

# Minutes of the board meeting held on Wednesday 19 June 2024 at Riseholme Campus, Lincoln University 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
Ines Faden Da Silva	Board Member
Sarah Mukherjee (Items 1-2 and 4-10)	Board Member
Maya Leibman	Board Member

## In attendance

Philip Duffy	Chief Executive
Tamara Bruck	Executive Director, Strategy, Transformation and Assurance
Caroline Douglass	Executive Director, Flood and Coastal Risk Management
Sarah Chare	Executive Director, Local Operations
Harry Leeder	Deputy Director, Governance and Engagement
Anna Caffyn	Director, Finance
Laura Milton	Director, Legal and Audit Services
Matt Cornford	Director, Strategy
Rob Bradburne	Chief Scientist
David Hill	Defra Director General, Environment Group
Corry McDiarmid	board Governance Manager
Beth Lamb	board Governance Advisor

## Item 2

Jennie Donovan	Director, Nature and Place
Nicola Riley	Deputy Director, Agriculture
Ben Plummer	Deputy Director, Strategy
Richard Thompson	Deputy Director, Water Resources
Mark Easedale	Area Environment Manager, Manchester
Claire Northridge	Defra Deputy Director, Farming and Countryside Programme
Gemma Sweet	Deputy Director, External Affairs

### Item 3

Dan Hutley Deputy Director, Health, Safety and Wellbeing

### Item 5

Cat Ramsay Government and External Relations Manager  
Livio Zellweger Government and External Relations Manager

### Item 6

Elan Robert Advisor, People and Change  
Erin Witcombe-Vos Manager, People and Inclusion

### Item 9

Lucy Ward Finance Manager

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

### Apologies

- 1.1 Apologies were noted from Brittany Harris (member), John Leyland (Executive Director, Environment and Business), Dafydd Jones (Executive Manager) and Nick Joicey (Defra Second Permanent Secretary).
- 1.2 The Chair welcomed Matt Cornford to his first meeting and noted that Rob Bradburne would be deputising for John Leyland.

### Declarations of interest

- 1.3 No new declarations were raised.

### Minutes of the meeting held on 15 May 2024

- 1.4 **The board approved** the minutes of the 15 May 2024 board meeting subject to an amendment to item 9 of the minutes.
- 1.5 **Action:** The board asked the board Governance Team to work with Ines Faden Da Silva to agree wording regarding the business plan for inclusion in the minutes under item 9 to better reflect this discussion at the 15 May 2024 board meeting.

### Matters arising

- 1.6 The board noted the progress made against all actions.

1.7 **Action:** The board asked that all actions are listed with a full update at each board meeting going forward.

1.8 The Executive Director of Strategy, Transformation and Assurance (STA) provided verbal updates on the progress of actions Board2024-18, Board2024-029 and Board2024-032. The Executive Director of Local Operations confirmed action Board2024-037 was now complete.

## Item 2: Agriculture deep dive

John Lelliott's declaration of interest regarding his role as a Trustee of the Royal Agricultural Benevolent Institute was noted at this point.

2.1 The board welcomed Jennie Donovan, Nicola Riley, Ben Plummer, Richard Thompsom, Mark Easedale, Claire Northridge and Gemma Sweet to the meeting. The Executive Director of Local Operations introduced the item and set out the objectives for the deep dive session.

2.2 Nicola Riley gave an overview of some of the main challenges faced by the Environment Agency as the regulator of the farming industry, as well as the wider regulatory context including the current framework and the long-term goals for farming as set out in the Environmental Improvement Plan (EIP). The Chief Scientist set the scene from the science and innovation perspective.

2.3 Mark Easedale set out the operational view. The board noted there has previously been little incentive for farmers to improve their performance, but that the recruitment of more Environment Agency inspectors is allowing for a more targeted and intelligence-led enforcement approach.

2.4 Claire Northridge explained to the board the limitations of the current regulatory approach and that new levers are required to address current gaps.

2.5 The board discussed the need to drive down the number of rivers impacted by diffuse agricultural pollution and noted that 40,000 continuous monitors would be coming online within the next year that would help to build a clearer picture of the sources of pollution. The board noted that it is currently difficult to access and integrate the relevant data and that improvements on this will be integral to improving both monitoring and performance.

2.6 The board discussed opportunities to work more collaboratively with farm assurance schemes that are auditing regularly to improve data collection and create a more accurate picture of the risks and challenges in this sector.

- 2.7 The board queried how Environment Agency efforts and resource are currently targeted within farming regulation given the broad scope and complex activity in the agriculture sector. Nicola Riley set out how Defra funding provides a strong steer towards issues of nutrient neutrality, and that work is also being done to build on this and assess which actions provide the most benefit from the Environment Agency's intervention.
- 2.8 The board asked the team how their approach was being tailored to both small and large-scale agricultural operations. The board noted that officers have been trained to engage with different farmers in different ways, as well as signposting farmers to catchment sensitive farming support such as grants and other assistive schemes. The board also discussed the difficulty for farmers in complying with the vast and complex list of rules set for agriculture and acknowledged the need to simplify the rules for farmers.
- 2.9 The board noted that there is currently no statutory protection specifically for soil health and that compliance with the limited soil-related legislation is considered poor. The board stressed the importance of establishing a regulatory baseline and specific policy measures to prevent soil degradation and protect soil to deliver essential ecosystem services.
- 2.10 The board raised the issue of disposal of sludge to farmland. They queried how they can be assured that the Environment Agency's approach to regulating this activity is consistent with the latest scientific advice given that the relevant legislation has not been updated in recent years.
- 2.11 The board noted the difficulty monitoring the farming sector and the benefits of working collaboratively with other regulators to gather the data needed for effective monitoring. The board noted this approach should be used cautiously due to concern around inconsistency of methods between different regulators.
- 2.12 The board discussed the current inconsistency of experiences farmers are having with the Environment Agency and the need to help improve farmers' trust in the organisation by providing a consistent approach to inspections and the provision of advice. The board suggested that a core set of consolidated asks should be implemented to create a level playing field.
- 2.13 The board acknowledged the need to consider a long-term plan to compensate farmers for flooding on their land given the increased frequency of severe weather events.

- 2.14 The board considered the importance of communicating the issues discussed during the deep dive, not only with farmers but also with Environment Agency staff. The board endorsed having a formal annual review, conceptually like the Environmental Performance Assessment (EPA), that would set out: what is currently happening, and what the Environment Agency is doing and changing. The board suggested trialling this by publishing internally in the first year and then moving to publishing externally from year two onwards.

### Item 3: People matters

#### Health, safety and wellbeing

- 3.1 The board welcomed Dan Hutley to the meeting. Dan gave an overview of the items in the paper and gave verbal updates on a recent health, safety and wellbeing (HSW) incident, as well as work to improve monitoring of HSW performance of delivery partners.
- 3.2 The board asked what are considered to be the key risks, noting the high number of vehicles overturning and potentially serious incidents involving power lines. Dan told the board that delivery partners are asked to compile lessons learned following any incidents which can be shared across delivery partners. The board noted that there sometimes can be reluctance for delivery partners to accurately report HSW incidents. The board stressed their concern around the current HSW performance of delivery partners.
- 3.3 **Action:** The board asked the Deputy Director of HSW to have a conversation with Lilli Matson and Stewart Davies on assuring the health, safety and wellbeing standards of Environment Agency delivery partners.
- 3.4 **Action:** The board asked Dan Hutley to provide assurance on what is being done to address the risk of HSW incidents involving vehicles overturning and power lines.

#### Employee relations

- 3.5 The Executive Director of STA provided an update on the progress of the pay case. She fed back to the board on recent conversations with trade unions regarding their expectations for pay increases for staff.
- 3.6 The board noted that electric vehicle charging repayments would be increased from July to reflect the rising cost of these services.
- 3.7 **Action:** The board asked the Executive Director of STA to come back to the board with information on what support is being given to Area Directors with regard to communicating people related issues, in particular issues around diversity, to staff.

## Item 4: Board updates

### Chair's update

- 4.1 The Chair told the board that board member recruitment was on hold due to the upcoming general election. The board noted that the Chair was seeking an extension to John Lelliott's term due to delays recruiting an Audit and Risk Assurance Committee (ARAC) Chair.
- 4.2 The Chair updated the board on his preparations for the upcoming Environmental Performance Assessment (EPA) publication including his foreword to the report and meetings with water company Chairs. The board noted that the report would be published towards the end of July.

### Chief Executive's update

- 4.3 The Chief Executive gave a short verbal update on work to address the illegal waste site at Hoads Wood and made the board aware of the regulatory milestone reached in relation to the Environment Agency's role delivering the Extended Producer Responsibility scheme.

## Item 5: General election discussion

- 5.1 The board welcomed Cat Ramsay and Livio Zellweger to the meeting. The Director of Strategy set out the five workstreams underway to prepare for a new Government. The board noted that helping Area Directors and local Area teams prepare for new MPs will be a priority. The Strategy Director also set out the relevant policies proposed in the Conservative and Labour manifestos.
- 5.2 The Director General, Environment Group gave an overview of Defra's expectations of what the main focuses may be following the formation of a new government.
- 5.3 The board discussed if a new government would prioritise sustainable development and queried if the Environment Agency was sufficiently resourced to brief the number of possible new MPs and ensure consistency of messaging across all areas. In particular the board discussed the potential for many new MPs to be younger and from more diverse backgrounds and therefore interested in a different set of priorities than previous MPs.
- 5.4 The board discussed ongoing pressure on local authority funding. The board was reassured that work is being done to size the problem in government, but there is not a clear picture yet of what this landscape will look like post-election.

- 5.5 The board flagged concerns regarding Environment Agency work in Teesside that is already behind due to local government under-funding. The board felt this issue should be addressed urgently by the new government.
- 5.6 The Executive Director of Local Operations updated the Board on the top risks work underway in Operations and how engagement is and will be managed around these sites.
- 5.7 The Board noted the Chief Executive's summary of work ongoing to set out the Environment Agency's position on key issues and what the Environment Agency wants to see with regard to major infrastructure and water. The Board noted that both growth and infrastructure feature highly on both of the main two parties' manifestos.
- 5.8 The Board thanked the team for the update and noted that a Board call had been scheduled for 8 July to discuss the election outcome.

## Item 6: EDI annual review

- 6.1 The Board welcomed Elan Roberts and Erin Witcombe-Vos to the meeting. Elan gave an overview of the pay gap reporting as well as figures on representation across the business. The Board noted that the pay gap figures are reliant on declarations made by staff, and that work was ongoing to improve this process and check pay gap reporting was accurate.
- 6.2 The Board queried whether data was available breaking down the ethnicities within the number of staff from minority ethnic backgrounds.
- 6.3 **Action:** The Board asked for clarification on how the breakdown of ethnic minorities is monitored and who was leading on this.
- 6.4 The Executive Director of STA reassured the Board that from this year new programmes were being launched to better support progression of colleagues from ethnic minority backgrounds. The Board heard that having diversity at the forefront of recruitment is essential and that the team will be looking at how recruitment can be centralised to make better inroads on EDI recruitment.
- 6.5 The Board discussed the diversity figures seen from the recent water industry regulations recruitment campaign.
- 6.6 **Action:** The Board asked the Executive Director of Local Operations to provide a briefing on the recruitment of water inspectors and how this will support the Environment Agency's equality, diversity and inclusion targets.

- 6.7 The Board reported feedback from Black, Asian and Minority Ethnic (B.A.M.E) Network meetings relating to imagery used in recruitment campaigns. The Board also praised Erin and her team for the delivery of the training she and the EDI team are delivering.

## Item 7 Committee and area updates

### Committee updates

- 7.1 The Board noted the topics of focus at the Committee meetings since the last Board meeting.
- 7.2 The Board noted that the Regional Flood and Coastal Committee (RFCC) Chairs had recently met in Manchester and had a successful first meeting since the recruitment of two new Chairs.

### Area Board Member updates

- 7.3 Board members reported back on issues and notable updates from each of their areas. The Board noted that the Chair and Mark Suthern had attended a visit in the East Midlands with a focus on the 'Towards Equitable' (2EQ) Project, and discussed the potential to apply this socio-economic lens across other areas.
- 7.4 **Action:** The board asked the Strategy Director to discuss the 2EQ summary evidence report with the East Midlands Area.

### People and Pay terms of reference change approval

- 7.5 **The board approved** the change to the People and Pay terms of reference to better reflect the scope of the Committee.

## Item 8: Science strategy

- 8.1 The Chief Scientist provided an overview of the recently published science strategy and the three key areas that will drive change to 2030: scientists, assets and science.
- 8.2 The board queried whether the Environment Agency is currently leveraging research funding. The Chief Scientist gave examples of where the Environment Agency is working with other organisations to leverage research funding, such as the Natural Environment Research Council (NERC). The board noted there was more work to be done in partnership with Defra to leverage funding.
- 8.3 The board discussed the work going on in the science space across other parts of government and what could be done to prevent siloed working and the duplication of research between government bodies.



- 8.4 The board noted that work was ongoing across other government bodies and the Environment Agency to help create clearer career pathways for scientists within government. The board also asked for reassurance that Environment Agency scientists were being scrutinised and challenged sufficiently.
- 8.5 The board asked about the possibility of securing revenue to commercialise science within the Environment Agency. The Chief Scientist told the board that whilst His Majesty's Treasury (HMT) is supportive, but there was a need to balance this with the requirement for Environment Agency research to be publicly available, which in turn makes it difficult to commercialise research.
- 8.6 The board discussed the benefits of awards in terms of motivating Environment Agency scientists. The Chief Scientist welcomed the board to suggest any awards they knew of that may be available to nominate his team for.

## **Item 9: Finance and performance**

### **Finance update**

- 9.1 The Finance Director laid out the financial outturn for 2023/24 and noted that this was currently still subject to audit. The board noted that ARAC would receive a full update at its meeting the following week.
- 9.2 The Finance Director updated on the increased charge balances and work underway to reduce deficits. She outlined the need to look critically at the approach to charge balances in future and that a multi-layered approach would be required.
- 9.3 The board noted that the work to improve the valuation of assets would increase the future costs associated with depreciation (as the value of the asset base is higher). This would be passed on through charges to customers. The Finance Director told the board her team will work through an approach with Defra and HMT to see if the impact on customers can be mitigated.
- 9.4 The Finance Director welcomed any comments on the draft annual report and accounts.
- 9.5 The board noted that work was underway on the Spending Review and to assess what this might mean for the Environment Agency. They noted that the Finance Director was working with the Strategy Director and that they would bring a proposed plan to the board in due course. The board noted the challenges currently being faced to pull this together.
- 9.6 The board asked for an update on how effectively finances are being managed and noted that a paper would be going to ARAC the following

week exploring the health of finance and how to improve financial management.

- 9.7 The board flagged that savings needed to be found this year and that budgets must not get off track in the first quarter.

#### **Financial Scheme of Delegation (FSoD)**

- 9.8 The board noted the proposed changes to the FSoD.
- 9.9 The board queried whether there was a risk of encouraging fraud on losses if they were only reported twice a year. The Chief Executive provided reassurance on how the FSoD system will function after the proposed change and that he was satisfied it would not encourage fraud.
- 9.10 **The board approved** the following changes to the FSoD:
- Losses below £50k only require a line manager notification with a record made so that we can correctly report.
  - Abatements below £10k only require management controls in the Environment Agency and all types of abatements to be noted in FSoD.

#### **Q4 scorecard review**

- 9.11 The board welcomed Lucy Ward to the meeting. Lucy drew the board's attention to the change to the asset maintenance target to 94.5% and noted that this was the only change to the proposed scorecard measures since the board reviewed these at the last meeting. Lucy also told the board that there would be a new balanced scorecard in the next quarter and that this was currently being tested.
- 9.12 The board noted the quarter 4 performance and queried why the climate change measure had turned 'red'. The board noted that two thirds of the measures were 'amber' or 'green' and in particular that COMAH and hazardous waste measures had both turned 'green' for the first time in several years.
- 9.13 The board noted that good progress was being made on public safety risk assessments (PSRA) but that it was still not yet 'amber', and that the capital programme measure was likely to be a challenge and urged the executives to keep this measure in focus.
- 9.14 The board noted the new metrics, in particular that on water company compliance and that this measure was likely to be challenging. The board noted the introduction of the new Qlik balanced scorecard system from the next quarter.
- 9.15 **The board approved** the quarter 4 Corporate Scorecard as set out in Appendix 1 of the paper.
- 9.16 **The board approved** the quarter 4 Balanced Scorecard as set out in Appendix 2 of the paper.

- 9.17 The board congratulated the Executive on the excellent outturn and also thanked the Executive Director of Local Operations and her team for the success of the portfolio approach.

## **Item 10: AOB, date of next meeting and review of meeting**

### **AOB**

- 10.1 No items of AOB were raised.

### **Date of next meeting**

- 10.2 The board noted that dates of the board calls on 3 July, 8 July and 16 July and the board meeting on 11-12 September.

### **Review of meeting**

- 10.3 **Action:** The board asked the board Governance team to schedule Finance items at the beginning of board agendas going forward.

The meeting closed at 3:45pm.