

Minutes of the board meeting held on Wednesday 11 September 2024 at 10:30am at Kings Meadow House, Reading and via MS Teams

Present

Alan Lovell	Chair
Judith Batchelar	Deputy Chair
Stewart Davies	Board member
Robert Gould	Board member
Brittany Harris	Board member
Maya Leibman	Board member
John Lelliott	Board member
Sarah Mukherjee	Board member
Mark Suthern	Board member

In attendance

Tamara Bruck	Executive Director, Strategy, Transformation and Assurance
Anna Caffyn	Director, Finance
Sarah Chare	Executive Director, Local Operations
Matt Cornford	Director, Strategy
Caroline Douglass	Executive Director, Flood and Coastal Risk Management
Philip Duffy	Chief Executive
David Hill	Defra Director General, Strategy and Water
Alex Hole	Board Governance Senior Advisor
Beth Lamb	Board Governance Advisor
Harry Leeder	Deputy Director, Governance and Engagement
Corry McDiarmid	Board Governance Manager
Laura Milton	Director, Legal and Audit Services
Yasmin Smith	Board Governance Intern

Item 2

Dan Hutley	Deputy Director, Health, Safety and Wellbeing
------------	-----------------------------------------------

Item 6

Jo Nettleton	Chief Regulator
Lucy Ward	Finance Manager

Items 10 and 11

Paul Clements Director, Incident Management and Resilience

Item 10

John Goldie Deputy Director, Preparedness and Recovery

Item 11

Anna Kendall Deputy Director, Strategy, Services and Investment

Item 12

Estelle Palin Deputy Director, Legal, National and Environmental Regulation

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

Apologies

1.1 Apologies were noted from Ines Faden Da Silva (Board member), Lilli Matson (Board Member) and John Leyland (Executive Director, Environment and Business).

Declarations of interest

1.2 No new declarations were raised.

Minutes of the meeting held on 19 June and 16 July 2024

1.3 **The board approved** the minutes of the 19 June 2024 Board meeting subject to a minor change to item 12 of the minutes.

1.4 **The board approved** the minutes of the 16 July 2024 Board meeting minutes subject to a minor change to item 3 of the minutes.

Matters arising

1.6 The board noted the progress made against all actions, and that all but one were now completed.

Item 2: People matters

Health, safety and wellbeing

2.1 The board welcomed Dan Hutley to the meeting and noted the items included in the paper.

2.2 The board asked for more clarity on the wellbeing support elements of the paper and asked what learning had been gathered around

supporting colleagues during rioting over the summer period. The board discussed the need for more join-up between the Environment Agency and Defra to facilitate timely and consistent messaging to staff during similar incidents in future.

- 2.3 **Action:** Equality, Diversity and Inclusion (EDI) team to look into wellbeing support and to check that it is appropriate for all colleagues (considering ethnic and religious factors).
- 2.4 The board asked what assurance was in place to avoid safeguarding issues with regard to volunteers. Dan Hutley outlined the existing processes in place for managing this risk.
- 2.5 **Action:** Deputy Director of Health, Safety and Wellbeing to bring an update on safeguarding to the next meeting as part of the health, safety and wellbeing update.

Employee relations

- 2.6 The Executive Director of Strategy, Transformation and Assurance (STA) provided an update on pay negotiations with trade unions. The board noted that the trade unions were to ballot members the following week.
- 2.7 The board noted issues raised around how effective IT provisions and internal communications channels are for operational field staff. The board suggested that field operational staff could be considered as a separate IT user group. The board noted updates on the Synergy project.

Item 3: Board updates

Chair's update

- 3.1 The Chair updated the board on recent Ministerial meetings. The board noted the joint working between the Environment Agency and Defra on the water special measures bill. The Chair gave an update on the appointment of the Environment, Food and Rural Affairs (EFRA) Committee and Environmental Audit Committee (EAC) Chairs. The Chair told the board that the Flood Resilience Taskforce meeting would be taking place the following day.
- 3.2 The Chair also updated the board on recent meetings with Chris Packham, and the Chair and CEO of the Canals and Rivers Trust.

Chief Executive's update

- 3.3 The Chief Executive (CEO) updated the board on the progress against the Business Plan as well as plans to launch a programme to support staff from ethnic minority backgrounds.

- 3.4 The board noted that the CEO was considering how feedback from line managers following racist disorder during the summer can be captured and better addressed.
- 3.5 The CEO told the board that work was underway to implement the new special measures bill and associated civil penalties. The board noted updates on the spending review and ongoing Office of Environmental Protection (OEP) workstreams. The board recognised that Defra was having similar conversations with the OEP and discussed the importance of aligning approaches to working with the OEP and improving working relationships between the OEP and both bodies.

Item 4: Committee and area updates

Committee updates

- 4.1 The board noted the topics of focus at the Committee meetings since the last board meeting.
- 4.2 The board noted the recent Flood and Coastal Risk Management (FCRM) Committee visit, and how this had demonstrated positive partnership working between the Environment Agency and local government.
- 4.3 The board noted the recent areas of focus for the Pensions Committee and that the Chancellor was to review pensions governance, in particular the local government pension scheme (LGPS) and defined contribution schemes. The board noted that the Environment Agency would need to provide relevant evidence later that month.

Board member area updates

- 4.4 Board members reported back on issues and notable updates from each of their areas.
- 4.5 The board noted updates regarding the Severn Valley water management scheme and peat management schemes in West Midlands area.
- 4.6 The board noted recent meetings in Lincolnshire and Northamptonshire area with Richard Tice MP, and what learning can be taken for future MP engagement.
- 4.7 The board also took updates on flood work in Solent and South Downs area.

Audit and Risk Assurance Committee (ARAC) annual review

- 4.8 The board noted the update provided by the ARAC Chair on the Committee's work for the period June 2023 to June 2024.

- 4.9 The board noted the feedback gathered from key Committee stakeholders.

Item 5: Financial performance

- 5.1 The Director of Finance provided an overview of the key points in the paper. The board noted the updates relating to the spending review and resource deficit.
- 5.2 The board asked what plans were in place to handle resource deficit; the Director of Finance provided an overview of options and actions.
- 5.3 The board discussed the position regarding outstanding accounting qualifications relating to the Environment Agency Annual report and Accounts.
- 5.4 The board queried how efficiencies were being considered across the business and noted the greater focus on charge funded activities by the executives. The board noted that messages on this matter communicated into the business would need to be carefully considered.
- 5.5 The board acknowledged that the Executive Directors, Finance Director and CEO were working together to manage the finances.

Item 6: Q1 performance

Balanced scorecard review

- 6.1 The board welcomed Jo Nettleton and Lucy Ward to the meeting. The Executive Director of Local Operations drew out the main points included in the paper and highlighted the successes in terms of quarter 1 (Q1) performance.
- 6.2 The board noted that focus for resource was now primarily on the preparedness of assets for winter flooding following significant damage during winter 2023/24.
- 6.3 The board noted the update regarding public safety risk assessment (PSRA) in Thames area, and that a new approach was now needed.
- 6.4 **Action:** Executive Director of Local Operations to provide an update on the action plan for Thames area relating to public safety around Environment Agency assets.
- 6.5 The Executive Director of Local Operations highlighted current performance of the water company compliance inspections measure. The board noted positive performance in Q1 and that the outcome driven measure was providing a first step in increasing scrutiny on water companies.

- 6.6 The board noted the current control of major accident hazards (COMAH) measure status and the specific challenges currently being faced. The board acknowledged that Local Operations and Environment and Business were currently working together on a plan to reach 'green' status by year end.
- 6.7 **Action:** Executive Director of Local Operations to bring an item to the Board on COMAH including transformation.
- 6.8 The board discussed the measure relating to agricultural inspections. They asked how these inspections are targeted and how the Environment Agency works with other regulatory bodies.
- 6.9 **Action:** Executive Director of Local Operations to share a note with the board on agriculture inspections including how these are targeted, where improvement actions are being put in place, and how the 145 enforcement proceedings identified from inspections are being followed up.
- 6.10 The board noted that issues with IT and workflow management were limiting performance of the measure tracking response times to planning applications. The board also considered the role of resource pressures on local authorities in this issue.
- 6.11 The board noted that it would be useful to draw out the economic growth implications of some of the risks discussed and understand the number of programmes in place to manage these.
- 6.12 **Action:** Chief Executive to bring a session to the board on the implications of Environment Agency's work on the Government's plans for growth.

Update on progress on enforcement strategy

- 6.13 The Chief Regulator gave an overview of the new enforcement strategy and the board noted that the strategy was focussed on reducing offending in the water industry.
- 6.14 The Executive Director of Local Operations outlined the progress on the number of inspections carried out and consequent numbers of cases, as well as the control strategy currently being worked through.
- 6.15 The board discussed the use of civil penalties on the water industry and the need to ensure the appropriate balance between these and criminal penalties in the right circumstances. The board endorsed enforcement being considered as a key metric for 2025/26.
- 6.16 The board discussed the importance of management systems and the approach to asset integrity, and the need to encourage a more proactive position on this for water companies rather than 'fix on fail'. The board also discussed the risks posed by the loss of skills within water companies as a result of staff losses.

- 6.17 **Action:** The board asked for an update on progress of the enforcement strategy to be brought back to the Board in 6 months (Spring 2025).

Update on progress in permitting

- 6.18 The Executive Director of Local Operations provided an update on the progress within permitting in the last 6 months. The board noted that performance on simple permits was on track, but a smaller number of complex applications were having a big impact on targets. The board noted difficulties training enough staff to handle the complex applications.
- 6.19 The board noted that some of the key issues could be addressed by early engagement with applicants, and that a tracked service, as discussed at the February board meeting, was to be introduced soon.
- 6.20 The board noted the progress on permitting transformation and that the KPI picture was improving. The board challenged on the backlog of waste industry permits and flagged the financial and environmental costs associated with delayed permits.
- 6.21 The board acknowledged the resource challenges contributing to the long permit queues and urged the Chief Regulator to consider how improving both staff skills and retention can be addressed as part of the review.
- 6.22 **Action:** The board asked for an update on progress of Permitting transformation to be brought back to the Board in 6 months (Spring 2025).

Item 7: Annual report and accounts approval

- 7.1 The ARAC Chair updated the board on the progress of the annual report and accounts (ARA) including the latest with regard to the accounting qualifications.
- 7.2 The board was reassured that ARAC had scrutinised the ARA, that they had sought particular assurance on key areas of control and were satisfied that good progress had been made.
- 7.3 The ARAC Chair told the board that a full review of the ARA would be taking place for the following year.
- 7.4 **Decision:** The board delegated approval of the ARA to Philip Duffy as Accounting Officer, who would be supported by ARAC Chair John Lelliott and Director of Finance Anna Caffyn.
- 7.5 The board thanked the Director of Finance and her team for the work carried out to get to this stage.

Item 8: Finance Scheme of Delegation (FSoD)

FSoD items for noting

8.1 The board noted the items which had received approval.

FSoD improvements

8.2 The board noted the proposed improvements as laid out in the paper. They noted that an investment committee was being set up to take decisions on large projects and that the terms of reference would soon be taken to ARAC.

8.3 The board queried whether too much freedom was being allowed in terms of the approval of schemes but were reassured that all schemes are taken through multiple assurance groups to ensure programmes have been adequately interrogated prior to approval.

8.4 **Action:** Director of Finance to bring a review of the effectiveness of the proposed changes to the FSoD process for a Board discussion in 9 months' time (Summer 2025).

8.5 **Decision:** The board approved the following changes to the Financial Scheme of Delegation (FSoD):

1. Aligning authorisation for supplementary expenditure on Local Authority (LA), Internal Drainage Board (IDB) and other Risk Management Authority (RMA) Flood Risk Management Projects with equivalent spend on Flood and Coastal Risk Management (FCRM) capital projects.
2. Including a new FSoD section on indemnities relating to property lease and licence transactions.
3. Replacing current FSoD sections on Payment of Grant with a new simplified version.
4. Updating commercial consultation approvals for procurement spend.

Item 9: Non-Financial Scheme of Delegation (NFSoD)

9.1 The Director of Legal and Audit Services laid out of the proposed amendments to the NFSoD.

9.2 **Decision:** The board approved the proposed amendments to NFSoD (Version 58, May 2024) to change the delegations relating to flood risk activity permits for the Environment Agency.

Item 10: Winter readiness

10.1 The board welcomed Paul Clements and Jon Goldie to the meeting. Paul gave an overview of the winter outlook and the arrangements in place for winter incident preparedness.

- 10.2 The board noted consideration of the health, safety and wellbeing issues faced over the 2023/24 winter period as well as asset condition in the planning for winter 2024/25.
- 10.3 The board queried what the likelihood of flooding during winter 2024/25 was given the wetter than average summer.
- 10.4 The board were reassured that colleagues can claim the costs of a flu vaccination for the 2024/25 winter period.
- 10.5 The board asked if there was currently enough granularity around the risks associated with assets being below required condition. The board noted the latest position with regard to asset condition following asset inspections through recovery from 2023/24 winter period.
- 10.6 The board noted that work was underway to address the 15% of the population identified as not being able to receive flood warnings and that these were mostly small, isolated communities. The board were reassured that Environment Agency teams were working with local resilience forums to engage these communities.
- 10.7 The Executive Director of FCRM gave an update on the upcoming Flood Action Week beginning on 14 October.

Item 11: Incident Management 'x'(IMx)

- 11.1 The Board welcomed Anna Kendall to the meeting. Paul Clements introduced the IMx programme and outlined the weaknesses of the current volunteer model.
- 11.2 The board noted what had already been delivered by the IMx programme based on the mandate from the Executive Director's Team (EDT) as well as the remaining highest priority areas for development.
- 11.3 The board noted that the programme was being designed in collaboration with partner organisations with the aim of providing better interface with other Agencies during incident response.
- 11.4 The board discussed the input of information during incidents and how consideration would be given to minimising the time taken for key information to be passed to the Secretary of State (SoS).
- 11.5 The board queried whether stakeholders such as Innovate UK can be utilised to help create the programme and deliver better value for money.
- 11.6 The board noted that it could be useful to discuss the different technologies available as part of the transformation discussion scheduled at the October board meeting, in order to scrutinise what is and isn't working, and what else is needed.

- 11.7 **Action:** Executive Director of Local Operations to bring back an update on the development of IMx in due course.
- 11.8 **Action:** Executive Director of Local Operations, Executive Director, STA and Director, IM&R to incorporate consideration of new IT projects aimed at improving incident rostering and flood warning as part of the Transformation discussion at the October Board meeting.

Item 12: Governance lessons learnt from Post Office / Horizon situation

- 12.1 The board welcomed Estelle Palin to the meeting. The CEO introduced the item and set the context that this paper is to prompt reflection and discussion on emerging lessons. The board noted the information provided in the paper.
- 12.2 The board prompted the executives to discuss where they felt the Environment Agency's could improve with regard to governance. The board discussed the importance of an open and honest dialogue between the executive and non-executive members on performance, both when things were going well and not so well.
- 12.3 The board discussed opportunities and risks with regard to the use of artificial intelligence (AI) and encouraged caution with the introduction of this technology within the Environment Agency. The board also discussed the importance of diversity of board members in the Environment Agency's ability to identify possible blind spots.
- 12.4 The board discussed the available routes for escalation of issues within the business. They noted the importance of both executive and non-executive members having non-formal time with colleagues in order to maximise the opportunities for emerging issues and concerns to be raised.

Item 13: Any other business, review of meeting, date of next meeting and plans for evening and visit

Any other business

- 13.1 The board raised concerns regarding the environmental impact of highways runoff.
- 13.2 **Action:** The board noted it would welcome a future discussion on the Environment Agency's relationship with the Highways Agency. It was noted that this was not urgent and could be combined with a discussion on sustainable urban drainage (SUDS) and forever chemicals.

- 13.3 The board discussed how the Environment Agency is working with Natural England on issues around badger setts on Environment Agency assets.

Review of meeting

- 13.4 The board reviewed the meeting. Board members fed back that they found the new scorecard reporting format useful.

Date of next meeting

- 13.5 The board noted the Strategy Workshop scheduled for 17 October at the Thames Barrier and that the next Board call would take place on 15 November.

The meeting closed at 16:45pm.