

## Board Meeting

### Minutes of the Board meeting held on Tuesday 10 October 2023 at Horizon House, Bristol and via video conference

#### Present

Alan Lovell  
Robert Gould  
Stewart Davies  
John Lelliott  
Mark Suthern  
Lilli Matson  
Ines Faden Da Silva  
Sarah Mukherjee  
Caroline Mason

Chair  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member

#### In attendance

Philip Duffy  
John Curtin  
Caroline Douglass

Sarah Chare  
John Leyland

Pat Bolster  
Ilana Conn

Anna Burns

Laura Milton  
David Hill

Alex Hole  
Beth Lamb  
Sally Pamplin

Chief Executive  
Executive Director, Local Operations  
Executive Director, Flood and  
Coastal Risk Management  
Chief Operating Officer  
Executive Director, Environment and  
Business  
Director, Finance  
Defra Deputy Director, Operational  
and Local Communications  
Deputy Director, Governance and  
Engagement  
Director, Legal and Audit Services  
Defra Director General, Environment  
Group  
Senior Board Governance Advisor  
Board Governance Advisor  
Board Governance Officer

#### Item 4

Rachel Jones

Deputy Director, Strategy, Planning  
and People

#### Item 5

Lucy Ward

Finance Manager

**Item 6**

Kate Marks

Deputy Director, Digital Services

**Item 7**

Paul Clements

Director, Incident Management and Resilience

Jon Goldie

Deputy Director, Preparedness and Recovery

**Item 8**

Leigh Edlin

Area Director, Lincolnshire and Northamptonshire

Thomas Enright

Area Environment Manager (Monitoring)

Darren Randall

Fisheries, Biodiversity and Geomorphology Technical Specialist

Richard Williams

Senior Environment Officer

**Item 9**

Andy Wilkinson

Deputy Director, Income Generation and Value for Money

Ruth Andreyeva

Deputy Director, Innovative Funding and Finance

**Items 9, 11 & 12**

Neil Davies

Director, Sustainability, Funding and Service Operations

**Item 11**

Van Griffiths

Deputy Director, Sustainable Business (job share)

Becky Hibbert

Business Manager, Sustainable Business (job share)

Simon Dawes

Manager, Sustainable Business

## Item 1 Welcome & introductions

- 1.1 The Chair welcomed attendees to the meeting.

## Item 2 Apologies, Declarations of interest and approval of minutes of the 12 July meeting and matters arising

### Apologies

- 2.1 Apologies were noted from Judith Batchelar, Deputy Chair, and Nick Joicey, Defra Chief Operating Officer and Second Permanent Secretary.

### Declarations of interest

- 2.2 The Board noted the following changes to Alan Lovell's declarations of interest. Alan informed the Board that he had now left the Board of Interserve and had stopped his role as a Senior Independent Director of SIG, but remained a non-executive director of SIG.

- 2.3 No further declarations were raised.

### Approval of minutes of the Board meeting held on 12 July 2023

- 2.4 **The Board approved** the minutes of the Board meeting held on 12 July 2023.

### Matters arising

- 2.5 The Board noted the progress made against all actions on the action tracker.

## Item 3 Updates to Board

### Chair's Update

- 3.1 The Chair informed the Board that after two successful terms Caroline Mason will step down as Board member at the end of March 2024. He also noted that John Lelliott comes to the end of his second term at the same time but that a six-month extension has been agreed to allow time for handover of the Audit and Risk Assurance Committee (ARAC) Chair role.
- 3.2 The Chair updated the Board on the recent launch of the recruitment campaign for 3 new Board members with a specific focus on ARAC skills, pensions, and digital, technology and innovation. The Board were asked to share these opportunities with their networks. The Board

noted that the social media campaign would be launched at the end of that week.

#### Chief Executive's Update

- 3.3 The Board noted the items included in the paper. The Chief Executive provided verbal updates on the progress being made on the process of responding to freedom of information (FOI) requests, the response to the Office of Environmental Protection (OEP) information notice regarding the regulation of Combined Sewer Overflows, statutory targets for nature-based solutions in the upcoming Water industry national environment programme (WINEP), the William Priest review on water and financing of the UK emissions trading scheme.
- 3.4 The Chief Executive also raised points for political awareness including nutrient neutrality and an expected intensification of the nuclear agenda. The Chief Executive recommended to the Board that the Environment Agency should now be taking stock of its approach to desalination.
- 3.5 **Action:** Chief Executive to review the Environment Agency's approach to desalination.
- 3.6 The Board discussed preparations for an upcoming general election, as well as the benefits of a more regional approach to conversations with water companies. The Board discussed the ongoing process improvements for FOI responses, and the importance of ensuring liaising across the Defra group in relation to the response to the OEP information notice.

## Item 4 People Update

#### Health, Safety and Wellbeing Update

- 4.1 The Board noted the recent significant developments with regard to health, safety and wellbeing (HSW) within the Environment Agency. The Board also noted that Richard Houghton would soon be stepping down from his role as Deputy Director, Health, Safety and Wellbeing and thanked him for his hard work whilst in this role.
- 4.2 The Chief Operating Officer provided a verbal update on the launch of the Environment Agency's new trauma support offer as well as recent significant HSW incidents and the associated learning. The Board noted the improvement in staff mental health based on the results of the most recent pulse survey.
- 4.3 The Board discussed the tragic loss of life over summer 2023 at or near Environment Agency assets and the associated campaigns on

public safety in and around water and noted that work was continuing to identify 'honey pot' sites to help avoid similar tragedies in future.

- 4.4 The Board discussed the number of activities that were still 'red carded' since the conclusion of the Shepperton review and ongoing discussions around which activities should be carried out by Environment Agency staff and which by external contractors.
- 4.5 **Action:** Chief Operating Officer to bring an update to the Board on high risk activities, how these are being handled, which are still 'red carded' and plans to develop internal capabilities and not be reliant on external contractors.

### Employee Relations

- 4.6 The Board welcomed Rachel Jones, Deputy Director, Assurance and Risk to the meeting. The Deputy Director, Strategy, Planning and People provided an update on the latest developments regarding the ongoing industrial action. The Board noted that the mandate for action by trade unions was to end on 1 November for Prospect and 10 November for Unison, after which trade unions will be required to re-ballot their members. The Deputy Director, Strategy, Planning and People told the Board that the Environment Agency were hoping that the pay flex business case would bring the dispute to a close.
- 4.7 The Board noted that the 'life and limb' provision was still in place but queried how this would work in practice. The Board discussed the need to emphasise to His Majesty's Treasury (HMT) the seriousness of the risk if a major incident should occur whilst industrial action is still ongoing. The Board and Defra Director General, Environment Group, discussed the importance of communicating these risks to both HMT and Number 10.
- 4.8 **Action:** Chief Executive Officer and Executive Director of Local Operations to ensure risks of major incident occurring whilst industrial action is ongoing are communicated to HMT and Number 10.

## Item 5 Q1 Corporate Scorecard

- 5.1 The Board welcomed Lucy Ward, Finance Manager to the meeting. The Director of Finance provided an overview of the Quarter 1 performance and updated the Board on the measures that require adjustment. The Board noted that the development of the balanced scorecard had been slowed due to resource being diverted to the development of the Secretary of State's (SoS) arm's length body (ALB) dashboard project. The Board noted progress on plans for a performance timetable that would provide more timely data on the corporate, balanced and shadow scorecards.

- 5.2 The Board discussed the asset maintenance target as well as the limitations of scorecard measure A3, which relates to incident response capability, as it only refers to the percentage of trained staff and doesn't account for availability.
- 5.3 The Board considered the implications of delays to environmental permits delivered within agreed timescales, referred to in shadow scorecard measure SM4, to green finance opportunities as the delays could be a blocker to potential investors. The Board discussed plans in place to address the current issues around permitting, including those that account for the skills needed in the National Permitting Service (NPS) and not just bringing in more colleagues. The Board noted potential for the use of artificial intelligence (AI) and enhanced IT processes to assist in the determination of 'simple' applications.
- 5.4 **Action:** The Board asked the Executive Director of Local Operations to produce a plan to green status for shadow scorecard measure SM4.
- 5.5 The Board also discussed measure A8, which relates to high-risk illegal waste sites. The Board noted that the target was still being impacted by delays caused by the pandemic, and how this was determining how sites are being prioritised.
- 5.6 The Board considered measure EO2a, relating to the proportion of Environment Agency staff from Black, Asian and Minority Ethnic (B.A.M.E) backgrounds, and questioned if the language used in this measure was still appropriate.
- 5.7 **Action:** Executive Director, Local Operations to confirm the correct language around what is currently the B.A.M.E colleagues measure with the B.A.M.E network.
- 5.8 **Action:** Chief Operating Officer to consider the Board's suggestion to include a measure relating to those leaving the organisation after less than a year who are from ethnic minority backgrounds for next year's scorecard.
- 5.9 **Action:** The Board asked the Director of Finance to include full year forecasts on the two equality, diversity and inclusion (EDI) measures in the published forecast.
- 5.10 **The Board approved** the Q1 corporate scorecard, subject to the changes recorded, ready to publish on Gov.uk.

## Item 6 Finance Updates

### Finance Update

- 6.1 The Director of Finance laid out the current financial management position highlighting that the in-year actual spend and forecast full year position for 2023-24 is complicated. The Board noted the plan to deal

with this uncertainty as laid out in the paper. The Board also noted that the half year position would be presented to the Board at the meeting in November.

- 6.2 The Board discussed the capital resource reclassification work structures in place as well as those still needed for greater flexibility on funding and the potential for generating more revenue through charges. The Board noted this would be covered in more depth as part of the Environment Agency Funding item.

#### Annual Report and Accounts assurance for Board

- 6.3 The Director of Finance provided a verbal update on the key issues regarding financial management, reporting and the National Audit Office (NAO) audit.

- 6.4 The Board noted the update and the information laid out in the paper.

- 6.5 **The Board delegated approval** of any late changes to the Annual Report and Accounts to the Chief Executive Officer as Accounting Officer, supported by the ARAC Chair and Director of Finance.

#### Financial Scheme of Delegation (FSoD)

- 6.6 The Board noted the items which had been approved by the Chair under standing order 4.1, noting where the relevant Board member had reviewed each project.

- 6.7 The Board noted that a review of the FSoD was underway as part of an action arising from a Defra group investment committee review of a major project.

#### Incident Report and Track Update

- 6.8 The Board welcomed Kate Marks, Deputy Director, Digital Services to the meeting. The Director of Finance provided an update on the issue.

### Item 7 Winter Readiness

- 7.1 The Board welcomed Paul Clements, Director, Incident Management and Resilience and Jon Goldie, Deputy Director, Preparedness and Recovery to the meeting.

- 7.2 The Deputy Director, Preparedness and Recovery took the Board through the outlook for winter 2023/24 against the backdrop of preparedness activity, as well as the capacity and capability of staff.

- 7.3 The Board noted the ongoing risks around industrial action in this space, but that new measures were being trialled to improve both the resilience and the scope of control.

- 7.4 The Board discussed what lessons can be learned from recent flooding in Germany, as well as continued collaborative work and knowledge sharing with the Netherlands. The Board considered lessons learnt from recent flooding in New York, with particular focus on the disproportionate impact of flooding on less affluent communities or communities where English is not the first language.
- 7.5 The Board noted the considerable risks around surface water flooding, in particular flash flooding, and how the Environment Agency is working with local authorities to strengthen resilience in this space.

## Item 8 Celebrating our successes: OMEX Prosecution

- 8.1 The Board welcomed Leigh Edlin, Area Director, Lincolnshire and Northamptonshire, Thomas Enright, Area Environment Manager (Monitoring) Lincolnshire and Northamptonshire, Darren Randall, FBG Technical Specialist, Lincolnshire and Northamptonshire and Richard Williams, Senior Environment Officer, Lincolnshire and Northamptonshire to the meeting.
- 8.2 The Area Director, Lincolnshire and Northamptonshire and his team provided context on the river pollution incident, the extent of the environmental damage, how damage has been remediated and the key learning points. The team briefed the Board on the Environment Agency's first substantive use of the Environmental Damage Regulations (EDR) as well as the fine and cost recovery.
- 8.3 The Director of Legal and Audit Services provided context on the use and scope of EDR. The Board reflected on the significant benefits achieved using EDR in the case of the River Witham as well as the importance of, and how, EDR can be utilised more widely.
- 8.4 The Board congratulated the Area Director, Lincolnshire and Northamptonshire and his team for their success and supported their efforts in this vital work. The Board thanked the team for leading the way and providing a good example of successful regulation.
- 8.5 **Action:** The Board asked the Executive Director of Local Operations to confirm work was underway to ensure awareness of opportunities to utilise EDR.

## Item 9 Environment Agency Funding: SR24 and Beyond

- 9.1 The Board welcomed Neil Davies, Director, Sustainability, Funding and Service Operations, Andy Wilkinson, Deputy Director, Income Generation & Value for Money and Ruth Andreyeva, Deputy Director, Innovative Funding and Finance to the meeting.



- 9.2 The Chief Operating Officer provided an overview of the areas of priority, proposed changes to the Environment Agency's Environmental Permitting Regulations (EPR) charge programme and the funding gap the Environment Agency is currently facing.
- 9.3 The team set out further context around current funding challenges and the proposal to gradually change the way the organisation is funded from reliance on Grant in Aid (GiA) towards primarily charge funded as a way of closing the funding gap. The Board noted the information laid out in the paper and in the presentation.
- 9.4 The Board queried the extent to which there is flexibility around Environment Agency charges and discussed how a case can be presented to HMT to improve this flexibility.
- 9.5 The Board encouraged the identification of commercial assets and move towards a market-based approach as a means of generating income. The Board discussed potential for investment and creating funding streams through which private funding can enter the organisation. The Board also encouraged the team to explore opportunities to further utilise where Environment Agency activities are already providing value to the economy.
- 9.6 The Board noted the focus on efficiencies and technological innovation and queried how cost recovery would be calculated. The Board warned the team not to rely too heavily on digital transformation as a means of closing funding gaps, as they advised this is often an expensive exercise not delivering as much saving as expected.
- 9.7 The Deputy Director, Innovative Funding and Finance provided an overview of the Environment Agency's work on innovative funding, including implementation of the green finance strategy. The Board noted the range of things the Environment Agency is doing to contribute in the green finance space and commended the recent launch of the green finance e-learning training module.
- 9.8 The Board discussed the innovation programmes that the Environment Agency is currently running, such as the Natural Environment Investment Readiness Fund (NEIRF), and ambition to create models that support the environment whilst also generating income. The Board encouraged the team to consider the scalability of such programmes and to consider that the Environment Agency's most valuable contribution is in its role delivering good regulation and monitoring. The Board considered how the Environment Agency and Defra can work together to ensure scalability.
- 9.10 The Board suggested there needed to be clearer messaging on green finance across the organisation and urged the team to ensure

Environment Agency goals for both green finance, and funding more widely, align with the Environment Agency's mission.

- 9.11 Defra Director General Floods and Water flagged to the Board the work consultants McKinsey had undertaken with Defra on the Green Finance agenda.
- 9.12 **Action:** Director, Sustainability, Funding and Service Operations to reflect on work carried out by McKinsey for Defra on the Green Finance agenda and provide an update to the Board.
- 9.13 **Action:** Director, Sustainability, Funding and Service Operations to work with Defra to bring together a case to show how a different approach to regulation and permitting could help unlock growth.
- 9.14 **Action:** Director, Sustainability, Funding and Service Operations to work with Defra to see what can be done around generating income through regulation for enforcement activity.
- 9.15 The Board expressed thanks for being engaged on this topic at the early stage and being invited to be part of the shaping discussion ahead of the next spending review period.
- 9.16 **The Board approved** the proposed approach and priorities for SR24 subject to the suggestions made by the Board as part of this discussion.
- 9.17 **The Board approved** the proposed charge review proposals.

## **Item 10 Committee and Area Board Member updates and Pensions Committee Approval**

### **Committee Updates**

- 10.1 The Board noted the topics of focus from each committee meeting as set out in the paper.
- 10.2 The Board noted that the 15-month plan for Flood and Coastal Risk Management (FCRM) would be coming to the FCRM committee the following week.
- 10.3 The Chair of the Pensions Committee updated the Board on the challenging circumstances of the past few months since the Capita data breach, and the associated workload this had generated for the team. The Board noted that the Shared Services Connected Limited (SSCL) Pensionable pay issue was still also generating significant workload for the Pensions team. The Board praised the team noting that despite difficult circumstances the Environment Agency pension

ranked as one of the top five local government pension schemes and remains fully funded. The Board discussed the importance of the Environment Agency pension scheme to the employee offer.

10.4 **Action:** Chair to write to the Environment Agency Pensions team to express his and the Board's thanks for their continued hard work.

10.5 The Chair of the ARAC committee provided a verbal update on the progress of the internal audit report.

#### Area Board Member Updates

10.6 Board members updated on the various area visits they had undertaken, as well as the successes and issues observed.

10.7 The Board discussed the Humber2100 project and the successful collaboration between the Environment Agency and eleven local authorities, and contrastingly how Thames area was struggling to engage meaningfully with local authorities on the Thames2100 project and that better sequencing would be needed to improve this.

10.8 The Board took updates on the recruitment for three new Regional Flood and Coastal Committee (RFCC) Chairs, the Arundel Flood Remediation scheme and praised the North East area's focus on health, safety and wellbeing.

10.9 The Board also considered the Environment Agency's advice to the agricultural sector regarding sustainable farming practices, as well as the Environment Agency's involvement in extended producer responsibility strategy.

#### Pensions Committee Approvals

10.10 **The Board approved** the Pension Committee's recommendation for Danielle Ashton, Member Representative to remain in post for a further 3 years tenure on Pensions Committee and Investment Sub-Committee with effect from 1 Feb 2024.

### Item 11 Environment Agency Net Zero Reset

11.1 The Board welcomed Van Griffiths, Deputy Director, Sustainable Business, Simon Dawes, Manager, Sustainable Business and Becky Hibbert, Deputy Director, Sustainable Business, to the meeting. The team outlined the findings of the net zero modelling and presented options for a revised organisational net zero position.

11.2 The Board acknowledged that it was right to recognise that the original net zero target could not be achieved due to the changes in the

science-based target initiative and discussed the associated reputational risks.

- 11.3 The Board endorsed keeping the 45% Carbon reduction by 2030 target, and that the target should cover all 3 scopes. The Board noted and endorsed that it was no longer appropriate to pursue the 55% removal target. The Board asked for a further deep dive session into the modelling options prior to a final decision on the revised net zero dates.
- 11.4 **Action:** Board secretariat to schedule a follow up discussion on modelling options for net zero.
- 11.5 The Board considered the best approach to communicating a revised target both internally and externally. The Board encouraged the team to handle communications on the decision in a way that minimises the risk of demoralising Environment Agency staff. Defra Deputy Director, Operational and Local Communications reassured the Board that work would be done to ensure the correct mechanism was found for communicating the revised target externally.
- 11.6 **Action:** Chief Operating Officer to bring Environment Agency Net Zero Reset item back to November Board meeting for discussion and December for approval.

## Item 12 Defra Corporate Services update

- 12.1 The Board acknowledged the progress to date in delivering the action plan recommendations. The Board noted that Nick Joicey had now taken up the role of Defra Chief Operating Officer and had not been able to attend the meeting.
- 12.2 The Chief Operating Officer updated the Board on the implementation plan and work underway across all functions to reset the partnership and address gaps and issues.
- 12.3 The Board noted the areas identified as more complicated and multifaceted that required input from senior leadership across both organisations. The Board discussed that work is still to be done to ensure adequate resource in comms teams, despite improvements having been observed. The Board noted particular gaps and strains in the internal comms space.
- 12.4 The Board commended the considerable improvements to the Environment Agency's functional IT provisions.

## Item 13    AOB, date of next meeting and meeting review

### AOB

- 13.1        The Chief Executive raised a recommendation for the Board to discuss the eMission2030 strategy following the previous day's discussion at EDT.
- 13.2        **Action:** Chief Operating Officer to bring an item on eMission2030 to the Board in due course.
- 13.3        The Executive Director of FCRM updated the Board on discussions around biodiversity net gain and possible implications for the capital programme.
- 13.4        **Action:** Executive Director, FCRM to bring an item on Biodiversity Net Gain back to the Board in due course.
- 13.5        The Executive Director of Operations provided an update on the monitoring calibration issue at Walley's Quarry. The Board noted that the appropriate partner organisations have been engaged and that an open forum with local residents and stakeholders had taken place the previous day. The Board thanked Clare Dinnis, Area Director for West Midlands, for her hard work. The Board noted that work was underway to examine all other Environment Agency sites where this equipment is being used and that monitoring teams are working to ensure there are no similar issues elsewhere.
- 13.6        Mark Suthern updated the Board on innovative practices being carried out at the Lapwing Estate. He asked if key stakeholders, such as the Lapwing Estate, should have principal points of contact within the Environment Agency to ensure robust relationships with innovators.
- 13.7        **Action:** Chief Operating Officer to organise for principal stakeholders to have a primary contact or key account manager in the business.
- 13.8        The Chair updated the Board on plans for a joint visit with Natural England, Forestry Commission and Environment Agency, as part of a larger plan to work more closely with both organisations.
- 13.9        The Board raised a query on fines, and asked if there was anything that can be done to encourage higher penalties for polluters.
- 13.10       **Action:** Director, Legal and Audit Services to bring an item to the Board to share sentencing guidelines and how this impacts the sort of fines imposed on polluters.

#### Date of next meeting

13.11 The dates of the next meetings were noted as Monday 20 November and Wednesday 6 December 2023.

13.12 The Board noted that the 20 November call would be a formal Board call.

#### Meeting review

13.13 Board Members commented on the Board paper packs and asked that all appendices be included in the main paper pack going forward. The Board encouraged paper sponsors to ensure papers are much more concise in future.

13.14 **Action:** secretariat to include appendices in the main paper pack going forward.

13.15 **Action:** Secretariat to reiterate to paper authors the importance of paper submission deadlines and more closely monitor paper length going forward.

The meeting closed at 17.00.