

AGENCY BOARD MEETING

The one hundred and sixtieth meeting of the Agency Board took place at 1.00pm on Tuesday 30 April 2019 in the Board Room, Angus Smith Building, Eurocentral, Lanarkshire ML1 4WQ

Present:

Terry A'Hearn	Martin Hill
Bob Downes (Chair)	Nick Martin
Nicola Gordon	Bill McKelvey
Richard Dixon	Keith Nicholson (by Telephone)
Michelle Francis	Lesley Sawers
Fran van Dijk	

In Attendance:

Ian Buchanan	Chief Officer Compliance and Beyond
Richard Birch	Senior Environmental Protection Officer (item 17 only)
Sean Caswell	Unit Manager Planning East (item 10 only)
Catherine Cunningham	Executive Support Manager
Alan Farquhar	Unit Manager Planning, Advice and Engagement (item 10 only)
Kieron Gallagher	Head of Governance
Martin Grey	Head of Communications (item 7 onwards)
Jo Green	Chief Officer, Performance and Innovation
John Kenny	Chief Officer Circular Economy
Bridget Marshall	Regulatory Strategy and Government Relations Manager (item 18 only)
Fiona Martin	Chief Officer People and Property
Stuart McGregor	Chief Officer, Finance
Jennifer McWhirter	Clerk to the Board
David Pirie	Executive Director (Evidence & Flooding)
Anne Turner	Business Strategy Unit Manager

1 Chair's opening remarks

The Chair welcomed everyone to the meeting.

The Chair welcomed Anne Turner and Kieron Gallagher.

The Chair confirmed that no fire drills were planned and provided details of the evacuation procedure.

He confirmed that no members of the public were in attendance.

2 Apologies for absence

No apologies for absence were received.

3 Order of Business

The order of business was confirmed as advertised on the agenda.

No AOB was raised.

The Board **homologated** the approval of the 2019/20 Budget from the Strategy Board on 26 March 2019 (Draft Annual Budget STRAT 04/19).

4 Declarations of Interest

No declarations of interest were made.

5 Approval of minutes of meeting of 19 February 2019

The minutes of the meeting held on 19 February 2019 were **approved** as an accurate record of that meeting.

6 Matters arising

The Clerk to the Board introduced the item and advised that:

Action 563: The Chair provided an update at the Strategy Board Meeting on 26 March 2019 and confirmed that Fiona Martin would be involved. An email was sent to Senior Leaders Team (SLT) members asking them to contact the Clerk to the Board if interested. The action is ongoing.

Action 564: It was a coincidence that there was a batch of both hydro scheme and aquaculture licences called in at the same time. Ministers did not call them in. More detail is provided in this month's Chief Executive's Report. The action is now closed.

Action 565: Ian Buchanan spoke to those involved and confirmed that there was frustration as to the level of fine. The action is now closed.

Action 566: The action is now closed.

Action 567: A meeting has been arranged with the Clerk to the Board and the relevant business lead on 3 May 2019. The action is ongoing.

Action 568: The information was circulated to Board Members by email on 19 February 2019. The action is now closed.

Action 569: This action will move from Fiona Martin to Ian Buchanan as the AMT lead and a further update will be provided in May 2019. The action is ongoing.

Action 570: A verbal update on Mental Health and Wellbeing was on the agenda for the Strategy Board Meeting on 26 March 2019. The action is now closed.

Action 571: This is being considered prior to discussions with Scottish Government later this year. The action is ongoing.

Action 572: The action is ongoing

Action 573: The report has been published on the SEPA website and positive messages were communicated externally. The changes requested by the Board were made before the report was published. The action is now closed

Action 574: This will be provided at the June Board Strategy Meeting. The action is ongoing and will be separated into two actions.

Action 575: This was on the agenda for the Strategy Board meeting on 26 March 2019. The action is now closed.

Action 576: This will be included in 2019/20 financial monitoring reports. The action is now closed

Action 577: Progress will be reported in the Chief Executive's Report. The action is now closed

Action 578: An item was added to the agenda for the Audit Committee meeting on 26 March 2019. The action is now closed

Action 579: An item was added to the agenda for the Strategy Board Meeting on 26 March 2019. The action is now closed

Action 580: Board Buddy Meetings have been continuing on a weekly basis. The action is now closed

The Board **noted** the updates.

7 Chair's Report – verbal update

The Chair provided a verbal update.

He advised that the Digital Board Software is being finalised and will be implemented by June 2019.

The Chair confirmed that the EU Exit Board Buddy work is on hold for the moment. Work is still ongoing on the response to the consultation. He noted his thanks to everyone involved and their input to the recent discussions.

He highlighted that he has commenced the Board member appraisals and will continue with these during May 2019. Great ideas are coming out of those undertaken so far including the involvement of external experts at seminar sessions.

He advised that he had attended the Graduate Recruitment Centre Event on 16 April 2019. He noted the energy in the room and asked that Board Member involvement be considered for next time.

Action: Fiona Martin

The Chair and Jo Green meet with the First Minister on 6 March 2019. This is part of the ongoing meetings with political leaders. It should have been in her constituency but due to diary constraints had to take place in Parliament.

He confirmed that the quarterly meeting with the Cabinet Secretary was held on 3 April 2019 and that a meeting on wider issues was planned on 2 May 2019, which the Chief Executive would also attend. The Chair advised that a meeting around Board Recruitment had taken place with Don McGillivray and his Scottish Government colleagues on 29 April 2019. He confirmed that the process has started with a view to moving to advert during the second week in June 2019 with interviews in September 2019. He asked for Board members help and support in the communications around the recruitment through their networks.

The Chair confirmed that he had met with Ian Russell, Chair of the Infrastructure Commission on 2 April 2019. This meeting opened the doors to use SEPA expertise and there will be an ongoing dialogue. Michelle Francis advised that the deadline for submissions to the call for evidence is 3 May 2019.

The VIBES awards Ceremony on 27 March was well attended. The Chair advised that he had visited two VIBES winners: Clearwater Controls Ltd on 21 February 2019 and Devro (Scotland) Ltd on 11 March 2019.

In response to a question around the climate change emergency, the Chief Executive confirmed that this is being co-ordinated within SEPA by Jo Green.

The Board noted the update.

8 Management Reports

8.1 Chief Executive's Report (SEPA 11/19)

The Chief Executive introduced his report.

He advised that he usually focuses on providing an update on change at this item but that the key information was discussed in the Seminar Session that morning. He opened the session for questions and discussion.

In response to a questions about whether it was possible to provide more analysis on the trends over time on waste (section 1.2.1) John Kenny confirmed that it was.

The Board noted the progress against the Carbon Target (section 3.1) and congratulated those involved.

In response to a question about water scarcity plans, David Pirie advised that the plans will be active from 1 May 2019 so can be incorporated into future Chief Executive reports with the expectation being a similar situation as in 2018.

The Board commended the Sustainable Growth Agreement for Low Carbon Heat Solutions, which the Chief Executive confirmed would be launched next month (section 1.6.1.3).

The Board queried the use of LED Lighting, Fiona Martin advised that is being looked at for all offices and that timescales will be confirmed by circulation.

Action: Fiona Martin/Clerk to the Board

The Board discussed the Communications statistics that used to be included at the end of the report and **agreed** that these should be part of future Chief Executive reports as form a record of how good a job the organisation is doing.

Action: Jo Green

The Board noted the report.

9 Risk Management Annual Review for 2018-2019 (SEPA 12/19)

Jo Green introduced the session with Anne Turner in attendance.

Jo Green advised that the paper was discussed at the Audit Committee in March 2019 and was being presented to the Agency Board for noting.

Anne Turner advised that the Audit Committee is checking whether there are good risk management processes. The Board is looking at whether we have the right risks; that all foreseeable risks are captured; that there is enough information; and that they are measurable. She drew the Boards attention to the new Risk Handbook being published this year, which contains more context around the wider risk management process over and above the corporate risk register. She highlighted that the value is in the conversations around risks to ensure we have identified the big risks, that we have the same understanding of them and as evidence of our accountability as a public authority.

She confirmed that work is being done on identifying the risks and checking that they are the right risks. Anne Turner advised that we are looking at the World Economic Forum for global risk, that Aon has done work on risks by sector and that more local UK risks are captured on risk.net. This work involved looking at the biggest global risks in terms of likelihood with climate change, weather and natural disasters being very high, as is cyber and data threats. In

terms of impact after mass destruction, weather, water crisis and climate change are also high.

Anne Turner advised that SEPA is using the risk.net top ten Operational Risks for 2019 as a guide and that Heat-Maps are also being created to highlight areas of focus around the highest risks. This will help us to manage the risk if we know the hotspots as well as showing consistency and where we need controls.

In response to a question raised about the value of Heat Maps, Kieron Gallagher advised that the Heat-Map will not be a cumbersome process; it will help focus our attention with finite resource. The Board advised that courage and confidence is needed in this area.

In response to a question about risks under consideration (section 5.3) not being risks when the Board spend time on them, Jo Green confirmed that risks are on the register not issues which are actively managed but acknowledged the point that it maybe should have been a risk before it became an issue. Anne Turner advised that risks around sectors will become clearer as we think more in sectors.

The Board noted the good progress made in respect of risk R007 and the additional clarity provided. In response to a question about the misclassification of waste, Ian Buchanan advised that the new enforcement function will have a strategic arm and an operational arm and will look to understand the risks in the industry around decisions going forward. The Board asked for this to be reported back to the Board once done.

Action: Ian Buchanan

The Board also noted the work done in respect of risks R036 and R037, and the good work that should be recognised in the additional controls for R037.

In response to a question, Anne Turner advised that the likelihood and proximity scores have been adjusted to give a more accurate scoring throughout the paper and confirmed that the error at section 5.4.1 would be corrected.

In response to a question about whether risk R035 should be wider than embedding a Safe SEPA culture and be about culture change for phase 2 incorporating Safe SEPA, Jo Green confirmed that this would be looked at.

Action: Jo Green

The Board noted the report

10 Reform of Planning Service (SEPA 13/19)

John Kenny introduced the session with Alan Farquhar and Sean Caswell in attendance.

John Kenny advised that this item had previously been presented to the Board in June 2018. A lot of the work in the Planning function is reactive which has had a significant impact on staff due to the volume of work. There is an opportunity to look at how SEPA approaches the planning work to better deliver One Planet Prosperity. The paper outlines the outcomes of a review in this area.

Alan Farquhar advised that currently, the Planning function has a high workload with no scope for influencing new ideas. The Planning function wants to engage with others early on in the planning process to create a more collaborative approach to planning. This can prevent the risk of building on flood areas, provides great benefits and allows us to align resources and knowledge. It is also less stressful for staff.

Sean Caswell advised that the Planning function has already begun collaborative work with a Sustainable Growth Agreement being created with Shawfair, to be launched in June 2019 with a similar piece of work underway in Perth. These relationships are focussing on low carbon and heating when building homes. The work is creating a lot of trust and good relationships with house builders, which helps change the mind-set of SEPA being seen as an obstacle.

The Planning function has also met with others including Homes for Scotland, Springfield and Barratts to understand their business. We are looking at doing things in a different way including maximising opportunities with partners in respect of the place making agenda.

John Kenny advised that the gains in this area will help us achieve One Planet Prosperity.

The Board offered their support and help to make contacts within Local Authorities and City Deals as well as Health Boards. The Chief Executive confirmed that more formalised relationship management within SEPA will allow a more co-ordinated approach.

In response to a question about timelines, Alan Farquhar advised that the one-year detailed implementation plan began on 1 April 2019. The Planning function is currently looking at how to reduce the existing workload to focus on new collaborative ways of working. John Kenny confirmed that staff can see phase 2 working but need AMT support around what they can stop doing.

The Board discussed the repetitive and high volume nature of the work and the opportunities around processes and using guidance for early interventions to create capacity. The Board also suggested that the Planning function use the Scottish Government Infrastructure Investment Plan to get a list of who to contact to help plan resource in the team.

In response to question following the morning's seminar session in respect of the link into insect decline, Sean Caswell confirmed that the connectivity between habitats is part of the place making agenda.

The Chair suggested that the Planning function reach out to Board members if they want further discussion.

The Board noted the report

11 Board Work Programme

11.1 Report on Board seminar 30 April 2019

The Clerk to the Board confirmed that the Agency Board in a session that morning had focussed on three items.

A regulatory update was provided on Falkirk/ Grangemouth and Mossmorran where action arose around the tracking of any missed calls on our reporting telephone line.

Action: Jo Green

The Chief Executive then gave an update on Organisational Change including setting priorities and the Annual Operating Plan and matrices. It was recognised that there are Transformational Change Board Buddies however; regular updates will be given to the Board on measurements, feedback and surveys.

The last session was on Insect Decline. The headline message is that insects are under threat. The session covered case studies on the great yellow bumblebee and the upland summer mayfly. A discussion took place on SEPA's role in this area with an action to come back to the Agency Board, following AMT discussion around targeted actions, which may involve others.

Action: David Pirie

The Board noted the update.

11.2 Board Member Engagement Activity

Bill McKelvey advised that he had visited two farms in the Borders with Nicola Gordon on 29 April 2019. The farms are part of the NFUS demonstration sites showing the restoration of

riverbanks near Lauder (Action 534). He advised that the farms received a £10,000 grant funded by SEPA for novel bank restoration work including the use of trees and willows from the farms to stabilise the banks. There are a few practical issues on maintenance to be clarified however, the project is progressing well. He advised that he thinks it was right to fund the demonstration sites but questioned any further funding. Nicola Gordon complimented the staff involved and the good relationships demonstrated with the farmers.

The Board noted the update.

11.3 Board Buddy Register

The Clerk to the Board introduced the session and advised that some updates are missing in the register. These updates will be added for the next meeting.

The Board reviewed the register and considered whether certain projects could now be closed or moved to a 'hold' status.

The Clerk to the Board advised that following the Board recruitment meeting on 29 April 2019 a Board succession meeting will be arranged.

Action: Clerk to the Board

The Board **agreed**: that Air Quality should remain on the register; that EU Exit should remain but be reviewed and input reduced; that NETREGS will be reviewed after the next meeting. The Board **agreed** that North Seas Oil and Gas, Tyres, Fin-fish Aquaculture and Health & Safety can be closed.

In response to a question, the Board were advised that the Financial Planning Strategy will be presented at the June 2019 Board Strategy meeting.

Action: Stuart McGregor

The Chief Executive confirmed that an AMT lead will be assigned to the Future Planning project and that this will also be discussed in June.

Action: Chief Executive

The Board noted the update.

12 Board Committee Reports

12.1 Audit Committee – draft minute of meeting held on 26 March 2019

Lesley Sawers provided an update of the Audit Committee meeting held on 26 March 2019.

She advised that the Committee had noted the Quarterly Update of Audit Actions and reviewed the Internal Audit Status Update 2018/19. The Committee asked for an overview of the audits completed over the last three years to be provided in June 2019 and requested that the format of the report be reviewed.

Lesley Sawers confirmed that three audit reports had been presented.

Information Governance: the Committee expressed concerns about the robustness of the audit and the mitigating actions within SEPA to ensure GDPR compliance. The Committee asked that the report and ratings be revisited and circulated for review in advance of the next Audit Committee Meeting. The Committee **agreed** that Keith Nicholson should have a discussion with Scott-Moncrieff.

The Committee approved the People Strategy report but recognised that it did not address issues related to job evaluation and recruitment timescales that the Committee are aware of. The Committee asked that the audit be renamed 'Recruitment Processes'.

The Sustainable Growth Agreements report was approved and the Committee **agreed** that a copy of the report be circulated to all Board members for information.

Lesley Sawers highlighted that the draft Strategic 3-year and Annual Internal Audit Plan 2019-20 was not presented with prior Chair (Audit Committee) agreement and confirmed that it was being discussed on 25 June 2019. She advised that the Committee had asked that a workshop be held with Audit Committee members, Scott-Moncrieff and management before the June meeting which links in with discussions today around risk. She confirmed that Board members were welcome.

The Board noted the update.

13 Action Note

The Clerk to the Board provided an update on the action note and drew attention to:

Action 504: An Enforcement Update is planned for the June Strategy meeting. The action is ongoing.

Action 519: We will continue to record time and monitor work as part of normal charging scheme maintenance. The action is now closed.

Action 534: In response to the interest received, a visit was arranged at Lauder on 29 April 2019. This action is now closed.

Action 537: The Board **agreed** this action would be re-worded to reflect that the Chief Executive is meeting with Scottish Water and that the Chair will then meet the Chair of Scottish Water. The action is ongoing.

Action 549: This will be reported to the Board through the Chief Executive's Report. The action is now closed.

Action 553: This will be planned for later in 2019. The action is ongoing.

Action 556: This is on the agenda for today's Agency Board meeting at item 17. The action is now closed.

Action 559: A board buddy session is planned today, 30 April 2019 to discuss strategy and plans for the coming year. A further update will be provided in respect of charge out rates. This action is ongoing.

Action 560: Work in this area will not be progressed any further at the moment. If this changes, the Board will be notified. The action is closed

Action 561: A further update will be provided at the next Agency Board meeting on 28 May 2019. The action is ongoing.

Action 562: The action has been reworded to reflect that more efficient full cost recovery should flow through to a reduction in charges and that this should be checked against the Financial Forward Planning. The action is ongoing.

The Board noted the updates.

14 Any Other Business

No other business was raised.

15 Date and time of next meeting

The next meeting will be held on 28 May 2019 at 1.00pm.

The following items were considered by the Board members and officers in private session

16 Annual Operating Plan (SEPA 14/19)

The Board approved the Annual Operating Plan.

17 Landfill (SEPA 15/19)

The Board noted the report.

18 Environmental Principles & Governance Consultation (SEPA 16/19)

The Board noted the report and approved the next steps to its finalisation.