



Agency Board Meeting 29 September 2020

Board Report Number: SEPA 30/20

Chief Executive's Report

Summary:	<p>The Chief Executive's Report highlights the progress we are making becoming a Phase 2 Environment Protection Agency. The report includes updates on:</p> <ul style="list-style-type: none"> • Significant deliverables and milestones in relation to our Annual Operating Plan • Other work that is critical to Phase 2 • Staff welfare • Activities which have a high media profile • Activities which have a high impact on stakeholders • Areas that Board members have asked us to include
Risks:	N/A
Resource and Staffing Implications:	COVID-19 has impacted the resource we are able to deploy in the field. This is covered in section 1.1
Equalities:	N/A
Environmental and Carbon Impact:	This report contains many articles which demonstrate how we are continuing to protect and improve the environment.
Purpose and audience of the report:	For information Agency Board, Scottish Government and Public
Report Authors:	Terry A'Hearn, Chief Executive Kelly Mathewson, Senior Business Consultant, Business Strategy Team Craig Ballantyne, Junior Business Consultant, Business Strategy Team
Appendices:	None

Chief Executive's Report

Introduction

We have continued with our AOP implementation since the last Board meeting in July. Good progress is being made on many items with examples including the review of administration functions, the six place-making initiatives, preparation of L&D programmes, etc.

The other key corporate activity is that a lot of work has continued on the coronavirus response and recovery programme. A Response & Recovery Co-ordination Group (RRCG) has been established and is chaired by Fiona Wylie as the AMT representative on the group. The RRCG has brought a series of recommendations to AMT which led to the announcement on the 16th of September of SEPA's Route Map for the second six months of the financial year. The key elements are:

There are three overall aims at the core of the Route Map:

1. Protecting staff and others from the spread of the virus;
2. Supporting staff's mental health and well-being; and
3. Delivering our work to protect and improve the environment.

In terms of workplaces, we are taking the following approach for the second six months of 2020-21:

1. We will be significantly expanding our field work such as site inspections, attending events, monitoring, etc;
2. We will be re-opening the ASB laboratory on a restricted basis and will consider re-opening the Aberdeen laboratory later in the financial year; and
3. At this stage, we will not be opening offices during this financial year, though we will keep this under review. ASB will, however, be open on a restricted basis for approved exceptional office activities.

These decisions are in line with Scottish Government's own Route Map, including the confirmation last week that civil servants and Agency employees should continue to work from home until at least Christmas.

We are also putting in place a series of support mechanisms for staff, including:

1. We will be rolling out MS Teams to all staff over the rest of September and October.
2. We will allow some 1-1 outdoor face-to-face meetings for staff who believe this will be of significant benefit to their mental health and well-being.
3. We are asking all managers to have a 1-1 discussion with each staff member before the end of October to check what support they need for these new arrangements.

As the Scottish Government continues to emphasise, the pandemic is still very much with us and will be for some time. The SEPA Route Map is designed to ensure that we remain vigilant in protecting ourselves and others from its spread. At the same time, it also allows us to expand some of our work activities as well as providing some new ways for staff to interact and stay connected.

We will continue to keep the Board updated on progress on implementation of our Route Map.

Terry A'Hearn
Chief Executive Officer

1. Regulation

1.1 Regulatory Resilience (Ian Buchanan)

We have continued to deliver a programme of regulatory activity to provide support to those affected by the pandemic and understand and identify where there are risks to the environment. This involves a programme of remote checks targeting those sectors that present the biggest risk and those that may require support. By the end of August, we had carried out over 1,200 remote checks, with a range of follow up actions put in place where any areas of concern are identified. These actions included providing further advice, and collecting evidence in the field to support enforcement action.

Field activity has been restricted due to COVID-19 controls, with an authorisation process and risk assessment in place to protect both staff and the wider community. Our staff have, however, been deployed into the field regularly. There were over 130 deployments by the end of August to environmental events, compliance checks of sites, and targeting illegal activity. Our activity will increase as restrictions ease.

1.2 Severe Weather (Ian Buchanan)

The severe thunder, lightning and rain storms overnight on 11 August brought significant disruption to Scotland as a whole and there were many situations where our support was needed due to risk and/or impact on the environment. This included disruption to the electrical supply at Mossmorran which resulted in elevated flaring, further details of this are in section 1.3. The Union Canal burst its banks, and the River Black Devon burst its banks resulting in a major gas main being exposed. Further details are in section 2.1.

Following the tragic events involving the rail crash outside Stonehaven, a major recovery operation was required to remove the train carriages in a way that protected the River Carron. In all these situations our staff were involved in providing advice and guidance to support operators and partner agencies to protect the environment and local communities. This included chairing the Scientific and Technical Advisory Cell established to support the multi-agency response and recovery following the rail crash.

1.3 Mossmorran Complex (David Pirie)

On 11-12 August, we responded to an unplanned flaring event at the Mossmorran complex which was triggered by thunderstorms and severe rainfall. The rate of flaring was high compared to more recent events, which can give rise to levels of noise that cause concern to the local communities. We have an unmanned noise monitor set up in the vicinity of the site that collects data continuously. To have greater confidence in the evidence collected a staff member attended the site to undertake noise monitoring, both during the day and overnight, for the days when the elevated flare was operating. Initial findings from the evidence gathered were reported back to the Incident Management team.

Air quality is also measured continuously, and the data collected from the four monitoring locations installed around the site was downloaded remotely and reported to the Incident Management Team and the Problem Assessment Group that was established.

All of our monitoring equipment around Mossmorran requires regular maintenance and calibration. A strictly controlled programme of instrument maintenance has been put in place throughout lockdown and all units have had site visits to ensure the quality of evidence collected.

1.4 Customer Complaints Handling (Ian Buchanan)

In January 2020 the Scottish Public Sector Ombudsman issued a revised Model Complaints Handling Procedure. Public bodies are required to implement the revised version of this by 1 April 2021. The revised Procedure replaces the one we adopted in 2014. It is on track to be implemented by April 2021, with training being prepared for staff in October-December 2020. We have assessed our performance using the self-assessment tool and work is underway to implement improvements in areas such as process, quality, performance and learning from complaints. The effect will be to have a simpler, more efficient and customer focussed approach to complaint handling.

One significant aspect of the current and revised Model Complaints Handling Procedure, is that the high profile of complaint handling in an organisation is achieved by ensuring that leadership and senior management are provided with, and given the opportunity to, scrutinise the performance of complaint handling in the organisation. In order to achieve this, we have reviewed our complaints reporting procedures. As of June 2021, an annual report will be submitted to the Board/Audit Committee. This will also be supported by quarterly complaints reports to our Agency Management Team.

1.5 Variable Monetary Penalties (Ian Buchanan)

We are about to launch a consultation on a revised method for calculating the penalty element of Variable Monetary Penalties. This is expected to run for 8 weeks from the end of September through the [Scottish Government's Consultation Hub](#). There are several awareness raising webinars planned for interested groups or businesses who may wish to find out more information prior to submitting their consultation response. Internal and external communications are planned to make staff and industry aware of the consultation, and we have engaged with the Crown Office & Prosecution Service, Scottish Government and industry representatives.

Variable Monetary Penalties provide us with a strong enforcement tool to help us respond quickly and effectively to those who are breaching environmental legislation. This is particularly vital in current circumstances, as it provides us with another method of enforcing against those who seek to take advantage from the COVID-19 pandemic. A Variable Monetary Permit would allow us to impose a penalty on those who are flouting the law, removing some of the financial benefit they have accrued in doing so, and act as a deterrent to others. This will help to support economic recovery by taking actions which create a fair and compliant marketplace for legitimate businesses.

1.6 Permitting (Ian Buchanan)

Determination of applications: Our permitting activities continue to deliver well from a home working environment and we continue to process applications and deal with enquires from the public. Home working does however result in some aspects of permitting taking longer. Additional resource allocated into Permitting from elsewhere at the beginning of lockdown is now reducing which will have an impact on service delivery particularly in the current circumstances.

Simple outcome-focussed permits: Work continues in finalising permits and associated guidance for landfill, road infrastructure and whisky templates. We aim for these to be finalised by March 2021. We are scoping out the work to transition existing licences onto the new templates for landfills and aquaculture. We intend to start this process in late 2020.

We have established governance groups to oversee the resource and tasks required for template completion and the subsequent reviews. We are also working on our method for how to increase the pace of reform of permits for the workload planning year 2021-2022.

Business Reform: We will be presenting our high level project plan on the transformation of our business processes to the Agency Management Team Regulation Sub-Committee on 17 September 2020. We are planning to use a systems thinking approach. An initial awareness session has been held with senior managers and we are engaging with another public body who have used this approach to transform their permitting service.

Digital Online: August saw the release of the first phase of the [waste carriers and brokers online registration service](#). It incorporates the postcode look-up service and manual address entry option, and payment facility through [Gov.UK Pay](#). All of our relevant systems have been updated and the appropriate documents have been generated and issued.

Until we build and release the complete service (incorporating all new and renewal paths) there will be two services available. All webpages have been updated to signpost to the new service as appropriate. The discovery phase to look at moving existing complex waste management exemptions online has also been completed.

1.7 Oil and Gas (John Kenny)

We are addressing a number of issues relating to the oil and gas sector. This includes ongoing compliance issues with a Floating Production Storage and Offloading unit. We have issued a regulatory notice and also a cost recovery notice for this.

Following an application to receive radioactive waste relating to the oil and gas industry, we are consulting on changes to Environmental Authorisation (Scotland) Regulation bespoke conditions to ensure that any such waste is properly controlled.

1.8 Water Environment Fund (John Kenny)

Tollcross: The groundworks phase to restore a new river channel through Sandyhills Park in Tollcross at the east end of Glasgow has restarted. This project is on track to complete works in October 2020. Working with our partners in Glasgow City Council, this project will bring a river that has been underground since the 1950's back into the open. It will be an enhanced amenity for the local community, reduce flood risk, and enhance biodiversity.

Limefield Falls: Construction is now underway to install a fish pass at the Limefield Falls weir in West Lothian. This is the fifth of eight barriers to be tackled as part of the ongoing [Almond barriers project](#), which will restore fish access to over 200km of the Almond catchment.

River Nith: The second groundworks phase on the River Nith project is now in progress. This project will create almost 6km of continuous river corridor, making it the biggest river restoration project in the UK. This will also deliver flood risk reduction in the Nith catchment and increase biodiversity. The project is net zero and has adopted sustainable procurement principles.



Tollcross, Glasgow Pre-works view



Works ongoing to create the new channel

1.9 Materials (John Kenny)

We are part of a working group which has been formed along with Scottish Government and Zero Waste Scotland. The group was set up in response to the restart and recovery pillars of the wider economic response to COVID-19. Six priority areas have identified: Plastics, Construction, infrastructure and built environment, Agriculture, Food and drink, Energy, Procurement, Skills and training.

The priorities are aligned with our sector approach, Waste to Resources framework and One Planet Prosperity ambition. They will also secure additional partnership support to achieving our sector goals through collaborations with Scottish Government, Zero Waste Scotland, Enterprise Agencies and other relevant organisations. The next step will be seeking Ministerial support for the priorities. Outcomes for Scotland will be agreed with partners and stakeholders, and roadmaps for action developed by the end of 2020.

1.10 Plastics (John Kenny)

We are involved in a project to create the first [Publicly Available Specification to help prevent plastic pellet pollution](#). Designed for all supply chain organisations involved in using, processing, handling, storing or transport of plastic pellets, flakes and powders. It will set out measures to prevent the leakage of plastic pellets, flakes and powders, collectively referred to as pellets, into the environment and demonstrate procedures for continual improvement.

1.11 Landfill Tax (John Kenny)

We are continuing to provide a service to Revenue Scotland with access to our secure network while working at home and also access to the Scottish Electronic Tax System.

In April-June 2020, there was a significant drop in Scottish Landfill Tax paid to Revenue Scotland. This is presumably due to the reduced activity of Scottish businesses during the COVID-19 lockdown period. Earlier this year Revenue Scotland moved to a new document management system. We have provided significant support in tracking and transferring documents from the old system to the new one.

1.12 Sustainable Growth Agreement update

We are currently developing a Sustainable Growth agreement with a large agri- food business which specialises in dairy processing within Scotland. We intend to sign the Agreement during [Global Goals](#) week, 18-26 September.

This agreement will explore circular economy and bioeconomy opportunities across Scotland and the processor's global value chain. It is a significant opportunity for us to create an impact at scale.

1.13 Tarbolton landfill site (David Pirie)

In June 2018, the operators of Tarbolton Landfill site in South Ayrshire went into voluntary liquidation. Recognising the potential of the site to have an impact on the local community, the water environment and in line with our regulatory evidence plan, site visits and onsite monitoring have been undertaken to assess the overall condition of the site during July. Further assessments are planned for September. A cross agency group continues to review the site and keep partner agencies informed of its status.

1.14 Environmental Quality (David Pirie)

1.14.1 Special Waste Consignment Notes

Over the last year we have been working to improve the quality of Special Waste Consignment Notes. These notes allow us to track the movement of hazardous waste. The quality of the data returned to us is often so poor that we are unable to understand what waste has been moved.

Over 2019 and early 2020 we engaged with those companies with the worst performance. We spoke to those responsible for filling in the notes and also corresponded with company directors informing them of the problems. In February we held three workshops for operators where we ran practical sessions filling in the forms to cover different scenarios. Nearly 100 people attended these workshops. We also issued notices of intent for Fixed Monetary Penalties to those companies who had not demonstrated improvements. With the onset of the COVID-19 pandemic, we changed the focus of the work to provide a range of electronic and printable forms which would help operators comply with their statutory obligations when it was not possible to get Special Waste Consignment Notes from our offices. We have also explored new ways of extracting value from the data that we collect. For example, we have plotted movements geographically so that scale of movements and locations can be visualised.

This work is intended to support the transition to digital waste tracking which we expect to be introduced over forthcoming years.

1.14.2 Electronic waste tracking update

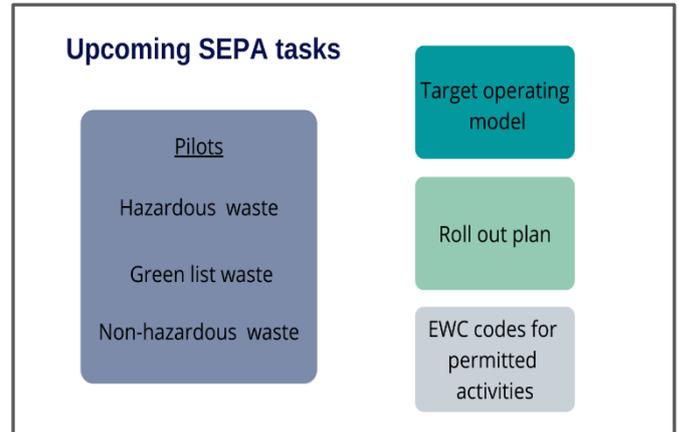
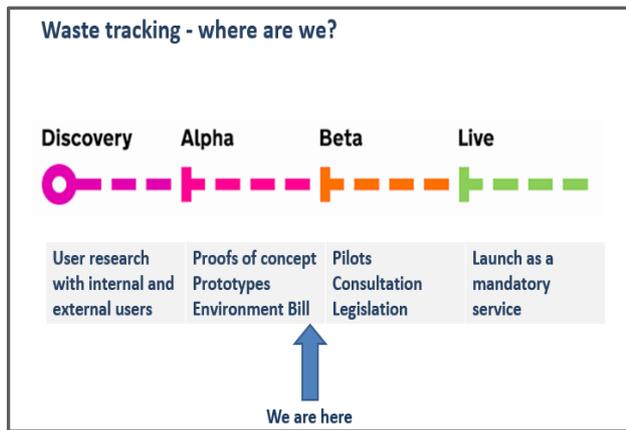
We initiated this UK-wide project with Zero Waste Scotland four years ago. We are working with UK partners to develop an electronic waste tracking service. It will capture movements of non-hazardous, hazardous, and international shipments of [green list waste](#) and track it through the waste management chain. This can be done in real time or near real time, giving us a whole new level of information on waste that we have never had before. It will help deliver our Regulatory Strategy by monitoring compliance with the Duty of Care, enabling timely tracking of hazardous and green list waste. It will also provide us with comprehensive data that we can analyse in new and innovative ways for reporting, identifying waste crime, and monitoring sector plans.

The project is progressing well with two software suppliers each developing a prototype waste tracking service. By early 2021 we expect to have selected one prototype to go forward and to start testing it with real users through pilot studies.

The Environment Bill includes provision for mandatory electronic waste tracking and the project received UK funding of £7.2 million in the March Budget. In addition, we have secured funding of £600K over three years as part of the Low Carbon Fund to enable us to take full advantage of electronic waste tracking and support the transition to new ways of working.

Key tasks over the coming months are to develop a target operating model and a roll out plan, as well as supporting the pilot studies. We are also working to develop a set of European Waste Catalogue codes for each waste permit so that we can use electronic waste tracking to advise users if they are sending waste to a site that isn't permitted to accept it, helping them with compliance.

It is likely there will be a UK consultation on electronic waste tracking in spring 2021 and we are working with the Department for Environment, Food and Rural Affairs to help shape the consultation to ensure it aligns with Scotland's ambitions. Scottish businesses, local authorities and our staff are embedded in the project, contributing to user research and usability testing of the prototypes through our user panel.

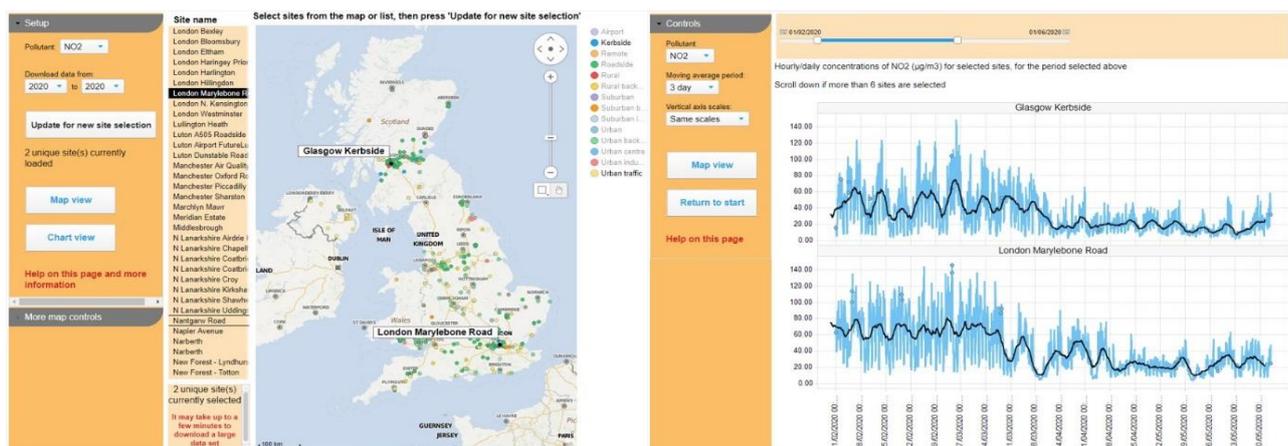


1.14.3 European and UK Air Quality Apps

Scottish Government were keen to understand how the COVID-19 lockdown measures (and subsequent recovery) affected air quality. They were also interested in how different measures implemented across the UK and European cities and countries affected air quality. We developed a series of in-house visualisation tools to access live air quality data from various sources. These include the European Environment Agency (EEA) and UK air quality monitoring networks. These apps have enabled us to perform detailed comparisons of recent and historical air quality across Europe and compare air quality between UK and European monitoring sites. The apps have now been made publically available on the Scotland's Environment Website. To our knowledge, it is the first time that such a tool has been produced which allows such a comparison of current and historic air quality data across Europe.

The UK Air Quality app displays observations for the key pollutants particulate matter, ozone and nitrogen dioxide (PM, O₃ and NO₂) from the Scottish, Welsh and English (Northern Ireland will be added shortly) air quality monitoring networks as well as the UK-wide Automatic Urban and Rural Network (AURN). Live and historical data for monitoring sites can be displayed and compared, although 'real-time' data remains subject to verification.

The link to this app can be found at: <https://www.environment.gov.scot/data/data-analysis/uk-air-quality-tool/>



The Live European Air Quality app displays a 2-day snapshot of recent air quality data at ~2800 sites across Europe, as reported by the EEA (an additional ~70 sites from the Scottish network have also been added). The tool can help track on-going regional air pollution events or compare current concentrations between monitoring sites. The link to this app can be found at:

<https://www.environment.gov.scot/data/data-analysis/european-air-quality-tool-live-data/>

The European Air Quality app takes a more detailed look at air-quality observations on a country-by-country basis across Europe by accessing live and historical data provided the

EEA. This allows a more detailed look at variations and trends across a country such as the effect of European-wide transboundary transport of pollution, and the effects of national and local lockdown measures.

The link to this app can be found at: <https://www.environment.gov.scot/data/data-analysis/european-air-quality-tool/>

1.15 Deposit Return Scheme (John Kenny)

Following challenging delays as a result of the COVID-19 emergency disruption, the Deposit Return Scheme Project – establishing the Scheme regulator, is now making good progress. Funding for year one of the project has been secured from Scottish Government and a new project team is now in place. The team will be responsible for co-ordinating a range of different workstreams that are all working towards ensuring that we are prepared to:

- receive producer registrations from 1 January 2022, and
- prepared to regulate Scotland's Deposit Return Scheme from 1 July 2022.

These workstreams will involve staff from across the organisation and collaboration with partners and key stakeholders.

A critical part of the project is developing a user focussed IT system that will allow Deposit Return Scheme users to: register, pay fees, demonstrate compliance – by monitoring number and types of scheme articles placed on the market and returned, and report against indicators and targets.

Progress on the development of this system was hit hard during the height of the COVID-19 lockdown. All work was put on hold as industry users and partner organisations were navigating their way through an unprecedented emergency. Now that Scotland is working its way through a route map out of lockdown, industry users of the scheme are ready to re-engage in the discovery exercise. This will actively involve them in establishing an understanding of the scope of the service and its users' needs, to inform the development of a solution that is accessible, useable, value for money and fit for purpose.

Other areas of notable progress include:

- Ongoing work with Scottish Government, the UK Government's Department of Food and Rural Affairs, Northern Ireland's Department of Agriculture, Environment and Rural Affairs, and other UK agencies to amend the UK packaging regulations to avoid double regulation of businesses that would be obligated under both producer responsibility and the Deposit Return Scheme.
- Support to Scottish Government on the amendment of planning legislation to support retailers in securing planning permission for container take back sites.
- Identifying an expert group of OUR staff to support the assessment of the Scheme Administrator application to Scottish ministers.
- Invitations to present at industry fora – retail institute and institute of brewing and distilling
- Support to Scottish Government and Zero Waste Scotland on the development of a retailer take back site Exemption application service.

Along with Deposit Return Scheme programme partners, we are monitoring the UK internal market white paper and forthcoming Bill (due for consultation) that refers to the cost to businesses and public, from regulatory divergence across the UK administrations. The scheme was specifically included as an example, but as yet the impact on this in Scotland is unknown.

2. Flooding and drought

2.1 Flooding incidents (David Pirie)

A series of significant flash flooding events affected Scotland in August:

On 4 August, intense rainfall resulted in flooding to isolated homes and businesses in central and western Scotland. Multiple road closures in Ayrshire, a major landslide on the A83 at the Rest and be Thankful, and general disruption to travel were reported throughout the day. Several communities were affected including Aberfoyle and Tillicoultry, where properties were evacuated.



Flooding of Barclay Street, Stonehaven on 12 August.

On 11-12 August, a severe thunderstorm and intense rainfall resulted in widespread surface water flooding and impacts on infrastructure in central and eastern Scotland, including the rail accident near Stonehaven. Our rain gauge network recorded several locations with rainfall intensities in excess of 40mm/1h and over 80mm in 12 hours. That is the equivalent of what is expected over a month period, with half of it falling in one hour. The large geographical extent of such intense rainfall is very unusual. Severe flash flooding occurred across the Lothian, Falkirk, Fife, Perth and Kinross and Aberdeenshire. The Union Canal overtopped and breached near Polmont resulting in the closure of the Edinburgh-Glasgow railway line for the next two months. The A68 near Falla was severely damaged, and a major gas pipe was exposed in Clackmannanshire. Over 150 properties were flooded in Perth and Kinross, a major incident was declared in Fife, with disruptions including flooding at Kirkcaldy hospital and evacuation of a caravan park due to a landslide.

On 27-28 August, further intense and localised rainfall affected Glasgow and West Lothian. In Broxburn, a major incident was declared with deep flooding affecting about 20 properties and people being rescued by the Scottish Fire and Rescue Service.

Flood alerts and warnings were in place for all of these events, along with discussions with partners to help them prepare and manage them. We worked throughout the night over all these events, and are now managing follow up enquiries. As always, we are reviewing our performance to consider future improvements to our service and how we can support Scotland through longer term climate change adaptation. For example, we are currently working with Transport Scotland to research improved approaches to forecasting in support of improved resilience of the road network in Scotland. We are also preparing a comprehensive factual report of the flood of 11-12 August to share our information with partners and the public.

3. Our organisation

3.1 Earth Overshoot Day (Terry A'Hearn)

On 20 August, we hosted the global launch of Earth Overshoot Day with the delivery of a webinar - [Choosing our future by design, not disaster](#) - in partnership with the [Global Footprint Network](#). Earth Overshoot Day marked the day when humanity has used more ecological resources this year than natural ecosystems can regenerate in the whole year.

This year, the Global Footprint Network calculated Earth Overshoot Day as 22 August, more than three weeks later than last year. The date reflects the 9.3% reduction of

humanity's Ecological Footprint from 1 January to Earth Overshoot Day compared to the same period last year. This change is a direct consequence of the COVID-19 lockdowns around the world. Decreases in wood harvest and CO2 emissions from fossil fuel combustion are the major drivers behind the historic shift in the long-term growth of humanity's Ecological Footprint.

This event is the centrepiece of this year's global #MoveTheDate conversation, with Scotland taking centre stage in recognition of its important role in the upcoming United Nations Climate Change Conference discussions in 2021.

It was the second #MoveTheDate event led by SEPA and Global Footprint Network in August, after more than 500 delegates representing 100 organisations took part in an early debate. Polls at the debate showed delegates believe the world isn't moving fast enough on climate change, their opinion of employers is influenced by their commitment to social and sustainability issues, and the global lockdown is an opportunity to re-assess and restart our economy more sustainably.

3.2 People & Property (Fiona Martin)

We have been significantly focussed on supporting the development and delivery of our response and recovery efforts. This includes co-ordinating the safe access of buildings, piloting revised working arrangements in Angus Smith Building, responding to individual queries on our approach, alongside work to ensure the mental health and well-being of staff is supported during the recovery period. A mental health and well-being hub has been developed and established. It provides a wide range of information as well a range of tools and techniques to help individuals support their well-being.

We have continued to work with managers supporting a small number of complex employment matters that require attention and resolution.

3.3 Annual United Kingdom Accreditation Service Surveillance Audit 2020 (David Pirie)

We have once again had a very successful assessment from the United Kingdom Accreditation Service with the recommendation being to maintain our accreditation to ISO 17025 for Chemistry and Microbiology lab- and field-based activities.

This assessment was carried out remotely due to the COVID -19 situation. The audit was undertaken in a vertical style with no method witnessing being carried out. It was therefore carried out over a much longer timeframe than usual due to the amount of data being transferred. The auditors praised the way we packaged the data and said it was very easy to navigate.

They auditor were very positive about our Quality system. They said there was strong governance of electronic data handing. Overall they found our processes to be very good and the flexible scope process to have a robust framework which helps us to better respond to the needs of the sector approach.

There were six auditors involved over a period of six weeks. There were a total of 9 findings all requiring evidence. All findings were minor. UKAS reserve the right to come for a method witness audit later in the year should the current COVID-19 situation improve.

3.4 Information Services Systems – Homeworking Support (David Pirie)

Our network continues to perform well and is providing reliable access to our systems. Daily usage patterns and demand for access are shown in the graphs below. Demand for access to systems dropped slightly during July as many staff were on annual leave.

Figure 1 – Typical Daily Usage Pattern

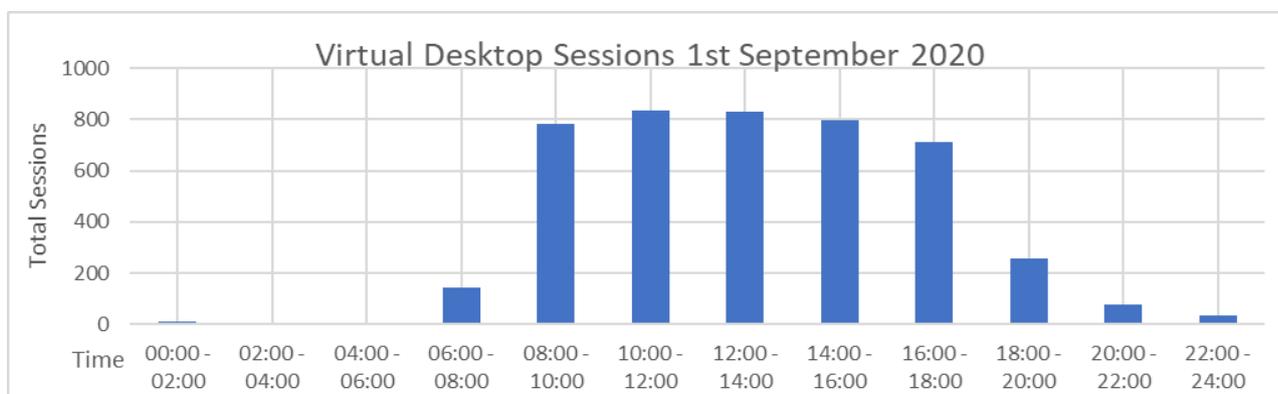
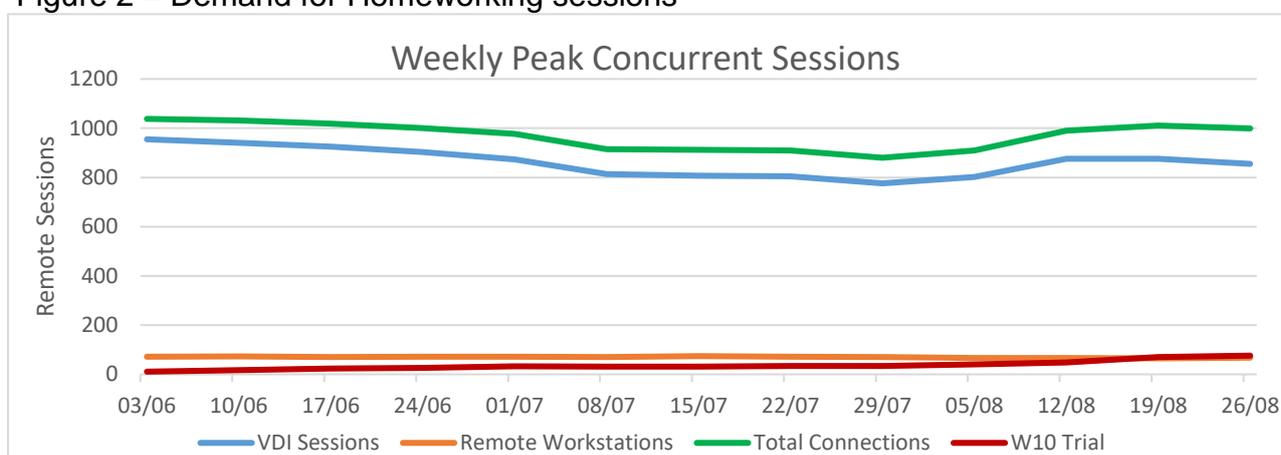


Figure 2 – Demand for Homeworking sessions



During the period we have been rolling out MS Teams to a group of pilot users, demand on IS staff to support critical systems and the roll out of MS Teams remains high.

3.5 Finance (Stuart McGregor)

Charging invoices were issued in early August through an external service provider. Initial feedback is that we are receiving healthy levels of income from our charge payers. Now that we have passed the 30 days payment deadline, we are reviewing the overdue debt position to help inform our financial forecasting.

Many sites stopped operations from the end of March through to July/August depending on the type of business they ran and the site restrictions. When they opened up, these sites were often at reduced levels of activity.

We have highlighted the available temporary cessation (mothballing, which reduces bills for a temporary period) and payment plans to charge payers. The charging scheme, which is signed off by ministers, states there is a minimum period of six months for the mothballing provision. Therefore, this has limited the use in the current circumstances. We have assessed the number of applications for mothballed status and at the moment this is slightly lower than previous years (but we are only half-way through the year).

We have had more applications for payment plans than normal and this is before we issue statement runs and final reminders. To date we have had 43 requests for payment plans

(equivalent to £430k). We have had a relatively small number of complaints with only seven letters received so far.

Going forward, there remains significant uncertainty on the recovery of industry and the potential for further lockdowns, although the duration and scale of lockdown is unlikely to match the March - July period.

Recognising the current year financial pressures a short high level monthly financial update paper will be presented to Board out with the normal quarterly reporting cycle, with the first report being presented in September.

At the last board meeting it was agreed to set up a Board Buddy project to review the text and format of the quarterly financial report to the Board. The Finance Management Team met with 3 Board Buddies on 21 August and following discussion it was agreed that the report narrative be adjusted to sharpen up the executive summary content and context messages by continuing to include some standing bullet points and concentrating on explaining consequences of significant variances and incorporating these in a strategic financial summary.

It was also agreed that a number of the financial tables be removed, and others adjusted to better reflect board information requirements. The revised reporting requirements will be in place for the Q2 report (end September) which will be presented at the 24 November Board Meeting.

3.8 Procurement (Stuart McGregor)

Progress against the Procurement Operating Plan 2019-2021 has continued and the majority of objectives are on track to be achieved before the end of the financial year.

Input from the Agency Management Team and Board regarding sustainable procurement has helped in finalising a sustainable procurement action plan to sit alongside and bring real focus to this key area of delivery.

A number of major procurement exercises are progressing including:

- The provision of a new Flood Warning Dissemination System
- Job Evaluation Scheme and System
- Recommencement of works in both Hydrology and the Water Environment Team following disruption as a result of coronavirus.

COVID-19 continues to cause some supply chain disruption, particularly in the area of Personal Protective Equipment. The Sustainable Procurement Management has been working closely with the Recovery Team to co-ordinate discussions with our primary Personal Protective Equipment supplier. Costs in this area are expected to be significantly higher than in a standard year but supply is now in the process of being secured to ensure provision of equipment is not a barrier to restarting business activity.

4. Action

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

Terry A'Hearn, Chief Executive
15 September 2020