

SCOTTISH ENVIRONMENT PROTECTION AGENCY

STRATEGY MEETING

The twenty-sixth Board Strategy meeting took place at 12.45 p.m. on Tuesday 13 December 2016 in the Board Room, Angus Smith Building, Eurocentral, Lanarkshire.

Present:

Terry A'Hearn	Jackie Hyland
Fran van Dijk	Nick Martin
Richard Dixon	Bill McKelvey
Bob Downes (Chairman)	Keith Nicholson
Michelle Francis	Lesley Sawers
Martin Hill	

In Attendance:

Donna Brodie	Corporate Officer/Commercial Services Manager
John Burns	Charging Scheme Manager (items 10 and 11)
Paula Charleson	Head of Environmental Strategy (item 12)
Kayleigh Coutts	AMT Shadow (with the exception of items 10 and 11)
Sam Curran	Commercial Services Manager (items 1 to 9)
Jean Fyfe	Board Observer
Kieron Gallagher	Head of Governance (with the exception of items 10 and 11)
Jo Green	Chief Officer Performance and Innovation
Calum MacDonald	Executive Director of Regulatory Services
Stuart McGregor	Chief Officer Finance
Jennifer McWhirter	Clerk to the Board
David Pirie	Executive Director of Evidence and Flooding
Jennifer Russell	Head of Human Resources
Allan Reid	Director of Commercial Services (items 1 to 9)
Neil Scott	AMT Shadow (with the exception of items 10 and 11)
Peter Singleton	Research, Innovation and Evidence Management (item 12)
Anne Turner	Business Strategy Manager (with the exception of items 10 and 11)
Jennifer Welsh	Head of Finance (items 10 and 11)
Emma Waddell	AMT Shadow (with the exception of items 10 and 11)

1. Chairman's Opening Remarks

The Chairman welcomed everyone to the meeting, particularly the AMT Shadows – Neil Scott, Emma Waddell and Kayleigh Coutts.

He updated board members on the outcome of the recent Holyrood Public Sector Awards (5 December 2016) in which SEPA had been selected as a finalist for NetRegs in the Digital category.

He also advised board members of an upcoming seminar regarding Carbon and invited those interested in attending to seek further details from the Clerk to the Board.

2. Apologies for absence

There were no apologies for absence. It was noted that Jennifer Russell was in attendance on behalf of Fiona Martin.

3. Order of Business

The order of business was confirmed as that on the agenda and no other items of business were raised.

4. Declarations of Interests

Jackie Hyland declared an interest in the Commercial Services Strategy (item 9) due to her involvement in laboratory services as part of her role with the NHS.

5. Approval of the minutes of meeting held on 25 October 2016

The minutes of the meeting held on 25 October 2016 were approved without amendment as an accurate record of that meeting.

6. Matters Arising

The Clerk to the Board confirmed that a meeting of the board buddies for Commercial Services (item 3) had held on 8 November 2016 and that the requested amendments to the board buddy register (item 7) had been made.

She highlighted that she had not received any notes of interest in respect of buddying for unconventional gas (item 7) and that the action remained outstanding.

She also advised that two options for equality outcomes (item 8) had been presented to the Board in November 2016.

No other matters were raised.

7. Board Engagement Activity

Fran Van Dijk advised that the Equality and Diversity Working Group would be meeting this afternoon and that an update will be presented to the Agency Board in February 2017.

8. Draft Corporate and Annual Operating Plans – STRAT 07/16

The Chief Executive introduced the agenda item and advised that feedback was being sought in two areas – format/presentation and performance measures. He highlighted that this was the last year of the current Corporate Plan and that a more streamlined approach was being developed.

With regard to format and presentation, the Board welcomed the diagram presented and discussed a number of issues including the overall purpose of the reports, the proposed channel of communication being used and opportunities for other digital tools (e.g. video links) to be utilised.

The Agency Board agreed the proposed format (shorter, based on more diagrams) of the Plans.

The Board also discussed the proposed approach for measuring performance and subsequently a smaller number of measures. The Board was supportive of a smaller number but stressed the imperative of measuring impact, setting the measurement at the right level and having read across with risk.

It was also noted that SEPA should consider how it measures its contribution to One Planet Prosperity.

In respect of the measures set out in the draft Annual Operating Plan, the Board highlighted areas of absence including information security, enforcement and people.

The Board agreed the approach for a shorter number of performance measures subject to feedback provided.

It was agreed that a more structured discussion around performance reporting should be arranged (covering material presented to the Board, material presented to the Executive Team, purpose and usage of information provided, etc).

Action: Clerk to the Board

The Board noted the draft Corporate and Annual Operating Plans.

9. Commercial Services Strategy – STRAT 06/16

Allan Reid presented to the Board and drew attention to multiple benefits of commercial services, areas of focus and current opportunities.

The Board commended the work of the Commercial Services Team and sought some further clarification in respect of consultancy work; value added data and capacity implications. In response, Allan Reid advised that the focus of consultancy would be on an international basis (outside the United Kingdom) and that a fundamental principle of the Strategy is the provision of public funded data free of charge. He also reported that commercial activity is part of core business and that capacity was being actively managed with good support from Agency Management Team colleagues.

The Board also suggested that further consideration be given to value added data, cost recovery, profit, risk and insurance in respect of the Strategy and advised that the international focus of consultancy be more explicit.

The Board also discussed the proposed operating model for commercial services and highlighted potential challenges in respect of boundaries, organisational culture and staff resilience. It was agreed that the time was not right to establish a separate organisation but the possibility will remain open for consideration as commercial activity develops.

The level of ambition was also discussed and the challenges of achieving profit in the first few years were recognised.

The Board noted the draft Commercial Services Strategy.

10. Budget and Forward Financial Planning – STRAT 09/16 & Presentation

Stuart McGregor presented to the Board, drawing attention to the potential operating shortfall (based on assumptions made) and the financial impact of scenarios for 5% and 7% reductions in Grant in Aid. He advised that the Agency is confident in achieving a balanced budget for 2017/18 with assumptions for voluntary severance, performance and innovation portfolio savings, commercial services contribution, charging scheme income and turnover.

John Burns, David Pirie and Calum MacDonald also presented examples of charging scheme opportunities and operational efficiencies (shared services, digital implementation, service redesign, estates, etc).

The Board recognised the challenges being faced and the difficult decisions that will be required to balance the budget in future years. It discussed the changes in SEPA's operating model that would be required to implement proposals and the imperative to understand the point in which the Statutory Purpose may be compromised. It was agreed that statutory duties and championing initiatives would be set out.

Action: Stuart McGregor

It was recognised that consideration should be given to opportunities for efficiencies across other

public bodies (including responsibilities, activities and estates) and, if possible, benchmarking our activities with others. It was also indicated that unit cost information should be explored to gain a clear understanding of core activity costings and, ultimately, the bottom line.

It was agreed that potential for Commercial Services income should not be included in scenarios at this time.

The Board noted the next steps of the high level Financial Strategy 2017-22 and the draft 2017/18 budget being submitted to the Agency Board meeting in February 2017.

The Board noted the range of financial scenarios and provided strategic direction in order for the proposals to be developed.

11. Procurement Strategy – STRAT 08/16

Jennifer Welsh presented to the Board and highlighted SEPA's regulatory requirement to publish a Procurement Strategy by 31 December 2016.

The Board provided feedback on a number of issues including accessibility for Small to Medium Enterprises (SME), language (maverick spend) and assessment of environmental impact. It was highlighted that requirements for sustainable evaluation (social and economic reporting) will be introduced next year and that the Strategy will need to be revised to reflect these new requirements.

It was suggested that consideration be given to the usage of B impact assessments available on line and free of charge.

The Board approved the Procurement Strategy 2016-2022 (to be homologated at the public Board meeting in February 2017).

12. Information and Evidence Strategy – STRAT 05/16 & Presentation

David Pirie gave a presentation to the Board highlighting the approach taken to develop the draft Strategy, characteristics of our information and what this means for SEPA. Examples in respect of the Managers' Dashboard and Waste Crime investigations were given to demonstrate the usage of our information and evidence.

The Board supported the draft Strategy and suggested the inclusion of stronger linkages with the Financial and Commercial Services Strategies and signposting to other information. The Board also commented that emphasis on the behavioural changes be more explicit and that the 'predictive' nature of information is reflected.

The Board noted the report.

13. Action Note

The Clerk to the Board confirmed the closure of actions 37 (commercial services buddying), 39 (board buddy register), 40 (equalities) and 41 (financial scenarios). She highlighted that three actions remained outstanding - 36 (regulatory strategy), 38 (board budding unconventional gas) and 42 (enforcement undertakings).

The Board noted the action note.

14. Any Other Business

No other business was raised.

15. Date and time of next meeting: 21 March 2017 at 1.00pm, Angus Smith Building