Minutes of the board meeting held on Wednesday 18 March 2026 at 2 Marsham Street and via MS Teams

Present

Alan Lovell	Chair
Ines Faden Da Silva	Deputy Chair
Stewart Davies	Board Member
Brittany Harris	Board Member
Maya Leibman	Board Member
Lilli Matson	Board Member (Items 3-9 and Items 12-13 only)
Sarah Mukherjee	Board Member
Mark Suthern	Board Member (Items 1-9 only)
Jon Watts	Board Member

In attendance

Philip Duffy	Chief Executive
Tamara Bruck	Executive Director, Strategy Transformation and Assurance
Sarah Chare	Executive Director, Local Operations
Caroline Douglass	Executive Director, Flood and Coastal Risk Management
Clare Jeffreys	Director, Finance
Chris Davis	Deputy Director, Communications
Laura Milton	Director, Legal & Audit Services
John Leyland	Executive Director, Environment and Business (Items 1-9 only)
Verity Zurita	Deputy Director, Governance, Government Relations and Private Office
Sebastian Catovsky	Defra Group Co-Director, Floods and Water
Corry McDiarmid	Board and Executive Governance Manager
Alys Farndale	Board and Executive Governance Senior Advisor
Derry Gallagher	Board and Executive Governance Advisor
Susan Chadwick	Board and Executive Governance Advisor

Item 4

Georgina Collins	Director, Strategic Design and Transition Programme

Item 5

Dan Hutley	Deputy Director, Health Safety and Wellbeing

Item 8

Andy Wilkinson	Deputy Director, Future Funding

Luke Farrington	Deputy Director, Estates
Item 9	
Germaine Faulkner	Director, Service Transformation
Iain King	Defra Group Director General for Delivery and Chief Operating Officer
Colin Banno-Thornton	Defra Group Chief Digital and Information Officer
Items 10 and 11	
Chris Paul	Deputy Director, Strategy Business Planning and Performance
Lucy Ward	Manager, Defra Business Finance
Item 12	
Craig Martin	Chief Pensions Officer
Apologies	
David Hill	Defra Director General, Strategy and Water
Alice Mayne	Director, Strategy

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

Apologies

1.1 The Chair welcomed attendees to the meeting.

1.2 Apologies were noted from David Hill and Alice Mayne.

Declarations of interest

1.3 There were no declarations of interest.

Minutes of the meeting held on 17 December 2025 and 12 February 2026

1.4 **Decision: The board approved** the minutes from the board meetings held on 17 December 2025 and 12 February 2026.

Matters arising

1.5 The board noted the progress made on all actions.

1.6 The board noted that actions 001, 002, 003 had been updated since the publication of the board papers, and that these actions would be closed. Updates would be available in the next Board Action Log paper for circulation in June 2026.

1.7 **Action:** Chair, Deputy Director Communications, and Board and Executive Governance Office to coordinate an internal communication to update all colleagues on the discussions at this board meeting, and to demonstrate the board's appreciation of the response to the recent floods and sustaining strong performance throughout the year.

1.8 **Action:** Executive Director, Flood and Coastal Risk Management to ensure further assurance on maintenance funding for Natural Flood Management is provided, with the matter to be considered by the FCRM Committee and subsequently reported to the board.

1.9 **Action:** Executive Director Environment and Business to provide further briefing on the Land Use Framework as it becomes available.

Item 2: Chair and Committee Updates

Chair Update

2.1 This item was not taken.

Committee Updates

2.2 The board noted the topics of focus at all Committee meetings since the previous quarterly board meeting.

2.3 The board noted that ARAC reported continued progress in strengthening Risk Management, including clearer risk appetite and positive assurance from Internal Audit, while recognising that mitigation planning requires further improvement.

2.4 The board noted E&B Committee's confirmation of alignment between EIP delivery and EA2030, the need to ensure sufficient delivery resource, and the positive deep dive on sustainable growth, which the Committee recommended for future board discussion.

2.5 **Action:** Board and Executive Governance Office to add an item on Sustainable Growth to the Board Forward Programme, for a future discussion.

2.6 The board noted the recent FCRM Committee discussions including the links between the wider change programme and Project Aurora.

2.7 The board noted People & Pay Committee updates on improved succession planning and ongoing work on diversity, apprenticeships and specialist workforce needs, which was recommended be brought to the board in due course.

2.8 **Action:** Executive Director, Strategy Transformation and Assurance to bring succession planning and retention of specialists to the board in due course.

Lilli Matson joined the meeting

Item 3: Chief Executive's update

3.1 The board noted the update from the Chief Executive.

3.2 The board received an update on recent national energy developments and noted their relevance and potential impacts to a range of sectors, including the water and wastewater sector. The board also noted upcoming national updates to cyber-security requirements and welcomed the planned EDT review.

3.3 **Action:** Executive Director, Strategy Transformation and Assurance to ensure that the board receives an assessment of risk following upcoming EDT discussion on potential energy interruptions as a result of conflict and changes to national cyber security environment.

Item 4: Independent Water Commission

4.1 Georgina Collins joined the meeting and provided the board with an update on the ongoing development of the proposed new water regulator. The board noted the constructive collaboration supporting this work, the emerging design of the regulatory model, including its scope, duties and governance arrangements and the Defra-led workshops which have begun to shape membership and governance of the future authority.

4.3 The board discussed the importance of maintaining clear and effective communication throughout the transition and noted that workforce considerations will need to be managed carefully as the new regulatory arrangements take shape.

4.4 The board discussed the financial, cultural, and policy intersections with Price Review (PR29) and other recent and ongoing government reviews. The board noted the need to ensure a plan for in-flight prosecutions at the point of transition and was assured that mechanisms will be established to ensure appropriate case continuity.

4.5 The board reflected on the need for continued clarity around organisational roles and responsibilities, including that of the board, as the programme progresses; and emphasised the value of early planning to support a smooth transition once the final governance structure and timelines are confirmed.

4.6 **Action:** Director, Strategic Design and Transition Programme to coordinate a session to brief the board on the defined accountabilities and projected timelines relating to the current governance structure and the establishment of the board of the new water regulator.

4.7 The board was supportive of the continued development of the proposed regulatory model and requested future updates as key elements of the programme continue to be defined.

Item 5: People Matters

Health Safety and Wellbeing

5.1 Dan Hutley, Deputy Director, Health Safety and Wellbeing (HSW) joined the meeting.

5.2 The board received an update on HSW performance, noting continued improvements in governance, scrutiny, and data quality. They noted that a new behavioural HSW campaign will be launched to address cultural and behavioural drivers.

5.3 The board noted performance trends, and that work will be undertaken to ensure future entries into Airsweb reflect the correct definitions.

5.4 The board noted Lost Time Injury (LTI) performance is currently fluctuating between red and amber. The board discussed the challenge of distinguishing between behaviour-driven incidents and other incidents, such as those requiring improved PPE.

5.5 **Action:** Deputy Director HSW to ensure future reports clearly explain LTIFR figures including methodology and any differences between reported values.

5.6 The board discussed benchmarking especially for the most critical risk areas, activities and Serious Critical Incidents (SCI).

5.7 **Action:** Deputy Director HSW to provide a further update on benchmarking as part of the 2026-27 Q2 HSW update to board.

5.8 The board discussed trend information, to support effective oversight.

5.9 **Action:** Deputy Director, HSW to explore how trend data can be incorporated into future analysis.

5.10 The board discussed the reporting of safety incidents and the importance of clearly distinguishing between serious safety-critical incidents and lower-severity events. The board noted it would be helpful to have continued visibility of how risks and mitigating actions are categorised, along with relevant benchmarking.

Employee Relations

5.11 The Executive Director, Strategy Transformation and Assurance updated the board on the ongoing conversations with Trade Unions around pay matters including pay progression. The board noted recent policy changes regarding staff networks.

5.12 The board discussed longer-term workforce capability, including the need to strengthen professional pathways and address gaps in mid-career recruitment across several disciplines. They noted that work on expanding the professions framework and apprenticeship routes is underway to support workforce sustainability.

5.13 **Action:** Board and Executive Governance Office to add an item on National Infrastructure/Professions/career pathways to the People and Pay committee forward programme.

Item 6: Finance Update – Q3 2025/26

6.1 The Director of Finance provided an update on the financial position, reporting underspends in both Resource and Capital budgets. Full analysis will follow at year-end. The board noted that Resource spending on Environmental Protection (EP) showed an overspend.

6.2 The board noted that the capital programme provides flexibility to overprogramme in future years which can help to manage slippage within the flood programme. They welcomed such ongoing targeted interventions.

6.3 The board stressed the need to understand the causes of underspends and when review findings are known following year end, to ensure that plans are in place to prevent a recurrence next year.

6.4 **Action:** Director of Finance to provide the board with measures being put in place to mitigate underspend next financial year.

6.5 The board noted the options for managing underspends across the Group, including the potential for an advanced contribution to the Pension Fund.

6.6 The board emphasised the need for a clear communications narrative, given the underspends and the proposal for an advanced contribution to the Pension Fund.

6.7 **Action:** Director of Finance (with Chief Pensions Officer and Deputy Director Communications and Engagement) to consider the appropriate external narrative on the rationale for advanced contribution to the EA Pensions Fund, and the reduction in the employer contribution rate, given the forecast underspends.

6.8 The board noted plans to lay the Annual Report and Accounts (ARA) before Parliamentary recess without audit qualifications; this aligns with government expectations but will require accelerated preparation.

6.9 The board noted progress on climate-related financial disclosures (TCFD), where the organisation can expand its reporting but is not yet expected to achieve full compliance.

Item 7: Schemes of Delegation

Financial Scheme of Delegation (FSoD)

7.1 **Decision: The board approved** the changes to the FSoD Operational Instruction to reflect changes to business case approvals resulting from the FCRM Aurora Transformation Programme.

7.2 **Decision: The board approved** the changes to the FSoD Operational Instruction to reflect changes to section C3.2 for the Payment of non-Risk Management Authority (RMA) grants.

Non-Financial Scheme of Delegation (NFSoD)

7.3 **Decision: The board approved** the changes to the NFSoD to expand a pilot project to streamline internal processes for the service of a Fixed Penalty Notice (FPN).

Lilli Matson left the meeting

Item 8: Commercial Ambition, Commercial Reform

8.1 Andy Wilkinson and Luke Farrington joined the meeting and provided an update on progress with the Commercial Programme since the previous discussion in May 2025.

Lilli Matson rejoined the meeting

8.2 The board recognised that the organisation’s current legislative model restricts commercial activity to cost recovery, meaning that broader income-generating approaches may require legislative amendments. In discussing the opportunities presented for consideration, the board noted that some options could offer near-term benefits within existing powers, while others would depend on longer-term structural or legislative reform. Many would also require cultural change.

8.3 The board noted that any commercial reform must not compromise core statutory functions, must avoid reputational risk, and should be informed by improved data and a stronger understanding of the asset base.

8.4 The board emphasised the importance of understanding the scale of potential returns in assessing whether significant change would be warranted and asked for clarity on what could be delivered under existing powers and what might require legislative change. The board requested that the discussion return at appropriate future timescales to support its continued consideration of these options.

8.5 **Action:** Executive Director, Strategy, Transformation and Assurance to continue to drive this work with pace and to explore the areas discussed by the board, namely: commercial opportunities within existing powers; potential value from legislative change; and required cultural and organisational shifts.

8.6 **Action:** Executive Director, Strategy, Transformation and Assurance to prepare a clear set of options, benefits, risks and trade-offs for future board consideration, covering both short-term, deliverable opportunities and longer-term, legislative opportunities.

Item 9: Environment Agency Cyber Resilience Update

9.1 Germaine Faulkner, Iain King and Colin Banno-Thornton joined the meeting.

9.2 The board received an update on cyber-resilience activity, including continued collaboration with DDTS and progress against the Cyber Assessment Framework (CAF). The board noted that critical business services have been identified, along with their baselines, forming a clearer foundation for resilience planning. Continuing progress on disaster recovery was noted, including the development of appropriately aligned cyber incident response plans.

Brittany Harris left the meeting

9.3 The board discussed ongoing work to further strengthen supply-chain oversight and ensure high standards of access management for all users and partners, in line with national best practice.

9.4 The board noted the ongoing work to enhance organisational cyber security awareness and resilience, including the development of a structured road map and the introduction of a new organisation-wide cyber awareness campaign. The board also stressed the importance of focusing on recovery capability to ensure faster and more effective restoration following a major cyber-attack.

9.5 The board reiterated the importance of maintaining clear and effective governance arrangements with DDTS and requested that this area be considered further at the next ARAC meeting.

9.6 **Action:** Board and Executive Governance Office to schedule cyber governance as an item at the next ARAC meeting.

9.7 The board noted the continued progress in resilience testing and endorsed the next phase of planned development activities. A follow-up review was requested in approximately six months to assess progress.

9.8 **Action:** Board and Executive Governance Office to schedule a follow-up discussion in approximately six months' time.

Mark Suthern, Lilli Matson and John Leyland left the meeting

Item 10: Quarter 3 Performance 2025/26 – corporate and balanced scorecard review

10.1 Chris Paul and Lucy Ward joined the meeting. The Executive Director, Local Operations gave an account of performance to the end of Quarter 3.

10.2 The board noted strong results across PSRA, illegal waste exports, regulatory delivery, improvements in the permitting system, and wider operational efficiencies.

10.3 **Action:** Executive Director, Environment and Business to consider an internal communications approach to highlight and promote improved permit compliance performance.

Brittany Harris rejoined the meeting

10.4 The board sought clarity that the positive performance was evidence-led, and was assured that it was underpinned by evidence, supported by portfolio oversight, resource allocation and assurance checks.

10.5 The board discussed permitting performance and the FRAP backlog. They noted that most backlog cases were due for completion while new applications are now being processed on time.

10.6 **Decision: The board approved** the corporate and balanced scorecards.

Item 11: Update on business planning and approval of corporate and balanced scorecard 2026/27 measures and targets

11.1 The Director of Finance updated the board on the development of the Environment Agency Business Plan 2026/27, with a final draft expected by the end of March for EDT review before being brought to the board for approval. The board noted work to align the plan with other corporate documents for consistency.

11.2 **Action:** Board and Executive Governance office to set up an additional board call in early April 2026 for board consideration and approval of the Business Plan 2026/27.

11.3 The board discussed future timing, noting that annual Business Plans should be brought to the board in March each year supported by earlier provisional discussions with Board members.

11.4 **Action:** Board and Executive Governance office to set up a standing annual item in the Board Forward Programme to handle annual Business Plan approval.

11.5 The board discussed the development of the Balanced Scorecard and the need to reflect recent board steers. The board noted that any new measures should initially be trialled as management information, with the intention to incorporate them into the Balanced Scorecard once tested.

11.6 **Action:** Director, Finance to include shadow actions on the Balanced Scorecard going forward, including new indicators and other emerging KPIs.

11.7 The board discussed wider operational considerations, including efficiency expectations, productivity, insourcing levels, and supply-chain capacity. The board noted the importance of clear communication with stakeholders and the water industry regarding the value and outcomes of water company inspections.

11.8 The board reflected on the potential for productivity review to ensure investment is driving genuine efficiencies, noting that cost-saving alone should not be the objective.

11.9 **Decision: The board endorsed** the proposed approach to the 2026/27 Business Plan.

Lilli Matson rejoined the meeting

Item 12: Pension Fund pooling and employer contribution rate

12.1 Craig Martin joined the meeting.

12.2 The board noted the strong funding position of the Environment Agency Active Pension Fund (EAPF) and discussed the recommendation to reduce employer pension contributions from April 2027 and noted the rationale for the change.

12.3 **Decision: The board endorsed** the reduction in the Environment Agency's employer pension contribution as recommended by the actuary and supported by EDT.

12.4 The board discussed the pooling proposal, reviewed the legal assurances supporting the proposed timing, and noted that the Pensions Committee will consider the pooling decision on 25 March 2026.

12.5 **Decision: The board supported** the Pensions Committee's decision to pool Fund assets with Local Pension Partnership Investments Ltd (LPPI) in line with government requirements.

12.6 The board discussed the importance of establishing a clear communications approach to ensure employees understand the reasoning behind the employer contribution rate reduction and can be assured that it will not impact their pension entitlements.

Item 13: AOB, date of next meeting, forward programme and review of meeting

Any other business

13.1 No other business was raised.

Dates of next meetings

13.3 The dates of the next meetings were noted: Board call on 7 May 2026 and the Q4 Performance board meeting on 24 June 2026, with an additional call to be arranged in early April to finalise the 26/27 Business Plan.

Forward Programme

13.4 **Action:** Executive Directors to ensure future board drill down discussions include an assessment of relevant stakeholder relationships as part of the paper.

13.5 **Action:** Executive Director, Strategy Transformation and Assurance to bring a deep dive on eNGO relationships specifically to a future meeting which should include a high-level overview of relevant EA stakeholder groups.

13.6 **Action:** Board and Executive Governance Office to add Regulation of Industrial Clusters to the Board Forward Programme.

Review of meeting

13.4 The board reviewed the meeting.

The meeting closed at 16:00.