



## Agency Board Meeting 12 February 2013

Board Report Number: SEPA 10/13

### Chairman's Report

<b>Summary:</b>	This paper highlights points of interest from the Chairman's diary since the last Board meeting on 13 November 2012
<b>Risks:</b>	N/A
<b>Financial Implications:</b>	N/A
<b>Staffing Implications:</b>	N/A
<b>Environmental and Carbon Impact:</b>	N/A
<b>Purpose of the report:</b>	For information
<b>Report Author:</b>	David Sigsworth, Chairman Jenny Faichney, External Engagement Unit Manager

<b>Chairman's Report</b>
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## **1. Internal SEPA issues**

### **1.1 Input to Community Planning Partnerships**

SEPA is currently reviewing its engagement with community planning partnerships (CPPs). As I mentioned in my report to the Board in November, last October James Curran and I met with Pat Watters, former president of CoSLA<sup>1</sup> and now Chair of the National Community Planning Group, overseeing the development of community planning across Scotland. Since then, CPPs have been discussed at a number of my external meetings, including on 14 January with Bob Jack, Chief Executive and Cllr Corrie McChord, Council Leader, at Stirling Council; and Highland Council on 23 November (as reported below in para. 3.6).

We covered a lot of ground at these meetings with local authorities, and we certainly benefited from their insights. The Environment is a huge issue for community planning and we are keen to present our thoughts. I particularly want to ensure we examine the potential to work together on future Single Outcome Agreements (SOAs). We will present our views to Pat Watters again as we try and align our environmental aspects with the priorities for social and economic gains - that is to deliver the concept of multiple benefits.

In addition, the Scottish Government has reinforced their corporate expectations of agencies such as SEPA to engage with CPPs to develop, deliver and monitor progress towards local outcomes in SOAs, as appropriate to each body. In December, James and I received a letter from John Swinney MSP, Cabinet Secretary for Finance, Employment and Sustainable Growth, emphasising these messages, drawing our attention to new guidance issued by Scottish Government on preparation of SOAs, helping to inform how we engage with community planning.

As Mr Swinney outlined in his letter, the Scottish Government sees community planning as the key way to bring public service partners, along with the voluntary and private sectors and communities, together to reduce inequalities, improve services and deliver better outcomes for communities. It is integral to the Government's vision for the future of public services.

As with other corporate expectations, we will be expected to discuss our approach with the Scottish Government, outline our plans for delivery, and advise how we have implemented those plans. Discussion is on-going internally in SEPA to help meet these expectations, and I look forward to reporting at future Board meetings on the progress of this work, including how Board members can be part of this engagement. We do have a pre-Board seminar dedicated to Engagement prior to our April Board meeting and I hope to explore this theme in more detail than with Members.

## **2. Government relations**

### **2.1 Better environmental regulation**

On 20 December, Paul Wheelhouse, Minister for Environment and Climate Change, and I launched a public report on the results of the joint Scottish Government/SEPA consultation on legislative proposals to support the implementation of our Better Environmental Regulation approach.

We were pleased to receive 89 responses to the consultation from a broad cross-

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<sup>1</sup> Convention of Scottish Local Authorities

section of our stakeholders. There was very strong support for the overall direction, and the responses will inform the development of the Better Regulation Bill. The new Bill, and new funding arrangements, will help to drive significant changes to how we work, and what we do.

The release of the report represents a further public endorsement of the improvements we wish to make. This is about our future, and making sure what we do not only delivers tangible results for the environment, communities and business; but is also visible to, and valued by, the people of Scotland. Making these major changes a reality will be a key part of the SEPA change programme, and staff and Board members will be involved closely in that process.

A link to the news release and report is included [here](#).

Consultation on the new funding arrangements, as reported to the Board in November, closed on 4 January. We received 23 responses that are currently being analysed. Further information will be presented to the Board at the February pre Board meeting seminar.

## 2.2 **Review of Environment and Forestry Policy and Delivery Landscape**

The Scottish Government is undertaking a review to look for more efficient ways of working together, and for other ways to deliver best value from the combined resources of the policy and delivery bodies working in the fields of forestry and the environment. The scope of the review includes SEPA, SNH, Forestry Commission Scotland, the National Parks, Drinking Water Quality Regulator, and Scottish Government Environmental Quality and Natural Resources Divisions.

The review is chaired by SEPA's Deputy Chair Bob Downes. SEPA's Chief Officer Allan Reid is tasked with leading the supporting Review Group. James Curran and I both sit on the Review Reference Group that met for the first time on 22 January when we received presentations from Allan Reid, Bob Downes and Scottish Government's Director Environment and Forestry, Bob McIntosh. The Review Group aims to provide a report to Bob McIntosh in the coming months. It will be for Ministers to decide which, if any, of the options presented are taken forward for further consideration.

Prior to the Review Group being set up, on 19 November James Curran, Allan Reid, Bob Downes and I met with Graeme Dickson, Scottish Government Director-General Enterprise Environment & Digital, to discuss SEPA Transformational Change. This meeting was a follow up to a letter I received from Cabinet Secretary Richard Lochhead on 10 October regarding next steps for Scotland's Environment and Rural Services (SEARS) and setting out proposals for reviewing the opportunities for further efficiencies and the strategic alignment of public bodies and Government Directorate functions. In my response to that letter I expressed my support and highlighted my commitment to SEPA's transformational change and the benefits achieved to date.

## 2.3 **Energy**

On 14 November I attended a meeting of the **Scottish Energy Advisory Board** of which I am a member. This is chaired by Alex Salmond MSP, First Minister, and co-chaired by Professor Sir Jim McDonald, Principal, University of Strathclyde. Following discussion through this forum, I received support to initiate a collaborative exercise with enterprise agencies, Scottish Government, industry representatives and academic/research institutes to take forward work looking at raising the profile of the wider low carbon environmental goods and services (LCEGS) sector to encourage growth and development in Scotland. The work is being led by SEPA's Fiona Whyte and on 30 January in Edinburgh she chaired a roundtable discussion to review initial

suggestions. This may be explored further at a future meeting of the Advisory Board.

#### 2.4 **River Basin Management Planning**

A draft plan to improve the physical condition of Scotland's water environment was launched for consultation by Paul Wheelhouse on 21 November at the Almond Valley Heritage Centre in Livingston. I was very pleased to host this excellent event, also attended by James Curran and a number of SEPA staff responsible for the management of Scotland's water environment. The event involved a site visit to the near-by Kirkton Weir to allow discussion of some of the issues involved in restoring the physical condition of the River Almond, showing practically what we are trying to deal with. I was interested in hearing about the catchment-wide approach that has been taken to enable fish passage on the River Almond and plans to make this barrier passable to fish while maintaining its cultural heritage value.

This partnership consultation is co-ordinated by SEPA on behalf of the Scottish Government. The draft plan contains proposals on how the agencies responsible for protecting and enhancing the Scottish water environment, and the industries that rely on the water environment for economic prosperity, can work together to maximise the opportunities available for improvements.

Around a quarter of Scotland's rivers, lochs and burns are affected by physical changes such as culverting, engineered banks and shores, fish barriers and straightened channels. These changes have important impacts on erosion, sediment build up, the flow of water and wildlife. They can act as barriers to migratory fish, and contribute to flooding, erosion and diffuse pollution. The Scottish river basin management plans set out challenging, but proportionate, targets for improvement. The draft plan sets out a strong role for partners in delivering improvements to the physical condition of Scotland's water environment, and helping to ensure that we maximise the benefits which can be achieved.

Actions will be developed in partnership, stakeholder input will be valuable, and it will be important to take a proportionate approach which balances the costs and benefits of improving the water environment. Responses are due to us by 27 February.

Mr Wheelhouse also announced funding for the development of pilot catchment projects, which will demonstrate how river basin planning objectives can be delivered through catchment measures which also contribute towards reducing flood risk.

The project also aims to achieve other benefits associated with restoration such as reducing diffuse pollution, improving biodiversity, climate change adaptation and targets to improve protected areas.

#### 2.5 **Ministerial meetings**

On 14 January James Curran, Allan Reid and I met formally with the Minister for Environment and Climate Change as the first of our regular meetings to update the Minister on SEPA's work and plans for the future. James outlined SEPA's current change agenda and highlighted our ongoing commitment to cost savings and efficiencies. The ongoing joint working with Scottish Government on better environmental regulation was mentioned, as was the response to the funding model consultation. Other issues discussed included engagement in the Hydro Nation agenda, SEPA's influencing and activity in Europe, Scientific Services, and aquaculture. The Minister also took the opportunity at our meeting to commend the work of SEPA staff on the flooding issues during the festive period.

### 3. External Engagement

#### 3.1 Engagement with Scottish Parliament

In previous reports to the Board, I mentioned that James Curran, Allan Reid and I are extending our external engagement within the Scottish Parliament. This includes meeting with a range of spokespeople from the main political parties in Scotland to brief them on our recent developments and direction, and to hear their views and priorities. As part of this series of meetings, on 14 November we met with representatives of the Scottish Labour Party: Claire Baker, Shadow Cabinet Secretary for Rural Affairs & Environment; Claudia Beamish, Shadow Minister for Environment & Climate Change; and Rhoda Grant, Shadow Minister for Energy, Enterprise & Tourism. Here we reinforced messages on our change agenda, better environmental regulation, management of ecosystem services, and wider aspirations on the future direction of SEPA. We also focussed on the current funding proposals consultation. The Party was also interested in compliance assessment, unconventional gas extraction, skills development, and climate change imperatives.

Since the last Board meeting I have also attended a number of events held in the Scottish Parliament, hosted by some of our partners that also assist with our engagement with Parliamentarians, including:

- i On 13 December James Curran and I attended an event on the Green Investment Bank (GIB), hosted by the London based **Aldersgate Group**. The debate examined how the GIB can maximise its potential to stimulate growth and job creation both in Scotland and the rest of the UK.
- i On 22 January James Curran and I attended **SNH's** Year of Natural Scotland Reception sponsored by Angus MacDonald MSP. This provided a flavour of events planned for this year by SNH and partners.

#### 3.2 2020 Climate Group – Inaugural lecture

On 9 January in Edinburgh James Curran and I, and a number of other representatives from SEPA, attended the inaugural 2020 Climate Group lecture on *“The Challenges and Opportunities of Cleantech and New Energy”*. An audience of more than 250 heard the Keynote speaker, Professor Joseph B Lassiter from Harvard Business School, give great insights into the topic, acknowledging Scotland's renewables and carbon commitment. I would encourage you to read the report on the event, available here:

[http://www.2020climategroup.org.uk/wp-content/uploads/2013/01/2020\\_Climate\\_Group\\_Lecture\\_Report.pdf](http://www.2020climategroup.org.uk/wp-content/uploads/2013/01/2020_Climate_Group_Lecture_Report.pdf)

This inspiring lecture was the first in a series designed to support the 2020 Climate Group's aim to bring together business, voluntary, academic and public sectors to share information and work towards a low carbon Scotland.

#### 3.3 Scotch Whisky industry

As the Board is aware from previous reports, SEPA continues to work in close cooperation with the **Scotch Whisky Association** (SWA). James Curran, Calum MacDonald (Director of Operations), Andy Rosie (Head of Operations), and I met with the SWA on 19 November in Edinburgh for the annual high-level meeting, as part of SEPA's regular liaison with this group. Significant progress has been made in our partnership working with the whisky sector since our last annual meeting, and the relationship remains positive and productive. This sector continues to act as a champion in Scotland for environmental management, and an exemplar to others. The development and implementation of their environmental strategy goes beyond compliance and they set themselves challenging targets that are a huge benefit to the

industry. For example, significant investment has, and is being made in initiatives to offset the use of fossil fuels with both anaerobic digestion and biomass boilers burning draff as a fuel. Water use and packaging targets are challenging, and reducing packaging while expanding the sales of premium malt brands requires innovation and investment. However, good progress is being made across all these sectors.

### 3.4 **Agriculture sector**

On 22 November, following an invitation by Robert Graham, Managing Director of **Graham's the Family Dairy Group Ltd**, Lin Bunten, Head of Operations, and I visited Airthrey Kerse Farm site in Bridge of Allan to meet Robert Graham and his father, Robert Graham senior, Chairman of the family run business. The meeting had been suggested to the company by Richard Lochhead, Cabinet Secretary for Rural Affairs and the Environment, to ensure there was early dialogue and understanding of the group's future strategy. This was a very useful visit and it was interesting to hear about the history and innovative plans of this fast growing Scottish company.

### 3.5 **Water sector**

On 3 December I attended the **Hydro Nation, Global Ambitions conference** in Edinburgh organised by the Scottish Council for Development and Industry (SCDI) in partnership with Scottish Water, and supported by the Scottish Government. The forum focused on the opportunities for Scotland in the global water sector. Keynote speakers included Nicola Sturgeon MSP, Deputy First Minister of Scotland and Cabinet Secretary for Infrastructure, Capital Investment and Cities and Douglas Millican, Acting Chief Executive, Scottish Water.

Such forums are beneficial for creating a flow of ideas and encouraging wide knowledge exchange. For example, at the conference I met Howard Dryden founder of **Dryden Aqua**, a Scottish based Marine Biological company specialising in water quality and innovative water treatment technology. The company has a strong research and development background, and it was interesting to hear potential solutions to resource shortages in water treatment systems and new techniques to monitor marine ecosystems.

On 17 January I met Ronnie Mercer, Chair of **Scottish Water**. This was one of our bi-annual meetings intended to ensure the fullest awareness of current issues.

### 3.6 **Highlands visit**

On 23 November James Curran and I travelled to Inverness and Dunkeld for a series of meetings with various partner organisations based in the Highlands. This included meetings with:

- i the Principal of **University of Highlands and Islands**, Professor James Fraser;
- i the Convener and Chief Executive of **Cairngorms National Park**, Duncan Bryden and Jane Hope, along with other members of their Board and Executive team;
- i the Chief Executive (Alistair Dodds), Council Leader (Drew Hendry) and Directors of **Highland Council** Stuart Black (Director of Planning and Development) and Neil Gillies (Director of Transport, Environmental and Community Services);

- i and the Chair and Chief Executive of **Highlands and Islands Enterprise**, Professor Lorne Crerar, and Alex Patterson.

All these meetings were really useful, producing a string of opportunities resulting in subsequent action to strengthen links and business benefits to our organisations. Some of this activity is reported on by James in his report to the Board. Issues discussed broadly included development planning, community planning partnerships, citizen science, flood management plans, environmental and clean technology and renewables.

### 3.7 **Auditor General**

On 14 November, James Curran, Bob Downes and I met with Auditor General Caroline Gardner. Ms Gardner is Scotland's second Auditor General after replacing the first Auditor General, Robert Black, in July 2012. She is responsible for the audit of most public bodies, except local authorities, and her role is to help ensure that public money is spent properly, efficiently and effectively. She reports in public and to Scottish Parliament's Public Audit Committee.

Caroline Gardner is already very familiar with the work of SEPA as she was Deputy Auditor General between 2000 and 2011, including six years as controller of audit at Audit Scotland. I am keen that we continue to build on this good relationship and explore new ideas around audits and their contribution to Scotland's economic success.

### 3.8 **EU funding**

James Curran and I met with Gordon McLaren, Director of Business Development ESEP<sup>2</sup> Ltd on 13 December. ESEP is a UK-based consultancy, specialising in EU regional development that provides expertise and support in relation to the management of European funding programmes and economic development activities. This was an initial exploratory meeting on potential areas of engagement that could feed into SEPA thinking on the development of a draft EU Funding Strategy for the organisation.

### 3.9 **VIBES Awards Ceremony 2012**

The Vision in Business for the Environment Awards is an important annual event that highlights environmental innovation in Scotland across a range of sectors. It aims to recognise businesses of all sizes and sectors employing environmental best practice in their day-to-day activity to cut down on resource use, increase sustainability, improve reputation and benefit their company's bottom line.

The 2012 event was held on 29 November in Glasgow and presented a good crop of applicants and winners. Much can be learned through sharing and exchanging experiences and I strongly suggest that businesses starting their journey on environmental improvement visit the VIBES website and read the case studies of past winners. Protecting the environment is in everyone's best interests, and is everyone's responsibility.

The sponsors for the event were Scottish Power, Edinburgh Centre for Carbon Innovation, Chivas Brothers, Scottish Government and Energy Savings Trust.

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<sup>2</sup> originally called East of Scotland European Partnership

**3.10 Gael Ltd**

On 13 December James Curran and I met former Enterprise Minister, Jim Mather, who is now Chair of Gael Ltd the company that owns the Q-pulse software used extensively by SEPA. Jim was keen to introduce us to Donald MacIver, founder of Gael Ltd so that we could discuss synergies and opportunities between our organisations, including how we could gain more benefit from the systems we employ, and therefore more out of our investment in this software. It was encouraging to see a key supplier in the IT sector trying to help get better productivity.

**3.11 International engagement - Québec**

On 29 January, I attended a lunch hosted by Québec's Premier Pauline Marois. This was a small meeting with around eight Scottish officials and businesses represented to discuss ways to foster exchanges between Scotland and Québec. As well as SEPA, representatives were there from Scottish Development International (SDI) and Scottish Chamber of Commerce. This was timed to follow Ms Marois' attendance at the World Economic Forum in Davos. The objective was also to provide an opportunity to share best practices in areas such as economic development, energy, environment and culture. I was interested in taking part and exploring possible avenues for collaboration and found the discussion very illuminating.

**3.12 Future meetings**

On 11 February I am due to attend the National Farmers Union Scotland Centenary Dinner in St Andrews. I can report on this verbally at the Board meeting.

**4. Action**

- 4.1 The Board is asked to **NOTE** this report. Updates will be provided at the meeting.

**David Sigsworth, Chairman**  
**4 February 2013**