

Minutes of the board meeting held on Tuesday 17 December 2024 at Cotton's Centre and via MS Teams

Present

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

In attendance

Philip Duffy	Chief Executive
Tamara Bruck	Executive Director, Strategy, Transformation and Assurance
Anna Caffyn	Director, Finance
Sebastian Catovsky	Defra, Co-Director Floods and Water
Sarah Chare	Executive Director, Local Operations
Matt Cornford	Director, Strategy
Chris Davis	Deputy Director, Communications
Caroline Douglass	Executive Director, Flood and Coastal Risk Management
Harry Leeder	Deputy Director, Governance and Engagement
Laura Milton	Director, Legal and Audit Services
Corry McDiarmid	Board Governance Manager
Alex Hole	Board Governance Senior Advisor
Beth Lamb	Board Governance Advisor

Item 2

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

Lucy Ward	Performance Manager
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Item 10

Catherine Bacon

Business Manager to Executive Director of Flood and Coastal Risk Management

Item 1: Meeting administration

Welcome and apologies

- 1.1 The Chair welcomed attendees to the meeting.
- 1.2 Apologies were noted from John Leyland and David Hill.

Declarations of interest

- 1.3 No new declarations were raised.

Minutes of the 14 August and 11 September 2024 meetings

- 1.4 **The board approved** the minutes of the 14 August 2024 board meeting subject to a minor amendment.
- 1.5 **The board approved** the minutes of the 11 September 2024 board meeting subject to a minor amendment.

Matters arising

- 1.6 The board noted that all actions were now complete with the exception of action reference Board2023-37. The board were reassured that the matter was in hand.

Item 2: People matters

Health, safety and wellbeing

- 2.1 The board welcomed Dan Hutley to the meeting. The Board noted the progress of the health, safety and wellbeing (HSW) strategy which would be brought to the March 2025 board meeting for review and approval.
- 2.2 The Board noted updates on the implementation of the adult safeguarding policy and HSW mandatory training. The board recognised that a lack of clarity around mandatory training was arising as a theme across various meetings. The board was reassured that the Executive Director of Strategy, Transformation and Assurance (STA) was working with Defra HR to understand the issue and re-gain oversight of mandatory training. The board encouraged the Executive Director of STA to investigate external best practice.

- 2.3 The board also discussed external benchmarking and encouraged the use of benchmarking against organisations doing similar activities to the Environment Agency.
- 2.4 The board wished to see more data in future HSW updates relating to Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and lost time incidents.

Employee relations

- 2.5 The Board noted an update on pay negotiations with Trade Unions.
- 2.6 They also noted updates relating to fleet, including that Enterprise now had a dedicated employee to service Environment Agency requests and issues.
- 2.7 The board noted that business appointment rules were now in place, as well as the update to the Environment Agency's ability to sponsor workers' visas.
- 2.8 The board noted the progress on mandatory training.
- 2.9 **Action:** Executive Director of STA to bring an update on the oversight of mandatory training requirements for Environment Agency staff.
- 2.10 The board also noted the Environment Agency's response to an MP letter relating to the Environment Agency Summer Development Internship Programme.

Item 3: Board updates

Chair's update

- 3.1 The board noted that Judith Batchelar, Robert Gould and John Lelliott would be stepping down from the board at the end of March 2025 and heard an update on the appointment of a new Chair of the Audit and Risk Assurance Committee (ARAC).
- 3.2 The board noted the extensions to Ines Faden Da Silva, Stewart Davies and Lilli Matson's terms as board members until 31 July 2026.

Chief Executive's update

- 3.3 The board noted the Chief Executive's update.
- 3.4 The board discussed the Chief Regulator's Report and queried how business stakeholders were to be engaged.
- 3.5 **Action:** Executive Director of E&B to share the Chief Regulators Report with all board members ahead of its publication.

- 3.6 The board discussed the publication of the new National Flood Risk Assessment (NaFRA2) report.
- 3.7 The board praised the achievement of the Environment Agency Pension fund which had recently won the European Pension Fund of the Year at the IPE Awards 2024. The board discussed the future of the Local Government Pension Scheme (LGPS) in light of recent government announcements that could affect pooling.
- 3.8 The board discussed the replacement of Environment Agency fleet vehicles with electric vehicles (EVs) by the end of 2027. The board noted the work underway to electrify the fleet and provide a charging network.
- 3.9 The board noted the launch of the new Nature Literacy training for all staff.
- 3.10 **Action:** Board Governance Team to share a link to the Nature Literacy Training with all Board members.

Item 4: Committee and area updates

Committee updates

- 4.1 The board noted the topics of focus at all Committee meetings since the last board.
- 4.2 The board noted that the Environment and Business Committee had recently had a meeting in Oxford involving Centre for Fusion Energy at Culham, home of the UK Atomic Energy Authority.
- 4.3 The board noted that one Regional Flood and Coastal Committee (RFCC) Chair had stepped down and that recruitment would begin for their backfill in Summer 2025.
- 4.4 **The board approved** the following Committee appointments:
- Maya Leibman to be appointed as a member of the Pensions Committee, Pensions Board and Investment Sub-Committee, Audit and Risk Assurance Committee and Flood and Coastal Risk Management Committee.
 - Brittany Harris to be appointed as a member of the Environment and Business Committee.
 - Ines Faden Da Silva to be appointed as a member of the Pensions Committee and Pensions Board.

Board member area updates

- 4.5 Board members reported back on issues and notable updates from each of their areas.

- 4.6 The board noted recent updates regarding the appointment of new Area Directors. They reported that staff had expressed concern around the deliverability of new priorities.
- 4.7 Board members also reported challenges around managing financial decisions.

People and Pay Committee annual review

- 4.8 The board noted the update provided by the People and Pay Committee Chair on the Committee's work for the period January to November 2024.
- 4.9 The board noted the summary of the review discussion including the Committee's conclusion that every second meeting going forward would be face to face.

Approval of changes to Pensions Committee membership

- 4.10 The Chair of the Pensions Committee provided an overview of the request to board.
- 4.11 **The board approved** the Pension Committee's appointment and tenure recommendations:
- Hywel Tudor to join Investment Sub Committee and tenure to be extended by six months to 14 November 2025.
 - Will Lidbetter to be extended by one year to 31 July 2026.
 - Veronica James to be extended by three years from 15 May 2028.
 - Greg Black to be extended by three years from 31 March 2028.
 - Peter Smith to be extended for six months to 14 November 2025.
 - Jermiane Hutchinson to be an active scheme member representative of the Pension Committee for an initial tenure of three years to 17 December 2027.
 - Stuart McMillan to be an active scheme member representative to cover a period of maternity leave until 31 January 2026.
- 4.12 **The board approved** the Pension Committee's recommendation for the Environment Agency Pension Fund's (EAPF) discretionary policy statement to be updated to include the new Scheme of Delegation for payments in respect of deceased members.

Item 5: Financial performance

- 5.1 The Director of Finance laid out the key points in the paper and the board noted the financial position as of the end of October and the forecast management plans.

- 5.2 The board noted the high level of capital overprogramming and options to utilise Defra group switches to manage this down along with the Spending Review position set out by His Majesty's Treasury (HMT).
- 5.3 The board noted the topics of recent conversations with Defra regarding business planning.
- 5.4 The board noted the expected timescales for the spending review and were reassured that Finance had sufficient support in place to be able to prepare for the spending review.
- 5.5 The board discussed the narrative around the Environment Agency's spending review bid as well as the position of charge balances. The board noted that the Executive Director's Team (EDT) were considering options to manage this.

Item 6: Q2 performance – corporate and balanced scorecard review

- 6.1 The board welcomed Lucy Ward to the meeting. The Executive Director of Local Operations introduced the item and took the board through the successes and challenges from Q3.
- 6.2 The board recognised the crucial role of IT within transformation and asked how resource would be prioritised to achieve IT transformation. They noted that the transformation strategy would set out the process for reprioritisation to enable IT transformation.
- 6.3 The board queried whether the Executive felt the board was providing enough challenge and scrutiny of the scorecard and noted the value the team gained from these discussions. The board also noted that the scorecard has been scrutinised by several groups by the time it reaches the board. The board asked about the process for trialling possible future metrics.
- 6.4 The board were pleased to see that focus was still on the staff from Black and Minority Ethnic backgrounds measure and noted the actions taken to continue improving performance.
- 6.5 The board queried why the sewage treatment measure was green when the Q2 performance had been 77% of water quality permitted sites brought back into compliance.
- 6.6 **Action:** Lucy Ward to confirm the reason for sewage treatment measure being green at 77% of water quality permitted sites brought back into compliance.

Item 7: Financial scheme of delegation (FSoD)

- 7.1 The board noted the items which have received approval.

Item 8: Non-financial scheme of delegation (NFSoD)

- 8.1 The board noted the proposed amendments to the Non-Financial Scheme of Delegation (NFSoD) (version 59, September 2024) to deal with new powers relating to the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024, (known as packaging extended producer responsibility or PEPR).
- 8.2 The board noted the approval made by the Chair under section 4.1 of the Board Handbook which corrects an error in relation to special levies and charges in the February finance paper.

Item 9: EA'X' – update on development of strategy

- 9.1 The Director of Strategy provided an update on progress since the October EA'X' workshop, the timeline going forward and the initial internal and external engagement plans.
- 9.2 The board asked to be provided with a better understanding of the components feeding into the creation of the strategy as well as how it would align with the Environmental Improvement Plan (EIP), and other Government/Defra strategies and reviews.
- 9.3 The board discussed the importance of the strategy being resilient to change and able to stay relevant to organisational and government priorities over its duration. The board queried how the strategy would consider funding and value for money.
- 9.4 The board discussed the early engagement of external stakeholders.
- 9.5 The board noted that they would take a further update on the development of the strategy at the February board call.

Item 10: FCRM deep dive

- 10.1 The board welcomed Catherine Bacon to the meeting. The Executive Director of FCRM introduced the item, laid out the impacts of the recent spending review and the approach to reforming the investment in FCRM. The board noted that this would include the implementation of the new Flood Investment Programme in 2026 and transformation of the management of Environment Agency assets to embrace a more modern and reliability-centred approach.

- 10.2 The board discussed the funding challenges and critical decisions to be made with regard to asset maintenance. The board noted the team's commitment to continue innovating as a means to address challenges and future-proof the Environment Agency's flood risk management work.
- 10.3 The board discussed asset transformation and asked what level of confidence there was in assets included on the Asset Information Management System (AIMS) but not owned or maintained by the Environment Agency.
- 10.4 The board sought reassurance on the impacts of the government's new home building targets on flood risk and planning, particularly in light of new National Flood Risk Assessment (NaFRA2) data. The board also considered the increasing risk of surface water flooding and how the Environment Agency could work with Local Government Authorities to manage this risk.
- 10.5 The board queried how cultural changes were being factored in, they noted that there would be more delivery at a national level as part of the new flood investment programme to help ensure a consistent approach across the country and the best use of public money.
- 10.6 The board discussed improvement of the effectiveness in Capital Programme delivery, noting that a loss of skills to the supply chain was an ongoing issue. The board discussed the benefits of nurturing and increasing Environment Agency skills and minimising the use of bought-in-services. The board encouraged investigation into how other similar organisations delivering large infrastructure projects deal with similar issues around skills. The board also acknowledged a need for a benchmarking of productivity and work to address any underperformance.
- 10.7 The board discussed whether more board oversight was needed on the largest projects and their associated corporate risks.
- 10.8 The board discussed engagement and whether permanent communications support would be needed focussing specifically on matters related to the Capital Programme.
- 10.9 The board noted the challenges faced due to an out-of-date partnership funding policy and ongoing work within Defra to reform this and streamline funding rules. They noted that Defra recognised that more work was needed to improve the delivery model, taking into account the increasing complexity and scale of projects.

- 10.10 The board thanked the Executive Director of FCRM and her team for their hard work in this space and congratulated her on her Honorary Fellowship of the Institution of Civil Engineers.

Item 11: Meeting administration

Any other business

- 11.1 **Action:** Executive Director of STA to provide a list of all of the Environment Agency's major suppliers and delivery partners.

Review of meeting

- 11.2 The board reviewed the meeting.
- 11.3 The board recognised that it worked well for meetings to be structured with formal board business in the morning and deep dives in the afternoon.

Forward look

- 11.4 The board noted the topics of focus at the upcoming meetings.

Date of next meeting

- 11.5 The date of the next board call was noted as 11 February and the next meeting and visit as 18 and 19 March.

The meeting closed at 4:10pm.