

Minutes of the board meeting held on Wednesday 15 May 2024 at Quadrant 2 and via MS Teams

Present

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

In attendance

Philip Duffy	Chief Executive
Tamara Bruck	Executive Director, Strategy, Transformation and Assurance
Caroline Douglass (Item 1-8)	Executive Director, Flood and Coastal Risk Management
Sarah Chare	Executive Director, Local Operations
John Leyland	Executive Director, Environment and Business
Laura Milton	Director, Legal and Audit Services
Anna Caffyn	Finance Director
Harry Leeder (Item 1-13)	Deputy Director, Governance and Engagement
Dafydd Jones	Executive Manager
David Hill	Defra Director General, Environment Group
Corry McDiarmid	Board Governance Manager
Alex Hole	Board Governance Senior Advisor
Beth Lamb	Board Governance Advisor
Sahra Caffarate	Senior Advisor to the Chief Executive

Item 3

Dan Hutley	Deputy Director, Health, Safety and Wellbeing
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Item 5

Jon Goldie	Deputy Director, Preparedness and Recovery
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Item 6

Luke Farrington	Deputy Director, Data and Digital
Kate Marks	Deputy Director, Digital Services
Gilian Pratt	Deputy Director, Future Regulation
Stuart Homann	Deputy Director, Data, Digital and IT
Louise Every	Digital Strategy Manager
Graham Dickinson	Chief Information Officer

Item 9

Clare Jeffreys	Deputy Director, EA Business Finance
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Item 13

Livio Zellweger	Government and External Relations Manager
Alice Duncan	Defra Head of EA Sponsorship

Item 14

Chris Smith	Senior Advisor, Coastal Partnership
Rob Goodliffe	North Norfolk District Council Project Executive

Item 15

James Greenway	Defra Director of Group Property
Lisa Harris	Deputy Director, Estates
Tony Stevens	Corporate Property Manager

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

- 1.1 The board noted apologies from Nick Joicey, Defra Second Permanent Secretary.

Declarations of interest

- 1.2 No new declarations were raised.

Minutes of the board meetings held on 13 March 2024 and 11 April 2024

- 1.3 **The board approved** the minutes of the 13 March 2024 and 11 April 2024 board meetings.

Matters arising

- 1.4 The board noted the progress made on all actions.

- 1.5 The board noted action BOARD2024-018 and asked that an update on progress be brought to the June board meeting.

Item 2: Welcome to new Board Members

- 2.1 The Chair welcomed Brittany Harris and Maya Leibman to the Environment Agency board.

Item 3: People matters

Health, safety and wellbeing

- 3.1 The board welcomed Dan Hutley to the meeting. Dan provided an overview of the paper and updated the board on a recent health, safety and wellbeing (HSW) incident that had taken place since the paper was written.
- 3.2 The board discussed how the HSW incident was being followed up and sought assurance that the systems in place following all HSW incidents were working effectively.
- 3.3 **Action:** Executive Director of Strategy, Transformation and Assurance (STA) and Deputy Director HSW to provide more data in future HSW updates on red carded activities, and information on follow up actions following HSW incidents.
- 3.4 The board raised concerns around third party contractors carrying out work on behalf of the Environment Agency and asked if HSW standards were being consistently adhered to.
- 3.5 **Action:** Executive Director of STA and Deputy Director HSW to provide assurance as part of future HSW updates that contractors carrying out work on behalf of the Environment Agency are doing so to Environment Agency HSW standards.
- 3.6 The board discussed HSW culture as well as mandatory HSW training and how the take-up of training is monitored. The board was reassured that HSW training was being looked at as part of the new HSW strategy.
- 3.7 **Action:** Executive Director of STA and Deputy Director HSW to bring the new Health Safety and Wellbeing Strategy, including our strategic approach to HSW training, to the board for review in August.

Employee relations

- 3.8 The Executive Director of STA updated the board on employee relations issues. The board noted that the pay remit had not yet been received from the Cabinet Office, and that a new EDT sub-group had been set up to manage people issues and HR related matters.

- 3.9 The board discussed the government's new guidance on diversity and inclusion in the civil service following Esther McVey MP's speech. The board noted that the Environment Agency had set out its position with regard to the new guidance and that the CEO and Executive Director of STA had engaged the equality, diversity and inclusion (EDI) networks on the matter. The board endorsed the executive's approach and stressed that EDI must remain a priority.

Item 4: Board updates

Chair's update

- 4.1 The Chair gave an update on the recruitment of a new Audit and Risk Assurance Committee (ARAC) Chair. The board noted that shortlisting would take place that week and interviews would be in June.
- 4.2 The Chair updated the board on his recent Ministerial appraisal and the board discussed communications around the upcoming Environmental Performance Assessment (EPA) publication.
- 4.3 **Action:** Executive Director of Environment and Business to share the draft EPA report with the board when available.

Chief Executive's update

- 4.4 The Chief Executive updated the board on a recent pollution incident at Lake Windermere caused by a third-party system outage.
- 4.5 **Action:** Executive Director of STA to provide information and assurance around the Environment Agency's business continuity plans.
- 4.6 The board noted that work was underway with Number 10 to ensure the Environment Agency is not a blocker to growth and can enable the Government's ambitions without harm to the environment.
- 4.7 The board discussed the new sub-groups of EDT and the Executive explained how these will map into the board Committees.

Item 5: Lessons learnt from winter flood 2023/24

- 5.1 The board welcomed Jon Goldie to the meeting. The Executive Director of Local Operations introduced the item and provided context on the scale of the flooding seen over the winter of 2023/24.
- 5.2 Jon Goldie provided an overview of the work done to prepare for potential flooding ahead of the winter season, the Defra Rapid Review of the incident response and the combined learning themes.

- 5.3 The board noted the key learning themes from 2023/24, including specific concerns around HSW of Environment Agency staff during incident response. They noted that work was underway as part of the 'Incident Management X' (IMX) programme to examine the volunteer model and whether it is still fit for purpose.
- 5.4 The board sought assurance on asset condition and asked what could be done to expedite reviews of the damage to the Environment Agency's asset base following the severe flood incidents.
- 5.5 The board discussed rapid forecasting of surface water flooding and queried if the Environment Agency was sufficiently linked up with the Met Office on this messaging.
- 5.6 **Action:** Executive Director of Local Operations to provide further information on 'rapid forecasting' of surface water flooding.
- 5.7 The board noted how recovery will be funded and discussed work needed to secure funding to maintain Environment Agency assets where extreme weather, such as that seen during winter 2023/24, will cause increasing amounts of damage.
- 5.8 The board noted the collaborative effort between Defra and the Environment Agency on recovery and the Rapid Review, and the need for continued joint working to build a funding case for incident and flood recovery.

Item 6: Digital transformation deep dive

- 6.1 The board welcomed Luke Farrington, Kate Marks, Gilian Pratt, Stuart Homman, Graham Dickinson and Louise Every to the meeting. The Executive Director of STA introduced the item and set out the ambition for digitally enabled transformation.
- 6.2 The board noted the need for a cultural shift in the Environment Agency's approach to IT. The board encouraged that all future initiatives to deliver digital solutions should be based on return of investment.
- 6.3 The board queried if data standards were being weaved into the strategy in a coordinated way, and probed on cyber security with regard to non-supported (grey) IT.
- 6.4 **Action:** Executive Director of STA to provide information on cyber security risks around grey IT.
- 6.5 The board discussed current digital issues that the Environment Agency is facing, such as data not being readily accessible. The board

noted that Natural Resources Wales (NRW) has a website which is an example of best practice as data is readily and easily available, therefore minimising avoidable Freedom of Information (FOI) requests and reducing the consequent strain on resources.

- 6.6 The board considered the risks around being able to recruit the required skills within the current Environment Agency pay structure. They were reassured that the Executive Director of STA and team would be looking into this as part of the strategy development.
- 6.7 The board thanked the team for their work so far on digital transformation and asked for an update in 6 months' time.
- 6.8 **Action:** Executive Director of STA to return to the board in 6 months' time with an update on the progress of the digital transformation project and a draft of the digital transformation strategy.

Item 7: Committee and area Board Member updates

Area Board Member updates

- 7.1 Board members reported back on issues and notable updates from each of their areas. The board noted the Environment Agency's contribution to the recent Thames Tideway construction milestone and an award given to Solent and South Downs teams for work completed at Arundel. The board also received updates on the new second Area Directors in Yorkshire and East Midlands areas.

Committee updates

- 7.2 board members noted the topics of focus and key decisions taken at the ARAC, Pensions, Environment and Business, People and Pay and FCRM committee meetings since the last board meeting.

Environment and Business Committee Annual Review

- 7.3 The board noted the update provided by the Chair of the Environment and Business Committee on the Committee's work for the period November 2022 to January 2024.
- 7.4 The board noted the Committee's priorities for the next year and the proposal to bring different perspectives into the room by continuing to invite external speakers to upcoming meetings.

Item 8: Pensions Governance

- 8.1 The board welcomed Craig Martin to the meeting. Craig outlined the proposed changes to the way that the Environment Agency recognises

its shareholding in the Brunel Pension Partnership Ltd. The board noted that the change would reduce risk and increase flexibility.

- 8.2 **The board approved** the Pensions Committee recommendation that the Environment Agency recognises its shareholding in the Brunel Pension Partnership Ltd under the Local Government Pension Scheme Regulations.
- 8.3 **The board approved** the change to Pensions Fund governance documentation covering Brunel Ltd voting thresholds.
- 8.4 **The board approved** the shareholder role being delegated to the Chair of the Pensions Committee and Chief Pensions Officer.
- 8.5 **The board approved** Lilli Matson joining the Investment Sub Committee (ISC) as a board member representative and replacing Caroline Mason as Chair.
- 8.6 **The board approved** Rob Bell replacing Laura Milton as one of the executive representatives on ISC.
- 8.7 **The board approved** a minor change to the Environment Agency Pension Fund (EAPF) Governance Compliance Statement.
- 8.8 The board thanked Craig for his and his team's work on the EAPF.
- 8.9 **Action:** Chief Pensions Officer to share Stewardship document with board when published.

Caroline Douglass left the meeting at this point.

Item 9: Finance and Performance

- 9.1 The board welcomed Clare Jeffreys to the meeting. The Finance Director introduced the item and provided context on the Environment Agency's first Business Plan produced under the existing 5-year strategy – EA2025.
- 9.2 The board discussed the corporate scorecard section of the business plan and suggested more clarity was needed on the permitting metric. The board also felt more clarity was needed that the waste site target is a discrete and not a net figure.
- 9.3 **Action:** Deputy Director Governance and Engagement to add in corporate scorecard metrics under the headings within the business plan and clarify that the 90 waste sites target is a discrete number ahead of publication.

- 9.4 The board discussed the work being done by the Environment Agency to provide advice to the government on Green Finance, and the Thames Estuary next delivery vehicle and felt both of these elements should have been reflected in the business plan.
- 9.5 The board suggested that a 3-year business plan should be targeted in future years and queried if the narrative was strong enough around the Environment Agency's priorities on diversity. They also noted that in future years there should be targets for permitting and enforcement.
- 9.6 The board discussed the allocation of funding across Executive Directors. The board were reassured that work was ongoing at EDT, as well as with Defra and across the Defra group, to manage finances.
- 9.7 **The board approved** the allocation of funding across Executive Directors.
- 9.8 **The board approved** the 2024/25 Corporate Scorecard targets in relation to assets at target condition, hectares of habitat created, and illegal waste sites.
- 9.9 The board noted the addition of the measure on agricultural outcomes and farm inspections to the 2024/25 Corporate Scorecard.
- 9.10 **The board delegated approval** of the Environment Agency Pension Fund Annual Report and Accounts to ARAC.

Item 10: River Arun Internal Drainage Board (IDB) annual report

- 10.1 The Finance Director provided an overview of the approval requested with regard to the River Arun Internal Drainage Board's (IDB) Governance and Accounting statements.
- 10.2 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 31 March 2024 and authorised the Chair to sign the annual governance statement on behalf of the River Arun Internal Drainage Board.
 - **approved** the Accounting Statements for the year ended 31 March 2024, certified by the Responsible Financial Officer, and authorised the Chair to sign the accounting statements on behalf of the River Arun Internal Drainage Board.

Item 11: Financial Scheme of Delegation (FSoD)

- 11.1 The board noted the items which had received approval.

- 11.2 The Finance Director outlined the requested change to the FSoD Operational Instruction (OI) to include or reinstate the Chief Executive's FSoD approval responsibilities in sections of the FSoD schedule, as laid out in the paper.
- 11.3 **The board approved** the request from the Chief Executive to be added to sections of the FSoD OI schedule as laid out in the paper.

Item 12: Non-Financial Scheme of Delegation (NFSoD)

- 12.1 **The board approved** the proposed amendments to the Non-Financial Scheme of Delegation (NFSOD) (version 57, March 2024) to add a new delegation to allow Grade 7 Environment Agency Next Generation Supplier Arrangement (NGSA) framework managers to sign the user agreements by which Risk Management Authorities can access the Environment Agency's NGSA frameworks.

Item 13: Environment Agency framework document

- 13.1 The board welcomed Livio Zellweger and Alice Duncan to the meeting. Livio and Alice provided a summary of the proposed changes to the document, last updated in 2017.
- 13.2 The board discussed concerns regarding the management of risk and possible disaggregation between the Environment Agency and Defra.
- 13.3 The board noted the importance of having this robust framework in place ahead of a possible general election later in the year and discussed the Environment Agency and Defra partnership agreement.
- 13.4 **Action:** The board asked the Executive Director STA to review Environment Agency and Defra partnership agreement.
- 13.5 The board were made aware of statutory guidance from 2002 setting out the Environment Agency's contributions to sustainable development.
- 13.6 **Action:** Director of Legal and Audit to review 2002 Secretary of State statutory guidance on "The Environment Agency's Objectives and Contributions to Sustainable Development".
- 13.7 **The board approved** the new draft of the Environment Agency Framework Document.

Harry Leeder left the meeting at this point.

Item 14: Celebrating our successes: FCERM innovation success with Coastwise

- 14.1 The board welcomed Chris Smith and Rob Goodliffe to the meeting. James and Rob gave an overview of the Coastwise initiative, and how through collaborative working coastal places can plan and take actions to prepare and transition from coastal erosion risk.
- 14.2 The board praised the successful collaborative effort on this project and discussed whether the principles of FloodRe could be applied to those at risk from coastal erosion. The board discussed the viability of continuing to protect properties at risk due to coastal erosion and what long-term solutions to this issue are available.
- 14.3 The board thanked Chris and Rob for sharing this success.

Item 15: Corporate property strategy

- 15.1 The board welcomed James Greenway, Lisa Harriss and Tony Stevens to the meeting. Tony gave an overview of the Environment Agency's property portfolio, Defra's responsibility in regard to the Environment Agency estate, the corporate property plan 2030, as well as the longer-term approach to estates up to 2050.
- 15.2 The board discussed opportunities to utilise Environment Agency owned land and sell biodiversity net gain or nutrient neutrality credits.
- 15.3 **Action:** Executive Director of STA to review if Environment Agency land should be used for biodiversity net gain or nutrient neutrality purposes.
- 15.4 The board noted the current poor state of some Environment Agency offices and buildings and discussed the importance of having suitable workplaces to improve staff morale and boost pride in working for the Environment Agency.
- 15.5 **Action:** Executive Director of Local Operations to work with Tony Stevens on the reporting of issues within the Environment Agency's estate.
- 15.6 The board noted that current office occupancy is often low in hubs other than London and Bristol, and that the executive were now beginning to encourage "purposeful presence" at offices and depots.
- 15.7 The board discussed the suitability of Environment Agency workplaces. They encouraged the team to ensure the Environment Agency estate was fit for the future, ensuring engineering standards that meant buildings are resilient to the changing climate. The board also asked

the team to ensure that all EDI networks were being sufficiently engaged to ensure workplaces meet the needs of all colleagues.

- 15.8 The board noted that funding for major improvements to the Environment Agency estate was likely to be limited so encouraged the team to consider whether leasing office space would be a viable option in some cases. The board also queried whether capital from the sale of Environment Agency land can be reinvested in the property portfolio.
- 15.9 The board thanked the team for their work so far on the corporate property plan and future strategy.

Item 16: Any other business (AOB), date of next meeting and review of meeting

AOB

- 16.1 The board noted the call with National Farmer's Union (NFU) President Tom Bradshaw on 17 May open to all board members.
- 16.2 The board noted the upcoming joint Natural England, Forestry Commission and Environment Agency board visit to Knowsley on 7 August.
- 16.3 The board noted progress of the Regional Flood and Coastal Committee Chairs recruitment, and that the three new Chairs were now awaiting Ministerial approval.
- 16.4 The board noted the contents of the London Strategy information paper.

Date of next meeting

- 16.5 The date of the next meeting was noted as 19 June. The board noted the meeting would take place at the Riseholme Campus at Lincoln University.

Review of meeting

- 16.6 The board did not review the meeting.

The meeting closed at 3.20pm.