

Annual Operating Plan 2020-2021



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FOREWORD

We have rethought what SEPA will do during 2020-21.

We put a lot of work into developing our Annual Operating Plan (AOP) for 2020-21. All of this thinking was done before the world was engulfed by the COVID-19 pandemic. Over the past few weeks, as we switched the organisation into operating in a completely new set of circumstances, we have also rethought what we will do in 2020-21.

All business planning must take account of uncertainties. This revised AOP has to take into account a level of uncertainty none of us have ever experienced before. It has, therefore, been designed to allow us to be innovative, flexible and highly responsive as circumstances and needs change throughout the year.

Our revised AOP is grounded on three key thoughts:

1. This public health emergency requires all organisations, including SEPA, to refocus our work to help the Scottish and global communities tackle COVID-19.
2. A different world will emerge after COVID-19 and SEPA should contribute to both shaping and reacting to this new world.
3. Our *One Planet Prosperity* strategy positions SEPA to play our role during COVID-19 and in the world that emerges after COVID-19.

So, what does this mean for our work?

We have stated publicly that during COVID-19:

“SEPA’s focus will be to make our best contribution to helping the nation get through this public health emergency in a way that protects and improves Scotland’s environment.”

We have divided the year into two halves - the emergency period and the recovery period. This is quite arbitrary, but very helpful to structure our thinking.

No-one knows yet how long the emergency will continue and what the different phases and responses will be. Nevertheless, thinking of our work in emergency and recovery terms enables us to deploy our resources to best contribute to the immediate public health emergency and the efforts to build a more resilient and successful Scotland as a ‘new’ world emerges from it.

As many are saying, as a global community, we must be bold to get through this pandemic. We must also be bold to create a better way of living that provides prosperity for all within the means of one planet.

At SEPA, we will use this revised AOP to deploy our resources with boldness, purpose and agility to make our contribution to helping Scotland get through this difficult and challenging year and help build a better future.



Bob Downes - Chair



Terry A'Hearn - Chief Executive

INTRODUCTION

How have we developed our 2020-21 Annual Operating Plan?

OUR CHANGING WORLD – COVID-19

The impact of COVID-19 on our world is unprecedented. Whilst still in the ‘emergency phase’, the world that emerges on the other side will be very different. The impact from the pandemic means that the way SEPA conducts its business in this coming year will be very different.

SEPA must and will adapt to support the people of Scotland through this challenging time and beyond, through the recovery and renewal period. Our 2020-21 Annual Operating Plan sets up a work programme of priorities to ensure we do this.

SHIFT IN BEHAVIOUR

The Annual Operating Plan also reflects how the world we operate has changed dramatically in the last two years.

In SEPA’s first 23 years, the environment was usually (1) an (important) side issue and (2) discussions and decisions were usually made outside the main centres of power.

Over the past couple of years, the environment is become (1) more central to the main game and (2) discussions and decisions are increasingly being made by the key decision-makers in society.

Scotland has been a leader in this trend and this was evidenced in 2019 as the First Minister announced a ‘Climate Emergency’. Around the world, this change is perhaps most powerfully emphasised in the shift in thinking in the centres of economic power – many central bankers are increasingly talking about climate change. Indeed, the outgoing Governor of the Bank of England made multiple speeches about climate change as a major risk to financial stability and imposed related regulatory requirements. The Financial Times has launched a campaign about whether capitalism needs to be reinvented. Every day seems to bring more examples of mainstream focus on the environment.

Like every EPA in the world, SEPA needs to reinvent our programmes, culture and processes to harness the opportunity presented by this seismic change in the world we operate in. We must change in major ways to continue to provide value to the people of Scotland.

How are we positioned? Our One Planet Prosperity strategy and the Phase 2 EPA concept have set us up to grasp these opportunities. This year we will further build our capacities to achieve this.

The 2020-21 Annual Operating Plan reflects this need.

STAFF & ONE PLANET PROSPERITY CAPACITIES

Our workforce is critical to achieving One Planet Prosperity. Like everyone else across the world, we are also adapting to the constantly changing circumstances that COVID-19 presents us with.

First and foremost this year, we want to make sure our staff and organisation is set up as best as possible to deal with impact of COVID-19 and the constantly changing circumstances.

Secondly, we want to support and develop our staff to make sure we are in the best possible position to deliver our One Planet Prosperity strategy. This includes projects to develop a Phase 2 EPA capacity building L&D programme for all.

2020-21 is a year in which we invest and support our staff and our Annual Operating Plan is underpinned with this principle.

How is our AOP structured?

We have divided the year into two halves - the emergency period and the recovery period. This is quite arbitrary, but very helpful to structure our thinking.

Planning the coming year in emergency and recovery terms will enable us to be agile. It gives us more scope to deploy our resources to best contribute to the immediate public health emergency and the efforts to build a more resilient and successful Scotland as a 'new' world emerges from it.

We have already seen great examples of this working, for example:

1. Teams quickly provided clarity on how we regulate during this public health emergency - from our overall 'philosophy' through to developing position statements for specific sectors, and
2. Staff quickly co-ordinating efforts to provide personal protective equipment to frontline carers.

For specific information on how we have arranged our work and responding to the COVID-19 crisis please see our dedicated web page: <https://coronavirus.sepa.org.uk/>

1. BUILDING OUR ONE PLANET PROSPERITY CAPACITIES

| IN FIVE YEARS' TIME | |
|---|---|
| SEPA is an organisation with the capacity and capabilities to fully implement our <i>One Planet Prosperity</i> strategy and is using them to help Scotland prosper in a One Planet world. | |
| BACKGROUND | |
| <p>As an organisation, we have delivered significant environmental success during Phase 1. As the external world rapidly changes and as SEPA's Phase 2 ambitions have been set, we have accomplished some significant achievements over the past few years. For example, we have created 16 Sector Plans and started using new tools such as Sustainable Growth Agreements, Fixed Monetary Penalties and Enforcement Undertakings. We have restructured and created Circular Economy and Compliance & Beyond portfolios. We have created tighter and more outcome-focused governance arrangements such as the Agency Management Team Regulation and Flooding Committees and a New Regulatory Scheme of Delegation.</p> <p>The foundations are in place for a Phase 2 EPA. As staff have told us, there is still, however, a need for greater clarity about some of the new arrangements: the precise roles and responsibilities, who and how decisions are made, how sector planning will be implemented etc. It is essential that we quickly to resolve these issues during 2020-21 to accelerate the implementation of our Phase 2 ways of working.</p> | |
| EMERGENCY PERIOD | RECOVERY PERIOD |
| <p>1) Regulatory roles & responsibilities guidance By 30 June 2020, we have published clear guidelines for internal roles & responsibilities, decision-making processes for our regulatory work.</p> <p>2) Phase 2 EPA Capacity Building programme By 30 June 2020, AMT will approve a <i>Phase 2 EPA Capacity Building</i> learning and development programme.</p> <p>3) Future Economy & Society By 10 May 2020, a project is established that enables SEPA to influence the shaping of, and respond to, the Future Economy and Society of Scotland that will emerge from the COVID-19 public health emergency. This will include influencing the Government's new Advisory Group on Economic Recovery.</p> <p>4) Phase 2 EPA Book By the 31 July 2020, we have published a revised version of the <i>Phase 2 EPA Book</i> which provides clearer guidance to staff on how we will do our work.</p> | <p>1.1) Implement the guidelines.</p> <p>2.1) All timelines and outcomes are met as set in the approved <i>Phase 2 EPA Building Capacity</i> learning and development programme.</p> <p>3.1) All timelines and outcomes as set in the approved <i>Future Economy and Society of Scotland</i> project plan are met.</p> <p>4.1) By 31 March 2021, at least an additional 20 examples of Phase 2 ways of operating have been shared internally via written case studies, podcasts, videos, etc.</p> |

5) Future Science

By 31 May 2020, AMT will approve a specification for a project to look at future scientific work that SEPA may need to do as a Phase 2 EPA. We have extensive scientific expertise that is critical to our Phase 2 work. This project will look at (a) any additional new science we need to be doing on major issues such as climate change, planetary boundaries, biodiversity collapse (b) any new scientific techniques we should consider such as using eDNA (c) any refreshing of our relationships in the global scientific community.

5.1) By 30 November 2020, a report and recommendations will be presented to AMT.

2. MAKING IT EASIER TO GET THINGS DONE

| IN FIVE YEARS' TIME | |
|--|--|
| We have the skills, clarity, confidence and support to operate in a Phase 2 way. | |
| BACKGROUND | |
| <p>We have a talented workforce which has delivered a lot for Scotland's environment over the last 23 years. We now need to put a lot in place to support our workforce as we move into new ways of working as a Phase 2 EPA.</p> <p>We will support our staff to harness their skills and talents more powerfully. We will do this by providing great learning and development opportunities, including increased flexibility, which will give our staff the skills, clarity and confidence to operate in a Phase 2 way.</p> <p>Staff will need access to the right information and evidence to make decisions. We will make it easy to collect, store and use data. We will reduce the time we spend on low impact and bureaucratic processes so that we can spend more time on outcomes. Instead of struggling to fit our work into older systems and processes, we will create new ones for what we need now.</p> <p>Our workspaces will be inspiring, exciting, safe and inclusive places for our staff to work. COVID-19 has meant we have had to rapidly adapt our ways of working and find ways to collaborate and work safely together. Staff have shown tremendous innovation and resilience to achieve this change. In 2020-21, we will continue to transform our workspaces to be ready for the future. We will explore new technologies and work practices that make it easier to do our work. We will set ambitious net zero targets and take great strides towards becoming a One Planet Prosperity organisation. We will build equality into all we do, creating a fairer and more effective organisation.</p> | |
| EMERGENCY PERIOD | RECOVERY PERIOD |
| <p>6) Implement Emergency Planning Decisions Implement the AMT decisions relating to the seven organisational 'cells': Organisational resilience, Healthy SEPA Resilience Group, Support Staff, Facilities, Health and Safety, Information Services, Communications and Marketing, and SCC.</p> <p>7) The 'New' Workspace By 30 June 2020, AMT will approve a project plan to assess how we will transform our ways of working to be fit for operating as a Phase 2 EPA in the changed world that will emerge after COVID-19. This project will review how we operated during the lockdown as well as lessons learned from other organisations. A report with specific recommendations will be presented to AMT by 30 November 2020.</p> <p>8) Job evaluation</p> <ul style="list-style-type: none"> ➤ We will clear current job evaluation cases by 30 September 2020. ➤ By 30 June 2020, AMT will approve a project plan for the development of a new job | <p>6.1) Continue to implement these decisions where relevant.</p> <p>7.1) By 31 March 2021, agree an implementation plan for the approved recommendations.</p> <p>8.1) Meet timeline targets in the approved project plan.</p> |

evaluation scheme that is fairer, gets roles filled quickly, increases opportunities for staff through flexibility in moving people around the organisation, helps SEPA operate in a phase 2 way and reflects best practice.

9) Maximising the value of our administrative work

This review and recommendations to AMT will be completed by 31 August 2020. It will assess how we make the best value from and provide the best support to our network of administrative staff.

10) Learning and Development (L&D)

By 30 June 2020, AMT will approve project plans for (a) leadership (b) Safe SEPA including health and safety and (c) technical training L&D programmes.

11) Simplification

We will complete at least three simplification projects that make it easier to do our work (with effectiveness improvements and cost savings identified) by 30 September 2020.

12) Equality and Human Rights

By 31 July 2020, AMT will approve project plans for driving enhanced equality outcomes.

13) Financial management

Having put in place processes to restrict 2020-21 expenditure (e.g. no recruitment except in exceptional circumstances), we will:

- By 31 August 2020, complete an analysis of all expenditure and present proposals to AMT for future year savings.

14) Net zero

We will adopt a three-stage approach to achieving net zero. In 2020-21, we will focus on priority actions that can be delivered straight away and on developing a roadmap for achieving 2021-22 targets.

Stage 1: net zero direct greenhouse gas emissions. In 2020-21 we will:

- Aim to reduce our direct greenhouse gas emissions by 7.5% (minimum 4%).
- Develop a roadmap for reducing our direct greenhouse gas emissions to include an agreed approach to offsetting and prioritised actions for implementation in 2021-22.

9.1) By 31 October 2020, AMT will approve an implementation plan for the approved recommendations. Meet timeline targets in implementation plan.

10.1) Meet timeline targets in implementation plan.

11.1) Implement simplification actions in line with approved recommendations. A report to the Board on all implementation actions and associated effectiveness gains and cost savings to be presented to the Board by 31 March 2021.

12.1) Meet timeline targets in implementation plan.

13.1) Build approved cost savings into 2021-22 budget process.

14.1) Meet all set targets.

Stage 2: net zero waste and water. In 2020-21 we will:

- Develop a roadmap (and target dates) to reduce our material (waste) and water use, for implementation from 2021-22.
- Implement priority actions to reduce our waste and water.

Stage 3: net zero indirect emissions. In 2020-21 we will:

- Develop a roadmap (and target dates) to reduce our indirect emissions from staff commute, supply and value chains, and our pension, for implementation from 2021-22.

15) Supporting Mental Wellbeing

In the original AOP, we committed to exploring and developing plans to address the root causes of absence due to stress and psychological reasons. This project will be expanded given the new additional set of pressures associated with COVID-19.

- We will implement an initiative specifically designed to support mental wellbeing by 31 July 2020.

16) Staff Survey

- We will conduct our biennial staff survey by 30 June 2020.
- We will share results, insights and actions by 31 August 2020.

17) Safe SEPA

- We will work with Civil Contingencies partners on Scotland's response to Covid-19 and recovery plans
- By 31 July 2020, AMT will approve outcomes and delivery plans for the next phase of Safe SEPA

18) Web Redesign

- By 31st July AMT will approve project plan for the redesign of SEPAs website.

15.1) Meet timeline targets in implementation plan.

16.1) Meet timeline targets of approved actions.

17.1) Work with partners to coordinate and support Scotland's and SEPA's recovery.
17.2) Meet targets set in approved delivery plans

18.1) Meet timeline targets in implementation plan

3. MAKING MORE OF OUR EXTERNAL RELATIONSHIPS

| IN FIVE YEARS' TIME | |
|--|---|
| Organisations want to work with SEPA, find it easy to do so and co-deliver powerful outcomes. | |
| BACKGROUND | |
| <p>We deliver our work through and with other organisations and people. This includes the businesses we regulate, the local councils and emergency services we partner with on flooding, the environment groups, community groups, think tanks, trade associations and others we work with on a range of issues.</p> <p>At the moment, we do not make it easy to work with these organisations. We do not have a system for co-ordinating our work with organisations. Putting a simple and powerful relationship management system in place will save time and frustration for both SEPA and the organisations we work with. It will reduce time spent on process and increase time spent on outcomes.</p> | |
| EMERGENCY PERIOD | RECOVERY PERIOD |
| <p>19) Key Contact Allocation We will allocate a 'key contact' for 100% of organisations which have regular interaction with SEPA, including all regulated businesses by 30 September 2020.</p> <p>20) Skills & governance development By 31 July 2020, we will start implementing a governance framework and skills development programme for relationship management so that all staff know what they need to do and how to do it.</p> <p>21) Focussing on critical issues We will use our relationships with Environment Link and business trade associations to make sure we are focusing on the most critical issues and making good decisions during the emergency.</p> <p>22) Transforming key relationships We will transform two key relationships to help deliver substantial compliance, beyond compliance and flooding outcomes:</p> <ul style="list-style-type: none"> • Scottish Enterprise, and • Scottish Water. <p><u>Scottish Enterprise</u> We originally chose Scottish Enterprise because it has identified driving a low-carbon economy as a major priority and is seeking a partnership with SEPA to help transform the Scottish economy. This is a major opportunity to help create a successful, low-carbon, circular economy</p> | <p>19.1) No further action.</p> <p>20.1) By 31 March 2021, at least 50% of staff will have completed the skills development programme on the relationship management governance framework.</p> <p>21.1) We will use our relationships with Environment Link and business trade associations to make sure we are helping the economy and society emerge different and better.</p> <p>22.1) We will use the work we have done with Scottish Enterprise and Scottish Water during the emergency period to help start building a successful one planet economy.</p> <p><u>Scottish Enterprise</u> During the recovery period, success will be that we have:</p> <p>(a) identified and starting working with Scottish Enterprise on at least three practical</p> |

here in Scotland. With the onset of COVID-19, there is an additional urgency to work closely with Scottish Enterprise on the maintenance and rebuilding of the economy.

During the emergency period, success will be that we have:

- (a) helped Scottish Enterprise to stabilise the economy as much as possible in ways that help build a one planet economy of the future;
- (b) strengthened our relationship with Scottish Enterprise by proving ourselves useful and agile during an emergency; and
- (c) consolidated our joint focus on ways of creating a one planet economy as a driver of Scotland's future prosperity.

Scottish Water

We originally chose Scottish Water because it is our biggest regulated business, it has established net zero greenhouse gas emissions as a major target and it has sought alignment with SEPA on our *One Planet Prosperity* aims. This is a major opportunity to drive stronger compliance outcomes and unlock innovation in the way Scotland manages water. With the onset of COVID-19, there is now an urgency to work closely with Scottish Water on managing compliance from its operations during this emergency period.

During the emergency period, success will be that we have helped:

- (a) Scottish Water to deliver water services in ways that, as far as possible, meet its environmental obligations;
- (b) strengthened our relationship with Scottish Water by proving ourselves outcome-focused and agile during an emergency period; and
- (c) started to break through and develop practical ideas for delivering water services in ways which help create a one planet economy.

- programmes that help build a low-environmental impact future;
- (b) delivered at least two outcomes with fewer SEPA resources; and
- (c) at least one project or outcome has delivered major outcomes that are recognised and promoted by other parties because it has 'game-changing' one planet economy potential (e.g. media, Scottish Government Public Sector Reform Unit, academia, etc.).

Scottish Water

During the recovery period, success will be that we have:

- (a) broken through and started working with Scottish Water on at least three practical programmes that help build a one planet economy future;
- (b) delivered at least two outcomes with fewer SEPA resources; and
- (c) at least one project or outcome has delivered outcomes that are recognised and promoted by other parties because it has 'game-changing' one planet economy potential (e.g. media, Scottish Government Public Sector Reform Unit, academia, etc.).

4. REGULATING FOR ONE PLANET PROSPERITY

| IN FIVE YEARS' TIME | |
|--|---|
| <p>Our <i>One Planet Prosperity</i> approach is fully operational with:</p> <ul style="list-style-type: none"> ➤ All our regulatory work is well co-ordinated under our sector plans ➤ Compliance obligations for regulated businesses are simple, outcome-focussed and clear ➤ All regulated business understand and meet their compliance obligations ➤ Any residual breaches of environmental standards are quickly identified and rectified ➤ Our own decision-making processes are strategic, quick and effective ➤ Scottish businesses see low environmental impact as essential to commercial success ➤ We are routinely working with regulated businesses on step-change in environmental performance | |
| BACKGROUND | |
| <p>Since we were established in 1996, we have used our regulatory work to drive significant improvements in Scotland's environment. The tools we have used (e.g. permits, inspections, advice, enforcement, etc) in the first phase of EPA work must now be tailored to and combined with complementary approaches (e.g. supply-chain influence) to meet the environmental challenges and opportunities of today's world.</p> <p>Over the past three years we have made significant progress toward implementing this approach. We have created 16 Sector Plans and started using new tools such as Sustainable Growth Agreements, Fixed Monetary Penalties and Enforcement Undertakings. We have restructured and created Circular Economy and Compliance & Beyond portfolios. We have created tighter and more outcome-focused governance arrangements such as the Agency Management Team Regulation Committee and a New Regulatory Scheme of Delegation.</p> <p>In 2020-21, we will harness the potential of this progress and our reforms. The COVID-19 emergency gives extra impetus to our need to work strategically with regulated businesses to help them manage environmental performance during the emergency and build environmental excellence into their recovery plans.</p> | |
| EMERGENCY PERIOD | RECOVERY PERIOD |
| <p>23) Regulatory Resilience As stated within our COVID-19 Philosophy, during the emergency period we will continue to deliver our important regulatory work through the following work streams:</p> <ul style="list-style-type: none"> (a) Supporting Sectors critical to current emergency functioning of society in a way that minimises their environmental impact (b) Managing risk from high hazard activities/sites (c) Mitigate greatest impacts on communities (d) Disrupting illegal activities (e) Permitting (f) Regulatory evidence (g) Exceptions & risks (h) Enforcement review (i) CAS – implement most appropriate approach to CAS | <p>23.1) Continue to deliver our regulatory work through the nine work streams.</p> |

24) Regulatory Planning

By 30 June 2020, AMT will approve a project plan for agreed regulatory proposals for the rest of 2020-21 which will include development, reform and improvement actions for three key topics identified in the original AOP: our sector approach, permit development and enforcement.

24.1) Implement and deliver any adjustments to the Regulatory Resilience approach in 1) and any new initiatives agreed under the Regulatory Planning proposals in 2).

5. FLOODING AND DROUGHT WORK IN A CLIMATE CHANGE WORLD

IN FIVE YEARS' TIME

Predictions are that winter rainfall will increase. Summer thunderstorms will get worse. Droughts and summers like 2018 will become more common. The sea level around Scotland may rise by at least 1 metre, possibly 2 metres, by 2100. These potential changes mean that we must help Scotland adapt. This is a massive challenge in itself - given the need to build new homes in Scotland and these increasing flood risks, Scotland will need a step-change in the way we tackle flooding risks. For SEPA to help Scotland do this safely in the face of climate change, we will need to innovate, forming new partnerships and harnessing new levers. In five years' time:

- Flood risk avoidance is a fundamental up-front part of the design of great places.
- New development is flood risk free, taking into account climate change.
- Business sees how avoiding flood risk and preparing for droughts are essential to economic success, alongside low environmental impact.
- Scotland understands its future flood risk and how best to prioritise funding for flood protection.
- Communities and businesses know their risk and when flooding is imminent. They know what to do to protect themselves.

BACKGROUND

We have a statutory role a) to advise on how new developments can **avoid** flood risk, b) to coordinate strategies for the **protection** of communities and businesses from flood risk, and c) to provide **warnings**, 24/7 365 days a year if flooding is imminent. We also regulate all Scotland's water abstractions. This is a critical issue in a drought, for the maintenance of the water supply and our food and electricity supply.

In 2020-21, we will ensure we are ready for floods and droughts during the COVID-19 emergency. We will continue to deliver key statutory requirements and we will reform our internal ways of working so that we can improve conditions for staff and fully implement One Planet Prosperity.

EMERGENCY PERIOD

25) Avoid: By 30th June 2020 we will identify major changes to the way we deliver flood risk advice & evidence. Meantime, we will continue to deliver flood risk planning advice according to the existing process.

26) Protect: By 31st May 2020 we will agree with partners a revised timescale for completion of SEPA's Flooding Strategy and the next 6-yr cycle of Scotland's Flood Risk Management Strategies. By 30th September 2020 we will have begun a trial of a more efficient way to deliver our work on flood studies.

27) Warn: We will continue to provide our flood and drought warnings 24/7 throughout the year. By 31st May 2020 we will complete all necessary cover and resilience arrangements for the COVID-19 emergency. By 30th June 2020 we will have a drought resilience plan and warning system in place that builds on previous years'

RECOVERY PERIOD

25.1) Agree the changes with partners. Implement those changes that SEPA can make independently, and develop a plan for those that require wider reform.
25.2) Make our flood hazard maps open to all.

26.1) Deliver against the new timescale for the 2 flooding consultations, and implement the results of the flood studies trial.
26.2) Identify how we can work with the housing, insurance and water sectors to implement the Flooding Strategy.

27.1) Make improvements to flood warning training, guidance and data to underpin floods, droughts and regulation. Launch two new flood warning schemes and recalibrate one existing scheme. Identify requirements for a major upgrade to flood, drought and reservoir incident messaging.

work and partnerships. Crucial maintenance, calibration, and safety checks of key field gauges will continue throughout the emergency.

28) Major changes to Hydrology function: By 30th June 2020, we will identify major improvements to team working, focus, coordination and structure across the Hydrology function.

27.2) Develop a strengthened regulatory position for times of drought. Trial an integrated sensor system so farmers can make real-time water management decisions for themselves.

28.1) Complete implementation of the changes.

6. ENHANCING SCOTLAND'S PLACES

| IN FIVE YEARS' TIME | |
|---|--|
| <p>Much of our regulatory and flooding work will be done in partnerships focussed on places such as towns, rural areas, industrial estates and cities. This will make it easier to support the innovation that will create successful places across Scotland.</p> | |
| BACKGROUND | |
| <p>To deliver One Planet Prosperity, we must work with multiple sectors, partners and stakeholders. Focussing our combined effort in specific places can maximise economic, social and environmental benefits for the local community.</p> <p>Some of our work is already focused on places. We know we can do more.</p> <p>This year we will focus on a few transformational place-based projects where we can tackle complex, long-standing environmental problems in ways that deliver outcomes for the economy, society and the environment. We will work with developers, regulatory influencers and others up front to build One Planet Prosperity into the vision and plans for the area.</p> | |
| EMERGENCY PERIOD | RECOVERY PERIOD |
| <p>29) Transformational place making projects Prioritise resource on four transformational place making projects:</p> <ol style="list-style-type: none"> a) Leven programme b) Clyde Region c) Falkirk/Grangemouth d) Borderlands including South West Landscape Enterprise Network. <p>By 30 June 2020, AMT, in liaison with project partners, will approve project plans for each of these projects on what will be achieved for the rest of 2020-21.</p> <p>30) Scope new opportunities Identify and scope other opportunities for place making projects. These opportunities will be approved by AMT prior to allocating resources to them.</p> <p>31) Develop our place making capacities We will develop SEPA's capacity to work in this way. This will include:</p> <ul style="list-style-type: none"> • Reviewing the role of our planning service, with an initial focus on flood risk advice. • Actively learning from the transformational projects and developing the internal governance and coordination required to support this way of working. | <p>29.1) Implement approved project plans</p> <p>30.1) Implement approved projects as appropriate.</p> <p>31.1) Continue to develop SEPA's capacity to work in this way.</p> <p>We will know we have been successful if (a) we have transformed our relationships in these places especially in having regular senior interaction (b) have new decision-making</p> |

- We will further develop and use mapping of SEPA's newly established nine geographic areas to inform ongoing work and opportunities. This mapping will initially focus on core regulatory and flooding information.

approaches in place externally (c) have achieved at least two significant flooding or regulatory outcomes with less SEPA resource.

OUR FUNDING

Our planned income for 2020-21 is £84.5 million, which will be used to fund an operating expenditure of £82.5 million and capital of £2 million.

SEPA has a responsibility to ensure that all relevant costs of regulatory activities are recovered through charges. We expect to recover 98% of these costs across our charging schemes in 2020-2021. The charging scheme income forecast is £42.7million.

The Scottish Government has provided one year grant-in-aid allocation for 2020-21 of £37.6m million, based on a cash amount of £34.7 million and a non-cash element of £2.9 million. The 2020-21 budget also includes other income of £4.1 million, an analysis is provided below.

| Analysis of Other Income | Budget 2020-21 £'000 |
|------------------------------------|---------------------------------|
| International Services | 589 |
| Other Income | 349 |
| Transfrontier Shipment | 314 |
| Payments from other Agencies | 750 |
| Water Environment Fund | 1,403 |
| Scottish Landfill Tax | 600 |
| Scottish Landfill Communities Fund | 149 |
| Total Other Income | 4,154 |

The income and expenditure table below sets out the operating expenditure SEPA expects to incur in year. 70% of our operating costs are staff costs. The impact of the 2020-21 public pay policy is reflected in this cost.

| Income & Expenditure Account | Draft Budget 2020-21 £'000s |
|---|--|
| Grant in Aid | 37,638 |
| Charging Schemes | 42,695 |
| Other Income | 4,154 |
| Total Income | 84,487 |
| Staff Costs | 59,007 |
| Other Staff Costs | 660 |
| Property Costs | 4,777 |
| Transport Costs | 1,516 |
| Supplies & Services | 13,588 |
| Total Expenditure | 79,548 |
| Depreciation / Impairments | 2,939 |
| Total Operating Costs | 82,487 |
| Operating Surplus / (Deficit) | 2,000 |

The operating surplus, £2m is used to fund capital investments in year of £2m. The bulk of these funds are expected to be used to replace essential scientific and hydrology equipment.

The planned use of resources was agreed before the public health emergency COVID-19 arose. The full impact of COVID-19 is unknown at this point.

SEPA is going to manage the prioritisation of its resources as flexibly as it can, by following a few key principals for the emergency and recovery period:

- a. It will only recruit business critical posts.
- b. Expenditure is restricted to essential business priority items only.

Our intention is to manage and minimise the financial consequences of COVID-19 to protect the resources needed for the delivery of AOP priorities.