

## Board Paper

### Date

8 June 2022

### Title

The OEP's corporate plan, business plan and budget

### Report Author

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### Responsible Executive Director

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**Paper for** decision

**Open paper (in part)**

## Issue

1. This is our first operational year. We have very wide discretion on the choices we make on our activities, and limited operational experience on which to draw. Since Christmas we have successively refined our priorities and planning assumptions.
2. This paper presents the baseline business plan and budget of the OEP for this business year and the corporate plan which explains that publicly. We have committed to publish our corporate plan alongside our adopted strategy in June. The business plan will not be published.

## Recommendation

3. We recommend that the Board agrees that:
  - a. The business plan at Annex A is the baseline business plan for 2022/23
  - b. The budget set out in paragraph 25 is the baseline budget for 2022/23
4. We recommend that the Board agrees that the corporate plan be published substantially in the form of annex B as the public articulation of that plan and delegates final approval of the corporate plan to the CEO in consultation with the Chair.

## Background

5. The OEP has planned from first principles this year, given this is our first operational year. We aimed to comprehensively assess the resource demands for every activity necessary to deliver what is mandatory and required to 'keep the lights on'. Teams also developed programmes of activity beyond those must do activities for work that we should or could do to exercise our functions, or complete our establishment.
6. To inform the focus of our activities, we scoped how we could make a difference against a range of different issues. These issues were identified through: internal and Board workshops; engagement with stakeholders; our analysis of pressing issues in the environment in our monitoring of the 25YEP; our complaints; the subject of recent, outstanding or suspected future litigation; government's forward programme of policy or legislative change; areas of interest for Parliament and other oversight bodies.
7. Through application of our draft prioritisation criteria, the Board agreed to narrow these to five priorities: the laws which protect nature and enable its recovery; good environmental status in the marine environment; inland water quality; air quality; and soil health. The Board confirmed and commented on draft work programmes in these priority areas in April.
8. In April the Board endorsed a proposed approach to over-programme for the year by 20% for our non-pay budget, and our estimate of the FTE needed to deliver. This was to mitigate risks of underspend, and ensure we maximise our opportunity to have impact. In year financial management and a monthly reprioritisation exercise will provide appropriate control to manage risk and maximise our impact.
9. In April, the Board also agreed that a temporary budget be delegated for the pay, and the must do element of non-pay expenditure in our then defined plan. A final budget was to be tabled alongside the baseline business plan. While this is the baseline budget for the year, the Board has delegated authority to vary the budget between cost centres to the CEO. This will enable agile budget management in year, in line with any reprioritisation.
10. The OEP must publish a corporate plan. In February, the Board agreed an outline structure of the plan, to publish it alongside the OEP's strategy and enforcement policy, and that it should:
  - a. show the independent role we have and the difference we can make
  - b. show our confidence and intent to make a difference
  - c. be a plan we live up to and deliver, and not to over commit before we are certain
  - d. contribute to establishing our credible voice with stakeholders
11. Collectively the corporate plan, business plan and budget set out our work-programme for the year internally and externally. They are our baseline plan with mechanisms to manage responsively in year. They are important in stabilising our work, better aligning our resources to our activity, and ensuring we can focus where we have agreed we will seek to have impact.

# Analysis

## Business plan

12. Annex A presents a baseline plan. It shows deliverables, outcomes and resources for key activities by strategic goal, and aggregates the resources applied to lower level activities, particularly for objective 4 'Organisational excellence and influence'.
13. It is known that the plan is based on planning assumptions which are, to different degrees, untested. It is the product of five planning cycles teams have conducted, and has been endorsed by Executive Directors as accurate based on what is known today. It is known that elements will change – for example, the Board will consider the approach to the next 25YEP monitoring report in June, which will then allow this work to be more fully defined. It also includes some placeholder capacity, such as for future decisions on investigation.
14. The table below shows the planned activity by team, against the capacity expected to be available. All Northern Ireland (NI) and temporary recruits are included at their expected start date. The figures show annualised FTE, so, for example, a recruit expected to start in August is 0.66 FTE.

*This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

15. This suggests we are over programmed to our expected staff capacity (including those we are yet to recruit) by 22%, but with uneven distribution between teams. This is in line with the overall position the Board previously agreed. It means we can only deliver all our plan if our people are 22% more productive than we expect. These are best estimates only, of course.
16. The Executive has considered this carefully. It judges it the best approach to maximise our impact with active and ongoing prioritisation in year to manage capacity issues that arise. In doing so, it recognised that the current planning assumptions to deliver the 25YEP monitoring report (*this section has been redacted as its publication would be prejudicial to the effective conduct of public affairs*) preserve the Board's discretion in deciding its strategic approach; and that our activities to support nature and water quality in particular have a number of components. An over programme of our human resources does carry risk, however, notably of burn out and retention if not properly controlled and managed through prioritisation in year.
17. Noteworthy also is that we plan to grow our capacity sizeably through recruitment of our remaining England, all our NI and the ten temporary posts for which we have discretion. Our calculations above assume this recruitment succeeds and at pace. The Board was informed an extra FTE to support faster recruitment has been prioritised; that person starts in post in mid June. We mostly assume recruits are in post in August.
18. *This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

## Budget

19. The business plan has provided the basis of our baseline budget.

20. Pay budgets are allocated to each Executive Director in line with our organisational design, including planned recruitment, NI and temporary posts. Temporary cover for parental leave has not been factored in. *This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*
21. In considering the budget proposed, the Board's attention is drawn to the fact that:
- a. The budget includes capital costs. Defra have only agreed capital funding towards our estates costs – the capitalisation of rent for the new office, and its refurbishment. We are provided with a budget of £2,966,587. We expect the refurbishment costs to be lower in our newly identified office, but await cost estimates. Any underspend against these costs would be returned to Defra, unless separately negotiated. Our only other known capital need is to develop our Intelligence Management System.
  - b. This budget assumes funding of £631k our Northern Ireland remit. This has now been confirmed.
  - c. A large proportion of the pay budget is for posts that have not yet been recruited – *this section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.* There is an urgent need to fill them in order to deliver the planned work and spend the budget allocated for the duration planned in the budget. Failure to do so could result in underspend and under delivery. We are pursuing recruitment at the fastest possible pace.

The table below shows the non-pay budgets by cost centre and item type. *This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

#### Corporate plan

22. The draft corporate plan is set out at Annex B.
23. The content of the corporate plan is an extract and public expression of the business plan. It has some signalling value to those we oversee, our stakeholders and our staff. We include priority programmes the Board has agreed, being specific where we are able. We are less specific in our activities under our objective for improved compliance, given decisions the Board is yet to take on any investigations that we may commence.
24. We propose a one-year plan, reflecting the effective time horizon of our planning to date. It is generally expected that any corporate plan will be for a three year period, and that expectation is set in our framework document. Given the limited certainty with which we can plan beyond the current business year, and review of our resources, we judge it more transparent to present as a one-year plan, expressly acknowledging this limitation. We would expect to present a three year plan in future years.
25. The plan seeks to strike an appropriate balance between a desire to limit the risks of over-committing (objective c above), while showing our confidence and the difference we can make (objectives a and b). Inevitably these aims are in tension, and the outcome, a matter of judgement.

#### **Northern Ireland**

26. The business plan, budget and corporate plan each include planned activity to exercise our functions, and build our capability in Northern Ireland. Publicly, we reference:

- a. Advice on the development of the Northern Ireland EIP
- b. Evaluating the drivers and pressures of air quality in Northern Ireland
- c. Reports on the implementation of laws which protect nature in Northern Ireland
- d. Report on the implementation of law and regulatory governance for inland water quality
- e. A response to the Northern Ireland executive's expected ammonia strategy
- f. Advice on the joint fisheries statement
- g. Our complaints, investigation and enforcement activity in Northern Ireland

27. *This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

## Finance and Resource

- 28. The purpose of planning is to make best use of our resources. Our prioritisation principles, require us to prioritise where the OEP can make the most difference.
- 29. Our analysis suggests we are not sufficiently resourced to do all that we think we should but at the same time we expect to struggle to spend the money we have. We have a large number of vacancies to fill, representing a significant proportion of our establishment. We have yet to establish most of the framework or call off contracts we need to purchase the external expertise we need. We are doing all we can to mitigate that risk and to prepare for the review of our resourcing later this business year. Taking all this into account we have proposed to over programme to what we judge to be an acceptable extent.
- 30. We will establish a monthly delivery review and prioritisation forum to consider delivery, finances, risk, human resources and make prioritisation choices against the baseline plan. We expect to begin this in June.

## Impact Assessments

### Risk Assessment

31. *This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

### Equality Analysis

- 32. No material equalities impacts have been identified.
- 33. The priorities in our business plan extend across environmental systems – air, water, marine, soil. We act at a strategic level and so any effect of our activity is more likely to have effect systemically. The benefits of our activity are more likely to be relatively evenly distributed across the population given the ecosystem services that our priority areas deliver.

34. Our YouGov research allows us to compare public priorities in the environment by socio-economic status, and urban/rural populations. These are not protected characteristics, though there is some correlation between protected characteristics and these indicators. There was little difference in the main priorities across these groups, with a slight increase in the priority towards air quality in urban and lower socio-economic status respondents, and a slight decrease in the priority of nature related issues. Both feature in our plan.
35. Given the breadth of subject areas we propose to consider, we assume that our priorities in Northern Ireland do not disproportionately affect those of any particular religious group.
36. In future years we intend to develop our approach to Equalities Impact Assessment of our planned work programme.

## **Environmental Analysis**

37. The planning process aims to identify those areas of work where we can make the greatest contribution to our principal objective, in the manner set out in our strategy. Relevant considerations under environmental law have been considered in the work underpinning the priorities identified.

## **Implementation Timescale**

38. The business plan and budget are proposed for immediate adoption.
39. Our draft framework agreement requires us to submit to Defra and DAERA a draft of the corporate plan. We have arranged to do so immediately after the Board, assuming it agrees the plan proposed. We are obliged to consider any comments we receive, but not to make changes as a result. It is proposed that any such comments be considered by the CEO in consultation with the Chair. If the Chair and CEO consider it appropriate to propose changes so the corporate plan is not substantially in the form at Annex B, it will be considered by the Board by electronic business. It is not expected that comments of this nature will be received.
40. It is intended to publish the corporate plan alongside the strategy in late June.

## **Communications**

41. The communications proposals for the corporate plan are incorporated within the proposals for the OEP's strategy as outlined in the paper separately on the Board's agenda. Internally, we will arrange a special internal communication event to focus on the strategy and the activities set out in the business plans. Colleagues have been kept informed in the development of these proposals in the interim.

## **External Stakeholders**

42. We consulted with our established stakeholder community, including some in Northern Ireland, to secure insight on early priorities for the long-list prior to prioritisation by the Executive and the Board. We also took account of Defra's research for public priorities for the environment in developing the long-list. We have asked the public about their priorities for the OEP in our public engagement on our strategy, and considered our prioritisation in light of the findings.

The draft framework agreement provides that we are to determine the content of our plans independently, but discuss with Defra and DAERA the issues to be addressed in the plan, and any agreed contributions to DAERA's and Defra's wider strategic aims and priorities. We met with Minister Pow in April, and will discuss with our senior sponsor on 10 June. *This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.*

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| Paper to be published   | Yes   |
| Publication date (if relevant)  | N/a   |
| If it is proposed not to publish the paper or to not publish in full please outline the reasons why with reference to the exemptions available under the Freedom of Information Act (FOIA) or Environmental Information Regulations (EIR). Please include references to specific paragraphs in your paper | Parts of this paper will be redacted as their publication would harm the effective conduct of public affairs, including the Board's ability to receive candid advice and engage in free and frank discussion (s.36) |

## ANNEXES LIST

***ANNEX A – This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.***

***Annex B – This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs.***