investment. These developments have led to a reduction or stopping of maintenance in some locations and increases in others (Appendices 1, 2 and 3).

1.3 The recent floods saw extensive damage to Flood and Coastal Risk Management (FCRM) assets and other infrastructure, which we addressed in a number of ways including the deployment of many temporary defences and the widespread use of the military. During and following the floods, the Government responded to the immediate needs by allocating an extra £270m to fund repairs, recovery and additional maintenance.
2.0 Our approach to maintenance investment priorities

2.1 We use a catchment-wide, flood risk management system approach to delivering maintenance activities. This is steered by Government policy and the National Flood and Coastal Erosion Risk Management Strategy, that directs investment, including maintenance, to reduce flood risk to people and homes. This approach was reinforced by the National Audit Office (NAO) in 2007 which recommended more maintenance funding be directed to high consequence flood risk systems (Appendices 4 and 5).

2.2 Taking a catchment-wide approach is more efficient as rivers are naturally dynamic systems and it is more effective and sustainable to work with nature in managing flood and coastal risks.

2.3 The reduction of channel maintenance in low consequence systems is widely criticised by the National Farmers Union, Association of Drainage Authorities and some flooded communities. The additional funding from Government will enable us to undertake the some more channel maintenance.

2.4 The benefit of taking a strategic and risk based approach to investment is that during the severe coastal and inland flooding from December 2013 to March 2014 the nation’s flood defences successfully protected over 1.4m homes and businesses.

3.0 Asset condition

3.1 We have inspected and recorded the visual condition of all Environment Agency flood risk management assets to understand their condition following the damage caused by the winter floods.

3.2 The inspection of Environment Agency flood risk management assets was carried out in the main by military personnel. Co-ordination and support was provided by Environment Agency staff, together with consultants and contractors from our supply chain (Water and Environment Management (WEM) framework suppliers). We trained, equipped and formally assessed 213 Military personnel. They were deployed across England with local liaison between Military Liaison Officers and our Area Asset Coordinators.

3.3 All accessible 150,000 Environment Agency flood risk management assets were inspected in just over four weeks. Due to high water levels around 1500 assets were inaccessible but are being inspected as conditions allow. All Mechanical, Electrical, Instrumentation, Control and Automation (MEICA) assets were assessed for reliability within six weeks.

3.4 Damage due to winter storms and flooding between December 2013 and April 2014 has resulted in the deterioration in the condition of flood risk management assets in high consequence systems. Currently, 94% of Environment Agency maintained assets are at required condition against our 2013/14 target of 97%.
4.0 Funding and working with others

4.1 Defra and the Treasury (HMT) have made available an additional £270m to repair, restore and maintain priority flood and coastal risk management assets. The details are summarised in Table 1.

Table 1

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Additional EA emergency-related costs</td>
<td>£30m</td>
<td>£135m (at least £60m (capital))</td>
<td>£25m (capital)</td>
</tr>
<tr>
<td>2. Repair EA, LA and IDB damaged defences,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Restore priority EA defences in high consequence areas to target condition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of EA defences in high consequence areas</td>
<td>£35m</td>
<td>£35m</td>
<td></td>
</tr>
<tr>
<td>Somerset Levels and Moors Action Plan</td>
<td></td>
<td>£10m</td>
<td></td>
</tr>
</tbody>
</table>

4.2 A condition of the additional funding is that by the end of September 2014 we and Defra develop and agree with HMT a plan to:
- agree and then meet targets for the condition of high-consequence flood risk management assets by March 2015, including the date by which 97% of these assets will be returned to the required condition;
- achieve agreed efficiency improvements in the asset maintenance programme, including implementing a whole-life approach to asset management and securing longer-term reductions in unit cost; and
- provide the monitoring and assurance to ensure delivery of these conditions

4.3 Preparations for producing the capital programme through to 2021 are underway. Needs-based capital programme submissions have been received from risk management authorities and Regional Flood and Coastal Committees (RFCC), and Areas are currently undertaking quality assurance checks. The indicative six year investment programme will then be constructed.

4.4 The indicative programme will be prioritised applying the Defra Partnership Funding Policy (Appendix 6) and the principles agreed with RFCCs and the Board for the allocation of grant in aid. There will be an additional focus on packaging work in geographic areas to secure efficiencies and ensure we meet our efficiency target of 10% in Spending Review 13.

4.5 We encourage funding partnerships to be developed for the whole life cost of capital projects, including future costs of maintenance. Contributions to projects may include commitments by partners to carry out future maintenance at their own cost.

4.6 Defra’s recently published partnership funding evaluation report outlines emerging evidence of the success of the approach. Joint Environment Agency and Defra work is planned to respond to suggestions for improvement. Some actions are already underway, including providing more streamlined online guidance on grant-in-aid processes and using the opportunity of the six year
FCRM capital investment programme to provide greater confidence in future funding.

4.7 Defra commissioned research in 2013 to compile examples of partnership and alternative approaches to maintenance of flood and coastal risk management assets. The intention is to ensure that any potential changes in approaches to funding maintenance is informed by experience and good practice. The work will be completed this summer (2014).

4.8 We encourage and support third parties to maintain their own assets. We are increasingly working in partnership with Local Authorities and Internal Drainage Boards through Public Sector Co-operation Agreements. These provide the means for risk management authorities to undertake work on behalf of each other. We have 14 agreements in place and a further 26 are planned (Appendix 7).

4.9 The Maintenance Protocol was originally published in 2011, with an updated version published in January this year. The protocol applies to both river and coastal assets and sets out with how we manage and maintain flood risk management assets, including where we can no longer justify certain activities and need to change current practices (Appendix 8).

4.10 We are a statutory consultee to Local Planning Authorities for several types of planning application related to our statutory duties including flood risk, protection of land and water quality and waste regulation (Appendix 9).

4.11 Wildlife habitats and the natural environment can provide high quality flood risk management assets (Appendix 10).

5.0 Temporary and demountable defences

5.1 We used a mixture of temporary and demountable defences during the recent floods. Demountable barriers are designed for specific locations with permanent foundations and they form part of a permanent defence. For instance, we use 2km of demountable barriers at Bewdley.

5.2 Temporary barriers are transportable and can be used many times in different locations. For instance, with the help of the military and our consultants and contractors, we deployed about 1km of temporary barriers at Chertsey and Croydon during the floods. The suitability of temporary barriers depends on the particular barrier and the location and type of flooding.

5.3 We deployed over 90 000 sandbags procured from our suppliers during the recent event. Guidance on the use and safe disposal of sand bags is available on the gov.uk website.

6.0 Future inflationary pressure

6.1 Infrastructure UK has forecast that construction industry inflation will be between 4% and 8% in 2017. Operational efficiencies and the effectiveness of how funds are allocated are critical to help mitigate this pressure.
6.2 Efficiency across our maintenance and capital activities is a priority and will include nationally developed initiatives and locally generated programmes. For example the recent rollout of the Asset Information Management System (AIMS) has reduced administration and improved investment decision making.

7.0 Recommendations

The Board is asked to discuss:

1. The current maintenance investment priorities in the light of the recent floods and the additional money from Government
2. The position statements on current issues

Ken Allison
Director Allocation and Asset Management

6 May 2014
Appendix 1: Land drainage and Flood and Coastal Risk Management

The history of flood risk management lies in the provision of land drainage and support for agriculture. The Environment Agency's predecessor organisations were driven by the need to drain and defend land for agriculture against a background of wartime food shortages. Today the prime driver for investment in water management for flooding and drainage is one of risk reduction to people and property and for improvement of the environment.

Analysis of public expenditure on flood risk management shows that the historic emphasis on agriculture provides a low return on investment when compared to the protection of people and property and does not address issues where the risk and consequences of flooding are greatest. This has led to a shift of focus in flood risk management activity to locations where the probability of flooding, the social and economic costs and risk to life are at their greatest.

Policy drivers
The policy landscape within which the Environment Agency operates is governed by four main factors.

- the legislation governing roles and responsibilities, powers and duties;
- the financial guidance laid down by Treasury;
- the role expected of us as set out in performance measures or targets;
- Government policy as set out by Minsters.

The Environment Agency operates in accordance with the Treasury Green Book which sets the financial framework within which all public investments should be considered. The guidance sets out the approach for using cost benefit analysis which is designed to ensure the best use of public finances. It does not set specific monetary values and so Defra policies and associated guidance provides the additional information. For habitat creation or wildlife our approach is through compliance with national and international law, and the achievement of Government objectives.

Agriculture
The value of agricultural land, output and the benefits of common agricultural policy receipts are taken into account when appraising our activities and schemes. Issues of food security are not and this is frequently challenged by farmers. Successive Governments have maintained this policy.

Government guidance supports defending agricultural land where there are wider flood risk management benefits for people and property or where the risk and benefit analysis is favourable. Taking this risk based approach means there is less money to spend on rural and agricultural food risk management activity, compared with a number of years ago as the case for investment in urban areas is more compelling (see Appendix A). Inevitably this means a reduction in activity to protect agricultural land. Where this leads to a total withdrawal of our maintenance activities we discuss and agree a way forward with the land owners affected, including handing the maintenance of flood risk management assets over to other parties or individuals. This approach to maintenance has been endorsed in Ministerial responses to a number of cases, most recently in the Lythe Valley where we are working with the Association of Drainage Authorities and local farmers to ensure water management responsibilities are dealt with by those best placed to do so.
How will we support landowners?
Once the decision is made to withdraw maintenance of flood risk management assets, our role shifts from operator to facilitator and advisor. We support those who are affected and help them decide what they would like to see happen by making the various options clear to them. We have developed a protocol with the NFU, CLA and Natural England to provide a transparent and fair process that we will follow when we withdraw our maintenance activity. The protocol is supported by a pack of information to assist landowners to carry out their own maintenance. We have published, in conjunction with ADA, guidance on how communities/landowners can set up a new Internal Drainage Boards to manage agricultural land drainage.

In the nine river maintenance pilots we are assessing ways of making it easier for landowners to undertake their own maintenance whilst still providing the necessary environmental protection. Lessons learnt from these pilots will inform future regulation and help us better engage with landowners and communities.

Food Security
We are guided by the Ministerial view on food security. The Government’s position is that there is ‘no evidence that either wildlife habitat creation or reduced funding for rural assets will create a food security issue’. Food security is about security of supply rather than self sufficiency. The amount of agricultural land affected by loss to coastal erosion or converted to wildlife habitat is very small compared to that lost to housing and industrial development every year. In future where there is a case for continued or increased protection for agricultural land, investment will be considered through the new Partnership Funding approach to FCRM projects including use of local levy where the Environment Agency’s Regional Flood and Coastal Committees consider that this is appropriate.
Appendix 2: History of Dredging

Post Second World War to the late 1970s
In the years following the Second World War, through to the late 1970s, the focus of river and coastal management was equally placed on land drainage and flood risk management. Rivers were aggressively straightened, deepened and widened to drain land, lower water levels and increase flow to create productive land for agriculture and development. In low lying areas, many assets were constructed, including land drainage pumping stations, leaving a legacy of assets that have been inherited by the Environment Agency from predecessor bodies.

During this time, a significant amount of public money was provided to farmers for agricultural improvement which, following the near blockage of food imports during the War, had the strategic aim of greater self-sufficiency of food production. This money included grants for field drainage and significant amounts of marginal and low-lying land were drained.

During the late 1970s and 1980s
From the late 1970s and through into the 1990s there was a gradual shift in Government funding away from agricultural land drainage towards urban flood risk management.

This resulted in the Government announcing in the winter of 1984-85 a cut in the annual grant for land drainage. The Government also stipulated that the emphasis should be on urban flood protection. These changes resulted in a decrease in dredging for land drainage purposes.

At the same time, concerns regarding the environmental impact of intensive agriculture, land drainage and flood risk management works were being raised and further legislation was introduced. When the National Rivers Authority was created in 1989 it was given a conservation duty to enhance the environment, which had to be considered when undertaking all river management activities including dredging.

1990s to present day
Government policy has evolved during this period to the current position set out in the National Flood and Coastal Erosion Risk Management Strategy approved by Ministers and Parliament in 2011. The National FCERM Strategy describes the need for a risk based approach and how communities, individuals, voluntary groups and private and public sector organisations will work together to manage the risk to people and their property.

In light of the Government policy, we have reviewed our maintenance programme to make sure it continues to spend taxpayers’ money where it delivers the greatest flood risk reduction. We assess all flood risk management activities using a risk based approach and invest in those activities that will contribute most to reducing flood risk per pound of funding. We compare investment in activities such as dredging, weed control, maintaining defences, clearing blockages, or pumping water from flooded land to find the most effective use of the funds that are available. We need to consider long term benefits and costs and manage watercourses in a sustainable manner. In line with Government policy and targets within the England Biodiversity Strategy we also undertake flood management work that can have multiple benefits, including those for wildlife, through working with natural processes and creating space for water.
Appendix 3: Dredging

**Dredging**: removal of accumulated silt

**Reprofiling**: deepening and/or widening existing channel

**De-silting**: avoid use of this term – use ‘dredging’

Dredging (to remove silt – see definition above) and clearing channels are important parts of the Environment Agency’s maintenance regime. Last year (2012/13) we spent £45 million on keeping water flowing in channels (conveyance), which included dredging. These activities are undertaken where they will improve the channel’s ability to carry increased river flows and where funding is available.

**Government Policy**

The current policy on the allocation of funding for flood and coastal risk management, including reprofiling and dredging, has not changed. The one exception to this is on the Somerset Moors and Levels, where dredging is one of the actions to be funded by Government in the flood action plan announced by the Secretary of State to help reduce the duration and extent of flooding.

Defra funding is available towards reprofiling and dredging where it is shown to be a cost effective way of managing flood risk, taking account of the other options available. However, the effectiveness of reprofiling and dredging in managing flood risk varies for each stretch of river. It is therefore right that the Environment Agency should assess its value carefully on a location by location basis, working in close consultation with local communities and organisations including Internal Drainage Boards (IDBs) where appropriate.

In some areas reprofiling or dredging can be the most cost effective approach. In others it can make flooding worse downstream, is ineffective and would divert resources away from other flood risk management activities which are far more beneficial to local communities (e.g. maintaining pumps, sluice gates or raised embankments, clearing vegetation, obstructions. In making the decision on whether or not dredging will be effective in reducing flood risk we take account of other factors, including tidal influences and sedimentation rates. To reduce the impact of our dredging work on wildlife and the environment we carry out work at the most appropriate time. This is usually between June and October.

**Somerset Moors and Levels**

We have just been through three months of extreme weather with heavy rainfall and high tides which have, in effect, stopped water draining off low lying land and reduced the amount of time for pumping to take place. This is an unusual event. Dredging will restore the capacity of the main river channels, reducing the extent and duration of flooding and increasing the amount of time pumps can operate. Flooding on the Somerset Moors and Levels can never be stopped altogether but dredging, along with other actions such as community level protection, raising roads and reducing the run-off from farmland and towns will reduce the frequency and impact of future floods. The Somerset Drainage Consortium, in their 10 point plan recognise that some homes, businesses and farms will remain vulnerable to the sort of rainfall experienced this winter.

The Secretary of State asked for an Action Plan to be developed by mid-March to look at different options for how flood risk could be better managed sustainably over the next 20 years. The SoS has been clear that the Plan needs to stack up against
other proposals for funding elsewhere in the country, and that a partnership approach will be essential.

The Somerset Levels Action Plan has now been agreed and implementation has begun. Dredging 8kms of the River Parrett and Tone is one of the first actions to be delivered and dredging started at the end of March 2014. Communities and partners across the Somerset Moors and Levels acknowledge that the dredged channel will require on-going maintenance since silt is brought in daily by the tide. The Government has explained that funding for the on-going maintenance will need to be found locally. Defra and the Environment Agency will now consider whether there are any lessons that can be learned for other parts of the country.

Why have things changed?
Historically, rivers were dredged to remove silt more frequently, to improve land drainage and support agricultural production. Today, Government policy and prioritisation of activities based on cost benefits mean we focus our work where it delivers the greatest flood risk benefit. This results in greater focus on work which manages flood risk to people and property rather than work which sustains land drainage. This will mean the Environment Agency reducing or stopping maintenance work in some “low consequence systems”, i.e. areas where the impact of flooding directly affects fewer people.

What is meant by watercourse maintenance?
Our maintenance activities are divided into four main areas:

**Operation**: Including inspecting assets, providing utilities, operating flood barriers and pumping stations to reduce flood risk and managing water levels.

**Conveyance**: Including weed cutting, dredging to remove shoals and silt, clearing screens and removing obstructions from rivers so that water can flow freely along the channel.

**Structures**: Maintaining structures and defences including carrying out inspections and minor repairs, managing grass, trees and bushes, and controlling populations of moles, badgers and rabbits on our flood embankments.

**Mechanical, Electrical, Instrumentation, Control and Automation (MEICA)**: Including carrying out minor repairs and replacements to pumps and tidal barriers.

Reducing red tape
We are working to remove unnecessary administration which could discourage farmers and landowners who wish to undertake their own watercourse maintenance. In October 2013 we launched seven River Maintenance Pilots around the country. These will test how we can reduce the administration associated with consent requirements for watercourse maintenance and improve partnership working, while ensuring the environment is protected. Two additional pilot sites have recently been added and the length of the trial period extended to March 2015.

We are also working more closely with other Risk Management Authorities, such as IDBs, to discuss future maintenance plans and any opportunities to reduce costs. We are developing flexible agreements (Public Sector Cooperation Agreements) which allow IDBs to undertake maintenance works on main river where there is benefit to both parties and to local communities. Works under these agreements can include dredging.

Dredging pilots
To further develop knowledge and understanding of dredging, in 2011 we carried out pilot studies in the South West, South East and North East. These trials assessed the
effect of dredging on flood risk to people and property across a variety of different watercourses. The study showed that dredging and removal of channel obstructions can be more effective in some locations than in others. It has to be considered on a location by location basis. The trials report is available on our website.

**Lower Thames Dredging Study 2008**

A study of the Lower Thames by consultants Halcrow in 2008, measured the benefits of silt removal based on bathymetric surveys looking at cross sections of the river. The conclusion was that during dry years when river flows were low, silt was deposited and built up on the river bed. During wetter years when flows were high, this silt was agitated by the flow, suspended in the water and moved downstream.

As a result of the flooding over Christmas and New Year 2013 and 2014 we have commissioned a series of comprehensive bathymetric surveys along the River Thames from Reading downstream to Teddington. This is to review if the conclusions from the 2008 Halcrow study that the River Thames it is largely self scouring still hold true.

Three of the 2011 dredging trials were carried out on the River Hinksey Stream in Oxford, the Ladygrove Brook in Didcot, and the River Windrush in Witney. These studies provided a good evidence base for the effectiveness of dredging. The work did reduce flood risk locally, but was not always cost effective, as the flood risk benefit did not justify the expenditure. For example, the work on the Hinksey Stream and Ladygrove Brook showed that the work increased the carrying capacity of the watercourses and the water flowed faster in the sections where the work had been carried out, but the work was not economic particularly in relation to other flood risk reduction investments.

To reduce the impact of our dredging work on wildlife and the environment we carry out work at the most appropriate time. This is usually between June and October.
Appendix 4: Working with others

How we communicate our river maintenance activities

An overview of where we plan to undertake channel maintenance, which includes routine and intermittent dredging, is now published annually in the form of our maintenance programme. This programme is web-based and includes a postcode search facility to enable landowners and communities to find out what maintenance we are planning on main river watercourses in their locality.

In addition, our local teams meet with stakeholders and hold discussions with landowners, farmers and communities about the maintenance we are planning to undertake, particularly where we have or are reducing or stopping regular maintenance.

Working with communities, interested parties and landowners to agree a sustainable approach to watercourse and asset maintenance requires local knowledge and sustained engagement.

Delivering river maintenance

Other infrastructure operators own and operate their assets whereas in a number of locations we generally maintain assets that are owned by others using our permissive powers. We encourage and support third parties to maintain their own assets and in some cases take enforcement action so that they carry out work to reduce flood risk. We are trialling a range of cost effective engagement methods as part of the river maintenance pilots to share good practice and to help communities and landowners play their part in maintaining watercourses. The pilots make it easier for people to find out about planned maintenance by the Environment Agency. They also make it easier for riparian owners to remove silt from rivers themselves. The pilots began on 21 October 2013 for one year but due to this winter’s flooding, will be extended until March 2015.
Appendix 5: Identification of maintenance needs and allocation of funding

We apply a flood risk management system based approach to the allocation of funding and planning of maintenance activities. We use national maintenance standards to identify the level of maintenance work required and this is set out in our system asset management plans (SAMPs) which identify the cost-benefit of the planned work to ensure maximum value for money.

We establish for each system a “minimum need” that ensures operational readiness of the assets and provide funding to meet health and safety and wider environmental requirements.

We also estimate the “identified need” for each system which is the maintenance activity that delivers the best overall whole life cost to deliver the performance required from the assets in the most cost effective way.

In each flood risk system we use national scale modelling known as the National Flood Risk Assessment (NaFRA) to estimate the flood risk management benefits of having the assets and in particular channel capacity. The benefits and costs assessment is then used to prioritise identified needs funding.

Minimum needs are fully funded for all systems and the balance of funds available is allocated to identified needs on a sliding scale according to benefit cost ratio. All work with a benefit cost ratio of more than 8:1 receives a percentage of their identified needs. Asset systems with the highest ratios receive all their minimum needs plus 95% of identified needs, which reduces to all minimum needs plus 5% of identified needs for asset systems with a ratio just above 8:1. Asset systems with a ratio below 8:1 receive minimum needs funding only.
Appendix 6: Partnership funding

Funding has also changed over time; shifting from a limited number of projects being centrally funded by government to more projects going ahead with local contributions adding to government funding. This enables communities more of a say in how flood risk is managed.

Partnership funding makes Flood and Coastal Risk Management Grant in Aid (FCRM GiA) available on a tariff basis to an amount dictated by the benefits delivered and the damages prevented to households, the environment and the wider economy.

It covers flooding from rivers, the sea, surface water, coastal erosion and property-level protection. Many projects will qualify for full FCRM GiA funding. If projects do not, the balance must be secured through local contributions.

The amount allocated is determined by multiplying the household, environmental and other whole life benefits by the relevant fixed payment rates and dividing this sum by the whole life cost of the project. Payment rates for qualifying household benefits vary by levels of deprivation based on the Department for Communities and Local Government’s Index of Multiple Deprivation.

After taking account of projects required for health and safety requirements and other statutory duties, projects are placed into a national programme on the basis of their “partnership funding score”. This initial placement also reflects the availability of FCRM GiA, the need for a long-term pipeline of projects, existing asset conditions and the risk of flooding or coastal erosion.

Investment will continue to be prioritised to ensure that the greatest benefits are achieved with the funding available. Government policy prioritises funding to better protect at risk, deprived households - up to 45 pence for every £1 of present value benefit delivered by a project. This compares to just over 5 pence for every £1 of benefits for non-residential structures (businesses, transport infrastructure and agricultural land)

This approach increases the overall level of funding available for flood and coastal erosion risk management schemes.

We estimate that a total of £148 million of partnership funding contributions will be realised over the four year period from 2011/12 to 2014/15. Contributions include direct financial contributions to projects, in-kind contributions and contributions to projects led by other Risk Management Authorities, notably Local Authorities. Evidence from Defra’s recent partnership funding evaluation project shows that approximately 25% of these contributions come directly from the private sector.
Appendix 7: River maintenance pilots

- Seven pilots were launched in October 2013 to improve the transparency and engagement around river maintenance and to make it easier for landowners/farmers to undertake work themselves whilst still providing the necessary environmental protection.
- The pilots have been well received by the farming community and work has been undertaken by six landowners.
- The winter floods greatly reduced the ability of farmers to undertake work and therefore changes have been made to extend the timescale and increase the number of pilots.
- Environmental NGOs remain opposed to the pilots but are being kept informed of progress and recent changes.
- The findings of the pilots will be used to develop a new improved system for managing and regulating river maintenance by 2015, as part of the reforms being introduced through the Water Bill.

Progress to date

In October 2013, the Secretary of State announced the setting up of seven River Maintenance Pilots across the country. The aim was to reduce the administration associated with obtaining consents to remove silt from main rivers, and to give farmers, community and environmental groups a greater opportunity to be involved in the delivery of river and flood defence maintenance in their area. Evidence gathered from the Pilots will be used to inform the move of flood defence consenting into the environmental permitting regulations and help us improve transparency and engagement around river maintenance. Good practice from the Pilots is being rolled out across the country to help us engage better with communities and to reduce the administrative burdens on those wishing to undertake maintenance activities.

Our local teams have been actively promoting the pilots and encouraging landowners and farmers who want to undertake maintenance to become involved. Stakeholder meetings have been undertaken in each of the pilot locations to facilitate discussions around required maintenance and to establish local partnerships. Depot open days and in-the-field river maintenance workshops have been held to help farmers/landowners to undertake maintenance in an environmentally sensitive way.

So far, six landowners have undertaken work and approximately 1.3km of main river has been, or is due to be, dredged in the Alt Crossens catchment in Lancashire. We have also issued two ‘whole farm’ consents to landowners who wanted to undertake dredging under the regulatory position statement. One of these was issued to a contractor acting on behalf of a group of landowners wanting to maintain a watercourse that flows through all of their land. Within the pilot areas we have also committed to determining consents in no more than 2-3 weeks, compared to the statutory time limit of two months.

Recent changes

We are now nearly six months into the pilot period so it is a good time to review and confirm whether we are on track to achieve the outcomes we wanted. Generally, the pilots are proving successful but, unfortunately, four of the pilot areas experienced prolonged flooding this winter, and this has limited the ability of farmers and landowners to carry out river maintenance work.

We are implementing a number of changes to the pilots in response to the experiences so far to make sure we and those local communities involved can get
the most out of the pilots. The changes we are implementing (announced by Dan Rogerson MP on 1 May) are:

- **Extend the existing pilots until mid-March 2015:** This will allow farmers who have been impacted by the winter floods to have more time to undertake work.

- **Extend the River Idle pilot to cover a larger area across the Isle of Axholme:** We have had keen interest from farmers just outside the current boundary area for the River Idle pilot. We would like to use this interest and enable farmers to undertake their own work by extending the current pilot area to cover the whole of the Isle of Axholme.

- **Introduce two new pilot areas close to the Alt Crossens and River Idle pilots:** We have had interest from farmers who want to be involved trialling these new approaches in areas close to the Alt-Crossens and River Idle. We will set up two new pilot areas (East Lytham and the River Eau) to make this happen. These changes will enable further application of the new regulatory approach and allow us to provide more information to support the transfer of flood defence consents to the Environmental Permitting Regulations. We are also reviewing our monitoring, compliance and enforcement approaches to ensure that work done within the pilots and elsewhere is done in an environmentally sensitive way.

We have discussed these changes with the National Farmers Union (NFU), Tenant Farmers Association (TFA) and Blueprint for Water. Blueprint for Water has not supported the pilots and are concerned that we are not adequately resourced to monitor for any environmental harm arising from poorly undertaken maintenance works. We are reviewing our monitoring, compliance and enforcement approaches and will report back to Blueprint on this issue during the pilot period. NFU and TFA would welcome an extension and NFU are actively supporting local pilot application.

Alongside the pilots, we are having discussions with Defra officials on an action plan to deliver the Secretary of State’s ambition for river management. This includes increased transparency and engagement with communities in relation to asset maintenance and developing an action plan similar to that undertaken in Somerset in areas where we are reducing or stopping maintenance activities. Our focus initially will be in low lying areas very similar to the Somerset Levels and Moors such as the Fens, and in areas where landowners and communities have raised significant concerns about river maintenance such as the Upper Swale, Yorkshire and the Lower River Avon, Hampshire.
River Maintenance Pilot locations

Additional Pilot Areas added May 2014 are coloured yellow.

- Isle of Axholme & River Idle, Nottinghamshire
- Winestead Drain, East Ridings of Yorkshire
- Bottesford Beck, North Lincolnshire
- River Eau, Lincolnshire
- East Lytham, Lancashire
- Alt Crossens, Lancashire
- River Duckow, Shropshire
- Upper Thames, Oxfordshire
- River Brue, Somerset
Appendix 8: locations where the maintenance protocol has been applied

We published the updated document “Protocol for the maintenance of flood and coastal risk management assets (England only)” in 2014. It applies to locations where we are proposing to stop permanently certain FCRM maintenance as the work is of such low priority that funding is unlikely in the foreseeable long term. It describes how decisions are taken by our staff and sets out how we will work with those people affected.
Appendix 9: Building in the floodplain - Extract from National Planning Policy Framework

We are a statutory consultee to Local Planning Authorities for several types of planning application related to our statutory duties including flood risk, protection of land and water quality and waste regulation.

In terms of flood risk advice, our primarily role is to help LPAs to understand and ensure that new developments manage and where possible reduce flood risk. Our advice helps ensure that Local Plans include robust policies to prevent inappropriate development in areas of flood risk and that subsequent planning applications are safe, resilient and do not increase flood risk to others.

Our involvement in planning can also:

- Help achieve the objectives of: the National Flood and Coastal Erosion Risk Management (FCERM); and Catchment Flood Risk Management Plans (CFMPs) and Shoreline Management Plans (SMPs);
- Provide opportunity to work in partnership with other Risk Management Authorities (RMAs) by linking across many of the work areas for PSO;
- Share understanding by presenting our priorities alongside the priorities of others as part of strategic discussions on Local Plans;
- Provide a framework for us to deliver our Strategic Overview through provision of independent technical advice to others involved in flood risk management.
- Provide opportunities for partnership funding of FCERM schemes through developer contributions.

Feedback shows that our advice is valued by planning decision-makers.

Planning applications

For development planning we use the “Flood Map for Planning “ as a trigger point for assessing new development against flood risk. The map is split into the following Flood Zones. These flood zones are areas at risk without including the benefit of defences.

Flood Zones

- Flood Zone 1 - less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).
- Flood Zone 2 - a 1 in 100 and 1 in 1,000 annual probability of river flooding (1% – 0.1%), or between a 1 in 200 and 1 in 1,000 annual probability of sea flooding (0.5% – 0.1%) in any year.
- Flood Zone 3 - a 1 in 100 or greater annual probability of river flooding (>1%), or a 1 in 200 or greater annual probability of flooding from the sea (>0.5%) in any year.

For those development types that are eligible for consideration in any of the flood zones, it is the developer’s responsibility to demonstrate that the development meets planning policy by producing a flood risk assessment. The National Planning Policy (NPPF) sets this framework. The assessment has to show the flood risk to the development, its occupants and its impact on third parties. It will assess if the development is “safe” and that flood risk is not made worse elsewhere. This is assessed against a flood return of 1 in 100 years (1%) including climate change.

The development planning process is assessed independently to the insurance process. The insurance industry bases its standards/risk on what is insurable or not.
with its own maps or with aid of our National Flood Risk Assessment (NaFRA). This is now the EA public facing map for flood risk – Flood Risk from Rivers and Sea.

- We are a statutory consultee for planning applications (except for minor development) in areas at risk of flooding from rivers and the sea (Flood Zones 2 and 3) and large developments in Flood Zone 1 (where flooding from rivers and the sea is very unlikely).
- We work in partnership with local planning authorities and advise developers on planning consultations in high risk areas.
- Across all development types, 2012-13 was the seventh year in succession in which over 95% of planning applications (where the outcomes are known) were decided in line with our flood risk advice.
- In 2012-13 of the 69,000 new residential units within planning applications on which we were notified of the decision, over 99% were decided in line with our flood risk advice. Based on an analysis taken in 2012/13 there were 543 residential units within planning applications that were granted permission despite a sustained objection from the Environment Agency. When built some of these properties may be at increased flood risk. In some instances planning permission is granted with conditions - these conditions may have partially overcome our concerns, but not enough for us to withdraw our objection. For example:
  o **Objection in Principle – Policy:** National Planning Policy ensures that a sequential approach (Sequential Test) is followed to steer new development to areas with the lowest probability of flooding. The test provides evidence to why a development has to be proposed in a flood risk area. Following the application of the sequential test, a Flood Risk Assessment (FRA) should be prepared to show that the development is safe. In this example the Sequential Test has not been passed and the FRA did not cover all the issues to show that the new development was safe. However, an appropriate planning condition could cover the deficiencies in the FRA. We have maintained our objection on the principle of upholding national policy that developments should be steered to areas of lower risk and that there was no evidence of the sequential test. In summary, the development should not be built in the proposed location, but it has been shown to be safe in this case.
  o **Technical Objection:** A new housing development has been proposed in a flood risk area and the Sequential test has been passed. We are not satisfied with the outcomes of the FRA, but a planning condition has been applied to ensure floor levels are above flood levels. Unfortunately, we are not satisfied that the impact to third parties has been fully established (pushing flood water elsewhere). Therefore, only part of the issue has been solved and we would maintain our objection on technical grounds.
- Of the 34 planning appeals where flood risk was an issue in 2012-13, 31 were either dismissed or allowed with conditions which fully addressed our flood risk concerns. The remaining three were overruled. These related to:
  a) Change of use caravan site – 1 caravan
  b) Gypsy traveller site – 2 mobile homes, 2 touring caravans
  c) Replacement boathouse.
- The Secretary of State for Communities and Local Government has powers to call in major development applications in areas at risk of flooding. These powers were not exercised during 2012-13.
Appendix 10: Flood and Coastal Risk Management and wildlife

Wildlife habitats and the natural environment can provide high quality flood defences. For example, a sea defence that has no saltmarsh in front might need a 12 metre crest height and cost £15000 per metre to build. This compares to a sea defence with 80 metres of saltmarsh in front which only needs a three metre crest height costing £1200 per metre.

Coastal habitats such as saltmarsh are important wildlife areas and natural coastal defences. They can reduce wave height and energy in front of built defences. In many areas, climate change is causing sea levels to rise and low water to move landwards. Where high water is unable to move landwards, the shoreline gets narrower and steeper – it is squeezed between low and high water. In European designated sites, the Conservation of Habitats and Species Regulations require us to compensate for habitat lost as it is squeezed against flood defences, both new ones we construct as well as old ones we maintain. We have created significant new areas of intertidal habitat (e.g. at Alkbrough, Medmerry and Steart) to help offset habitat loss due to coastal squeeze. It is important that we make more space for tidal water at the coast to help make coastal areas more resilient to storms by working with natural processes.
FOR NOTING

Recommendations

The Board are asked to:

1. Note our improvements in river basin management planning; and

2. Advise on handling effective communication during the process that will update River Basin Management Plans.

1.0 Background

1.1 In September 2014, the Environment Agency will consult on updates to River Basin Management Plans (RBMPs) for the river basin districts predominantly in England. In light of this consultation, and updated statutory guidance, we will submit formal updates to Ministers for approval in September 2015.

1.2 Once approved, the updated plans will become statutory in December 2015. They will set objectives for the natural water environment that should be achieved by December 2021, and in the longer term. All public bodies have a duty to have regard to the plans. Additionally, in exercising its functions, the Environment Agency has a duty to secure achievement of the objectives. These objectives therefore shape our regulatory decision making and impact how we exercise our flood risk management role. In pursuit of this latter requirement, we are co-ordinating our consultation on draft Flood Risk Management Plans to launch on the same date as the updated RBMP consultation.

The 1st River Basin Management Plans

1.3 The first RBMPs were published in December 2009 and focused on the actions needed to “aim to achieve good status”, a core aim of the Water Framework Directive. The headline outcome of these plans was that the proportion of waters in England achieving the Directive’s objective of “good” would rise from 26% to 30% by the end of 2015. These figures varied from region to region, with larger improvements predicted in less densely populated river basin districts.
1.4 This level of ambition was perceived by environmental organisations to be low compared to other European countries. Ambition is no guarantee of results. We have previously reported that there has been no statistically significant change in our monitoring results for English waters at good status from the baseline conditions in the 2009 RBMPs. However, a similar situation is being reported across Europe. In 2012, the Rhone-Mediterranean-Corsica Basin in France, with an ambition of +27%, reported a statistically insignificant decline by 2% in the numbers of waters at good.

1.5 Irrespective of what baseline conditions or ambition that was set by different Member States, the story reported at European Water Directors is essentially the same: virtually no change in overall status has been reported during the plan period to date.

2.0 Reporting progress beneath overall status figures

2.1 Although headline status has not changed, there are several indicators of progress that suggest we are still on track to reach the targets set out in the RBMPs, even if timescales are still uncertain.
Since 2009, the water industry has invested nearly £4.4 billion in an environment programme focused on securing compliance with basic water protection measures and improving compliance with the most important water habitats in Europe. Since 1990, the amount of phosphate entering England’s waters from the sewerage network has reduced by more than half.

Fertiliser usage by the agriculture industry has also markedly dropped over the last three decades. This has been driven by a range of factors including market prices, regulation and increasing awareness of the link between farm practice and water quality, emphasised by initiatives such as Catchment Sensitive Farming.

Since 2011, we have administered nearly £90m of Government funds to improve habitats, tackle diffuse pollution, invasive species and the legacy of abandoned mines. The predicted long-term benefits of the 525 projects funded so far are an improvement in 442 (around 7%) water bodies, of which 275 (around 4%) will improve to good, and the prevention of deterioration in a further 559 water bodies.

Since 2011 we have contributed to the formation of over 110 new local partnership groups across all the 87 English management catchments and six cross-border catchments. We have over 60 dedicated co-ordinators to support these independently led groups.

As at the end of December 2012 we have made operational virtually all measures outlined in the RBMPs, leading the way across Europe in achieving this requirement of the Directive.

2.2 Overall classification is driven by the condition of worst element that is reported – this is the one out, all out principle. Consequently individual elements can improve to good, but if one other monitored element remains less than good then the overall status remains at less than good. The solution to this masking effect is to show results at an element level.

2.3 We plan to show elemental level changes as part of our overall reporting of progress. The graphic below shows some of the key elements. The majority of these show over 40% of waters at good or better status. The major exception is the diatom result, but improved methods and updated standards for this element are now indicating this figure to be over 40%. This will be reported later this year in communications around the new building blocks we are using for classification in the updated RBMPs.
3.0 Preparing the updated RBMPs

3.1 The consultation on the updated RBMPs will present information that will be used to advise Ministers on the impacts, positive and negative, of different levels of ambition for the water environment by 2021 and beyond. This will allow Ministers to exercise their role in setting the objectives for the updated RBMPs together with the associated mechanisms to deliver them.

3.2 The RBMP consultation documents we will prepare in September 2014 will be accompanied by a draft impact assessment to illustrate the costs and benefits of several differing scenarios. The plans themselves will show the likely objectives that could be achieved in 2021 and beyond for two of these scenarios:

- a scenario where all packages of feasible and cost-beneficial measures are implemented, irrespective of constraints such as affordability;
- a scenario where future funding and measures develop within an envelope centred around historical trends and current Government policy direction. We will prepare this in a way that we believe gives the best outcomes to society from wise use of public and private sector investment.

3.3 Over the past three years the Environment Agency has undertaken several major pieces of work to improve the process by which these scenarios will be prepared:

- We have completed over 16,000 investigations to improve certainty of reasons for failure and likely effectiveness of action
- We have developed Europe-leading economic analysis tools to explore the costs and benefits of actions across a whole range of ecosystem services
- We have created mechanisms to share and explore this information at a local level, ranging from catchment partnerships through to a much more
accessible data explorer tool that overcomes many of the data sharing problems we faced in the first cycle of planning

3.4 In preparing for the consultation process we have predicted over 140,000 element-level outcomes that would lead to a net benefit to society in England if they were achieved in 2021 and 2027. These data are being quality assured prior to publication.

3.5 Based on the initial, un-assured figures, we believe there are packages of cost-beneficial measures that could improve 97% of elements to good in England’s waters. However, a water body’s status is measured with around 10 elements. The overall status of a water body is dependent on the quality of the worst element. So, although we believe it could be cost-beneficial for virtually all elements to get to good, the 3% of elements where it might not be cost-beneficial to get to good are spread across a quarter of the water bodies. Therefore because of the one out, all out principle, we can only say it is cost-beneficial to reach ‘good’ overall in around 75% of water bodies.

3.6 The consultation and engagement process will explain these data, our analysis methods and enable local inputs to fine tune our assumptions and steer priorities in a resource constrained world. That is occurring now and will run formally between September 2014 and March 2015. Our response to this process will lead us to a more detailed updated set of RBMPs that we will take to the Board in summer 2015 for approval to submit to Ministers in September 2015. This will be accompanied by a final Impact Assessment.

3.7 The final sign-off of the plans rests with the Secretary of State in December 2015, at which point they become statutory plans.

4.0 Recommendation

4.1 The Board is asked to note our improvements in river basin management planning and advise on how best to communicate this work during the process that will update River Basin Management Plans.

David Baxter
Deputy Director, Water Framework Directive

22 May 2014
FOR APPROVAL
Recommendations

The Board is asked to:

1 Approve, as the formally constituted Internal Drainage Boards for the Internal Drainage Districts, the annual accounts and the governance statements for the year ending 31 March 2014.

2 Authorise Dr Paul Leinster (as Responsible Financial Officer) and Lord Smith (as Chair of the meeting) to sign the annual return for the eight Internal Drainage Districts on behalf of the Board.

3 Note the progress on transferring the flood risk management to local communities and the divesting of the Environment Agency responsibilities relating to the running of Internal Drainage Boards in the South East.

4 Note the risks and comment on the current recommendations for the next steps: 
a) approve the making of a Scheme or Schemes for the abolition of the River Adur, River Arun, South-West Sussex, East of Gravesend and West of Gravesend Internal Drainage Districts 
b) authorise the formal legal “sealing” of the Scheme or Schemes and for submission to the Secretary of State for confirmation.

1.0 Introduction

1.1 The Environment Agency currently administers eight Internal Drainage Districts in Southern England. These Districts are separate legal entities which have their own budgets, reporting arrangements and separate audit requirements. There is a local Environment Agency management board which oversees routine operational, financial and governance issues, prior to reporting to the Board.

1.2 As a result of the Flood and Water Management Act 2010 the Southern Regional Flood and Coastal Committee (SRFCC) no longer have powers to act as the Board of the IDDs and this duty falls to the Environment Agency Board. The Environment Agency Board members are now asked to sit formally as the Board of the individual IDDs to consider the accounts and the future management recommendations.
1.3 This paper presents the annual accounts and governance statements for the approval of the Board as set out in Sections 3 to 5 and appendices 2 to 4.

1.4 Following consultation the preferred options for the future management of the IDDs are presented for approval in section 2 with the project risks set out in appendix 1.

2.0 Future arrangements for the management of the IDDs

2.1 In May 2012, the Board noted that:
• as with the Anglian Region administered IDDs, the Environment Agency Directors have confirmed the decision “To divest the Environment Agency from its responsibilities regarding the running of the Environment Agency administered IDDs in West Sussex, East Sussex and Kent as swiftly as possible” and
• the Board would be presented with preferred options on completion of consultation with the objective of having a speedy but orderly transition to new arrangements”.

2.2 Since June 2012, we have been engaging with key stakeholders with the aim of achieving a consensus on the preferred future management arrangements for the IDDs. Officer Steering Groups were formed for each County in 2013 to further investigate and make recommendations on the options.

2.3 The RFCC has been updated on progress at every meeting and asked to advise on specific issues.

2.4 Options consulted upon were:
• Option 1: Communities or other suitable organisations set-up a new independent IDB to take over some or all of the interests of the existing IDD;
• Option 2: No new IDD. Responsibilities for ex IDD watercourses and structures revert to riparian landowners with district and borough councils having permissive powers to undertake maintenance;
• Option 3: Communities and other interested parties work in partnership to establish alternative arrangements outside the statutory IDD regime laid down in the Land Drainage Act 1991.

2.5 Taking into account the views of all stakeholders, including Defra, as well as the risks to the Environment Agency (Appendix 1), it is recommended that:

In West Sussex
We progress Option 2 as approved by the majority of the Steering Group and to date 4 out of 5 District Council by
• drafting a scheme to dissolve the 3 existing IDDs for submission to Defra by 30 September 2014. Subject to there being no delays due to objections, the IDDs should be dissolved following the legal process by 30 September 2015.

In East Sussex
We promote Option 1 by:
• supporting negotiations led by the local authorities to agree by 31 March 2015 a new IDB for East Sussex that will secure the future of the internationally important designated sites on the Pevensey Levels;
• drafting a scheme to dissolve the 3 existing IDDs and (if agreed by local authorities) put in place one new IDD and IDB for East Sussex. The scheme should be submitted to Defra by 30 June 2015 for implementation following the legal process by 31 March 2016.

In Kent
We progress Option 2 for the West of Gravesend IDD and Option 1 for the East of Gravesend IDD (as recommended by the Steering Group) by:

- drafting a scheme to dissolve the existing West of Gravesend IDD for submission to Defra by 30 September 2014. Subject to there being no delays due to objections, the IDD should be dissolved following the legal process by 31 March 2015;
- drafting a scheme to dissolve the existing and put in place a new IDD and IDB for East of Gravesend. The scheme should be submitted to Defra by 31 December 2014 for implementation following the legal process by 30 September 2015.

2.6 The Board are therefore asked to:

- approve the making of a Scheme or Schemes for the abolition of the River Adur, River Arun, South-West Sussex, East of Gravesend and West of Gravesend Internal Drainage Districts
- authorise the formal legal “sealing” of the Scheme or Schemes and for proceeding with the steps necessary to submit the same to the Secretary of State for confirmation.

3.0 Annual Accounts for 2013/14

3.1 The Internal Drainage Board accounts are prepared under Accounts and Audit Regulations for small public sector bodies. They must be approved by the Board prior to submission to the Audit Commission appointed auditors on or before 30 June 2014. The appointed date for the 2014 accounts, set by the auditors, is 9 June.

3.2 The full accounts are available for review at Guildbourne House, Worthing. Copies can be provided to members on request.

3.3 The IDBs taken together raise £1 million locally; these IDBs contribute £393k by way of a precept to the Environment Agency to fund the work of the Environment Agency on main rivers that benefits land drainage and flood risk management in the IDD. The remaining sum is spent on land drainage activities in the Internal Drainage Districts.

3.4 The IDBs aim to match income with expenditure each year. Inevitably changes occur, primarily dependent on weather conditions and natural events such as speed and density of weed growth. There is provision for the IDB to carry balances over the year end so that any surpluses can be used for work in the following year. Similarly any emergency needs or unforeseen events can be acted upon and any deficit carried forward and adjusted the following year. Balances are taken into account when drainage rates and special levies are set.

3.5 Income comprises drainage rates on riparian landowners and special levies on district councils. In 2013/14 97% of budgeted income was collected. Outstanding debts are being pursued to ascertain reasons for non payment through the Financial Services Centre (FSC). In some cases non payment relates to queries over land ownership which requires the reissuing of some invoices to prompt final payment.

3.6 A brief summary of operational issues and the resulting financial outcomes for each IDD are set out in Appendix 2. The financial accounts are presented in Appendix 4. The accounts for all IDDs include increased administration and supervisory costs in 2014, to recognise the time spent on supporting the IDDs. Whilst this has been managed in most cases within the income raised, in a number of IDDs this does give rise to a small deficit for the year. However, all IDDs are in surplus when reserves are taken into account.
3.7 The annual governance statement which needs to be signed on behalf of the Board is presented in Appendix 3. For the purposes of the governance statement, the Agency standard procedures provide appropriate assurance that there is a sound system of internal control. This is now supplemented by an operational and governance board which meets quarterly and has a dedicated focus on the governance issues on IDD matters and maintains a discrete risk register (see appendix 3(ii)).

3.8 The matters raised by the internal auditors were reported in the last year’s report to the Board. They drew attention to two matters; that asset registers were not complete and that there was insufficient evidence of risk management process. Both of these matters have been resolved during the year. However the external auditors referenced these matters in their own report and as a result the Audit Commission took these as technical qualifications. These previous matters are noted in Appendix 3(i).

3.9 The accounts have been reviewed by Internal Audit and they have issued a draft report which is in the process of being presented to Directors. In this they note that action has been taken in response to the two points that they raised last year, a more visible approach to risk management and completion of asset registers, and there are no further actions required on these points.

3.10 They are able therefore to sign off positively on all of the ten control objectives as required in the Annual Return. In relation to two of the control objectives they have raised areas for improvement as follows;

- Objective B – Financial regulations have been met.
  They note a lack of description on some records of transactions relating to plant costs and some minor errors in relation to time sheets where time has been recorded to incident codes rather than to IDD codes.

- Objective H – Asset registers are complete and accurate
  They note that asset inspections which were due to be completed in Q4 2013/14 were delayed due to the flooding incident. These are planned to be completed by the end of May.

4.0 Risk Management

4.1 Risk management within the IDDs is addressed through the quarterly management board discussions and through the future management project.

4.2 The project to transfer IDD responsibilities and dissolve the IDDs maintains a separate risk register addressing the particular risks caused by the project work and those that may occur as the Environment Agency ceases to administer the IDDs. The key risks are detailed in Appendix 1.

4.3 The IDD management board maintains a risk register of issues that relate to the routine operational, financial and legal issues. A summary risk register is attached as Appendix 3(ii).

5.0 Reserves

5.1 The difference in the amount raised and spent in a financial year is taken to the IDD reserve. If the IDD spends less than it raises the reserves increase, spending more means reserves decrease. The balance provides the ability to absorb unexpected costs.
5.2 The reserve balance for each IDD is shown in the commentary in Appendix 1. In two cases, River Arun and South West Sussex, the balance is high in relation to the expenditure risks. The Pevensey IDD, which started the year with a negative reserve, has been returned to surplus, through close management of expenditure levels.

5.3 Any balance remaining at dissolution will be available to contribute towards transitional costs, be passed onto a new IDB or be returned to the original levy payers.

6.0 Regional Flood and Coastal Committee comments

6.1 Whilst the SRFCC has no formal role now in the management of the IDDs, they are asked to provide comments and advice to the Board in relation to the budget setting process and the ongoing management.

6.2 The draft 2013/14 accounts of each of the IDBs managed by the Agency in the South East have been circulated to members of the RFCC.

6.3 The RFCC have also been appraised of the process and recommendations in relation to the future management of the IDDs.

6.4 At present there are no additional comments for the Board.

7.0 Recommendation

7.1 Members of the Environment Agency Board formally constituted as the Internal Drainage Boards for the Internal Drainage Districts approves the annual accounts and governance statements for the year ending 31 March 2014.

7.2 The Board authorises Dr Paul Leinster and Lord Smith to sign the annual return for the eight Internal Drainage Districts on behalf of the Board.

7.3 The Board endorses the current recommendation on the approach to transferring the flood risk management to local communities and divesting the Environment Agency of responsibilities in Internal Drainage Boards in the South East.

7.4 The Board:
   • approves the making of a Scheme or Schemes for the abolition of the River Adur, River Arun, South-West Sussex, East of Gravesend and West of Gravesend Internal Drainage Districts
   • authorise the formal legal “sealing” of the Scheme or Schemes and submission to the Secretary of State for confirmation.
Future of the Environment Agency IDDs - Project Risks

1 Future liabilities for pumping stations.

1.1 The Environment Agency currently operates 20 IDD pumping stations in 4 IDDs in Sussex at a cost of approximately £100k pa revenue and £100k pa capital. Of the 20 pumps, 7 sit on land owned by the riparian landowner whilst 13 (including all 8 in Pevensey levels IDD) sit on land owned by the Environment Agency.

1.2 Ideally we would transfer the pumping stations to a new IDB, or where there is no new IDB to the riparian landowner. However, where no new operator can be found there are potential liabilities for the Environment Agency in turning off the pumps (up to £250kpa) both as a statutory body and as a landowner if our action causes damage to our neighbours.

1.3 In order to manage this risk we will:
- follow the Maintenance Protocol in offering landowners the opportunity to buy and operate the pumping stations themselves;
- seek counsel’s advice to assess how likely this risk is to materialise on the current state of law;
- make provision in FCRM GiA (as a statutory responsibility) to fund the continued operation of the pumping stations in the short-term pending more cost-effective solutions to reduce or eliminate pumping station liabilities.
- confirm the process to be followed in the transfer, sale or leasing of IDB assets.

2 Objections raised during the statutory process

2.1 Any objections raised during the statutory process could lead to a public enquiry which would not only delay/prevent dissolution but also increase costs. Our engagement has shown that we are unlikely to achieve total consensus with:
- some local authorities likely to object to proposals for a new IDD;
- individual landowners, NFU and CLA likely to object to no new IDD and
- conservation bodies likely to object to any change from existing arrangements.
Grounds for objections include: increased financial burden on agricultural landowners, flood risk in the River Adur IDD and the risk to the internationally important designated sites in the River Arun and Pevensey Levels IDDs.

2.2 In order to manage this risk we will:
- Continue to promote and gain consensus for the Options agreed by the majority of stakeholders.
- Arrange meetings between Defra, the local authority Chief Executives, NFU and CLA.
- Work with Defra and DCLG to ensure no council/council tax payers are significantly better or worse off following the transition to alternative arrangements (with or without a new IDD);
- Work with local authorities, landowners, Natural England and other conservation bodies to endure risks to designated sites are managed (with or without a new IDD);
- Offer to ensure:
  - Support landowners to explore catchment based solutions through facilitating discussions between landowners and risk management authorities. These discussions should allow those impacted by the decision to dissolve the IDB, discuss how the catchment should be managed and agree a way forward.
  - Run depot open days to explain rights and responsibilities.
  - Support development of farmer co-operatives and help look for sources of funding to do this.
Work with Natural England to ensure agri-environment schemes can support
the land management change;

- Seek to justify the enmainment of watercourses where there is a significant increase
  in risk to flooding of residential properties. If there is insufficient justification, help the
  local community find an alternative solution.

3 Unable to agree suitable alternative arrangements for Pevensey Levels
preventing dissolution

3.1 In order to ensure that the Secretary of State can approve dissolution and that
Habitats Regulations are met, we may need to advise on how suitable alternative
arrangements could be put in place.

3.2 Natural England is reviewing the Water Level Management Plan by 31 October 2014
to ensure the current plan will deliver objectives sustainably.

3.3 It is unlikely that local authorities will support a new IDD unless the costs to the
authorities (in particular of protecting the internationally important designated sites)
are significantly reduced.

3.4 If there is no new IDD there is a risk that the habitat would not be maintained and the
responsibility for that is still being considered. Current maintenance spend is £150k
per annum.

3.5 In order to manage this risk we will:

- Subject to the Secretary of State’s support, revise the programme to allow the review
  of the Water Level Management Plan to be completed before making the decision on
  which Option to propose to Defra;
- Seek counsel’s advice on our potential liabilities should alternative arrangements to
  protect the designated sites not be in place when the existing IDD is dissolved.

4 Objections raised to rates and levies raised for 2014/15 and 2015/16

4.1 There is a risk of challenge to our continued management of IDDs and setting of
budgets and levies from either local authorities or our external auditors. New audit
arrangements will increase costs and scrutiny from 1 April 2015 but may be
necessary if the existing IDDs are not dissolved by 31 March 2015.

4.2 In order to manage this risk we will:

- With the support of Defra, negotiate agreement with local authorities (via a
  memorandum of understanding) to raising the rates and levies for 2015/16 as a
  condition of extending the deadline for dissolution.
Summary of IDB Financial Performance and Reasons for Variances in Accounts

River Adur IDB (Deficit £44k in 2013/14)

All maintenance work was completed on time and to budget. There were no significant operational issues as a result of the adverse weather although pumps were running for longer. Temporary pumps were installed at Annington pumping station to reduce the risk of flooding to properties in Bramber.

Balances were reduced from £45,767 to £1,445 with no anticipated issues during the final year of operation.

River Arun IDB (Surplus £16k in 2013/14)

The maintenance programme was impacted by the weather over the winter months and we were unable to maintain some watercourses. Pumping stations at Hardham, Houghton and Greatham were completely submerged during the widespread flooding in the Arun valley. Estimated repair costs are £10-15,000 each and we are in discussions with the landowners about repairing these or decommissioning them before the IDD is dissolved.

We have also been in discussion with the District Council and Arundel Town Council about undertaking additional maintenance on IDD ditches around Arundel to improve drainage and reduce the risk of flooding to the town. This additional work will be completed during summer 2014.

Balances increase from £105,609 to £121,332. We will be using this money to undertake additional maintenance around Arundel and to fix or decommission the pumping stations.

South West Sussex IDB (Surplus £39k in 2013/14)

The routine maintenance programme was completed on time and for less money than anticipated. We have been in discussion with the District council about undertaking additional work on ditches as a result of the flooding in June 2012 and the winters of 2012/13 and 2013/14. This additional work will be completed during 2014.

Balances increased from £52,520 to £91,919. We will be using this money to undertake the additional work around Bognor Regis and surrounding area.

Pevensley (Surplus £11k in 2013/14)

The routine maintenance was completed on time and on budget. There were no significant operational issues as a result of the adverse weather during the winter although pumping costs were generally high.

Balances increased from £(9,255) to £1,266.
Ouse (Deficit £17k in 2013/14)

The routine maintenance was completed on time and on budget. There were no significant operational issues as a result of the adverse weather during the winter although pumping costs were generally high.

Balances decreased from £20,450 to £3,583

Cuckmere IDB (Surplus of £5k in 2013/14)

The routine maintenance was completed on time and for less money than anticipated. There were no significant operational issues as a result of the adverse weather during the winter.

Balances increased from £7,671 to £13,104

East of Gravesend (Surplus £16k in 2013/14)

The floods over December and January diverted resources to manage and respond to the incident across Kent and South London. Desilting operations were programmed to be carried out in the last two quarters of the year. However, with limited resource and poor ground conditions, we have reprogrammed the works for 2014/15.

Balances increased from £1,592 to £17,696

West of Gravesend (Surplus £7k in 2013/14)

The extremely wet weather created poor ground conditions and stopped desilting works on Crayford Triangle. This work had been reprogrammed for 2014/15.

Balances increased from £7,535 to £14,258
### Summary of key governance statements - Section 2 of the annual return

<table>
<thead>
<tr>
<th>Requirement</th>
<th>How completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices. Accounts prepared in accordance with the regulations and presented for approval on 22nd May 2014.</td>
</tr>
<tr>
<td>2</td>
<td>We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness. Financial records managed as part of the EA own Financial Management Standards. Quarterly Management meetings review expenditure. Internal Audit review of transactions completed.</td>
</tr>
<tr>
<td>3</td>
<td>We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the board to conduct its business or on its finances. Monitoring carried out within the delivery teams to ensure that all relevant legislative requirements are met. Local management boards review performance and compliance.</td>
</tr>
<tr>
<td>4</td>
<td>We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations. Notices issued to confirm the availability of accounts for public inspection in accordance with auditors requirements.</td>
</tr>
<tr>
<td>5</td>
<td>We assessed the risks facing the board and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. As the operations are conducted under the umbrella of the EA, normal local and national risk management procedures followed. Particular risks are assessed at the local management boards and are reported annually to the EA Board. Risk registers are reported in Appendix 3(ii)</td>
</tr>
<tr>
<td>6</td>
<td>We maintained throughout the year an adequate and effective system of internal audit of the board's accounting records and control systems. Internal audit have reviewed the accounts and reported.</td>
</tr>
<tr>
<td>7</td>
<td>We took appropriate action on all matters raised in reports from internal and external audit. See separate table from previous years in Appendix 3 (i).</td>
</tr>
<tr>
<td>8</td>
<td>We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the board and where appropriate included them in the accounting statements. All relevant and known factors have been disclosed and/or included in the financial statements.</td>
</tr>
</tbody>
</table>
Items noted in the 2012/13 audit reports.

As previously highlighted the 2012/13 accounts for all the IDDs contained two matters of non compliance following the Internal Audit review. These two points were referenced by the external auditors (Littlejohn & Co) and this constituted a technical qualification in the view of the National Audit Office. Other than the reference to the Internal Audit comments there were no other matters raised by the external auditors.

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Items noted</th>
<th>Action</th>
</tr>
</thead>
</table>
| East of Gravesend   | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| West of Gravesend   | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| Cuckmure            | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| River Adur          | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| River Arun          | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| River Ouse          | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| South West Sussex   | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
| Pevensey levels     | i) No evidence of risk assessment.  
                       | ii) Incomplete asset registers.                                      | Risk registers now in operation and reported to Board.  
                       |                              | Asset registers in place. | |
## Internal Drainage Board (IDB) Summary Risk Register

<table>
<thead>
<tr>
<th>Risk</th>
<th>Impact</th>
<th>Likelihood</th>
<th>Consequence</th>
<th>Control Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Safety</td>
<td>High</td>
<td>Low</td>
<td>• Injury to operation delivery staff</td>
<td>• Health and Safety plans in existence</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Health and Safety inspections</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Comprehensive Health, Safety and Welfare procedures.</td>
</tr>
<tr>
<td>Reputation</td>
<td>High</td>
<td>Low</td>
<td>• Adverse publicity within the media</td>
<td>• Suitable IDB Boards in place</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• External scrutiny checks in place</td>
</tr>
<tr>
<td>Financial – risk of overspend</td>
<td>High</td>
<td>Low</td>
<td>• Insufficient funds to carry out works</td>
<td>• Quarterly mgmt meetings to review financial and operational performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Deficit arises</td>
<td>• Plan and forecast all expenditure</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Maintain balances</td>
</tr>
<tr>
<td>Insurance- Physical assets, employees and third party</td>
<td>Medium</td>
<td>Low</td>
<td>• Legal and liability for these risks.</td>
<td>• Up to date register of assets and investments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Regular maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Annual review of risk and adequacy of cover</td>
</tr>
<tr>
<td>Economic- Public money being well spent</td>
<td>Medium</td>
<td>Medium</td>
<td>• Public money being unwisely spent.</td>
<td>• Internal Annual returns.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Not being able to deliver the activity or services expected of the board.</td>
<td>• External audit – Stewardship of public resources. Providing assurance that</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>public money has been properly spent.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Regular scrutiny of finances and approval arrangements for expenditure</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Test specific internal controls and report findings to management</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Monitor performance against agreed standards.</td>
</tr>
<tr>
<td>Legal – Not complying with legal rules</td>
<td>Medium</td>
<td>Low</td>
<td>• Legal liability as a consequence of asset ownership</td>
<td>• Regular maintenance arrangement for physical assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Legal liability as an employer.</td>
<td>• Robust asset management planning and process.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Review of internal controls in place and their documentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Review of ‘minutes’ to ensure legal powers in place, correctly recorded</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>and applied.</td>
</tr>
<tr>
<td>Statutory</td>
<td>Medium</td>
<td>Low</td>
<td>• IDB in breach of law.</td>
<td>• Risk based accountability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Self-certification – best practice</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Keeping financial records in accordance with statutory requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Ensuring business activities are within legal powers applicable to IDBs.</td>
</tr>
<tr>
<td>Environmental</td>
<td>Low</td>
<td>Low</td>
<td>• Eel Regulations affect working arrangements</td>
<td>• Consultation with EM teams.</td>
</tr>
<tr>
<td>Operational - East of Gravesend IDD</td>
<td>High</td>
<td>High</td>
<td>• No land drainage for a large area of arable land for over 12 months.</td>
<td>• The East of Gravesend IDB has served notice on Network Rail to repair the</td>
</tr>
<tr>
<td>Shorne Marshes Network Rail culvert collapse under</td>
<td>Medium</td>
<td>Medium</td>
<td>Flooding was exacerbated in 2013 due to the heavy rain over the Christmas and</td>
<td>culvert and have agreed a deadline for completion. Network Rail has asked to</td>
</tr>
<tr>
<td>railway line. Reputational risk if culvert not</td>
<td>Low</td>
<td>Low</td>
<td>New Year period.</td>
<td>extend the notice period. IDB is waiting for further information from NR to</td>
</tr>
<tr>
<td>repaired. Risk of unpaid drainage rates</td>
<td></td>
<td></td>
<td>Rate payers may withhold drainage rates.</td>
<td>negotiate notice period.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Network Rail installed temporary pumps to lower water levels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• IDB (EA) to pursue culvert repairs with Network Rail and ensure completion</td>
</tr>
<tr>
<td>Financial – managing within budgets and balances</td>
<td>High</td>
<td>Low</td>
<td></td>
<td>• The East of Gravesend IDB has served notice on Network Rail to repair the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>culvert and have agreed a deadline for completion. Network Rail has asked to</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>extend the notice period. IDB is waiting for further information from NR to</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>negotiate notice period.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>• Network Rail installed temporary pumps to lower water levels.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• IDB (EA) to pursue culvert repairs with Network Rail and ensure completion</td>
</tr>
</tbody>
</table>

*Appendix 3(ii)*
## Appendix 4

**RIVER ADUR INTERNAL DRAINAGE BOARD**

**COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
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<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levy on District Councils</td>
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<td>Drainage Rates on Agricultural Land</td>
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<td>Upland Water Contribution</td>
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<td><strong>Surplus/(Deficit)</strong></td>
<td>(44,322)</td>
<td>(22,471)</td>
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</table>
RIVER ADUR INTERNAL DRAINAGE BOARD

BALANCE SHEET AS AT 31 MARCH 2013

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<tr>
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<tr>
<td>- Environment Agency - Southern</td>
<td>1,445</td>
<td>45,767</td>
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<tr>
<td></td>
<td>1,445</td>
<td>45,767</td>
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<tr>
<td>Liabilities and Fund Surpluses</td>
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<td></td>
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<tr>
<td>- Combined Owners and Occupiers Account</td>
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<td>45,767</td>
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<td>45,767</td>
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<td>£</td>
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<tr>
<td><strong>Income</strong></td>
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<tr>
<td>Levy on District Councils</td>
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<td>Drainage Rates on Agricultural Land</td>
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<td>82,176</td>
<td>103,429</td>
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| **Surplus/(Deficit)**    | 15,723| (2,907)
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<td>£</td>
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<tr>
<td>Debtors</td>
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<td>Ratepayers Rates Account</td>
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<td>Environment Agency - Southern</td>
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<td><strong>Total Debtors</strong></td>
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<td>Combined Owners and Occupiers Account</td>
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<td><strong>Total Liabilities and Fund Surpluses</strong></td>
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### SOUTH WEST SUSSEX INTERNAL DRAINAGE BOARD

### COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014

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<td>9,141</td>
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<td><strong>Total Income</strong></td>
<td>136,177</td>
<td>137,844</td>
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<td>27,954</td>
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**SOUTH WEST SUSSEX INTERNAL DRAINAGE BOARD**

**BALANCE SHEET AS AT 31 MARCH 2013**

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</thead>
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</tr>
<tr>
<td>- Ratepayers Rates Account</td>
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<td>0</td>
</tr>
<tr>
<td>- Drainage Board Combined Reserve</td>
<td>91,919</td>
<td>52,520</td>
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<tr>
<td><strong>Total Debtors</strong></td>
<td>91,919</td>
<td>52,520</td>
</tr>
<tr>
<td><strong>Liabilities and Fund Surpluses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>91,919</td>
<td>52,520</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Surpluses</strong></td>
<td>91,919</td>
<td>52,520</td>
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### PEVENSEY LEVELS INTERNAL DRAINAGE BOARD

### COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014

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<tbody>
<tr>
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<td>Upland Water Contribution/ EA Grant</td>
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<td>318,171</td>
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<td><strong>Surplus/(Deficit)</strong></td>
<td>10,521</td>
<td>39,278</td>
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### BALANCE SHEET AS AT 31 MARCH 2013

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<td>£</td>
<td>£</td>
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<tr>
<td><strong>Debtors</strong></td>
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<tr>
<td>- Ratepayers Rates Account</td>
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<tr>
<td>- Drainage Board Combined Reserve</td>
<td>1,266</td>
<td>(9,255)</td>
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<tr>
<td></td>
<td>1,266</td>
<td>(9,255)</td>
</tr>
<tr>
<td><strong>Liabilities and Fund Surpluses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>1,266</td>
<td>(9,255)</td>
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<td>1,266</td>
<td>(9,255)</td>
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</tbody>
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RIVER OUSE INTERNAL DRAINAGE BOARD

COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014

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<th>2014</th>
<th>2013</th>
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</thead>
<tbody>
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<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income</td>
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<tr>
<td>Levy on District Councils</td>
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<td>17,880</td>
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<td>Total Income</td>
<td>172,087</td>
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<td>14,562</td>
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<td>58,353</td>
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<td>Total Expenditure</td>
<td>188,954</td>
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<td>Surplus/(Deficit)</td>
<td>(16,867)</td>
<td>14,884</td>
</tr>
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### RIVER OUSE INTERNAL DRAINAGE BOARD

**BALANCE SHEET AS AT 31 MARCH 2013**

<table>
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<tr>
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<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Debtors</strong></td>
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</tr>
<tr>
<td>- Ratepayers Rates Account</td>
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</tr>
<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>3,583</td>
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<tr>
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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Drainage Board Combined Reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>3,583</td>
<td>20,450</td>
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<td>3,583</td>
<td>20,450</td>
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RIVER CUCKMERE INTERNAL DRAINAGE BOARD

COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014

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<th>2013</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income</td>
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<td>Levy on District Councils</td>
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<td>Drainage Rates on Agricultural Land</td>
<td>4,525</td>
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<td>Upland Water Contribution</td>
<td>3,000</td>
<td>3,000</td>
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<td><strong>Total Income</strong></td>
<td><strong>11,339</strong></td>
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<tr>
<td>Surplus/(Deficit)</td>
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<td><strong>1,579</strong></td>
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RIVER CUCKMERE INTERNAL DRAINAGE BOARD

BALANCE SHEET AS AT 31 MARCH 2013

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<th>2013</th>
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<td><strong>Debtors</strong></td>
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<tr>
<td>- Ratepayers Rates Account</td>
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<tr>
<td>- Environment Agency - Southern</td>
<td>13,104</td>
<td>7,671</td>
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<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>13,104</td>
<td>7,671</td>
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</table>

<p>| | | |</p>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>13,104</td>
<td>7,671</td>
</tr>
</tbody>
</table>
## EAST OF GRAVESEND - COMMISSIONERS OF SEWERS

### COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014

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<th>2014</th>
<th>2013</th>
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<td>£</td>
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<tr>
<td><strong>Income</strong></td>
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<tr>
<td>Levy on District Councils</td>
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<td>Drainage Rates on Agricultural Land</td>
<td>8,794</td>
<td>7,719</td>
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<td>Upland Water Contribution</td>
<td>6,920</td>
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<td><strong>Total Income</strong></td>
<td>97,595</td>
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<td>30,000</td>
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<tr>
<td>Administration and Technical Services</td>
<td>4,640</td>
<td>3,750</td>
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<tr>
<td>Other</td>
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<td>46,858</td>
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<td><strong>Surplus/(Deficit)</strong></td>
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<td>2,269</td>
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## EAST OF GRAVESEND - COMMISSIONERS OF SEWERS

### BALANCE SHEET AS AT 31 MARCH 2013

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<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ratepayers Rates Account</td>
<td>0</td>
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</tr>
<tr>
<td>- Environment Agency - Southern</td>
<td>17,696</td>
<td>1,592</td>
</tr>
<tr>
<td></td>
<td>17,696</td>
<td>1,592</td>
</tr>
<tr>
<td>Liabilities and Fund Surpluses</td>
<td></td>
<td></td>
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<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>17,696</td>
<td>1,592</td>
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<td>1,592</td>
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WEST OF GRAVESEND - COMMISSIONERS OF SEWERS

COMBINED OWNERS AND OCCUPIERS ACCOUNT FOR YEAR ENDED 31 MARCH 2014

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<th>2013</th>
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<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Income</td>
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</tr>
<tr>
<td>Levy on District Councils</td>
<td>137,604</td>
<td>133,920</td>
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<td>Drainage Rates on Agricultural Land</td>
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<td>Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance Works</td>
<td>555</td>
<td>160</td>
</tr>
<tr>
<td>Administration and Technical Services</td>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>1,939</td>
<td>2,236</td>
</tr>
<tr>
<td>Precept</td>
<td>127,971</td>
<td>127,971</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>130,565</td>
<td>130,387</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>6,723</td>
<td>3,697</td>
</tr>
</tbody>
</table>

Page 1
WEST OF GRAVESEND - COMMISSIONERS OF SEWERS

BALANCE SHEET AS AT 31 MARCH 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Debtors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ratepayers Rates Account</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Environment Agency - Southern</td>
<td>14,258</td>
<td>7,535</td>
</tr>
<tr>
<td><strong>Total Debtors</strong></td>
<td>14,258</td>
<td>7,535</td>
</tr>
<tr>
<td><strong>Liabilities and Fund Surpluses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Combined Owners and Occupiers Account</td>
<td>14,258</td>
<td>7,535</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Surpluses</strong></td>
<td>14,258</td>
<td>7,535</td>
</tr>
</tbody>
</table>
Paper by: Executive Director of Finance

Subject: Corporate Performance Report March 2014

FOR COMMENT
Recommendations

Board members are asked to comment on:
- Corporate Scorecard performance for 2013/14
- the actions indicated in the corporate scorecard report (Appendix 1)

1.0 Summary of Q4 performance and key issues

1.1 At year end 52% of our Corporate Scorecard measures were green.

<table>
<thead>
<tr>
<th>Measure status</th>
<th>Number / % of measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>11 (50%)</td>
</tr>
<tr>
<td>Amber</td>
<td>3 (14%)</td>
</tr>
<tr>
<td>Red</td>
<td>8 (36%)</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
</tr>
</tbody>
</table>

1.3 Measures in bold in the tables below are included in the five measures reported to Defra’s Supervisory Board.

2.0 Green measures

2.1 The table below highlights notable areas of good performance.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1d We improve and protect rivers and wetlands damaged by unsustainable abstractions</td>
<td>We have achieved a total of 68 ‘scheme decisions’ (investigations and options appraisals) against a cumulative target of 64 for 2013/14. We continue to work with licence holders to identify and negotiate a range of actions to help deliver the best environmental protection and improvements.</td>
</tr>
<tr>
<td>2.3b We create new areas of habitat</td>
<td>In 2013/14 we created 817 hectares of habitat against a target of 500 hectares. This is despite a slippage of the large scheme at Steart which is now due for completion in 2014/15.</td>
</tr>
<tr>
<td>2.5b We reduce the regulatory</td>
<td>We have achieved both our annual target of £247m and our</td>
</tr>
</tbody>
</table>
burden we place on business cumulative target for 2013/14 of £267m.

3.1.2a We reduce the risk from flooding for more households

In 2013/14 we reduced flood and coastal erosion risk to 40,500 households, working alongside other flood risk management authorities.

3.2a Environmental outcomes are delivered through joint working with local authorities and partnerships in prioritised places

Area teams have continued to make good progress in delivering the outcomes for their Priority Places, reflecting influencing work delivered in 2013/14 whilst strategic plans were being developed by Local Enterprise Partnerships (LEPs).

3.4c We maintain our navigation assets at or above required condition

87% of our navigation assets are at or above target condition against a target of 81%. We expect to meet our 2014/15 target of 80%.

2.4f We reduce the overall risk presented by illegal waste sites, targeting our efforts on the highest risk sites

We have reduced the number of high risk illegal waste sites by 10% this quarter, exceeding the target. The number of high risk sites was reduced to 272, 46 less than the previous quarter. We found 21 new high risk sites, 15 less than Q3.

4.2a More waste is fully recovered to the standards defined in the Quality Protocols, such that it is no longer classed as waste

The delivery of the Aggregates Quality Protocol has helped facilitate the diversion of over 20 million tonnes of waste from landfill against a target of 3.6 million tonnes.

5.5a We are more efficient

Organisational change programmes were completed in several of our support service directorates in 2010-11 and 2011-12, which resulted in savings of 32% (£111m) ahead of the profile set by Defra.

5.5b We manage our money to the highest standards

We invested £1.151bn on the environment in 2013-14, making full use of the grant-in-aid funding made available by Defra. Funding from charges income, including use of prior year carried forward balances, has been spent in-year on regulatory activity.

3.0 Red and amber measures

3.1 The table below does not include the bathing waters measure, which was reported in Q3 as amber. However, the insight report and commentary for this measure appears in the full scorecard report in order to show a complete picture of CSC performance for 2013/14.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Summary of performance explained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1a We reduce methane gas emissions from sites we regulate</td>
<td>AMBER</td>
</tr>
<tr>
<td>5.4a Performance in relation to the technical development framework</td>
<td>AMBER</td>
</tr>
</tbody>
</table>

In 2013/14 we completed 39 technical reviews at landfill gas sites, out of a target of 42 reviews. The three technical reviews we weren’t able to complete this year were due to staffing pressures caused by incident response to the winter flooding.

89% of staff have reached or exceeded the target level of capability within the technical development framework (TDF), an improvement on 83% in 2012/13. The five teams whose TDF score reduced over the year have actions in place to improve
2.1a We work with others to improve the quality of surface waters, groundwaters, coastal waters and wetlands

RED

1,994 water bodies are at good or better ecological status or potential. In 2009, we reported that 26% of England's waters met 'good' status. We agreed targets and measures in the river basin management plans that aimed to improve this to 32% by the end of 2015 (to be reported in 2016). The latest classification results from 2013 show a slight decline to 25%. This decline is not statistically significant.

Through increased monitoring of the water environment, we have increased the chances of seeing failures, particularly when the monitoring has been targeted in waters where we were uncertain about a classification of good.

2.3c We improve the status of salmon fisheries

RED

We are 6 rivers short of our target of 31 rivers where salmon are 'not at risk' and the number of failing rivers in England is 6 more than last year.

2013/14 was a poor year for salmon stocks in England. Grilse (salmon that have spent one winter at sea) have fared particularly badly this year. This may be due to weather related factors at sea causing poor survival.

2.4a We improve business compliance

RED

There has been an increase from 159 to 182 in the number of permitted sites which have poor compliance (in the lowest three compliance bands of the OPRA scoring system) for two or more years. This represents 3.8% of all permitted sites. 35 of these sites have exhibited poor performance for five years in a row.

2.4b We reduce serious and significant pollution incidents

RED

Category 1 and 2 pollution incidents have risen again this quarter to 637 from 532 in 2012/13 (reported as a rolling 12 month total). Serious and significant pollution incidents are now 44% above target and have risen steadily throughout the year. Incidents from regulated sources (276) have risen twice as fast in 2013/14 as those from non regulated sources (361) and now represent 43% of the total.

3.1.2c We maintain our flood and coastal risk management assets at or above required condition

RED

94% of our assets in high consequence systems (over 23,000 in number) are at or above required condition. This is against a target of 97%.

The Q4 condition of FCRM assets includes the results of 150,000 inspections carried out in partnership with the armed forces during February and March.

3.1.3a More households and businesses at high risk of flooding can receive direct warnings

RED

At the end of 2013-14, 57% of properties (964,000 in number) at highest flood risk in England can receive our direct warnings, against a target of 64%.

During 2013/14 we continued to encourage customers to register on FWD. Our flood awareness campaign in November and the prolonged winter flooding resulted in nearly 18,000 new customers registering.
These gains are being undermined by a wider trend in society of declining use of landline telephones. Our opt-out approach relies on obtaining landline numbers from telephony providers and registering these on FWD. Despite adding more customers thorough our campaign and the winter flooding we had a net reduction of nearly 59,000 properties registered on FWD as fewer properties have landlines.

5.4b We provide a safe place to work

RED

Over the 12 months from April to March 2014 there were a total of 47 lost time incidents (LTIs) compared to 37 the previous year. At the end of Q4 this equates to a 12 month rolling-average LTI Frequency Rate (LTIFR) of 0.24, an increase of 0.01 since Q3.

Field Operations teams have the highest incidence of LTIs.

Mark McLaughlin
Executive Director of Finance
# Corporate Scorecard 2013-14

## Act to reduce climate change and its consequences

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Units</th>
<th>Q4 Actual</th>
<th>Q4 Target</th>
<th>Q4 status</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1a</td>
<td>We reduce methane gas emissions from sites we regulate</td>
<td>Technical reviews</td>
<td>39</td>
<td>42</td>
<td>AMBER</td>
<td>2</td>
</tr>
<tr>
<td>1.3a</td>
<td>We reduce our carbon dioxide footprint</td>
<td>Tonnes of CO₂</td>
<td>47,900</td>
<td>42,100</td>
<td>RED</td>
<td>3</td>
</tr>
</tbody>
</table>

## Protect and improve water, land and air quality

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Units</th>
<th>Q4 Actual</th>
<th>Q4 Target</th>
<th>Q4 status</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1a</td>
<td>We work with others to improve the quality of surface waters, groundwaters, coastal waters and wetlands</td>
<td>Number of water bodies</td>
<td>1,994</td>
<td>2,370</td>
<td>RED</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2.1b</td>
<td>We improve the status of salmon fisheries</td>
<td>% meeting standards</td>
<td>90%</td>
<td>91%</td>
<td>AMBER</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.1d</td>
<td>We improve and protect rivers and wetlands damaged by unsustainable abstractions</td>
<td>No. of schemes</td>
<td>68</td>
<td>64</td>
<td>GREEN</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>2.3b</td>
<td>We create new areas of habitat</td>
<td>Hectares created</td>
<td>817</td>
<td>500</td>
<td>GREEN</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>2.3c</td>
<td>We improve the status of salmon fisheries</td>
<td>% of rivers not at risk</td>
<td>60%</td>
<td>73%</td>
<td>RED</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>2.4a</td>
<td>We improve business compliance</td>
<td>Poor compliance</td>
<td>182</td>
<td>124</td>
<td>RED</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>2.4b</td>
<td>We reduce serious and significant pollution incidents</td>
<td>Number of incidents</td>
<td>637</td>
<td>442</td>
<td>RED</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2.5b</td>
<td>We reduce the regulatory burden we place on business</td>
<td>£m cost savings</td>
<td>272</td>
<td>267</td>
<td>GREEN</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

## Work with people and communities to create better places

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Units</th>
<th>Q4 Actual</th>
<th>Q4 Target</th>
<th>Q4 status</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1.2a</td>
<td>We reduce the risk from flooding for more households</td>
<td>Households protected</td>
<td>144,649</td>
<td>145,000</td>
<td>GREEN</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>3.1.2c</td>
<td>We maintain our flood and coastal risk management assets at or above the required condition</td>
<td>% of assets</td>
<td>94%</td>
<td>97%</td>
<td>RED</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>3.1.3a</td>
<td>More households and businesses at high risk of flooding can receive direct warnings</td>
<td>% of properties</td>
<td>57%</td>
<td>64%</td>
<td>RED</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3.2a</td>
<td>Environmental outcomes are delivered through joint working with local authorities and partnerships in prioritised places</td>
<td>Priority places</td>
<td>Narrative update</td>
<td>Narrative update</td>
<td>GREEN</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>3.4c</td>
<td>We maintain our navigation assets at or above the required condition</td>
<td>% of assets</td>
<td>87%</td>
<td>81%</td>
<td>GREEN</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

## Work with businesses and other organisations to use resources wisely

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Units</th>
<th>Q4 Actual</th>
<th>Q4 Target</th>
<th>Q4 status</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4f</td>
<td>We reduce the overall risk presented by illegal waste sites, targeting our efforts on the highest risk sites</td>
<td>Number of sites</td>
<td>272</td>
<td>316</td>
<td>GREEN</td>
<td>17</td>
</tr>
<tr>
<td>4.2a</td>
<td>More waste is fully recovered to the standards defined in the Quality Protocols, such that it is no longer classed as waste</td>
<td>Tonnage diverted</td>
<td>20.3m</td>
<td>3.6m</td>
<td>GREEN</td>
<td>18</td>
</tr>
</tbody>
</table>

## Be the best we can

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Units</th>
<th>Q4 Actual</th>
<th>Q4 Target</th>
<th>Q4 status</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1b</td>
<td>We have a diverse workforce</td>
<td>% of staff BAME</td>
<td>3.9%</td>
<td>3.5%</td>
<td>GREEN</td>
<td>19</td>
</tr>
<tr>
<td>5.4a</td>
<td>Performance in relation to the technical development framework</td>
<td>% staff at target capability</td>
<td>89%</td>
<td>100%</td>
<td>AMBER</td>
<td>20</td>
</tr>
<tr>
<td>5.4b</td>
<td>We provide a safe place to work</td>
<td>LTI s per 100k hours worked</td>
<td>0.24</td>
<td>0.19</td>
<td>RED</td>
<td>21</td>
</tr>
<tr>
<td>5.5a</td>
<td>We are more efficient</td>
<td>£m admin spend</td>
<td>112</td>
<td>123</td>
<td>GREEN</td>
<td>22</td>
</tr>
<tr>
<td>5.5b</td>
<td>We manage our money to the highest standards</td>
<td>% spend to budget</td>
<td>100%</td>
<td>100%</td>
<td>GREEN</td>
<td>23</td>
</tr>
</tbody>
</table>

Measures in **bold** are reported quarterly to Defra’s Supervisory Board.
39 technical reviews at landfill gas sites

In 2013/14 we completed 39 technical reviews at landfill gas sites, out of a target of 42 reviews.

The three technical reviews we weren't able to complete this year were due to staff not being available as they were involved in incident response for the winter flood events.

The reduction in greenhouse gas emissions data from sites we regulate will be available in Q1 2014/15.
**1.3a We reduce our carbon dioxide footprint**

**Q4 2013-14**

Owner: Executive Director of Resources and Legal Services

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Ceiling</th>
<th>2014/15 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>47,900</td>
<td>42,100</td>
<td>?</td>
</tr>
</tbody>
</table>

**Performance explained**

We are at **114%** of our profiled national carbon dioxide target for the year.

Despite sustained flood incident response, we have achieved a reduction in our carbon dioxide emissions of 19% from the baseline year (2006/07) against a target of a 30% reduction overall, and a reduction of 8% on our emissions compared to last year (2012/13). It should be noted that 2012/13 had a very dry Q1 and a prolonged wet period during Q2, Q3 and Q4 resulting in significant weather related pumping across the country.

Our operational, liquid fuel consumption increased by 12% compared to last year, primarily due to diesel powered pumping in Somerset. The pumping operations in Somerset amounted to 1.5 million tonnes of water daily towards the end of the year. In Q4 alone in Wessex Area liquid fuel use resulted in more than 3,900 tonnes of carbon dioxide being emitted.

If we exclude our operational fuel use (of all kinds), our overall emissions from buildings and travel show a reduction of 32% against the baseline.

Our emissions from transport remain very similar to the previous year, whilst our emissions from buildings have decreased by 9%. Our buildings have now achieved an exemplary 43% reduction in carbon emissions from the baseline year 2006/07.

For 2014/15 we will progress a programme of carbon reduction projects with our ‘Mind the Gap’ funding to give us the highest probability of hitting the 2015 target. Our prediction for 2014/15 is of reasonable confidence in hitting our scorecard target for carbon if we have a pattern of weather conditions similar to that of our baseline year (relatively benign).

**CO₂ emissions (cumulative in year)**

We reduce our carbon dioxide footprint **1.3a**

Act to reduce climate change and its consequences

**Executive Director of Resources and Legal Services**

**Actions as a result of over or under performance**

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions on buildings, biodiesel and National Laboratory Service projects.</td>
<td>Executive Director of Resources and Legal Services</td>
<td>Mar-15</td>
</tr>
<tr>
<td>The Operations and FCRM Directorates continue to deliver their carbon savings plans, focussing on water level management issues to maximise the combined outcomes of flood risk management and operational efficiency / carbon reduction.</td>
<td>Executive Directors of FCRM and Operations</td>
<td>Mar-15</td>
</tr>
</tbody>
</table>
2.1a We work with others to improve the quality of surface waters, groundwaters, coastal waters and wetlands

Q4 2012-13

Owner: Executive Directors of Environment and Business and Operations

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>RED</td>
<td>1,994</td>
<td>2,370</td>
</tr>
</tbody>
</table>

Performance explained

1,994 water bodies are at good or better ecological status

1,994 water bodies are at good or better ecological status or potential. In 2009, we reported that 26% of England’s waters met 'good' status. We agreed targets and measures in the river basin management plans that aimed to improve this to 32% by the end of 2015 (to be reported in 2016). The latest classification results from 2013 show a slight decline to 25%. This decline is not statistically significant.

Through increased monitoring of the water environment, we have increased the chances of seeing failures, particularly when the monitoring has been targeted in waters where we were uncertain about a classification of good. The one-out, all-out rules for classification mean that the lowest quality element drives the overall classification.

In 2013-14 we have completed 464 projects to improve 1,209 water bodies. We predict that these projects will contribute to 36 additional water bodies reaching good status by 2015 and a further 285 in future cycles. We have identified cost beneficial measures for all catchments as part of planning for 2nd cycle River Basin Management Plans. Catchment coordinators continue to work with partners to embed the catchment based approach. We have 111 partnerships in 87 English catchments and 6 cross-border Welsh catchments. We have allocated funding to support 105 partnerships in 2013-14 and we expect most organisations to take up further funding this year.

We are confident that the work carried out to date by ourselves and with our partners will deliver significant environmental improvements but it will take longer than first thought to reach 32% of water bodies at good or better ecological status.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>We will consult on the draft river basin plans in summer 2014. Through this consultation with partners and stakeholders, decisions will be made on what England can afford to do relative to the environmental benefits.</td>
<td>Executive Director of E&amp;B</td>
<td>Summer 2014</td>
</tr>
</tbody>
</table>

**Protect and improve water, land and air quality**
2.1b The quality of bathing waters is getting better

In 2013 we had good weather during the bathing water season which led to good results. The use of 4 years’ data for the revised bathing water directive has smoothed the compliance response to the extremes of rainfall in 2012 and dry weather in 2013.

By comparison the like-for-like results for England-only are 88%, 90%, 88%, 90% of bathing waters at a sufficient standard for the years 2010 to 2013 respectively.

We are still on track to meet the target of 93% of bathing waters at sufficient class by 2015, unless extreme weather has further impact.

In 2014 and 2015 we will focus our efforts on the remaining 7% (30 waters) that we have judged will not achieve the sufficient standard unless we take further actions than those already planned. We are discussing options with Defra for these waters, including assessments of costs and benefits or technical infeasibility and local authority decisions to de-designate waters. A significant part of our effort in preparing for 2015 will be explaining the use of signs on failing beaches which will advise against bathing.

Performance explained

90% of bathing waters are at a sufficient standard

Percentage of bathing waters that have met a 'Sufficient' standard or above for revised Bathing Water Directive

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
<th>2014/15 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBER</td>
<td>90%</td>
<td>91%</td>
<td>✓</td>
</tr>
</tbody>
</table>

Actions as a result of over or under performance

We will focus our efforts on the bathing waters that are unlikely to reach the sufficient standard. We will discuss options with Defra and Local Authorities.

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Director of Operations and Director of Environment and Business</td>
<td>2014/15</td>
</tr>
</tbody>
</table>

Protect and improve water, land and air quality

Owners: Directors of Operations & Environment and Business
We improve and protect rivers and wetlands damaged by unsustainable abstractions

Q4 2013-14

Owner: Executive Directors of Environment and Business and Operations

**Status**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GREEN</td>
<td>68</td>
</tr>
</tbody>
</table>

**Performance explained**

25 RSA investigations and 14 options appraisals completed this quarter

We have achieved a total of 68 ‘scheme decisions’ (investigations and options appraisals) against a cumulative target of 64 for 2013/14.

We continue work with licence holders to identify and negotiate a range of actions to help deliver the best environmental protection and improvements. The ongoing investigations and options appraisals continue to progress RSA schemes to implementation.

**Progress with Implementation delivery actions**

As a result of previous RSA investigations and options appraisals 32 delivery actions have been achieved this quarter. We have received 16 voluntary licence changes and served notice to compulsorily change 16 licences. These changes will ultimately benefit rivers and wetlands at sites across the country.

We have achieved a total of 53 delivery actions against a target of 34 for 2013/14. This significant over-delivery was primarily because 26 licences on the River Wye were changed one year earlier than was previously planned.

**Number of RSA schemes investigated (cumulative)**

Please note, Wales did not contribute to past performance other than number of investigations in 2012/13 which has been reflected below

**Number of delivery actions achieved in England (cumulative)**

**Actions as a result of over or under performance**

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.3b We create new areas of habitat

Q4 2013-14

Owner: Executive Directors of Environment & Business and Operations

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>817</td>
<td>500</td>
</tr>
</tbody>
</table>

Performance explained

817 hectares of habitat created

In 2013/14 we created 817 hectares of habitat against a target of 500 hectares. This is despite a slippage of the large scheme at Steart which is now due for completion in 2014/15.

We have exceeded the target for habitat creation this year primarily due to creation of 100ha of freshwater habitat, as well as intertidal habitat creation, at the Medmerry scheme and have also made the most of the growing number of small habitat creation opportunities delivered through WFD and FCRM projects.

We are actively seeking to improve on the forecasting process for all habitat creation to enable us to predict delivery more accurately.

We expect to meet the 2014/15 target.

Actions as a result of over of under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on delivery of key schemes in place to enable us to meet the SR10 target</td>
<td>Executive Directors of FCRM and Operations</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
## 2.3c We improve the status of salmon fisheries

**Q4 2013-14**

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
<th>2014/15 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60%</td>
<td>73%</td>
<td></td>
</tr>
</tbody>
</table>

**Performance explained**

### 60% of rivers are outside the "at risk" category (25 out of 32)

2013/14 was a poor year for salmon stocks in England. Grilse (salmon that have spent one winter at sea) have fared particularly badly this year. This may be weather related factors at sea causing poor survival.

There was however, a comparatively better performance by salmon stocks that have spent more than one winter at sea.

We are 6 rivers short of our target of 31 rivers where salmon are "not at risk" and the number of failing rivers in England is 6 more than last year.

Measures taken under the Water Framework Directive to restore connectivity in rivers are helping, such as putting fish passes in place, removing barriers and improving water quality. We also have appropriate catch controls such as Net Limitation Orders and mandatory catch and release byelaws in place. However, the effects of a changing climate are likely to mean that meeting our target in future years will remain challenging.

However, our current modelling predicts that there will be 31 rivers outside the 'at risk' category by 2018 under current management measures (out of a total of 42 rivers). We are now implementing a 5 year England and Wales Salmon Implementation Plan agreed by Defra and Welsh Government last year as required by NASCO (North Atlantic Salmon Conservation Organisation).

### Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement the 2013-18 NASCO Salmon Implementation Plan - this details regulatory actions controlling both exploitation and aquaculture/stocking together with actions to improve and restore salmon habitat</td>
<td>Executive Director of E&amp;B</td>
<td>April 2014 (annual review)</td>
</tr>
<tr>
<td>As a subset of the above, apply the 'Decision Structure for developing fishing controls for salmon fisheries in England' to these salmon assessment results and take appropriate action</td>
<td>Executive Director of Operations</td>
<td>June 2014</td>
</tr>
</tbody>
</table>
2.4a We improve business compliance

Q4 2013-14
Owner: Executive Directors of Environment and Business and Operations

Status

Actual Target

RED 182 124

Performance explained

182 sites in bands D, E or F for two years or more

There has been an increase from 159 to 182 in the number of permitted sites which have poor compliance (in the lowest three compliance bands of the OPRA scoring system) for two or more years. 35 of these sites have exhibited poor performance for five years in a row.

In 2013 3.8% of permitted sites had poor compliance, an increase from 2.9% the previous year (see graph below). To some extent though, this increase reflects an overall improvement in our ability to identify and record non-compliance with permit conditions. We have streamlined our compliance classification scheme and are scoring non-compliances more consistently.

We now need to become more adept at identifying dips in performance early and taking corrective action to ensure poor performance does not become entrenched or habitual.

In order to achieve the target in 2014/15, we are putting in place a strategy which includes the following elements. We will:
- refuse permit applications from anyone we feel is likely to be unable to comply with the conditions
- ensure baseline compliance checks are made at all sites to identify problems
- take corrective action quickly, by increasing our use of enforcement notices and permit revocations
- allocate specific compliance improvement targets for individual sites to each of our area teams, and then actively monitor, review and re-focus regulatory effort in order to deliver these local outcomes

Number of sites in bands D, E or F for two years or more

Number of sites from baseline year (2010) still in bands D, E or F

Distribution of all sites across all Opra bands

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Put in place strategy to: refuse permit applications where we think the operator cannot comply with the conditions; identify problems earlier through compliance checks; and take corrective action earlier by increasing our use of enforcement notices and permit revocations</td>
<td>Executive Directors of Environment &amp; Business and Operations</td>
<td>Q1 2014/15</td>
</tr>
</tbody>
</table>
We have delivered 8 projects to help reduce the number of pollution incidents. We've worked in partnership to improve the equipment and guidance used by the Fire and Rescue Services, and understand the issues faced by the Highways Agency and the agricultural, construction and waste sectors. We've also investigated the root causes of fires at waste sites and the economics of pollution incidents. This will lead to legislative change in due course.

We have engaged with the water companies at Director level and required them all to submit action plans to improve their performance. We are starting to assess those plans and will review them with the companies in June and July 2014.

We have asked the sector group to consider what additional actions need to be put in place to halt the rise in waste industry incidents.

We have set up a dedicated project to look at the underlying causes of waste fires and how we can address them. We are also working with partners including the Fire & Rescue Service to revise guidance and help to improve working practices.

### 637 pollution incidents

Category 1 and 2 pollution incidents have risen again this quarter. Serious and significant pollution incidents are now 44% above target compared with being on target a year ago and have risen steadily throughout the year. Incidents from regulated sources have risen twice as fast in 2013/14 as those from non-regulated sources and now represent 43% of the total.

Increases in incidents have been seen across virtually all sectors in Q4. The waste management sector is the largest component, dominated by biowaste, metals and waste transfer stations. Many of these incidents were due to impacts on amenity caused by odour, dust, noise, flies and litter from these sites.

Incidents from the water and sewerage sector increased in line with other industries, largely related to increases in incidents from the sewerage network.

Increases in pollution incidents from unregulated sources included an increase from arable farming, mostly involving pesticides. Dairy farming was also a significant contributor.

An additional factor that may have had an impact on the unexpected significant increase in Q4 was the extensive flooding in Q3 and Q4. This may have led to impacts such as run off or loss of containment of chemicals / wastes due to structural damage and waterlogged soils. So far we have been unable to identify this as a definitive contributor to the rise but we will continue to investigate.

### Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Executive Director of Environment &amp; Business</td>
<td>31.05.2014</td>
</tr>
<tr>
<td>We have engaged with the water companies at Director level and required them all to submit action plans to improve their performance. We are starting to assess those plans and will review them with the companies in June and July 2014.</td>
<td>Executive Director of Environment &amp; Business</td>
<td>31.09.2014</td>
</tr>
<tr>
<td>We have asked the sector group to consider what additional actions need to be put in place to halt the rise in waste industry incidents.</td>
<td>Waste Sector Group</td>
<td>31.04.2014</td>
</tr>
<tr>
<td>We have set up a dedicated project to look at the underlying causes of waste fires and how we can address them. We are also working with partners including the Fire &amp; Rescue Service to revise guidance and help to improve working practices.</td>
<td>Waste Sector Group</td>
<td>30.06.2014</td>
</tr>
</tbody>
</table>
2.5b  We reduce the regulatory burden we place on business

Q4 2013-14  Owner: Executive Director of Environment and Business

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>272</td>
<td>267</td>
</tr>
</tbody>
</table>

Performance explained

£272m cumulative savings to business

We have delivered cost savings to business of £247.2m equivalent annual value in 2013/14.

This means that we have achieved both our annual target of £247m and our cumulative target for 2013/14 of £267m.

The savings arise from the Aggregates quality protocol, the landfill hydrogeological review regulatory position, revisions to the pollution inventory and resource efficiency reporting requirements, and the Environmental Permitting Regulations assurance scheme trial.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
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<tbody>
<tr>
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</tbody>
</table>
### Performance explained

**40,500 households protected**

In 2013/14, alongside other flood risk management authorities, we have reduced flood and coastal erosion risk to 40,500 households.

The Tetney to Saltfleet Tidal Flood Defence Scheme raised existing defences and built new defences on the East Lincolnshire coast. Around 1,000 households are now better protected from sea flooding.

Urgent works in Salford, Manchester were also completed this quarter. Replacement sheet piling along the riverbank has prevented the bank collapsing reducing the risk of river flooding for nearly 2,000 households.

Since 2011/12 (the start of SR10), we and other flood risk management authorities have reduced the risk of flooding and coastal erosion for 144,649 households.

Note that due to the additional funding announced in autumn 2012, we will reduce flood and coastal erosion risk to an additional 20,000 houses. Current forecasts show we will achieve this by March 2015.

### Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
</table>

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**Status**

<table>
<thead>
<tr>
<th>SR10 target</th>
<th>Actual to date in SR10</th>
</tr>
</thead>
<tbody>
<tr>
<td>145,000</td>
<td>144,649</td>
</tr>
</tbody>
</table>

**Total number of households with reduced risk of flooding and better protected from coastal erosion (cumulative)**

Please note: Outcome Measure targets were set for England only.
3.1.2c We maintain our flood and coastal risk management assets at or above the required condition

Q4 2013-14

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>RED</td>
<td>94.0%</td>
<td>97%</td>
</tr>
</tbody>
</table>

Performance explained

94% of assets at or above required condition

94% of our assets in high consequence systems are at or above required condition. This is against a target of 97%.

The Q4 condition of FCRM assets includes the results of 150,000 inspections carried out in partnership with the armed forces during February and March.

Asset condition performance reflects:
- The difficulty of completing the planned 2012/13 maintenance programmes due to bad weather and poor ground conditions.
- The reduction in maintenance funding between 2012/13 and 2013/14

The Government has provided additional funding since the 2013/14 storms to support the recovery programme and increase the rate at which asset repairs can be carried out. There is ongoing work to identify the impact of the additional money on asset condition. Until this work is complete and discussions with Defra concluded we are unable to provide a forecast for 2014/15.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to assess the effect of recent coastal and fluvial events on asset condition and develop and implement the programmes for repairs to assets.</td>
<td>Executive Directors of Operations and Environment</td>
<td>Q1 2014/15</td>
</tr>
</tbody>
</table>
3.1.3a More households and businesses at highest risk of flooding can receive direct warnings

Q4 2013-14

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>RED</td>
<td>57%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Performance explained

57% of properties at highest flood risk in England can receive our direct warnings

On 31st March 2014 there were 1,705,000 properties at highest flood risk in England. This is an increase of over 10,000 on the previous year. Of these, 368,000 are fully registered on Floodline Warnings Direct (FWD) and a further 539,000 have been registered using our opt-out approach. A total of 907,000 customers are registered on FWD to receive direct flood warnings, though 56,000 customers have declined the service.

During 2013/14 we continued to encourage customers to register on FWD. Our flood awareness campaign in November and the prolonged winter flooding resulted in nearly 18,000 new customers registering. Over 85% of these registrations were completed online.

These gains are being undermined by a wider trend in society of declining use of landline telephones. Our opt-out approach relies on obtaining landline telephone numbers from telephony providers and registering these on FWD. Despite adding more customers thorough our campaign and the winter flooding we had a net reduction of nearly 59,000 properties registered on FWD as fewer properties have landlines.

We will continue to encourage customers to register on FWD and we reach more and more customers with flood warnings through our website, social media and 3rd party apps. We are also working with mobile network operators to see if we can apply our opt-out approach to register mobile telephones on FWD.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are working with mobile network operators to see whether it is feasible to extend our opt-out approach to mobile telephones.</td>
<td>Executive Director of FCRM</td>
<td>Apr-15</td>
</tr>
<tr>
<td>We are designing a new measure of the reach of our flood warnings that will include customers receiving warnings through new channels, such as social media and 3rd party apps.</td>
<td>Executive Director of FCRM</td>
<td>Apr-15</td>
</tr>
</tbody>
</table>
3.2a Environmental and related outcomes are delivered through joint working with local authorities and partnerships in prioritised places

Q4 2013-14

Owner: Executive Directors of Environment & Business and Operations

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>Progress update</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Performance explained

Priority Places - narrative report

There are 59 Priority Places in England.

Area teams have continued to make good progress in delivering the outcomes for their Priority Places, reflecting influencing work delivered in 2013/14 whilst strategic plans were being developed by Local Enterprise Partnerships (LEPs). Areas have worked with developers, planning authorities and LEPs.

There has been a shift towards more engagement on sustainable growth. 27 Priority Places specifically reference engagement with LEPs, Enterprise Zones or City Deals. Water Framework Directive outcomes are referenced in 49 Priority Places with 13 of the Places seeking to achieve outcomes within WFD Pilot Catchments. FCRM outcomes are referenced in 43 Priority Places.

Area teams have redefined their Priority Places for the year ahead and the focus on growth - Nationally Significant Infrastructure Projects (NSIPs), Growth Deals, City Deals, and infrastructure plans is stronger than ever. Once the Local Enterprise partnerships’ SEPs and Growth Deals are finalised in the summer we will prioritise our work with LEPs, focusing on those where we are able to help maximise environmental outcomes.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
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</tbody>
</table>
3.4c We maintain our navigation assets at or above the required condition

Q4 2013-14

Owner: Executive Director of Operations

Status | Actual | Target
---|---|---
**GREEN** | 87% | 81%

**Performance explained**

87% of our navigation assets are at or above target condition

87% of our navigation assets are at or above target condition against a target of 81%. We expect to meet our 2014/15 target of 80%.

This performance is due to additional funding secured in 2012/13 and 2013/14.

In future years, we do not expect to receive the additional funding so anticipate a slow deterioration in asset condition.

**Actions as a result of over or under performance**

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
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<tbody>
<tr>
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</table>

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**Number of our navigation assets at or above the required condition**

- England: 1,440
- Wales: 1,458

2010-11: 119, 422
2011-12: 816
2012-13: 1,440
2013-14: 1,458
2.4f We reduce the overall risk presented by illegal waste sites, targeting our efforts on the highest risk sites

Q4 2013-14
Owner: Executive Directors of Environment & Business and Operations

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>272</td>
<td>316</td>
</tr>
</tbody>
</table>

Performance explained

272 high risk illegal waste sites

We have reduced the number of High Risk (HR) illegal waste sites (IWS) by 10% this quarter.

The number of HR sites has been reduced to 272; 46 less than the previous quarter. We found 21 new HR sites, 15 less than the previous quarter.

We stopped illegal activity at 108 sites, of which 55 were HR sites. 14 of these HR sites were brought into regulation.

Almost half of all sites we stopped this quarter were less than 6 months old, suggesting that newer sites are being closed more quickly.

Risk score associated with high risk illegal waste sites

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
</table>
Work with businesses and other organisations to use resources wisely

4.2a More waste is fully recovered to the standards defined in the Quality Protocols, such that it is no longer classed as waste

Q4 2013-14

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>20,373,900</td>
<td>3,625,000</td>
</tr>
</tbody>
</table>

Performance explained

Tonnage of waste diverted from landfill (cumulative)

20 million tonnes of waste diverted from landfill

Through the delivery of the Aggregates Quality Protocol we have been able to facilitate more waste being diverted from landfill. This figure has been drawn from thorough economic review that took place alongside the publication of the Quality Protocol. The figure provided is the modelled saving for 2013/14.

Working collaboratively across the organisation and with industry we have reviewed, consulted and published new versions of Quality Protocols (QP) as planned.

Looking Back
Over the past quarter we have published 4 QPs (3 reviews and one new). The new QP (Biomethane) developed by the European Pathway to Zero Waste (EPOW) programme has been well received, with positive media coverage across the UK and EU. We have also reviewed the Gypsum QP in the light of new evidence. The result of this is the removal of one of the main end uses (application to land) due to potential risks to the environment. This has received a mixed reaction from industry.

Looking Forward
This measure is to be removed for 2014/15. A small amount of QP work will continue (Steel Slag and Bound use of Incinerator Bottom Ash Aggregate). The benefits to business will be reported through other corporate performance measures.

Progress towards delivery of Quality Protocols (milestones) (Quarterly)

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Slag</td>
<td>na</td>
<td>n</td>
<td>n</td>
<td>y</td>
</tr>
<tr>
<td>Pulverised fuel ash (PFA) and furnace bottom ash (FBA)</td>
<td>-</td>
<td>-</td>
<td>na</td>
<td>-</td>
</tr>
<tr>
<td>Gypsum Review</td>
<td>y</td>
<td>y</td>
<td>n</td>
<td>y</td>
</tr>
<tr>
<td>Aggregates from inert waste</td>
<td>y</td>
<td>n</td>
<td>y</td>
<td>-</td>
</tr>
<tr>
<td>Biomethane</td>
<td>y</td>
<td>n</td>
<td>n</td>
<td>y</td>
</tr>
<tr>
<td>Biodiesel review</td>
<td>y</td>
<td>y</td>
<td>n</td>
<td>y</td>
</tr>
<tr>
<td>Review of anaerobic digestate</td>
<td>y</td>
<td>y</td>
<td>n</td>
<td>y</td>
</tr>
<tr>
<td>Number of milestones complete</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
</table>

8,000 73,000 200,639 801,539 5,455,000

More waste is fully recovered to the standards defined in the Quality Protocols, such that it is no longer classed as waste

4.2a Work with businesses and other organisations to use resources wisely

Environment Agency

Owner: Executive Director of Environment and Business

20 million tonnes of waste diverted from landfill

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Looking Forward
This measure is to be removed for 2014/15. A small amount of QP work will continue (Steel Slag and Bound use of Incinerator Bottom Ash Aggregate). The benefits to business will be reported through other corporate performance measures.
5.1b  We have a diverse workforce

Q4 2013-14  Owner: Executive Director of Resources and Legal Services

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>3.9%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Performance explained

Black, Asian and Minority Ethnic (BAME) percentage for Q4 remains at 3.9% (425)

The BAME percentage has remained this quarter at 3.9%. The number of BAME employees this quarter stands at 425 compared to 435 in Quarter 3.

The BAME percentage this quarter would be 3.5% if Eastern Europeans were not included in the calculation. This is also the same figure as Quarter 3.

BAME turnover rate this quarter is 6.1% compared to 5.3% for the total Environment Agency. Both turnover rates are the highest seen this financial year. This is likely to be attributable to the recent organisational offer to staff to leave the Environment Agency under the Voluntary Early Release Scheme (VERS).

Executive Manager representation

The percentage of female Executive Managers (EMs) is 32.2% (46), last quarter was 31.9% (46).

The percentage of BAME EMs is 2.8% (4), same as last quarter.

The percentage of EMs with a reported disability is 14.7% (21), an increase since last quarter which was 11.8% (17).

The percentage of LGB EMs is 2.8% (4), same as last quarter.

This is our position now that the SRRP EM recruitment is mostly complete.

Self Disclosure Rates

The Q4 self disclosure completion currently stands at 81%, up from 76% this time last year.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
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<tbody>
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</tbody>
</table>
## Performance in relation to technical development framework

### Q4 2013-14

**Owner:** Executive Director of Resources & Legal Services

### Status

<table>
<thead>
<tr>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBER 89%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Performance explained

89% of staff have reached or exceeded the target level of capability within the technical development framework.

This is the percentage of officers who are able to work unsupervised as scored at the end of Quarter 4 2013-14.

We define technical resilience as having a certain percentage of people undertaking an activity at capability levels 3, 4 and 5. This gives us a measure of the % of officers who are able to work unsupervised and assist in the development of others, to build technical resilience and ensure knowledge transfer and retention.

The tables below show the score as it was at the end of Quarter 4 2012-13 and again now at the end of Quarter 4 2013-14.

The tables below show the score as it was at the end of Quarter 4 2012-13 and again now at the end of Quarter 4 2013-14.

### Teams who have improved their Technical Resilience score:

<table>
<thead>
<tr>
<th>Team</th>
<th>Q4 12-13 score</th>
<th>Q4 13-14 score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biodiversity and Fisheries</td>
<td>87.7%</td>
<td>99.4%</td>
</tr>
<tr>
<td>BD&amp;S</td>
<td>59.3%</td>
<td>97.0%</td>
</tr>
<tr>
<td>NTRS</td>
<td>61.8%</td>
<td>92.0%</td>
</tr>
<tr>
<td>Environmental Crime</td>
<td>84.5%</td>
<td>99.0%</td>
</tr>
<tr>
<td>Environmental Monitoring</td>
<td>87.4%</td>
<td>94.6%</td>
</tr>
<tr>
<td>&gt; Programme Management</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt; NTRS</td>
<td>53.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt; Modelling &amp; Hydrology</td>
<td>97.5%</td>
<td>99.6%</td>
</tr>
<tr>
<td>&gt; PSO</td>
<td>86.9%</td>
<td>92.5%</td>
</tr>
<tr>
<td>&gt; Asset Performance</td>
<td>None</td>
<td>86.6%</td>
</tr>
<tr>
<td>&gt; Field Teams</td>
<td>None</td>
<td>56.2%</td>
</tr>
<tr>
<td>&gt; Incident &amp; Emergency Planning</td>
<td>None</td>
<td>100.0%</td>
</tr>
<tr>
<td>GWCL</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Hydrology</td>
<td>None</td>
<td>86.3%</td>
</tr>
<tr>
<td>Hydrology &amp; Telemetry</td>
<td>78.6%</td>
<td>Amber</td>
</tr>
<tr>
<td>Nepps</td>
<td>69.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>RCAS</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>ROPS</td>
<td>86.8%</td>
<td>92.2%</td>
</tr>
<tr>
<td>Regulatory</td>
<td>See below</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt; EPR Installations</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt; Waste Teams</td>
<td>75.0%</td>
<td>78.1%</td>
</tr>
<tr>
<td>&gt; Water and Land</td>
<td>78.3%</td>
<td>84.5%</td>
</tr>
</tbody>
</table>

* Teams whose returns are delayed due to incident response work. An estimation of Q4 technical resilience has been provided.

### Teams for whom their TDF score has reduced between Q4 2012-13 and Q4 2013-14 or their TDF is still being developed:

<table>
<thead>
<tr>
<th>Team</th>
<th>Q4 12-13 score</th>
<th>Q4 13-14 score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Planning</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td>BD&amp;S</td>
<td>59.6%</td>
<td>69.6%</td>
</tr>
<tr>
<td>NTRS</td>
<td>68.3%</td>
<td>88.1%</td>
</tr>
<tr>
<td>&gt; Programme Management</td>
<td>100.0%</td>
<td>89.6%</td>
</tr>
<tr>
<td>&gt; NTRS</td>
<td>53.3%</td>
<td>88.1%</td>
</tr>
<tr>
<td>&gt; Modelling &amp; Hydrology</td>
<td>97.5%</td>
<td>88.1%</td>
</tr>
<tr>
<td>&gt; PSO</td>
<td>86.9%</td>
<td>88.1%</td>
</tr>
<tr>
<td>&gt; Asset Performance</td>
<td>None</td>
<td>86.6%</td>
</tr>
<tr>
<td>&gt; Field Teams</td>
<td>None</td>
<td>56.2%</td>
</tr>
<tr>
<td>&gt; Incident &amp; Emergency Planning</td>
<td>None</td>
<td>100.0%</td>
</tr>
<tr>
<td>GWCL</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Hydrology</td>
<td>None</td>
<td>86.3%</td>
</tr>
<tr>
<td>Hydrology &amp; Telemetry</td>
<td>78.6%</td>
<td>Amber</td>
</tr>
<tr>
<td>Nepps</td>
<td>69.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>RCAS</td>
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</tr>
<tr>
<td>ROPS</td>
<td>86.8%</td>
<td>92.2%</td>
</tr>
<tr>
<td>Regulatory</td>
<td>See below</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt; EPR Installations</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>&gt; Waste Teams</td>
<td>75.0%</td>
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</tr>
<tr>
<td>&gt; Water and Land</td>
<td>78.3%</td>
<td>84.5%</td>
</tr>
</tbody>
</table>

* Teams whose returns are delayed due to incident response work. An estimation of Q4 technical resilience has been provided.

### Actions as a result of over or under performance

<table>
<thead>
<tr>
<th></th>
<th>Owner</th>
<th>Date due</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>See above</td>
<td>See above</td>
<td>Ongoing</td>
<td>See above</td>
</tr>
</tbody>
</table>
We provide a safe and healthy place to work and our staff manage the risks they face

Q4 2013-14

<table>
<thead>
<tr>
<th>Status</th>
<th>12-month rolling average LTIFR</th>
<th>36-month rolling average LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RED</td>
<td>Actual 0.24</td>
<td>0.19</td>
</tr>
<tr>
<td></td>
<td>Ceiling 0.19</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Performance explained

9 Lost Time Incidents (LTIs) reported in Q4 - 0.24 per 100,000 hours worked

Over the 12 months from April to March 2014 there were a total of 47 LTIs compared to 37 the previous year. At the end of Quarter 4 this equates to a 12 month rolling-average LTI Frequency Rate (LTIFR) of 0.24, an increase of 0.01 since Q3.

Field Operations teams have the highest incidence of LTIs. Manual handling and slips, trips and falls account for two thirds of the total LTIs reported. This is consistent with the HSE Labour Force Survey Results for 2012/13 (2013/14 not yet available). This reports workplace injury rates are higher in manual workforce, with the most frequent cause of injury being manual handling, slips and falls from height.

The increase in LTIs this year may be linked to improved reporting culture. Feedback from HSWAGs and the results of the employee survey suggests the work done on a trust culture has resulted in incidents previously reported as sickness absences, or not recognised as LTIs, being recorded on SHERMS2. The 2013 employee survey shows a significant change in the perceptions around a blame culture. There is a reduction from 22% to 16% of colleagues who agree with the statement ‘incident reviews are used to apportion blame’. Harris Research have confirmed this is a statistically significant shift. An even greater reduction was seen in area teams (30% to 19%), who are the colleagues most likely to be involved in incident reviews.

Our LTIFR is around half the Defra family average, whilst at the same time we have the highest ratio of near misses per lost time incident. Our reportable incident rate is significantly better than the Defra family, public sector, agricultural and construction sector averages. Based on data available in annual reports, our lost time incidents frequency rate and reportable incident rate would appear to be around the average of the big water utilities.

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to analyse LTI and other incident data at national level to identify emerging trends.</td>
<td>Executive Director of Resources &amp; Legal Services</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Construction site inspection to give particular attention to manual handling.</td>
<td>Executive Director of Resources &amp; Legal Services</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Continue to ensure each LTI is fully reviewed and relevant lessons widely shared.</td>
<td>Executive Director of Operations and Deputy Director Area Managers</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Continue roll out of workplace inspections at operational assets.</td>
<td>Executive Director of Resources &amp; Legal Services</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
Environment Agency is on track to make 33% savings in admin over the SR10 period

The Environment Agency has made cost reductions on back office spend over the course of the SR10 spending review period, to protect the funding available for front line delivery. Organisational change programmes were completed in several of our support service directorates in 2010-11 and 2011-12, which resulted in significant administration savings ahead of the profile set by Defra.

Savings have continued to be made during the last two financial years, with the overall back office spend of £111.8m in 2013-14 meaning a 32.6% reduction in back office spend has already been achieved, compared to the 2010-11 baseline.
We manage our money effectively

Q4 2013-14

Owner: Executive Director of Finance

<table>
<thead>
<tr>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Performance explained

100% of our affordable budget invested at end of Q4

The Environment Agency has invested £1.151bn on the environment in 2013-14, making full use of the grant-in-aid funding made available by Defra. Funding from charges income, including use of prior year carried forward balances, has been spent in-year on regulatory activity.

Financial performance has been strong in a year in which the UK has faced extreme weather and flooding. Extra funding of £30m provided in the wake of the severe flood events has been fully invested on incident response and recovery. In spite of the severe flood events, investment progressed well on our main flood capital and maintenance programme. Environment and Business teams have also invested in line with available grant-in-aid funding and income received from charges.

<table>
<thead>
<tr>
<th>Expenditure against quarterly profile (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 13-14</td>
</tr>
<tr>
<td>246</td>
</tr>
</tbody>
</table>

Actions as a result of over or under performance

<table>
<thead>
<tr>
<th>Actions</th>
<th>Owner</th>
<th>Date due</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Open Board meeting  
Meeting date: 22 May 2014  
Item no. 9

Paper by:  Director of Finance  
Subject:  Finance Report – May 2014

1.0  Issues for the Board

<table>
<thead>
<tr>
<th>Issue</th>
<th>Details</th>
<th>Board actions required</th>
</tr>
</thead>
</table>
| **Financial outturn for 2013-14** | The Environment Agency’s financial outturn for 2013-14 was in line with available grant-in-aid funding on both revenue and capital, which reflects continued attention to financial management across the entire Environment Agency despite the challenges faced during the year.  
A great start has been made repairing damaged flood risk management assets to their previous condition, with £31.2m invested on repair projects and the emergency response activities between January and March 2014. Work has concentrated on the east coast, the Thames and the Somerset Levels. Focus has now shifted to planning the effective use of the recovery funding allocated for 2014-15. | The Board is asked to note the financial outturn for 2013-14                                                                                                      |
| **2014-15 budgets issued** | 2014-15 budgets have been issued to the business. Budgets are still subject to change pending the final organisational re-design from the Strategic Reviews Response Programme (SRRP). | The Board is asked to note the information on 2014-15 budgets                                              |

Bob Branson  
Director Corporate Finance  
8 May 2014
Financial Summary
12 months to 31st March 2014

Appendix 1

Summary Income & Expenditure

<table>
<thead>
<tr>
<th></th>
<th>Full Year Outturn</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Agreed Funding</td>
<td>Surplus/(Deficit)</td>
</tr>
<tr>
<td>All in £m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>1,147.4</td>
<td>1,147.4</td>
<td>-</td>
</tr>
<tr>
<td>Expenditure</td>
<td>1,149.0</td>
<td>1,149.0</td>
<td>-</td>
</tr>
<tr>
<td>Use of balances</td>
<td>1.6</td>
<td>1.6</td>
<td>-</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2013-14 outturn was in line with available funding. Defra provided an additional £48.7m of funding in Q4, the majority for flood recovery.

Expenditure

<table>
<thead>
<tr>
<th></th>
<th>Full Year Outturn</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Agreed Funding</td>
<td>Surplus/(Deficit)</td>
</tr>
<tr>
<td>All in £m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Costs</td>
<td>431.8</td>
<td>428.8</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>321.9</td>
<td>324.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>395.3</td>
<td>395.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,149.0</td>
<td>1,149.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

The extreme weather and flood events during the winter tested our ability to deliver our capital programme and created pressure on our revenue budgets due to additional staff overtime, pumping costs and repairs to damaged assets. Early planning of spend and carefully managed over-programming enabled us to ensure capital outturn was in line with available funding, and Defra were able to provide additional budget to cover our flood incident and recovery costs.

Income

<table>
<thead>
<tr>
<th></th>
<th>Full Year Outturn</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Agreed Funding</td>
<td>Surplus/(Deficit)</td>
</tr>
<tr>
<td>All in £m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulated Business</td>
<td>109.8</td>
<td>111.5</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Water Quality</td>
<td>57.5</td>
<td>56.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Water Resources - Abstraction</td>
<td>119.4</td>
<td>119.2</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>431.8</td>
<td>428.8</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>321.9</td>
<td>324.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>395.3</td>
<td>395.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,149.0</td>
<td>1,149.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Income in 2013-14 was in line with expectations, although there were some variances on individual income streams. £4.8m of partnership funding contributions were delayed and are now planned to be received and utilised in 2014-15. Regulated Business income was below budget due to unexpected reductions in income on EPR installations and Hazardous Waste.

Cashflow

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net expenditure after interest</td>
<td>(702.3)</td>
<td>(774.5)</td>
</tr>
<tr>
<td>Adjustments for operating activities</td>
<td>130.0</td>
<td>149.4</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>(572.3)</td>
<td>(625.1)</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>(89.3)</td>
<td>(101.3)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>642.2</td>
<td>723.0</td>
</tr>
<tr>
<td>Net Movement in cash and cash equivalents in the period</td>
<td>(19.4)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>95.8</td>
<td>99.2</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>76.4</td>
<td>95.8</td>
</tr>
</tbody>
</table>
Paper by:  Chief Executive

Subject:  Chief Executive’s Update

FOR NOTING
Recommendations

The Board is asked to note the update on key topics since the last meeting.

1.0 New Corporate Plan

1.1 Following approval by the Secretary of State, we published our new Corporate Plan 2014-16 on GOV.UK on 28 April. As well as the main document, we produced a summary booklet for all staff and stakeholders.

1.2 As part of the internal communications, we also shared ‘The way we work in the Environment Agency’ with staff. This includes the revised ‘How we do things’ statements, what employees can expect from the Environment Agency, what we expect from staff, and what others can expect from us.

1.3 We are promoting the Corporate Plan documents internally and externally. We have also sent the Corporate Plan to key national and local stakeholders via Heads of Business and Area Managers.

2.0 Publishing Open Data

2.1 The Government wants us to make more of our data available free of charge for anyone to use. In February, the Prime Minister’s Office challenged us to release flood warning and river level data. In response, we made our flood data ‘open’ for three months to encourage IT developers to find new ways of sharing it, and supplied live flood warnings to the media.

2.2 In April, we published a list of nine datasets we intend to make ‘open’ permanently, including those for which we made an initial temporary commitment in February. In parallel, we have been discussing with the Cabinet Office the release of our National Flood Risk Assessment (NaFRA) as ‘open’ data, which includes securing agreements from the Ordnance Survey and the Centre for Ecology and Hydrology to waive their royalties for NaFRA.

3.0 River Thames Scheme

3.1 This month we will start to seek Treasury approval for the River Thames Scheme.
3.2 We are developing the scheme to reduce flood risk from Datchet to Teddington. The scheme will implement the £256M preferred option set out in the Lower Thames Flood Risk Management Strategy.

3.3 We expect the scheme to qualify for £136M of Flood Defence Grant-in-Aid under Defra’s partnership funding approach. We are working with local authorities to determine how to resolve the £120M funding gap.

3.4 Subject to funding and planning, construction could begin in 2017 and finish by 2026.

4.0 Osney Weir hydropower scheme installed

4.1 The Osney Weir hydropower scheme in Oxford has been successfully installed. This included mounting a three-meter diameter turbine and fish pass on our new weir structure on the River Thames at Osney Lock.

4.2 The scheme will be operational by the summer. It was led by a community group, Osney Lock Hydro Limited, and will power more than 50 homes.

5.0 River basin planning

5.1 We have published the ‘Challenges and Choices’ consultation response document. The consultation shared our understanding of the significant issues affecting each river basin, and sought views on how best to deal with them.

5.2 There was general agreement that the water management issues highlighted in the consultation documents were the right ones to focus on. Particular priorities were:
- A greater need to look for multiple benefits when considering rural land management decisions
- Managing current and future abstraction of water
- Pollution from towns and cities
- The use of pesticides and their impact on drinking water supplies

5.3 This consultation was the second of three which will inform the update to river basin management plans in 2015.

6.0 Government Growth Agenda

6.1 In April, the Regulators’ Code replaced the Regulators’ Compliance Code as a statutory code of practice. It clarifies the requirements in the previous code and requires us to publish details of our performance against its provisions.

6.2 In March and April, the Government ran a four-week consultation on proposals for a Board-level Small Business Appeals Champion who would seek feedback from business and report on the effectiveness of our complaints and appeals procedures.
6.3 The growth duty (requiring regulators to consider promoting economic growth) continues to progress through Parliament, as part of the Deregulation Bill. We anticipate any duty will come into force in April 2015.

7.0 Regulating for people, the environment and growth

7.1 We launched ‘Regulating for people, the environment and growth’ on our intranet in March. This document sets out our regulatory approach for our staff, and the direction of travel. An earlier version entitled the Regulatory Guide was discussed at the October Board meeting. It is a sister document to ‘Water for life and livelihoods’.

7.2 We have already discussed ‘Regulating for people, the environment and growth’ with groups of directors and managers and have shared the document with the Regulated Business Forum, Charges Review Group and Government (Defra, DECC and Business Innovation and Skills). We are working with colleagues to ensure its key principles are included in training for our staff.

8.0 Water companies appeal against environmental permits

8.1 Three water companies appealed against conditions in environmental permits issued under the Environmental Permitting Regulations 2010 (EPR). The inspector issued the findings and decisions relating to the appeal.

8.2 The inspector has supported the conditions that are the main building blocks of EPR – in particular:

- Our requirement for operators to have management systems that identify and minimise risks of pollution.
- Our view that regulation of water discharges should not just be ‘end of pipe’ but should include regulation of the infrastructure that controls discharge quality and/or frequency.

8.3 The inspector directed us to amend some conditions, but these changes are mostly minor and do not affect the substance of the conditions or our approach to regulation under EPR. Unusually, the inspector awarded a small amount of costs against us. We are reviewing the implications of that for future appeals.

8.4 The appeal was against the majority of our modern permit conditions included in environmental permits for water discharges since they came under EPR. Many of these conditions are already being used in waste and installation permits. Had we lost the appeal, a major review of our modern regulatory approach would have been needed, and achieving the 13-week permit determination target would have been put at risk.

9.0 Regulation showcase at the House of Commons

9.1 In April, the Defra family showcased work to simplify regulatory approaches and make compliance easier. Ministers, other regulators and around 300 businesses attended the event. The Environment Agency’s exhibition
provided live demonstrations of our online and electronic tools, and received a high level of interest. The tools available to try out included:

- Waste Carriers Registration – enabling businesses to register as a lower-tier waste carrier in less than 5 minutes. It is the first of our ‘Digital by Default’ services to achieve the 26 criteria in the Government Digital Service Standard. Of customers registering, 93% were satisfied or very satisfied with the service.

- Equal Quality Protocol Checker – giving businesses confidence that their waste-derived products have achieved end-of-waste status and can be reused without waste regulation controls.

- EDOC – enabling businesses to document and share waste transfer details online, providing a convenient alternative to the 23.5 million paper Waste Transfer Notes generated each year. The tool also gives users access to a range of data and reports. It could save business an estimated £8.7M per year.

10.0 Smarter guidance

10.1 We have revised our most used guidance and published it on GOV.UK. It provides information that our customers and those we regulate need to enable them to comply with the law. We will revise and publish remaining guidance this year.

10.2 From now on we will only produce guidance where we are uniquely placed to meet an identifiable user need. This will clarify our role and the increasing role of others in providing good practice guidance.

10.3 We will work with other organisations, including trade bodies, to transfer ownership of our existing stock of good practice guidance to them over the next two years.

11.0 Nuclear New Build – European Commission consultation on state aid

11.1 DECC asked us to respond to the European Commission consultation on state aid issues related to the proposed nuclear power station at Hinkley Point C in Somerset. Our response set out our regulatory role as the principal environmental regulator of nuclear installations in England, and emphasised:

- We are committed to ensuring that nuclear energy’s role in reducing greenhouse gas emissions is achieved in ways that properly protect people and the environment.

- Through the UK’s regulatory framework, we will ensure that nuclear energy’s environmental impact and risk are as low as reasonably achievable and well within international limits, in particular the Euratom Treaty.
• There are comprehensive arrangements in place to regulate the environmental impacts of the proposed nuclear power station at Hinkley Point C and to ensure that environmental risks are low and acceptable.

11.2 The Commission will prepare its draft decision on state aid in the summer.

12.0 Waste crime funding

12.1 Additional funding of £5m to tackle waste crime was announced in the 2014 Budget. We are currently working with Defra on the details of how the money will be spent. Defra have indicated that they want us to target illegal waste sites, deliberate mis-description of waste, and illegal waste exports. The money will be spent across 2014-15 and 2015-16, with £3m available in the first year and £2m in the second.

13.0 Small Sewage Discharges

13.1 On 30 April, Defra began a six-week consultation on proposed changes to regulating small sewage discharges such as septic tanks. The proposals include removing the requirement to register a permit exemption and reducing the list of designated sensitive areas which currently mean a permit is required. This includes things like scheduled monuments and geological Sites of Special Scientific Interest which are unlikely to be affected by discharges.

13.2 The proposed changes will reduce the burden on householders who, instead of registering, will simply need to comply with a set of ‘general binding rules’ setting out what they need to do to minimise the risk of pollution.

13.3 We are working with the water companies to obtain information on the likely location of small sewage discharges, in lieu of information from registration.

13.4 The new regulations are to come into force on 1 January 2015. We will carry out a communications campaign in the lead-up to this by sending out messages via parish councils, stakeholder groups, water companies and sewage treatment plant installation and maintenance companies.

14.0 Waste fires

14.1 A fire started in September last year at a permitted carpet waste site in Northumberland. It was managed as a controlled burn and fully extinguished in March 2014.

14.2 The local MP has been very active in seeking removal of the waste and raised the matter during Prime Minister’s Questions. There was also local media interest in the fire and residents were concerned about nuisance and health effects from the smoke. We worked with our partners to address these concerns and provided co-ordinated, multi-agency advice.

14.3 We have taken enforcement action against the operator and are currently examining the case for prosecution. The site was exceeding the low-risk quantity threshold we permit. A review of the site and our regulation has
prompted a debate about whether we should continue to regard combustible waste as low-risk.

15.0  We’ve moved to GOV.UK

15.1 On 1 April, we successfully launched our corporate homepage and revised web content on www.gov.uk. We closed our old website on 8 April having put all necessary transition safeguards in place, including 24/7 support, increased resilience and 18,500 redirections to help our customers and staff find the information they need as quickly as possible.

15.2 Our move to GOV.UK is the culmination of 12 months’ collaboration between our staff, our suppliers, Defra and the Government Digital Service. Together we’ve revised and improved our web content to meet customer needs and in doing so have rationalised what we present on our web pages. This was a considerable task but, while we were offered a later delivery date, we successfully stayed on track for the go-live deadline of 1 April.

15.3 Work continues to keep improving our online content and digital services to meet the needs of our customers. The new function provided by GOV.UK will also support our wider communications work as we are able to publish blogs and news stories to a larger audience.

16.0  Environment Agency wins sustainability awards

16.1 We won Sustainable Business of the Year in the 2014 Energy and Environment Awards for our approach to internal environmental management and sustainability. The judges commented on our ‘across the board approach’ and noted that they felt it was delivered in a ‘dynamic and engaging manner’. Last year’s winners of this category were Marks & Spencer for ‘Plan A’, their long-term sustainability plan.

16.2 We also won Best Public Sector Fleet in the 2013 Fleet Hero Awards for our approach to managing a sustainable fleet of vehicles. The judges commented on how we impressed them with the breadth of our approach to running a sustainable fleet, plus the impressive cuts we have achieved in business miles and tonnes of carbon dioxide.

17.0  IPCC’s new report on climate change

17.1 The Intergovernmental Panel on Climate Change (IPCC) published the second part of its latest climate change assessment, focusing on impacts, adaptation and vulnerability. It concludes that the impacts of climate change are already being observed on every continent and in the oceans. Future risks are potentially very severe, with both adaptation and mitigation needed to reduce impacts over the rest of the century.

17.2 The three biggest risks for Europe are: coastal and inland flooding; increased water restrictions; and heat waves affecting health and well-being, productivity, crop production and air quality.
17.3 Reducing global greenhouse gas emissions can substantially reduce the risks from climate change in the second half of the century. However, there is a need to adapt to unavoidable changes in the first half of this century, as the climate system responds to historic greenhouse gas emissions.

17.4 This conclusion does not change anything the Environment Agency is doing, as we already incorporate climate risks into plans and decisions. But it does emphasise the importance of adaptation in continuing to manage flood risk and coastal erosion, safeguard water resources, and protect water and wetland environments into the future. It also shows the importance of our Climate Ready work to help other organisations adapt to a changing climate.

Paul Leinster
Chief Executive

May 2014
Appendix 1 Pensions Committee Terms of Reference and Standing Orders

Paper by: Secretariat

Subject: Pensions Committee Terms of Reference and Standing Orders

FOR APPROVAL Recommendations

The Board is invited to approve the updated Pensions Committee Terms of Reference and Standing Orders

1.1 The Board last approved the Pensions Committee Terms of Reference and Standing Orders at the Open Board meeting on 17 October 2013.

1.2 At its meeting on 19 March 2014 the Pensions Committee discussed and recommended two amendments to the membership section of its Standing Orders:

- Changing the ‘Natural Resources Wales member’ to a ‘non Environment Agency Employer member’.
- Changing the requirement for 1 Pensioner and 1 Deferred member to 2 Pensioner and/or Deferred members.

1.3 In July 2013 the Board approved several new members to the Investment Sub-Group. These changes have now been reflected in the Standing Orders, with amendments to Annex 1.

1.4 The Terms of Reference and Standing Orders have also been amended to include the changed job titles that came into force on 1 April 2014.

1.5 The amended document is shown at Appendix 1. The Board is invited to approve the updated Pensions Committee Terms of Reference and Standing Orders.

Rob Creed
Strategic Coordination Manager

2 May 2014
ENVIRONMENT AGENCY

TERMS OF REFERENCE AND
STANDING ORDERS OF
THE PENSIONS COMMITTEE

Seventh revision May 2014
Environment Agency Pensions Committee

Terms of Reference

1.1 The Pensions Committee, and its Investment and Benefits Sub-Groups, are appointed as a Committee and Sub-Committees of the Environment Agency Board and all its Members are appointed by the Board. The Committee’s principal aim is to consider pensions matters with a view to safeguarding the interests of all pension fund members. The Committee advises the Board on all aspects of stewardship of the Active and Closed Funds (the funds) and on wider pension issues.

1.2 Specific executive responsibilities of the Committee and its Sub-Groups include:

a) Ensuring the funds are managed and pension payments are made in compliance with the extant Local Government Pension Scheme Regulations, Her Majesty’s Revenue & Customs requirements for UK registered pension schemes and all other relevant statutory provisions;

b) Ensuring the funds have robust risk management arrangements in place and operate in compliance with all relevant statutory and non statutory best practice guidance;

c) Commissioning and evaluating actuarial valuations of the funds and taking appropriate action to review each fund’s funding and investment strategies in light of the results;

d) Recommending the fund’s actuary future employer contributions rates to the Board;

e) Recommending the fund’s annual reports and accounts for approval by the Board;

f) Approval of the funds statutory statements including the Statement of Investment Principles, Funding Strategy Statement, Governance Compliance Statement, Policies on Use of Pension Discretions and Communications Policy Statement;

\g) Formulation and regular review of the funds’ investment strategies, taking into account advice from the independent professional advisers and the views of investment managers;

h) Setting investment targets and monitoring the investment performance and financial control of the funds’ assets;

i) Selection, appointment and dismissal of the fund’s actuary, global custodian, fund managers, pension funds administrator, and independent professional advisers;

j) Ensuring effective benefit administration and communications with all pension fund members, including dealing with complaints from members;

k) Ensuring value for money is achieved from all the specialists supplying services to the funds through competitive and qualitative selection processes and budgetary control;

l) Taking all appropriate steps to protect the funds from fraud by members, members’ relatives, or the funds’ service providers;

m) Any other responsibilities delegated to it by the Board.

1.3 The Committee may take, on the Board’s behalf, such executive decisions as might be specifically delegated to it by the Board. The Committee will operate in compliance with the Pensions Schedule of the Financial Memorandum and the Pension Funds Scheme
of Delegation. The Committee may establish advisory sub-groups and nominate Committee Members to assist it in undertaking detailed work on investment, pension benefits, or related matters. Committee Members, as individuals, have no independent executive powers within the Committee, unless acting under specific delegated authority from the Board.

1.4 The Committee will act on behalf of, and with the authority of, the Board, in accordance with the above Terms of Reference.

1.5 The Executive Director of Finance has responsibility for all Administering Authority matters including fund governance, benefits administration, investment and financial management of all aspects of the Pension Funds. The Executive Director of Resources and Legal Services is responsible for Environment Agency Employing Authority matters including areas of benefits administration, which are Environment Agency employee, ex employee and pensioner related.
Environment Agency Pensions Committee
Standing orders

1 Responsibilities
2 Membership
3 Training
4 Independent professional advisers
5 Quorum
6 Conduct of business between meetings
7 Voting rights
8 Declarations of interest
9 Expenses and conduct
10 Meetings
11 Order and conduct of business
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14 Reporting arrangements
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Standing orders

1.0 Responsibilities

1.1. The Committee can take executive decisions on behalf of the Board within its delegated authority.

1.2. The Committee and its Sub-Groups will act on behalf of and with the authority of the Board in accordance with the Committee’s Terms of Reference.

1.3. The roles and responsibilities of the Committee’s Sub-Groups are set out in Annex 1.

2.0 Membership

2.1. Membership of the Committee will normally be 15 including the Chair of the Committee.

2.2. Members of the Committee and its Sub-Groups, including the Chair, will be appointed by the Board.

2.3. Members of the Committee will comprise:

   4  Non-executive Board members
   3  Executive members (Environment Agency Executive Director of Finance, Executive Director of Resources and Legal Services, Head of Pension Fund Management)
   1  Non-Environment Agency Employer Representative member
   5  Employees (Trades Union nominees)
   2  Pensioner and/or Deferred member nominees

   Membership will not include the Chief Executive who will be invited to attend meetings, but not to vote. The Chair of the Environment Agency has the right to attend any Committee or Sub-Group meeting and to speak and vote at such meetings.

2.4. The non-executive Board member, Environment Agency employee, pensioner and deferred member nominee appointments will be initially for a three-year term of office, after which they should be eligible for reappointment if the Board so determines. The Secretariat will maintain a record of the current membership of the Committee. The maximum permissible total period of tenure will be 10 years for all non-executive members of the Committee.

2.5. Executive members and Employer Representative members may, with approval from the Chair nominate a deputy to attend a meeting of the Committee in their absence, and invite other appropriate officers to attend.

2.6. Employee nominees will be current employees and members of the Active Pension Fund, and will be nominated for selection in consultation with recognised Trades Unions.

2.7. The pensioner member and deferred member nominees will be nominated by the Pensions Committee.

2.8. Investment Sub-Group membership will normally be 6-8 Committee Members – 2 non-executive Board members (one of whom should be nominated as Chair of the Sub-Group), 2-3 executive members (or deputies) and 2-3 Employee nominees.

2.9. Benefits Sub-Group membership will normally be 8 Committee Members comprising 2 non-executive Board members, 2 executive members (or deputies), 1 Non-Environment Agency Employer Representative, 1 employee nominee, 2 pensioner and/or deferred member nominee.

3.0 Training

3.1. Training for Committee Members, to enable them to carry out their fiduciary and other responsibilities effectively, will be provided and funded by the funds.

3.2. Training needs will to be assessed on an individual basis but will generally involve 2-3 days per year training to build Committee Member knowledge and skills. Members who
are employees will be granted time to attend training. A log of Committee Member training will be maintained and available for inspection.

4.0 Independent professional advisers

4.1. Independent professional advisers will be appointed by the Committee via competitive and qualitative selection processes. These specialist advisers will be appointed to advise the Committee or Sub-Groups on matters including pensions, investment and financial services law, actuarial matters, and investment strategy.

4.2. The term of appointment of advisers will be a maximum of three years, renewable for subsequent terms of three years or such other periods as appropriate, based on an assessment of performance and value for money.

4.3. Advisers will not be associated with any of the funds' investment managers.

4.4. Internal expert advice from Environment Agency officers will be available to the Committee on request.

5.0 Quorum

5.1. 8 Committee Members (including at least 1 non-executive Board Member, 1 executive member and 1 employees nominee will constitute a quorum for Committee meetings).

5.2. 4 Committee Members (including at least 1 non-executive Board Member, 1 executive member and one employee nominee, or the deferred member nominee, or the pensioner member nominee will constitute a quorum for Sub-Group meetings).

5.3. No business will be transacted at any Committee or Sub-Group meeting which is not quorate.

6.0 Conduct of business between meetings

6.1. Authority to conduct urgent business between Committee and Sub-Group meetings is delegated by the Board to the Chair of the Committee or Sub-Group. In doing so, he/she must act in conjunction with two executive Committee or Sub-Group members, taking independent professional advice or advice of other appropriate officers as necessary. Any business conducted in this manner will be reported to the next full meeting of the Committee.

7.0 Voting rights

7.1. Subject to Standing Order 8 concerning Declarations of interest, each Member will have the right to vote on a particular resolution.

7.2. In the event of no majority decision, the Committee or Sub-Group Chair will have a second or casting vote, whether or not he/she has previously voted on the matter.

8.0 Declarations of interest

8.1. Each Member will make a declaration, in accordance with the Board Code of Practice of pecuniary or non pecuniary interests, which will be held on a Register available for public inspection. The Register will be updated biannually by the Secretariat. The Register will include the declared interests of all Members of the Committee.

8.2. Members will declare the existence and nature of any direct or indirect interest in any item on the Agenda, in advance of the debate, to the Chair of the meeting of the Committee or Sub-Group.

8.3. Committee Members who are not non-executive Board Members but are members of the LGPS or who may in any way have a direct or indirect interest in any matter brought up for consideration at the meeting must make a declaration to that effect at the start of each meeting but may be permitted to take part in deliberation or discussion on that matter at the absolute discretion of the Chair of the meeting.

8.4. Subject to 8.3 above, a Committee Member who is in any way has a direct or indirect interest in any matter that is brought up for consideration at a meeting of the Committee
or its Sub-Groups will disclose the nature of her/his interest to the meeting and, where such a disclosure is made:
   a) the disclosure will be recorded in the minutes of the meeting; and
   b) the Member will not take part in any deliberation or decision of the Committee, with respect to that matter and if necessary will excuse herself/himself from the meeting for the duration of that matter.

8.5. For the purposes of paragraph 8.2 above, a general notification given at a meeting of the Committee or Sub-Group by a Member (in person or by means of a notice which is read and considered at the meeting) to the effect that she/he:
   a) is a member of, a specified company or firm, and
   b) is to be regarded as interested in any matter involving that company or firm,
will be regarded as a sufficient disclosure of his interest in relation to any such matter.

9.0 Expenses and conduct

9.1. Reimbursement of expenses will be paid whilst on Committee or Sub-Group business, in accordance with prescribed procedures.

9.2. The Committee’s non executive Board members, the pensioner nominee, Employer Representative member and the deferred member nominee are expected to comply with the terms of the Board Code of Conduct.

9.3. Executive members and employee nominees are expected to comply with the employee Code of Conduct.

9.4. If a Member of the Committee or Sub-Group should become aware that investment policy is being contravened, and the Deputy Director, Head of Pension Fund Management does not identify and report this, the Member should bring the matter to the attention of the Committee. If appropriate, the Chair of the Committee should report the matter to the next available meeting of the Board. The Committee should act to stop the contravention or subsequently ratify it, subject to such conditions as it sees fit.

10.0 Meetings

10.1. The Secretariat has responsibility for the agenda and arrangement of the meetings.

10.2. The Secretariat will take responsibility for the oversight of the Committee and preparation for meetings.

10.3. A forward meeting schedule will be produced by the Secretariat prior to the start of the calendar year.

10.4. Meetings will be scheduled quarterly but may be cancelled if there is not sufficient information available for an agenda at that time.

11.0 Order and conduct of business

11.1. The Chair of the Committee or Sub-Group may nominate another Board member to chair a meeting in his/her absence. The Committee or Sub-Group may elect a Member to chair a meeting in the absence of the Committee Chair or any nominated deputy. In either case, the Member who chairs the meeting will exercise any power or duty of the Chair of the Committee or Sub-Group in relation to the conduct of the meeting.

11.2. The order of business for all meetings is:
   a) Apologies for absence and introductions of all who are present
   b) Declarations of interest
   c) The election of a Chair if the usual Chair is absent and has nominated no deputy (para 11.1 above);
   d) The approval of the minutes as a correct record to be signed by the Chair of the meeting, and matters arising;
e) Other business as on the agenda, for discussion, for decision and for noting;
f) Urgent items and any other business items as the Chair of the meeting determines;
g) The date, location and time of next meeting.

11.3. All business at Committee or Sub-Group meetings will be conducted through the Chair by Members speaking only when invited to do so by the Chair of the meeting.

11.4. The Chair will decide on attendance by any non-Committee members, including any pension fund members who may ask to attend as observers.

12.0 Committee papers

12.1. All Committee papers will be protectively marked, managed and distributed according to current security guidance.

12.2. Committee papers may be submitted by any Committee Member, the Accounting Officer or the Secretariat. Any other person, with the approval of the Chair of the Committee may also submit papers.

13.0 Minutes

13.1. The Board Secretariat will minute the meetings.

13.2. The Committee Chair, or in her/his absence the appointed Chair of the meeting, will sign the previous meeting’s Minutes and initial each page, once approved by the Committee at the subsequent meeting.

13.3. A signed copy of the minutes will be retained securely by the Secretariat, for a period of ten years; thereafter the Minutes will be stored electronically. These Minutes will be evidence of the proceedings if they are signed by the person who was Chair of that meeting.

14.0 Reporting arrangements

14.1. The Chair of the Committee or nominated non-executive Board member will report to the Board at the subsequent Board meeting. Non-executive Board members are entitled to request further information or ask any appropriate questions of the Chair of the Committee at that Board meeting. The papers and minutes of the Committee’s meetings will be made available to any Board member on request.

14.2. The Committee Sub-Groups will report to the full Committee using a summary report to the next Committee meeting, and by circulation of the minutes of meetings to all Members of the Committee upon request.

15.0 Variations to Terms of Reference & Standing Orders

15.1. Any variations to the Terms of Reference & Standing Orders require the approval of the Board following initial approval by the Committee.
Annex 1

Pensions Committee Sub-Groups

Investment Sub-Group (ISG)

The Board will approve membership/changes to membership of the ISG and appoint a non-executive Board member as Chair. Membership will normally be 6-8 Committee Members comprising 2 non-executive Board members, 2-3 executive members (or deputies) and 2-3 employee nominees.

The role of the ISG acting in accordance with the Standing Orders set out above is to:

a) Undertake appropriate assessments required to make recommendations for the Committee to decide investment strategy, asset allocation and fund manager arrangements,
b) Undertake any work required to fine tune investment mandates within the limits and ranges agreed by the Committee,
c) Ensure in depth scrutiny of external fund managers’ performance.

Conduct of urgent business between meetings is delegated by the Board to the Chair of the ISG and two executive Sub-Group members and must be reported to the next ISG meeting for ratification.

The ISG will receive and ratify summary reporting and, if necessary, consider proposals for action in the event of any major investment performance concerns.

Benefits Sub-Group (BSG)

The Board will approve membership/changes to membership of the BSG and appoint a non-executive Board member as Chair. Membership will normally be 8 Committee Members comprising 2 non-executive Board members, 2 executive members (or deputies), 1 Non-Environment Agency Employer Representative, 1 employee nominee, 2 pensioner and/or deferred member nominee.

Role of the BSG acting in accordance with the Standing Orders set out above is to:

a) reviewing the detail of wider pensions and other legislation and its impact on the LGPS and the Environment Agency pensions strategy and policy;
b) understanding and advising the Committee on the implementation of specific LGPS regulations and Government Actuary’s Department (GAD) guidance and communications needed to fund members;
c) scrutinising the quarterly and annual performance reports of the Environment Agency internal pension administration, external pension fund administration, and AVC providers including advising the Committee on improvements needed;
d) reviewing technical/audit reports on the integrity and security of Environment Agency pensions data and accuracy of benefit calculations by Environment Agency payroll and our pension fund administrator and advising the Committee on any improvements needed;
e) scrutinising fund member satisfaction surveys on the quality of member services, and reviewing fund member complaints and lessons learnt from complaints/IDRP cases and make recommendations to the Committee on any changes needed.

Conduct of urgent business between meetings is delegated by the Board to the Chair of the BSG and two executive Sub-Group members and reported to the next BSG meeting for ratification.
Paper by: Executive Director of Finance

Subject: Financial Scheme of Delegation

FOR REPORT
Recommendations

The Board is asked to:

1. Note the items in section 1.0

Section Contents

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1.5 Form C for the services being procured in the planning, obtaining approvals and design of the Rivers Parrett and Tone Dredging - Phase 1 by GallifordTry, Black and Veatch Joint Venture (GBV JV) Ltd 9

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Mark McLaughlin
Executive Director of Finance

30 April 2014
1.0 Noted items

1.1 Head Office: Variation to the Financial Scheme of Delegation (FSoD)  
Shared Services Connected Limited (SSCL)

Sponsoring Director: Mark McLaughlin

Board approval is required for any variations in the delegated limits contained within the Financial Scheme of Delegation.

Approval route:  
Head of Financial Management: Bob Branson  
Director of Finance: Mark McLaughlin  
Chief Executive: Paul Leinster  
Chairman: Lord Chris Smith

1.0 Introduction

1.1 Following the formation of Shared Services Connected Limited (SSCL) on 1 November 2013, specific roles and responsibilities that were carried out by the staff in the Finance Service Centre (FSC) and Human Resources Service centre (HRSC), have been transferred to SSCL. As a result, the FSoD needed to be updated to reflect these new arrangements as prescribed in the contract with SSCL.

2.0 Changes required to be made to the FSoD by section:

2.1 Section C - Approval to spend and contractual commitment - Authorisation of payments due to third parties:

C.10.1 - Funds deducted from payroll
This section was updated to provide the appropriate delegated authority to SSCL to administer our Payroll and ensure the job titles are up to date. The financial control provided for this authority is that all payroll payment runs will be counter signed by retained Environment Agency employees: National Finance Manager – Transaction Control; Tax Advisor; or Financial Accounting team leader.

C.10.2 - Income collected under Radio Active Substances (RAS) regulations
This section was updated to provide the appropriate delegated authority to SSCL to process income refunds in relation to the RAS billing process on behalf of the Food Standards Agency (FSA). Refunds need to be processed when the incorrect amount has being billed and where customers have sent us duplicated payments. There should not be many of these transactions. All income is transferred to the FSA on a monthly basis. The financial control being provided for this authority is that the retained Environment Agency team which processes the RAS invoices will reconcile all payments made by SSCL.

2.2 Section E Income:

E.6 Authorising variations of income invoices and instalment arrangements on outstanding debts.

This section was updated to provide the appropriate delegated authority to SSCL to agree instalment arrangements with Environment Agency customers. Job titles have also been updated to reflect the delegation to SSCL.
2.3 **Section F Bank Accounts:**
F.5 The opening, closing and maintenance of Escrow bank accounts solely in connection with Carbon Reduction Commitment (CRC).

This schedule has been removed as it was never used and there is no future requirement for opening escrow accounts.

2.4 **Section G Cheque Signing:**
G.1 Signing financial instruments e.g. cheques; foreign drafts; CHAPS; BACS payment.

This section has been updated to show the delegated authority required by SSCL to administer our payment runs. It also identifies, by post, their delegated limits. Financial control provided for this authority is that all individual payments over £100k need to be signed off by a retained Environment Agency employee: National Finance Manager – Transaction Control; Tax Advisor; or Financial Accounting team leader. All other payments up to £100k need to be co-signed with a retained Environment Agency employee.

2.5 **Section J Insurances:**
J.2 - Authorising settlements on claims against the Agency's motor insurance arrangements; and
J.3 - Settling self insured liability claims.

These two sections have been updated to reflect one new Environment Agency job title and to remove a previous Finance Service Centre (FSC) delegation. There is no requirement for SSCL to have a delegation under these sections.

2.6 **Section L.1 - Write off of debts**

This section was amended to reflect the retention of the £1k delegated limit for the write-off of debts from the previous Environment Agency FSC Exchequer Services Manager to the SSCL Exchequer Services Manager. All write-offs at this level are collated and reported to Head Office Financial Management for inclusion in the Annual Report and Accounts and the yearly losses report to Defra.

3.0 **Recommendation**

3.1 Approval was given under delegation 13 February 2014 to these changes to the FSoD.

3.2 This action is now for noting by the Environment Agency Board.
1.2  **Head Office:** Variation to the Financial Scheme of Delegation (FSoD)  
Strategic Review Response Programme (SRRP)

**Sponsoring Executive Director:** Mark McLaughlin – Executive Director of Finance

Board approval is required for any variations in the delegated limits contained within the Financial Scheme of Delegation.

**Approval route:**
- Directors Team
- Head of Business Improvement: Sue Herbert
- Director of Corporate Finance: Bob Branson
- Executive Director of Finance: Mark McLaughlin
- Chief Executive: Paul Leinster
- Chairman: Lord Chris Smith

### 1.0 Introduction

1.1 To support the new organisational two tier structure from 1 April 2014, we needed to make changes to our Financial Schemes of Delegation (FSoD), so that it aligns to the and new organisational job titles. Changes to approval levels were not part of this review.

1.2 Directors Team confirmed the principles for the two tier structure.

### 2.0 Removal of the Regional Director and Regional FCRM Manager posts

2.1 The two main SRRP changes affecting the FSoD approval schedules were the removal of the Regional Director and the Regional FCRM Manager posts. Most other changes are in post title only.

2.2 In the context of the FSoD, the proposal was to use the Director of Operations (D Ops) for the EM2 Area level approvals and retain the Area Manager as the EM1 level approval.

2.3 The following points of principle were agreed by Executive Directors Team:
- Existing thresholds of accountability were to be maintained; Regional Director accountabilities therefore transfer to Director of Operations;
- No regional titles will be maintained for FSoD purposes after 1 April 2014;
- Changes at this stage are simply to enable the two tier structure to operate. Any other change required to the FSoD will need to be authorised by the Board at a later date.

2.4 In addition to changes to reflect new job titles, the principal changes planned are summarised below:

#### 2.4.1 Within the FSoD (pre April 2014), Regional Director accountabilities applied mainly to:
- project spend including consultancy (in schedules A.1 to A.5 and Form Gs in C.6 to C.7),
- single tender actions (C.5),
- authorising FCRM programme changes (B.4 to B.5)
- asset disposals (D.1)
Ref: OB/1405-12a

- settling self insured liability claims (J.3) and insured motor claims (J.2)
- gifts (M.1)
- higher levels of estates transactions (T.1 to T.5)

To maintain current levels of accountability, these were transferred to Directors of Operations.

2.4.2 There are a few categories where Executive Directors Team agreed that the Area Manager is the logical replacement for the Regional Director given their budgetary responsibility, i.e.:

- L.1 Write-off of losses
- L.2 Special Payments
- E.2 Determining Charges for Local Services

3.0 Recommendation

3.1 Approval was given under delegation 1 April 2014 to these changes to the FSoD and this action is now for noting by the Environment Agency Board.
1.3 South East Region: £496,145
Emergency spend (Form C) - Temporary Flood Barriers to alleviate flooding

Sponsoring Executive Director:
David Jordan – Executive Director of Operations

Approval to spend and Contractual Commitment on expenditure to deal with emergencies. Retrospective authorisation of emergency expenditure incurred on a single tender action over £250k - all such instances being brought to the attention of the Board and to Defra as soon as possible after the event.

Approval route: Acting Head of Procurement Will Martin
Executive Director of Operations David Jordan
Defra for noting

1.0 Problem

1.1 The extreme weather event from early December 2013 to March 2014 resulted in widespread flooding in South East region. There was an urgent requirement to purchase temporary flood barriers to mitigate further flooding across the region. Time was of the essence to get the barriers and ancillary equipment in place to enable staff to meet the emergency along the River Thames and in the region as a whole. It also provided some resilience for South West region.

2. Supplier

2.1 Geodesign Barriers Ltd provided flood barriers with a 1.25m dam height. It was strongly recommended that spare iron chains were also included to hold down plastic membrane to prevent high winds lifting the sheet before the water came to the barrier.

2.2 The barrier system has a life span of 60-80 years and therefore a low life cost.

3. Recommendation

3.1 This emergency single tender action to provide temporary flood barriers to alleviate flooding in South East is now for noting by the Environment Agency Board.
1.4 South West Region: £4,450,000
Works being procured in the planning and delivery of the Rivers Parrett and Tone Dredging - Phase 1 by Land and Water Services Ltd – (Form C)

Sponsoring Executive Director:
David Jordan – Executive Director of Operations

Approval to spend and Contractual Commitment on expenditure to deal with emergencies. Retrospective authorisation of emergency expenditure incurred on a single tender action over £250k - all such instances being brought to the attention of the Board and to Defra as soon as possible after the event.

Approval route: Deputy Director of Procurement Clare Marsden
Chief Executive Paul Leinster
Executive Director of Finance Mark McLaughlin
Defra for noting

1.0 Problem

1.1 The Secretary of State when visiting Somerset in January asked for a 20 year Action Plan to be developed in six weeks. The plan will look at the various options for the sustainable management of flood risk on the Somerset Levels and Moors. Dredging is part of that plan and we are now progressing with a project to complete a dredge of 8km of the Rivers Parrett and Tone.

1.2 The Government has given a commitment to start the dredging as soon as the river levels drop, and the banks and adjacent land is dry enough for the specialist dredging contractor’s machinery to work safely.

1.3 Following the flooding in the Somerset Levels in 2012/13 the Agency had developed a plan of small scale ‘pinch point’ dredging on the Tone and Parrett and were about to award a contract to Land and Water Services Ltd to undertake this work. As a result of the 2013/14 flooding award was suspended.

1.4 Following the Government commitment to undertake larger scale dredging, the Environment Agency urgently commissioned a project team to plan the works and obtain all the necessary approvals to deliver the dredging by the end of 2014.

1.5 The project team were tasked with awarding a planning contract by 7 February 2014 and a construction contract by 21 February 2014.

2.0 Supplier
Land and Water Services Ltd
Weston Fields
Albury
Guildford
GU5 9AF

Land & Water Services Ltd has developed an environmental permit with the EA’s National Permitting Team which allows them to stockpile and spread dredged material to farmland where they can demonstrate agricultural benefit. They also have the largest fleet of inland dredging plant.
The required urgency means that Land and Water Services Ltd is the only contractor that has the specialist experience and methods to work with the Agency to plan and deliver the works within the required timescales and constraints.

3.0 Recommendation

3.1 This emergency single tender action for works being procured in the planning and delivery of the Rivers Parrett and Tone Dredging - Phase 1 is now for noting by the Environment Agency Board.
1.5 South West Region: Design of the Rivers Parrett and Tone Dredging -
Phase 1 – (Form C) £ 706,730

Sponsoring Executive Director:
David Jordan – Executive Director of Operations

Approval to spend and Contractual Commitment on expenditure to deal with
emergencies. Retrospective authorisation of emergency expenditure incurred on
a single tender action over £250k - all such instances being brought to the
attention of the Board and to Defra as soon as possible after the event.

Approval Route: Deputy Director of Procurement Clare Marsden
Chief Executive Paul Leinster
Executive Director of Finance Mark McLaughlin
Defra for noting

1.0 Problem

The Secretary of State when visiting Somerset in January asked for a 20 year
Action Plan to be developed in six weeks. The plan will look at the various
options for the sustainable management of flood risk on the Somerset Levels
and Moors. Dredging is part of that plan and we are now progressing with a
project to complete a dredge of 8km of the Rivers Parrett and Tone.

The Government has given a commitment to start the dredging as soon as the
river levels drop, and the banks and adjacent land is dry enough for the
specialist dredging contractor’s machinery to work safely.

Following the Government commitment to undertake larger scale dredging the
Environment Agency have urgently commissioned a project team to plan, design
and obtain all the necessary approvals to deliver the dredging by the end of
2014. The project team were tasked with awarding a planning contract by
7 February 2014 and a construction contract by 21 February 2014.

2.0 Supplier

GallifordTry, Black and Veatch Joint Venture (GBV JV) Ltd has in-depth
knowledge of existing relevant material. The company produced the Somerset
Levels and Moors Asset Management Strategy 2012/13 and therefore is best
placed to undertake the planning, design and supervision of the dredging which
will streamline the work and reduce costs and time to meet the required
programme deadlines.

The Somerset Levels and Moors Asset Management Strategy project assessed
flood management options to reduce flood risk on the Somerset Levels and
Moors. Although the project focused mainly on the Curry Moor/North Moor area
(lower Tone and Parrett) following exceptional rainfall and extensive flooding in
2012/13, the principles are also applicable to the wider levels and moors.

The main options reviewed were: dredging and increasing channel capacity;
floodbank and spillway heights; alternative routes/methods for evacuation of
floodwater; a tidal barrage on the Parrett and the effects of urban expansion upstream.

The appraisal included analysis of historic flood levels and hydraulic modelling to assess, at a high level, the hydraulic benefits and disbenefits of the various options and combinations of options. Black & Veatch (B&V), as part of their contribution to the Somerset Levels and Moors Strategy, demonstrated that a major dredge of the river channel at the Tone/Parrett junction would improve the hydraulic performance and significantly reduce both the duration and extent of local flooding.

Detailed economic analysis of the options concluded that dredging of the river channel was the most cost beneficial way to reduce flooding of the moors. Outputs from the modelling were used to derive economic Flood and Coastal Risk Management benefits and various dredging extents were considered.

3. Recommendation

3.1 This emergency single tender action for the services being procured for planning, obtaining approvals and designing the Rivers Parrett and Tone Dredging - Phase 1 is now for noting by the Environment Agency Board.
1.6 **Action taken under delegated authority from the Board**

The Action Taken

1.6.1 Response to the consultation by the Department for Transport: High Speed 2: Phase One Environmental Statement.

1.6.2 Response to the consultation by the Department for Business, Innovation and Skills: Small business appeals champions and non-economic regulators.
Appendix 1 Pension Fund’s Scheme of Delegation amendments

Paper by: Executive Director of Finance

Subject: Pensions Funds Scheme of Delegation

FOR APPROVAL

Recommendations

To comply with the Financial Memorandum; Pensions Committee Terms of Reference and Standing orders; and Pension Fund’s Scheme of Delegation the Board is asked to approve:

1. the re-appointment of Active Fund member representative Jackie Hamer to the Pensions committee for a further term of 3 years
2. the updates to the Pension Fund’s Scheme of Delegation

1.0 Re-appointment of Active Fund member representative

1.1 Jackie Hamer has reached the end of her term of office as Trade Union nominated Active Fund member representative of the Pension Committee and is eligible for re-appointment under the Pensions Committee Terms of Reference.

1.2 The Pensions Committee recommend that she be re-appointed for a further period of 3 years at the end of which she will have served 9 years.

2.0 Changes to the Pension Fund’s Scheme of Delegation

2.1 The scheme of delegation has been updated to reflect:
   • the new LGPS regulations;
   • the Standing Orders changes outlined in item 12; and
   • the new job titles for Environment Agency executive managers.

These changes are detailed in Appendix 1.

3.0 Recommendations

3.1 The Board is asked to approve:
   • the re-appointment of Active Fund member representative Jackie Hamer to the Pensions Committee for a further term of 3 years; and
   • the updates to the Pension Fund’s Scheme of Delegation

Mark McLaughlin
Executive Director of Finance

1 May 2014
Appendix 1 – Pension Fund’s Scheme of Delegation amendments

Amendment 1:

New Section 2 – Statutory Responsibilities, bullet 2.4 – April 2014

Compliance with Local Government Pension Scheme Regulations 2013; Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014; The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2013; The Local Government Pension Scheme (Administration) Regulations 2008 (as amended); together with saved provisions from earlier regulations and such other overriding legislation including, but not restricted to, Finance Acts, Pensions Acts, the Freedom of Information Act and the Data Protection Act, as appropriate. This will include compliance with statutory and non-statutory guidance and codes of practice linked to all relevant regulations.

Previous Section – Statutory Responsibilities, bullet 2.4 – January 2013

Compliance with Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 (as amended), The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended), The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended) together with saved provisions from earlier regulations and such other overriding legislation including, but not restricted to, Finance Acts, the Freedom of Information Act and the Data Protection Act, as appropriate. This will include compliance with statutory and non-statutory guidance and codes of practice linked to all relevant regulations.

Amendment 2:

Reduces the number of Executive Members to three from four, as listed below, with the fourth, being the now Executive Director of Finance and Corporate Services Natural Resources Wales, becoming the Non-EA Employer Representative member as detailed in the standing orders.

Section 1 – Introduction, bullet 1.4 – April 2014

This SoD refers to Executive Members of the Pensions Committee (PC) and other officers of the Environment Agency and its pension fund administrators, Capita. For clarification purposes, the Executive Members are deemed to be:

Executive Director of Finance (EDoF)
Executive Director of Resources and Legal Services (EDoR)
Head of Pension Fund Management (HoPFM)
**Amendment 3:**

Titles and abbreviations updated for new titles of:
- Executive Director replacing Director; and
- Director replacing Head of Business / Function (EM2)
- Deputy Director replacing Head of Business / Function (EM1)

All job titles and abbreviations are shown in Section 16 – Key. The changes required to that key are detailed below, and have been reflected throughout the PFSoD both in the Authorisation / Body Officer listings and where the abbreviation is mentioned in the delegation description. No other changes have been made to the delegations.

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>EDoF</td>
<td>Executive Director of Finance</td>
</tr>
<tr>
<td>EDoR</td>
<td>Executive Director of Resources and Legal Services</td>
</tr>
<tr>
<td>DoHR</td>
<td>Environment Agency Director of HR, including approved alternatives of Deputy Director HR (Employee Relations, Rewards, Pensions) and Business Partner Pensions.</td>
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