

Board Meeting

Minutes of the Board meeting held on Thursday 25 May 2023
at The Alexander Centre, Faversham and via video conference

Present

Alan Lovell	Chair
Judith Batchelar	Deputy Chair
Robert Gould	Board Member
Stewart Davies	Board Member
John Lelliott (items 1 – 7)	Board Member
Mark Suthern	Board Member
Lilli Matson	Board Member
Ines Faden Da Silva	Board Member
Sarah Mukherjee	Board Member
Caroline Mason	Board Member

In attendance

John Curtin	Chief Executive
Lucy Hunt	Chief Operating Officer
Caroline Douglass	Executive Director, Flood and Coastal Risk Management
Sarah Chare	Executive Director, Local Operations
John Leyland	Executive Director, Environment and Business
Pat Bolster	Director, Finance
Ilana Conn	Defra Deputy Director, Operational and Local Communications
Anna Burns	Deputy Director, Governance and Engagement
Laura Milton (items 1 - 4)	Director, Legal and Audit Services
David Hill (items 4 - 9)	Defra Director General, Rural and Marine
Corry McDiarmid	Board Governance Manager
Alex Hole	Board Governance Senior Adviser
Beth Lamb	Board Governance Adviser
Will Murray	Government and External Relations Senior Adviser

Item 1

Mark Garratt	Deputy Director, Flood and Coastal Risk Management Improvements, Digital and Skills
Jim Walker	Flood Digital Manager

Item 4

Rachel Jones
Richard Houghton

Deputy Director, Strategic Risk
Deputy Director, Health, Safety and Wellbeing

Item 5

Lucy Ward

Performance Manager, Environment Agency
Business Finance

Item 8

Helen Wakeham
Sue Longstone
Jenni Balmer

Director, Water Transformation
Director of Operations, North
Deputy Director, Plan for Water
Lead

Item 1 Celebrating our Successes

- 1.1 The Board welcomed Mark Garratt and Jim Walker, team members involved in the launch of Rivercraft 2. They explained that Rivercraft 2 is a new suite of games which will teach young people about nature-based solutions for flooding, water resources and sustainable urban drainage as well as flood risk, climate change and biodiversity. They provided an overview of the reach of the game as well as how it will improve community engagement and resilience. The team hope the game will provide an opportunity to provide a global brand for the Environment Agency. The Board discussed with the team how learning potential was being evaluated, what the take-up had been for adults, as well as how the success can be applied to other parts of the business and potential for engaging non-governmental organisations (NGOs). The Board thanked the team and congratulated them on their successful launch of the new games.

Item 2 Apologies, Declarations of Interest and Board Action Tracker

Apologies

- 2.1 Alan Lovell welcomed attendees to the meeting.
- 2.2 No apologies were noted.

Declarations of Interest

- 2.3 Ines Faden Da Silva raised that she had joined the Accounting for Sustainability Expert Panel.
- 2.4 Lucy Hunt raised that she would be taking a leadership role at Thomson Environmental Consultants from August 2023.

- 2.5 There were no further declarations raised.
- Minutes of the 26 April Board meeting and matters arising**
- 2.6 **The Board approved** the minutes of the 26 April Board meeting.
- 2.7 The Board noted the action tracker and acknowledged that most of the actions had now been completed.
- 2.8 The Board noted that the Modern Slavery Statement was still yet to be published therefore Action 3 was still ongoing.
- 2.9 The Board was content for Action 2 to be marked as ‘complete’. Lucy Hunt noted that Permitting and Compliance work were to be decoupled to allow the accelerated delivery of work on regulation.

Item 3 Updates to Board

Chair’s Update

- 3.1 Alan Lovell updated the Board on recent speeches he had given including those at the updated Thames Estuary 2100 Plan Launch, and the Flood Re Property Flood Resilience Campaign Launch. He noted that his next speech was to be at Flood and Coast 2023 in June.
- 3.2 Alan updated the Board on recent meetings with Minister Pow, and noted his appetite to engage more with the Secretary of State (SoS).

Chief Executive’s Update

- 3.3 John Curtin provided an update on the most recent meeting of the National Drought Group (NDG), feeding back that despite having had a wet spring the risk of summer drought had not gone away. John noted that they had discussed the need for a more unified strategy where temporary use bans (TUBs) had not been put in place but irrigation for agriculture had been restricted. A press release urging collaboration between government, regulators, and water companies to work together to better prepare for future climate-driven drought had been published.
- 3.4 John updated the Board on the recent Farm to Fork conference he attended, noting that the Environment Agency was the only regulator in attendance. He shared with the Board what the big issues were for farmers and that Ministers had been supportive of the need for farmers to have a greater focus on the environment.
- 3.5 John also provided an overview of the previous day’s Ministerial Performance Review and told the Board that the Environment Agency can expect a rise in MP contact regarding constituency issues in the run up to the general election.

- 3.6 The Board noted the update and discussed how the Environment Agency can improve its relationship with MPs on a local level and the current roll out of additional local scorecard measures to help better engage with MPs. The Board discussed the current resource challenges to fulfil local communications and engagement needs. The Board were supportive of considering how resource could be utilised most effectively.

Action: Chief Operating Officer

- 3.7 The Board discussed the recent River Lugg prosecution. Alan Lovell pointed out the positive work being done in the farming community to help the environment, including the creation in the Poole Harbour catchment of a nutrient leaching tool that will help combat pollution from agricultural runoff.
- 3.8 Sarah Chare provided an update on local leadership following the outcomes of the Shepperton Review. She noted that an interim decision had been taken to put additional Area Directors into the three largest areas; East Anglia, Yorkshire, and West Midlands, and that a formal consultation would be starting the following week to address the key risks. Sarah informed the Board that a document containing more details on the plan would be shared in due course.

Action: Executive Director, Local Operations

Item 4 People Matters

David Hill joined the meeting at this point.

Employee Relations

- 4.1 Lucy Hunt updated the Board on the Capita data breach impacting some Environment Agency Pensioners.
- 4.2 Lucy provided an update on the ongoing pay negotiations, including the pay flex business case. She noted that she would be meeting with Nicola Bettsworth to discuss and coordinate consistency across both Environment Agency and Defra Group submissions.
- 4.3 The Board discussed concerns regarding the retention of senior staff members due to high workloads and not being able to offer competitive pay. Lucy reassured the Board that work is being done to make executive pay more competitive and bring it in line with equivalent roles in both local government and the Civil Service. Lucy also noted that the pay flex business case would have a particular focus on recruitment and retention of highly skilled roles.
- 4.4 The Board welcomed Rachel Jones to the meeting. Rachel provided an update on the ongoing industrial action, including upcoming full strike

action and Trade Unions advising members to withdraw from incident rosters.

- 4.5 The Board discussed progress towards a resolution to the dispute. The Board noted that the withdrawal from incident rosters impacts incident work as well as business as usual, particularly in instances of bad weather where a shortage of incident staff could have serious knock-on implications for business as usual activities. Rachel reminded the Board of the 'life and limb' provision which is currently in place and includes provisions in the event that people's safety is at risk during an incident.

Health, Safety and Wellbeing bi-annual Culture and Performance Review

- 4.6 The Board welcomed Richard Houghton to the meeting. Richard provided an overview of Health, Safety and Wellbeing performance in 2022/23.
- 4.7 The Board praised the good progress across organisational KPIs and discussed measures in place to address high rates of long-term sickness linked to stress. Richard outlined the holistic plan in place to address this issue involving re-energising mental health first aid provisions, more broadly implementing a trauma informed response approach and specifically targeting areas of the business where long-term sickness rates are highest.
- 4.8 The Board also discussed the rise in colleagues with neurodiverse conditions being referred to occupational health support. The Board noted the improved support and guidance available for colleagues with these conditions and their managers (the new awareness training put in place this year), as well as upcoming new line manager training to be rolled out in summer 2023.
- 4.9 The Board discussed ongoing social media hostility towards some staff, noting that cases of targeted aggression were rising. Ilana Conn reassured the Board that this issue was being addressed and social media guidance is in place for targeted social media abuse.
- 4.10 The Board thanked Richard and his team for their hard work.

Laura Milton left the meeting at this point.

Item 5 Scorecard

Q4 Corporate Scorecard

- 5.1 The Board welcomed Lucy Ward to the meeting. Lucy Hunt noted the ongoing work to streamline how the scorecard is presented to the Board for future meetings.
- 5.2 Pat Bolster provided an overview of all the measures on the scorecard, as well as the associated shadow measures.
- 5.3 The Board noted the performance for quarter four 2022/23 as well as the actions reported in the corporate scorecard, shadow scorecard and customer service commitment report. The Board considered those measures for which achievement of targets is currently not possible and discussed options for how this should be addressed. They also discussed the possibility of reviewing several of the measures and targets to ensure that they are fit for purpose.
- 5.4 The Board also queried the amber status of the first-class incident response measure. Sarah Chare noted that there was work ongoing to change this measure to make it more suitable for low-incident years.
- 5.5 The Board discussed the success relating to the measure on water quality in 2022/23 as well as the emerging issue of ammonia related pollution. John Leyland noted that this issue as well as that particulate matter (PM2.5) were being monitored closely.
- 5.6 The Board noted the progress of the diverse workforce measure, and that this was still falling short and would likely continue to do so as the target for this measure is going to move from 14% to 18%.
- 5.7 Alan confirmed that any changes to targets would be discussed with Ministers prior to publication.
- 5.8 **The Board approved** the publication of the 2022/23 corporate scorecard subject to the discussions above.

New Balanced Scorecard

- 5.9 Pat Bolster provided an overview of the Q4 performance as noted in the Balanced Scorecard, noting that there is still a little way to go for some measures but that he expects a move towards green as many new starters become fully trained. Pat updated the Board on the detailed discussions that had taken place at an Executive Director's Team (EDT) to agree measures, drive forward improvements and share the learning from those with green status. John Curtin cautioned that attention was needed to ensure green targets are not being over-

resourced and shared an example of where the target was missed due to resource being diverted elsewhere.

- 5.10 The Board noted ongoing work to incorporate localised targets to specific Areas in some measures. The Board discussed the importance of ensuring these targets map out the path to green otherwise there is a risk of these becoming demotivating.
- 5.11 The Board noted that there is scope for measures around regulating the UK emissions trading scheme and support for green finance to demonstrate the Environment Agency's support for green growth.
- 5.12 The Board expressed their support for the ongoing work on the balanced scorecard. Alan asked that work be done to make the scorecard more user-friendly and Area focussed, and that an update on this progress be brought to the July Board meeting.

Action: Director, Finance and Chief Operating Officer

- 5.13 The Board thanked Pat, Lucy Ward, Lucy Hunt and their teams for their hard work on the scorecard so far.

Item 6 Finance Items

End of Year Review

- 6.1 Pat Bolster provided an overview of the 2022/23 year-end financial performance and position, recognising both outcome delivery performance as laid out on the balanced scorecard and achievement on budgeted income and expenditure in line with Defra, and His Majesty's Treasury's (HMT) priorities.
- 6.2 The Board noted that the year-end financial income and expenditure position was very close to the approved funding level.

Environment Agency Annual reports and Accounts

- 6.3 Pat Bolster provided an overview of the Environment Agency Annual Report and Accounts (ARA). The Board agreed that although in previous years the approval of the ARA would be delegated to the Environment Agency's Audit and Risk Assurance Committee (ARAC), this year ARAC would review and provide recommendations on the ARA to the Board at its meeting on 14 September, but it would be the Board who take the final decision on its approval.
- 6.4 The Board discussed the new National Audit Office (NAO) view on the accounts. The Board thanked Pat and his team for the work already done in this space.

- 6.5 **The Board delegated approval** of the Environment Agency Pension Fund (EAPF) Annual Report and Accounts to the ARAC at its 29 June meeting.

River Arun Internal Drainage Board (IDB) Annual Reports

- 6.6 The Environment Agency Board, formally constituting itself as the board of the River Arun Internal Drainage Board, **approved** the Annual Governance Statements for the year ended 31 March 2023 and **authorised** the Chair to sign the annual governance statement on behalf of the River Arun Internal Drainage Board. The Board **approved** the Accounting Statements for the year ended 31 March 2023, certified by the Responsible Financial Officer, and **authorised** the Chair to sign the accounting statements on behalf of the River Arun Internal Drainage Board.
- 6.7 Alan requested an update on progress to remove the Environment Agency Board as the board of the River Arun IDB.

Action: Executive Director, FCRM

Financial Scheme of Delegation (FSOD)

- 6.8 Pat Bolster provided an overview of the items which had received approval. Pat outlined changes to the Business Case Update Reports (BCUR) process noting that in future Board member review will be done by the Board member for the relevant Area or on the relevant Flood and Coastal Risk Management (FCRM) or Environment and Business (E&B) Board Committee.
- 6.9 The Board noted the items which had received approval by the Chair under Standing Order 4.1.

Item 7 Committee Meeting Updates

Oral Updates

- 7.1 The Board noted the topics of focus from each committee meeting as set out in the paper.
- 7.2 John Lelliott provided updates from ARAC. John outlined discussions on the Annual Report and Accounts, as well as discussion on the risk register and work being done to implement an item relating to water.
- 7.3 Judith Batchelar provided an overview of deep dive sessions and external guests featured at E&B Committee. She noted that Paul Hickey had spoken with the Committee recently on water resources. Judith informed the Board that the committee now included a standing hot topics item from the Chief Scientist.

- 7.4 Ines Faden Da Silva noted that FCRM committee had an upcoming meeting on capital programme performance metrics. Ines extended the invitation to this session to all Board members.
- 7.5 Board members were then invited to provide updates from their respective Areas. Robert Gould noted that certain Regional Flood and Coastal Committees (RFCC) were suffering from both a lack of funding and engagement. Alan informed the Board that these issues had been raised with Minister Pow. The Board shared feedback from RFCC's on a number of topics including the retention of senior leadership.
- 7.6 **The Board approved** the Pensions Committee's recommendation for Laura Milton to replace Estelle Palin as Environment Agency employer representative on the Pensions Committee and Investment Sub Committee (ISC).

John Lelliott left the meeting at the end of this item.

Item 8 **How We Implement the Plan for Water**

Transforming Water Regulation

- 8.1 The Board welcomed Helen Wakeham, Sue Longstone and Jenni Balmer to the meeting. Helen Wakeham began by outlining current water company performance and the regulatory landscape. Sue Longstone provided an overview of the proposed model for water industry regulation which would be implemented from 2024/25 onwards.
- 8.2 Alan Lovell and John Curtin outlined their recent discussions with water companies in which they had emphasised the need for transparency. They noted they would continue applying this pressure.
- 8.3 David Hill noted that strengthening regulation was central to the Plan for Water. He discussed with the Board how the Plan should be communicated to Ministers and to the Defra Executive Committee (ExCo).

Plan for Water

- 8.4 Jenni Balmer gave an overview of the journey to the Integrated Plan for Water and provided context on the current state of the water environment. Jenni outlined how the Environment Agency hopes to create a healthy water environment and a sustainable supply of water for people, businesses, and nature in the years to come.
- 8.5 The Board discussed how plentiful water is defined, as well as the requirement for more resource versus reprioritising existing resource to execute the plan. David Hill praised the joint Environment Agency and Defra work that had been done to frame the plan and acknowledged

ongoing joint work to bring in partners. He advised that the Environment Agency keep future spending reviews in mind and ensure it is making maximum use of existing resource and capabilities.

Item 9 AOB, date of next meeting and review of meeting

AOB

- 9.1 Board members were invited to send any comments or questions on the Equality, Diversity and Inclusion (EDI) information paper included in the pack to Lucy Hunt.

Date of next meeting

- 9.2 The date of the next informal Board call was noted as 14 June, in which the Board would be discussing the communications strategy for the publication of the Environmental Performance Assessment (EPA). The next formal Board meeting was noted as 12 July.

Review of meeting

- 9.3 The Board reviewed the meeting agreeing that future meetings should continue to build in time for strategic discussions such as this meeting's session on Regulation and the Plan for Water.

The meeting closed at 14:15.