

Minutes of the board meeting held on Wednesday 13 March 2024 at Lateral House, Leeds and via MS Teams

Present

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

In attendance

Philip Duffy	Chief Executive
Sarah Chare	Executive Director of Local Operations
Tamara Bruck	Executive Director of Strategy, Transformation and Assurance
Nicola Lawton	Chief Operating Officer
Caroline Douglass	Executive Director of Flood and Coastal Risk Management
John Leyland	Executive Director of Environment and Business
Laura Milton	Director of Legal and Audit Services
Clare Jeffreys	Finance Director
Harry Leeder	Deputy Director of Governance and Engagement
David Hill	Defra Director General, Environment Group
Anna Caffyn	HMT Finance Director and Incoming Environment Agency Finance Director
Dafydd Jones	Executive Manager
Corry McDiarmid	Board Governance Manager
Alex Hole	Board Governance Senior Advisor
Bethany Lamb	Board Governance Advisor

Item 3

Dan Hutley	Deputy Director of Health, Safety and Wellbeing
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Item 6

Malcolm Lythgo	Director of Operations, Regulation, Monitoring and Customer
Georgina Collins	Director of Regulated Industry
Jo Larmour	Deputy Director of National Enforcement Service

Item 7

Helen Wakeham	Director of Water Transformation
Judy Proctor	Improving Water Company Regulation Manager
Keith Davis	Water Quality Regulatory Development Manager

Item 9

James Winbolt	Engagement National Lead, Enabling Local Investment
Lindsey Tucker	Enabling Local Investment Manager

Item 10

Mike Dugher	Yorkshire Area Director
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Item 11

Lucy Ward	Finance Manager
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Item 12

Neil Davies	Director of Sustainability, Funding and Service Operations
Alex Robinson	Charges Manager

Item 1: Apologies, declarations of interest, minutes and matters arising

- 1.1 The Chair welcomed attendees to the meeting. The board welcomed Tamara Bruck, Anna Caffyn, Dafydd Jones and Harry Leeder to their first meeting. The board congratulated Sarah Chare on her recent appointment as Executive Director of Local Operations and thanked Nicola Lawton for her time as interim Chief Operating Officer.

Apologies

- 1.2 Apologies were noted from Nick Joicey, Defra Second Permanent Secretary, and Ilana Conn, Defra Deputy Director of Operational and Local Communications.

Declarations of interest

- 1.3 Mark Suthern declared that he sits on the investment committee of Ceres Agri-Tech, which has received £4.9 million in research grants for distribution in the environment sector.
- 1.4 Mark Suthern declared he has been appointed an independent Commissioner for the review of Red Tractor Assurance.

Minutes of the board meeting held on 8 February 2024

- 1.5 The board approved the minutes of the 8 February 2024 board meeting.

Matters arising

- 1.6 The board noted the progress made on all actions. The board noted that action Board2023-41 would be completed by an item being brought to the Environment and Business Committee in July.

Item 2: Welcome to new Executive Director of Strategy, Transformation and Assurance

- 2.1 The board welcomed Tamara Bruck to her new role as Executive Director of Strategy, Transformation and Assurance.
- 2.2 Tamara gave some initial reflections on her time in post so far.

Item 3: People matters

Health, safety and wellbeing

- 3.1 The board welcomed Dan Hutley to his first board meeting in his new role as Deputy Director of Health, Safety and Wellbeing (HSW). Dan highlighted the key points in the paper and updated the board on the progress of their previous request for the benchmarking of HSW performance against other similar organisations.

- 3.2 The board discussed the investigation from the Health and Safety Executive (HSE), and the external benchmarking work. The board noted engagement was underway with other Defra group and government organisations and asked if external companies were also going to be used for benchmarking.
- 3.3 **Action:** Secretariat to schedule for the Deputy Director of HSW to return to the board in 6 months' time to discuss external benchmarking of HSW activity.
- 3.4 The board were reassured that EDT looks at all HSW risks and that they are assured and embedded.
- 3.5 **Action:** Executive Director of Strategy, Transformation and Assurance (STA) to bring an item to a future board meeting to demonstrate how HSW risks are assured.
- 3.6 The board noted that the wider overview of potential risks in the paper was useful but they now wished to see clear performance metrics and trend data to demonstrate the main risks and what is being done to drive these down.
- 3.7 The board welcomed the report and expressed that they looked forward to future discussion on metrics and data.

Employee relations

- 3.8 The Chief Operating Officer informed the board that Civil Service pay guidance had not yet been published.
- 3.9 The Chief Operating Officer updated the board on the pay gap report, which was soon to be published. She noted that the Environment Agency was in a good place in terms of the gender pay gap but flagged concerns around the sexual orientation pay gap.
- 3.10 **Action:** Executive Director of Strategy Transformation and Assurance to bring back an item on the sexual orientation pay gap and the plans to improve this.
- 3.11 The board challenged on representation of people from ethnic minority backgrounds across the business and noted EDT's intentions to have a stretching but realistic target for ethnic minority representation in the Environment Agency workforce.

Item 4: Board updates

Chair's update

- 4.1 This item was not taken.

Chief Executive's update

- 4.2 The Chief Executive provided an update on the year end accounts, including the prospect of all of the accounting qualifications being removed with the exception of the qualification relating to asset condition.
- 4.3 The Chief Executive updated the board on recent successful prosecutions, including a £2m fine for Severn Trent Water for discharging illegally, £330k fine for Southern Water and legal action brought against waste sites in Staffordshire.
- 4.4 The board also noted that a decision on the Flood and Coastal Risk Management (FCRM) capital programme was expected imminently. Defra's consultation on 27 new bathing waters and work continued on water company regulation with Defra and Ofwat.

Item 5: Area board member and committee meeting updates

Area board member updates

- 5.1 Board members reported back on issues and notable updates from each of their areas. The board took updates on work in the Humber Estuary, and issues in Thames and West Midlands areas.

Committee updates

- 5.2 The board noted the topics of focus and key decisions taken at the Investment Sub Committee (ISC).

FCRM Committee annual review report

- 5.3 The board noted the update provided by the Chair of the FCRM Committee on the committee's work for the period October 2022 to December 2023.
- 5.4 The board noted the committee's priorities for the coming year. The board noted that procurement frameworks and commercial strategies are a cross-cutting issue across board committees and it was agreed

that this item should come to the board for future discussion.

Action: Executive Director STA to bring an item on procurement frameworks and commercial strategies to the board in due course.

- 5.5 The board noted the update regarding the recruitment of the new Regional Flood and Coastal Committee (RFCC) chairs.

Item 6: Current position on enforcement across the Environment Agency

Lilli Matson's declaration of interest regarding possible enforcement against Transport for London was noted by the group during this discussion.

- 6.1 The board welcomed Malcolm Lythgo, Jo Larmour and Georgina Collins to the meeting.
- 6.2 The Executive Director of Local Operations introduced the item.
- 6.3 The Director of Legal and Audit services gave an overview of enforcement tools available and pointed out the need to empower colleagues to use the full range of tools and better utilise mid-level sanctions.
- 6.4 The board discussed the need for a scorecard measure to assess progress against the proposed improvements in the Enforcement Improvement Plan. The board asked for shadow scorecard measures for next year against different control strategies, the effectiveness of delivering the right intervention to the offense and the timeliness of response.
- 6.5 The board discussed the regional variation in enforcement performance, how the Environment Agency is working with local authorities and adjusting its approach in response to their resource pressures, and asked for reassurance that the cumulative impact of low level incidents were being considered and managed appropriately.
- 6.6 The board asked if sharing of data between organisations had been considered, for example with the Natural Environment Research Council (NERC), and how artificial intelligence (AI) can be utilised.
- 6.7 The board discussed outstanding enforcement cases and acknowledged the reasons for delays.
- 6.8 The board confirmed they have appetite for robust enforcement, in particular for action on mid-level sanction. They reiterated they would like to see more done on the visibility of Environment Agency's work in

the enforcement space. The board acknowledged that more could be done to publicise activities by the Environment Agency to disrupt waste crime.

- 6.9 The Chair asked the team to take on the board's comments and come back to the board with targets and draft shadow scorecard measures, as well as a summary of how we should be doing it differently, including reducing time and focusing in on mid-level sanctions.
- 6.10 **Action:** The Chair asked Malcolm Lythgo to return in due course with targets and draft shadow scorecard measures as well as a proposal on the Environment Agency's enforcement approach.

Item 7: Environmental performance assessment (EPA) and reporting review for 2026 to 2030 data reporting

- 7.1 The board welcomed Helen Wakeham, Judy Proctor and Keith Davis to the meeting to discuss the reporting and management of water industry performance.
- 7.2 The board noted the upcoming external consultation with targeted stakeholders on the changes proposed to reporting and existing EPA metrics and proposed new EPA metrics.
- 7.3 The board discussed how data can be managed so that publishing can be aligned to the financial year. They challenged on the need for a consistent historical view of water company performance and the need to be clearer on what outcomes the Environment Agency is driving in the water industry with the new metrics.
- 7.4 The board suggested the inclusion of an outcome metric which could lead to better bathing water and river conditions. The board noted that the Defra delivery unit and evaluation project are working with the Environment Agency's Chief Scientist's group to look at outcome measures and highlight where there are any policy gaps.
- 7.5 The board discussed the planned communications around tightening EPA ambition, and that it is important to show how this aligns with the Environmental Improvement Plan (EIP) and that it is an ambition of companies to change and improve.
- 7.6 **Decision:** The board endorsed the current direction of travel with regard to tightening EPA ambition.

- 7.7 **Decision:** The board encouraged the team to consider the creation of an outcome measure that would lead to better bathing water and river conditions.

Item 8: Regular finance Items

Finance update

- 8.1 The Finance Director gave an update on the current financial position as we approach the end of the financial year.
- 8.2 The board noted the position and thanked the Finance Director and her team for their efforts getting to this point.

Financial Scheme of Delegations (FSoD)

- 8.3 The board noted the items which had received approval.
- 8.4 The board were reassured that the appropriate measures were being put in place based on the learning from the tribunal case outlined in the paper.
- 8.5 The board asked for more assurance around the Thames Barrier and if the analogue switch off outlined in the paper is a risk. The board asked the Executive Director of STA to track this risk and provide the appropriate level of assurance.
- 8.6 **Action:** Executive Director STA to provide information to the board on the assurance of security risks.

Non-financial scheme of delegation (NFSoD)

- 8.7 The board approved the proposed amendments to the non-financial scheme of delegation (version 56, December 2023) to reflect the organisational changes as a result of OneEA changes in the Environment and Business Directorate and creation of Strategy, Transformation and Assurance Directorate to replace Chief Operating Officer Directorate.

Item 9: Celebrating our successes – Projects for Nature

- 9.1 The board welcomed Lindsey Tucker and James Winbolt to the meeting. James provided an overview of the new Projects for Nature

scheme and how this platform will connect businesses, and other donors, with screened nature recovery projects.

- 9.2 The board praised the programme and asked how it will be made accessible to smaller corporates, how inclusion is being considered and how the scheme is being socialised internally.
- 9.3 Board members were interested in the level of investment seen so far as well as if these were one-off commitments or if there were opportunities for longer-term investment.
- 9.4 The board thanked James and Lindsey for sharing their success.

Item 10: Staff engagement reflections

- 10.1 The board welcomed Mike Dugher to the meeting. The board and executives reflected on their informal engagement session with Yorkshire area staff. The board noted how many new starters they spoke to and reported having had discussions around a lack of clarity on promotion opportunities. The board reported back that colleagues had also raised concerns around not being able to progress their careers without taking on management roles.
- 10.2 **Action:** Executive Director of STA to provide information to the board on staff grading for both team leaders (managers) and technical experts.

Item 11: Q3 performance review

Corporate scorecard and balanced scorecard

- 11.1 The board welcomed Lucy Ward to the meeting. Lucy gave an overview of the paper and the board noted the quarter 3 performance position.
- 11.2 The board queried the status of the incident response measure, seeking reassurance that this green status was also reflected at the area level in terms of workloads. The board acknowledged that issues in this area are being addressed as part of the work on IMX, which will be coming to the board later in the year.
- 11.3 The board discussed the biodiversity measure and noted the year end outcome would be largely linked to the FCRM target. The board noted

that consideration may be needed as to whether the ambition set previously is still achievable.

- 11.4 The board noted that this was the best corporate scorecard performance in recent years and acknowledged the scale of the achievement in getting to this point. The board acknowledged that there now needed to be consideration around setting stretch targets and what can be achieved within the scope of the Environment Agency's funding.
- 11.5 The board approved the quarter 3 corporate scorecard.
- 11.6 The board approved the quarter 3 shadow corporate scorecard.
- 11.7 The board approved the quarter 3 balanced scorecard.

2024 to 2025 business plan, including approval of associated corporate and balanced scorecard

- 11.8 The Finance Director set out the organisational priorities and gave an overview of the financial allocations, corporate scorecard measures and performance targets.
- 11.9 The board felt the process was hugely improved and thanked the executives for their work on this.
- 11.10 The board discussed the need for development of a robust approach to the FCRM capital programme across the country. They acknowledged that this would be looked at as part of an item coming to the next FCRM Committee meeting.
- 11.11 The board felt there should be more in the plan on both waste and IT, and acknowledged that a stronger link between the plan and moving forward towards the delivery of the Environmental Improvement Plan (EIP) would be helpful.
- 11.12 The board approved the organisational priorities for 2024 to 2025 as set out in Appendix 1 of the paper, noting the prominence of waste will be increased.
- 11.13 The board approved the financial corporate scorecard measures for 2024 to 2025.
- 11.14 The board approved the performance targets for 2024 to 2025 set out in appendix 3 of the paper except targets relating to asset condition, habitats, illegal waste sites and permitting.

- 11.15 **Action:** Finance Director to bring 2024 to 2025 year-end targets for the asset condition, habitats, permitting and illegal waste sites measures to the May board meeting for final approval.
- 11.16 The board noted that the Chief Executive would be communicating the priorities for 2024 to 2025 both internally and externally.
- 11.17 The board thanked Clare Jeffreys for her work during her time as interim Finance Director.

Item 12: Charge proposals for 2024

- 12.1 The board welcomed Neil Davies and Alex Robinson to the meeting. Neil provided an overview of the charging policy and scheme proposals for approval.
- 12.2 The board noted the contents of the paper, as well as the update regarding the water quality charging consultation which had recently closed. The board noted the delegation of approval under standing order 4.1 for charging proposals on water quality and Kielder Reservoir.
- 12.3 The board approved the charging scheme for international waste shipments subject to Secretary of State (SoS) and His Majesty's Treasury (HMT) approval.
- 12.4 The board approved charges for providing statutory planning advice on Nationally Significant Infrastructure Projects (NSIPs).

Item 13: Board handbook changes approval

- 13.1 The board approved the updates to the board handbook as laid out in the paper pack.

Item 14: Caroline Mason – Reflections on time as an EA board member

- 14.1 Caroline Mason reflected on her 6 years sitting on the Environment Agency Board.
- 14.2 The board thanked Caroline for her dedication, contribution over the years and for her hard work, in particular with Hertfordshire and North London and East Anglia areas and chairing the Investment committee.

Item 15: Any other business (AOB), date of next meeting and review of meeting

AOB

15.1 No other business was raised.

Date of next meeting

15.2 The date of the next meeting was noted as 14 to 15 May 2024.

Review of meeting

15.3 The board discussed future visits, including a desire to visit Devon, Cornwall and Isles of Scilly (DCIS) and North East (NE) areas.

15.4 The board suggested there may be value in hosting a round-table for business leaders to provide a platform to discuss how they can work with the Environment Agency.

15.5 Action: Board Governance Manager and Deputy Director of Governance and Engagement to investigate current engagement with business leaders, gaps and potential for further engagement.

15.6 The board acknowledged the level of challenge and scrutiny they had raised during the meeting but that they continued to recognise the enormous amount of work by the executives on the matters discussed.

The meeting closed at 3:40pm.