



Agency Board Meeting 27 November 2018

Board Report Number: SEPA 42/18

Corporate Performance Report Quarter Two 2018-2019

Summary: This report presents the second quarter corporate performance report using the shortened format used last year.

The report covers progress made on the 15 performance measures in SEPA's [2018-2019 Annual Operating Plan](#).

We have displayed the level of confidence ("high", "medium" or "low") in achieving each performance measure. At present only two measures, 'Clearer permits' and 'Water environment – physical condition' are thought to be "low".

Risks: There are risks to SEPA's reputation associated with not achieving corporate targets within the time periods specified in our Annual Operating Plan 2018–2019.

Resource and Staffing Implications: The resource and staffing implications are as stated in the report.

Equality: There are no equality implications.

Environmental and Carbon Impact: The environmental impacts are as stated in the report.

Purpose and audience of the report: For information.
Agency Board, Scottish Government and Public.

Report Author: Philip Graves, Business Strategy Unit
Jo Green, Chief Officer, Performance & Innovation
12 November 2018

Appendix: SEPA Quarter Two Corporate Performance Report

SEPA Quarter Two 2018-2019 Corporate Performance Report

SCOTTISH ENVIRONMENT PROTECTION AGENCY

Corporate Performance Report Quarter Two 2018-2019

1. Introduction

- 1.1 This is the second quarter performance report.
- 1.2 Quarterly performance reports allow the management team to assess our progress against targets set in our [five year corporate plan](#) and latest [Annual Operating Plan](#) and act to improve performance when required.
- 1.3 The report includes a column showing “high”, “medium” or “low” confidence level in achieving the performance measure by the year-end. We also highlight any key strategic issues requiring attention.
- 1.4 At the end of Quarter Two five measures could not be rated “high” confidence, of which four are the same ones as in Quarter One. The five are:
- **“Medium” – Organisational efficiencies**; at this stage of the year no recurring savings have been agreed. There have been two Agency Management Team meetings to discuss future finances, in September and October.
 - **“Medium” – Greenhouse gas emissions**; this is difficult to predict at this stage. On the one hand transport emissions are up 6% on last year, but offsetting this is a further fall in buildings’ energy use. We await the impact of Defra’s latest figures for how electricity on the grid converts into emissions – the conversion factor will have fallen further.
 - **“Medium” – Sustainable Growth Agreements**; the timeframe for delivery of five agreements with regulated businesses is very short and will require substantial effort.
 - **“Low” – Clearer permits**; whilst progress has been made, we will not succeed in issuing simplified permits for at least 80% of the three sectors as planned in the Annual Operating Plan (Landfill, Whisky and Metals).
 - **“Low” – Water environment – physical condition**; one of two projects planned this year has experienced a number of delays outwith our control. Work done this year will ensure that the 2 km of delayed river corridor restoration will now be delivered next year. Meanwhile we have also worked hard to increase significantly the pipeline of projects for delivery in the coming years.
- 1.5 **Sector plans – “high”**; we are basing this year’s measure on the progress of the next tranche of ten sector plans. News on the first six sector plans is covered more fully in the Chief Executive’s Report to the Board. Latest update on these is as follows:
- [Whisky](#) sector plan officially launched on 5 October.
 - [Oil and Gas Decommissioning](#) and [Tyres](#) sector plans released for public consultation on 9 October. Consultation closes on 20 November.
 - [Aquaculture](#) sector plan launched for consultation on 7 November.

- 1.6 We have published [a brief summary](#) of all 15 performance measures putting each measure into context. This is a dynamic document and we will make changes through the year when necessary.

2. Strategic reporting framework – structure and schedule

- 2.1 Quarterly reports summarise performance over the previous three months.
- 2.2 Once approved by the Agency Management Team, the reports are submitted to the Agency Board and reviewed by the Scottish Government. After review by the Board they are published under ["Our performance"](#) on our external website.
- 2.3 The Quarter Four report is the Annual Review of Performance, covering the whole year in more detail. This report forms the Performance Analysis section of the Annual Report and Accounts.
- 2.4 We have re-designed the Chief Executive's Report to the Board this year. It now effectively runs in parallel with the quarterly performance reports in terms of updating senior management on performance. The Chief Executive's Report focuses on progress against commitments made in the Annual Operating Plan.

3. Recommendations

- 3.1 The Agency Management Team is asked to **approve** the contents of the 2018–2019 Quarter Two Performance Report before it is submitted to the Agency Board.
- 3.2 Business Strategy continues to welcome suggestions on how this report can be improved.

Author, Philip Graves, Senior Business Consultant

Jo Green, Chief Officer, Performance & Innovation

Date 12 November 2018

Appendix 1: Corporate performance reporting template

Corporate Plan measure	Annual Operating Plan measure	AMT member	Confidence ¹	Performance											
Improvement in the quality of Scotland's environment	<p>1. Water environment – physical condition. Increase the length of river or loch shore where physical condition is restored.</p>	John Kenny	Low	<p>We will not achieve the 2.5 km overall target set for the year.</p> <p>This year we are working with partners to restore the physical condition of two waterbodies as described below. The projects are being funded by the Water Environment Fund.</p> <ul style="list-style-type: none"> The Tollcross Burn river corridor project is on track. River Nith (New Cumnock to Sanquhar) project has been delayed. <p>However:</p> <ul style="list-style-type: none"> work done this year will ensure that the 2 km of delayed river corridor restoration will now be delivered next year. we have also worked hard to increase significantly the pipeline of projects for delivery in the coming years. This has included initiating the development of 5 new urban river restoration projects with local authorities. <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #0056b3; color: white; padding: 5px;">Total restored (km) 0.5</td> <td style="padding: 5px;"> </td> <td style="background-color: #0056b3; color: white; padding: 5px;">Target (km) 2.5</td> </tr> </table>	Total restored (km) 0.5		Target (km) 2.5								
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	<p>2. Water environment – river barriers. Increase the length of river where fish movement is not restricted by man-made barriers.</p>	John Kenny	High	<p>We are working on the removal/easement of several fish barriers. These projects are funded by the Water Environment Fund.</p> <ul style="list-style-type: none"> One fish barrier project has been delivered. Three fish barrier projects are on track for delivery by Quarter 4. The delivery of one fish barrier project has been delayed until 2019-2020 due to time needed for stakeholder engagement. <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #0056b3; color: white; padding: 5px;">Total opened (km) 21.8</td> <td style="padding: 5px;"> </td> <td style="background-color: #0056b3; color: white; padding: 5px;">Target (km) 50</td> </tr> </table>	Total opened (km) 21.8		Target (km) 50								
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<p>3. Water environment – diffuse pollution Achieve more than 75% uptake of required actions to alleviate diffuse pollution after first follow-up visits to non-compliant farms.</p>	John Kenny	High	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Year</th> <th>2014-2015</th> <th>2015-2016</th> <th>2016-2017</th> <th>2017-2018</th> <th>2018-2019 Q2</th> </tr> </thead> <tbody> <tr> <td>Percentage uptake</td> <td>88%</td> <td>83%</td> <td>86%</td> <td>88%</td> <td>88%</td> </tr> </tbody> </table> <p>We completed 144 follow-up visits in Quarter 2. These revisits were a mixture of 1st, 2nd and 3rd revisits to non-compliant farms. 96% of the farms were compliant or working towards compliance on revisiting.</p> <p>We attended 23 agriculture shows in Quarter 2, these included Potatoes in Practice, Black Isle Show, Eco Agri Tech, and Board Union Show.</p>	Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019 Q2	Percentage uptake	88%	83%	86%	88%	88%
Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019 Q2										
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¹ A measure of how confident the measure owner is in achieving this measure by the year end.

Corporate Plan measure	Annual Operating Plan measure	AMT member	Confidence ¹	Performance																							
Reporting of the quality of Scotland's environment	4. State of the environment Deliver the evidence we need to help us develop our next sector plans and simplified permits.	David Pirie	High	<p>The discovery project concluded in the first quarter. Its aim was to develop tools to assist the collection of information and evidence for writing sector plans. The resultant aide memoire or template has been made available to all sector leads and should help them collate the evidence required for completing the next ten sector plans. During the second quarter:</p> <ol style="list-style-type: none"> 1. Evidence & Flooding Management Team has assigned between one and three experts for each sector to act as contact points and help gather any evidence required; 2. Contacts continue to provide suggestions on the final drafts of the original sector plans developed last year; 3. We have developed initial draft plans for the next set of sector plans (see measure 5 below). 																							
Increase in the number of sector plans	5. Sector plans Increase the number of finalised sector plans to at least 16.	Terry A'Hearn	High	<table border="1"> <thead> <tr> <th>Sector</th> <th>Progress</th> </tr> </thead> <tbody> <tr> <td>Scotch Whisky</td> <td>Launched 5 October 2018</td> </tr> <tr> <td>Metals</td> <td rowspan="2">Due to be launched in November</td> </tr> <tr> <td>Landfill</td> </tr> <tr> <td>Oil & Gas Decommissioning</td> <td rowspan="2">Draft plans out for consultation from 9 October to 20 November</td> </tr> <tr> <td>Tyres</td> </tr> <tr> <td>Aquaculture</td> <td>Draft plan out for consultation 7 November</td> </tr> <tr> <td>Chemicals Manufacturing</td> <td rowspan="12"> <ul style="list-style-type: none"> • All of the sector plans currently under development have undertaken formal internal engagement in the form of workshops. Some of the sectors have engaged with the use of additional meetings or questionnaires. • Trade bodies, companies, communities and NGOs connected with the ten sectors have been notified in writing that SEPA has started a sector planning process. • Engagement with external organisations is ongoing. • All ten sectors have reported to the Agency Management Team with draft vision statements, outline scope of the plans, and early ideas for actions. </td> </tr> <tr> <td>Crop Production</td> </tr> <tr> <td>Dairy Farming</td> </tr> <tr> <td>Dairy Production (e.g. milk, cheese)</td> </tr> <tr> <td>Forestry and Timber Production and Processing</td> </tr> <tr> <td>Housing</td> </tr> <tr> <td>Leather</td> </tr> <tr> <td>Nuclear</td> </tr> <tr> <td>Transport and Utilities Infrastructure</td> </tr> <tr> <td>Water and Waste Water Treatment (public and private)</td> </tr> </tbody> </table>	Sector	Progress	Scotch Whisky	Launched 5 October 2018	Metals	Due to be launched in November	Landfill	Oil & Gas Decommissioning	Draft plans out for consultation from 9 October to 20 November	Tyres	Aquaculture	Draft plan out for consultation 7 November	Chemicals Manufacturing	<ul style="list-style-type: none"> • All of the sector plans currently under development have undertaken formal internal engagement in the form of workshops. Some of the sectors have engaged with the use of additional meetings or questionnaires. • Trade bodies, companies, communities and NGOs connected with the ten sectors have been notified in writing that SEPA has started a sector planning process. • Engagement with external organisations is ongoing. • All ten sectors have reported to the Agency Management Team with draft vision statements, outline scope of the plans, and early ideas for actions. 	Crop Production	Dairy Farming	Dairy Production (e.g. milk, cheese)	Forestry and Timber Production and Processing	Housing	Leather	Nuclear	Transport and Utilities Infrastructure	Water and Waste Water Treatment (public and private)
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Corporate Plan measure	Annual Operating Plan measure	AMT member	Confidence ¹	Performance																						
Increase in the number of Sustainable Growth Agreements	6. Sustainable growth agreements Develop at least five new Sustainable Growth Agreements that focus on regulated businesses.	Jo Green	Medium	<table border="1"> <thead> <tr> <th>Quarter</th> <th>Quarter 1</th> <th>Quarter 2</th> <th>Quarter 3</th> <th>Quarter 4</th> </tr> </thead> <tbody> <tr> <td>In progress</td> <td>2</td> <td>2</td> <td></td> <td></td> </tr> <tr> <td>Number agreed</td> <td>1</td> <td>3</td> <td></td> <td></td> </tr> <tr> <td>Agreements with</td> <td>Scottish Water</td> <td>Stirling Council Scottish Land Commission Entrepreneurial Scotland</td> <td></td> <td></td> </tr> </tbody> </table>	Quarter	Quarter 1	Quarter 2	Quarter 3	Quarter 4	In progress	2	2			Number agreed	1	3			Agreements with	Scottish Water	Stirling Council Scottish Land Commission Entrepreneurial Scotland				
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All permits have obligations which are clearer	7. Clearer permits Increase, in targeted sectors, in the percentage of permits which have obligations that are clearer	John Kenny	Low	<p>Overall, this measure remains at low confidence and the target for the year will not be achieved, due to:</p> <ul style="list-style-type: none"> the complexity of developing simple, outcome-focused templates for challenging sectors, some of which are governed by complex legislation; the requirement for each sector to develop its regulatory approach before any template can be designed to reflect this; the above development work being required before work can begin to move permit holders to new templates and the extent of this change requiring significant resource. <p>We will be reviewing the commitments for all permit review activities, so as to understand any factors which may influence the most appropriate timing to conduct these reviews, and bring proposals forward to the Agency Management Team.</p> <p>Progress has been made on the three sectors planned for the year:</p> <ul style="list-style-type: none"> Two draft template options for a non-hazardous landfill were presented to the Agency Management Team Regulatory Sub-Committee in May. We also held a landfill workshop on 29 June to discuss our future regulatory approach for the sector and presented an updated template to the Sub-Committee in September. The development of the Non-Hazardous Landfill template has informed the End-of Life Vehicles template. We have started scoping work alongside the sector team to develop the Whisky Distillery template. An Agency Management Team session will be held as soon as practical to finalise the landfill template, and take key decisions on cross-cutting issues, which will affect a number of sector templates. 																						
Reduction in non-compliance	8. Decreasing non-compliance Reduce the number of licences classed as very poor at the end of March 2018.	John Kenny	High	<table border="1"> <thead> <tr> <th>Reporting year</th> <th>2017-2018</th> <th>2018-2019 Q2</th> </tr> </thead> <tbody> <tr> <td>Number very poor at start of year</td> <td>59</td> <td>40</td> </tr> <tr> <td>Number of these which are very poor at end of period</td> <td>15</td> <td>6* (out of 37 inspected)</td> </tr> <tr> <td>Percentage reduction</td> <td>75%</td> <td>N/A</td> </tr> </tbody> </table> <p>*Provisional figures based on number of licences assessed by end of Q2</p> <table border="1"> <thead> <tr> <th>2018-2019</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Number assessed (year to date)</td> <td>30</td> <td>37</td> <td></td> <td></td> </tr> </tbody> </table>	Reporting year	2017-2018	2018-2019 Q2	Number very poor at start of year	59	40	Number of these which are very poor at end of period	15	6* (out of 37 inspected)	Percentage reduction	75%	N/A	2018-2019	Q1	Q2	Q3	Q4	Number assessed (year to date)	30	37		
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	9. Persistently failing sites Reduce the number of licences which were non-compliant for two years or more at the end of March 2018.	John Kenny	High	<table border="1"> <thead> <tr> <th>Reporting year</th> <th>2017-2018</th> <th>2018-2019 Q2</th> </tr> </thead> <tbody> <tr> <td>Number non-compliant at start of year</td> <td>195</td> <td>182</td> </tr> <tr> <td>Number of these which are non-compliant at end of period</td> <td>118</td> <td>49* (out of 167 inspected)</td> </tr> <tr> <td>Percentage reduction</td> <td>40%</td> <td>N/A</td> </tr> </tbody> </table> <p>*Provisional figure based on number of licences assessed by end of Q2</p> <table border="1"> <thead> <tr> <th>2018-2019</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td>Number assessed (year to date)</td> <td>118</td> <td>167</td> <td></td> <td></td> </tr> </tbody> </table>	Reporting year	2017-2018	2018-2019 Q2	Number non-compliant at start of year	195	182	Number of these which are non-compliant at end of period	118	49* (out of 167 inspected)	Percentage reduction	40%	N/A	2018-2019	Q1	Q2	Q3	Q4	Number assessed (year to date)	118	167		
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Corporate Plan measure	Annual Operating Plan measure	AMT member	Confidence ¹	Performance		
Eradication of waste crime	10. Waste crime Make the waste sector less attractive to criminals	John Kenny	High	<p>Duty of Care awareness campaigns</p> <p>Duty of Care regulations require anyone dealing with waste to keep it safe, make sure it's dealt with responsibly and only give it to businesses authorised to take it.</p> <p>Oil and gas decommissioning sector</p> <p>Duty of Care actions have been drafted into the Oil & Gas sector plan for consultation. More detailed proposals for the Oil & Gas sector are being discussed.</p> <p>Metals sector</p> <p>A Duty of Care campaign is included in the Metals sector plan and discussions with the Metals sector team on how to incorporate Duty of Care into the proposed inspection plans are currently taking place.</p>		
Achievement of milestones to deliver the next flood risk management strategies	11. Flood risk management strategies Complete the preliminary flood risk assessment by 22 December 2018.	David Pirie	High	Area of work	Consult on the National (preliminary) Flood Risk Assessment and proposed Potentially Vulnerable Areas	Publish the National (preliminary) Flood Risk Assessment and Potentially Vulnerable Areas
				Progress	<ul style="list-style-type: none"> • Complete. • The consultation closed on 31 July. 	<ul style="list-style-type: none"> • The draft Potentially Vulnerable Areas and consultation digest of responses was submitted to the Cabinet Secretary by 22 September as required by legislation. • Following discussion of options, the Flood Management Group has agreed an approach to designing the National (preliminary) Flood Risk Assessment publication platform that enables flexible development in future. • A detailed plan for publication of the National (preliminary) Flood Risk Assessment and Potentially Vulnerable Areas in December is in place. • A National (preliminary) Flood Risk Assessment Communications Group is developing messages in support of publication.
				Completed	✓	Delivery is due on 22 December 2018

SEPA Corporate Performance Report – Q2 2018-2019. For a fuller explanation of these measures – see our [website](#).

Corporate Plan measure	Annual Operating Plan measure	AMT member	Confidence ¹	Performance															
Improvement to our services based on customer feedback	12. Consultation Consult and engage on areas of our services.	Jo Green	High	<table border="1"> <tr> <td>Consultation on</td> <td>Sector approach to regulation: Consultations on Scotch Whisky, Landfill and Metals Sector Plans</td> <td>Consultation on draft Standard Conditions for radioactive substances authorisations</td> <td>Charges for RSA under the new Environmental Authorisations (Scotland) Regulations</td> <td>Flood Risk Management in Scotland- 2018 Consultation on Potentially Vulnerable Areas</td> </tr> <tr> <td>Due to be completed</td> <td>Completed Q1</td> <td>Completed Q1</td> <td>Quarter 2</td> <td>Quarter 2</td> </tr> <tr> <td>Completed</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </table>	Consultation on	Sector approach to regulation: Consultations on Scotch Whisky, Landfill and Metals Sector Plans	Consultation on draft Standard Conditions for radioactive substances authorisations	Charges for RSA under the new Environmental Authorisations (Scotland) Regulations	Flood Risk Management in Scotland- 2018 Consultation on Potentially Vulnerable Areas	Due to be completed	Completed Q1	Completed Q1	Quarter 2	Quarter 2	Completed	✓	✓	✓	✓
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				Completed	✓	✓	✓	✓											
				Consultation on	River basin management planning in Scotland: statement of consultation steps for the third plans*	Working together - Statement of consultation steps for the Solway Tweed river basin district*	Tyre Sector Plan	Oil and Gas Decommissioning Sector Plan											
				Due to be completed	Quarter 3	Quarter 3	Quarter 3	Quarter 3											
Completed																			
*On 22 June, we published a statement of how we are going to consult on the development of Scotland's third river basin management plans. The consultation marks the start of work required to update the river basin management plans for the Scotland and Solway Tweed River Basin Districts.																			
Reduction in our greenhouse gas emissions	13. Greenhouse gas emissions Reduce emissions of carbon dioxide by 42% compared to a 2006-2007 baseline.	Fiona Martin	Medium	<p>We will report a combined figure for transport and energy emissions in Q3 and Q4. For the first half of the year, provisional figures show the following, measured against the same period last year:</p> <ul style="list-style-type: none"> • Transport emissions rose 6.3%. • Electricity used in our buildings fell by 3.7% to 1,250k kWh. • Gas used in our buildings fell by 7.2% to 188k kWh. • Commercial Services halved their air travel emissions. These emissions represented 15% of SEPA's air travel emissions and less than 2% of total travel emissions. <p>We need to reduce last year's greenhouse gas emissions by 6.4% to achieve our long term goal of reducing emissions by 42% by March 2019, a year earlier than the official target of 2020. Transport represented 38% of our emissions last year. Electricity represented 50%.</p>															
Achievement of annual efficiency savings	14. Organisational efficiencies Achieve organisational efficiencies of at least 3% of our grant-in-aid funding.	Stuart McGregor	Medium	<p>To ensure that SEPA continues to operate within the resource budget awarded by the Scottish Government, the 2018-2019 budget was balanced using non-recurrent vacancy savings.</p> <p>The Agency Management Team has prioritised agreeing the Compliance & Beyond portfolio structure, sector planning and the seven projects necessary to deliver the ambition of One Planet Prosperity. The specific savings expected to emerge from these activities will not be fully realised during the 2018-2019 financial year and as such will not be available to contribute towards a balanced budget for 2019-2020.</p> <p>A session was held with the Agency Management Team in September on SEPA's future finances and a further session on the 2018-2019 financial performance was held in October.</p>															
	15. Cost recovery Recover at least 97% of our costs across our charging schemes.	Stuart McGregor	High	At the end of Quarter 2, we forecast we will recover 98% for the full financial year.															