



## Agency Board Meeting 29 September 2020

Board Report Number: SEPA 32/20

**Improvements to ensure that SEPA maximises opportunities the Water Environment Fund can deliver.**

<b>Summary:</b>	Following a presentation to Board in November 2019 on lessons learnt, the Board asked for proposals for enhanced governance in order to ensure that SEPA maximises the opportunities WEF can deliver for our One Planet Prosperity objectives. This paper outlines progress to date and planned action. We will also give a presentation that sets out our vision of how WEF projects play a role in promoting SEPA's place making agenda and demonstrates phase 2 working.
<b>Risks:</b>	There are no risks associated with taking these proposals forward. If proposals are not taken forward there is a risk that SEPA will not be able to maximise opportunities for One Planet Prosperity delivery.
<b>Resource and Staffing Implications:</b>	We are working with AMT on resource planning, using the Scottish Government funds specifically allocated for WEF.
<b>Equalities:</b>	There are no equalities implications.
<b>Environmental and Carbon Impact:</b>	There are no negative environmental or carbon implications. Successfully delivered WEF projects will make positive contributions to environmental improvements and all projects will be moving towards a NetZero goal.
<b>Purpose and audience of the report:</b>	For information and approval.  Scottish Government and/or Public
<b>Report Author:</b>	Rachel Harding-Hill, WEF Unit Manager, Nathan Critchlow-Watton Water and Land Manager, David Harley, Water and Planning Manager. Sponsoring AMT member John Kenny, Chief Officer Circular Economy
<b>Appendices:</b>	None

**Improvements to ensure that SEPA maximises opportunities the Water Environment Fund can deliver.****1. Introduction**

- 1.1 This paper outlines progress to date and planned action to ensure SEPA maximises the opportunities the Water Environment Fund (WEF) can deliver.

**2. Background**

- 2.1 Following a presentation to the Board in November 2019 on lessons learnt, the Board asked for proposals for enhanced governance in order to ensure that SEPA maximises the opportunities WEF can deliver for our One Planet Prosperity objectives. In addition, AMT asked us to scale up and increase ambitions for WEF projects so that they deliver more economic and social benefits, and place-making opportunities.
- 2.2 We have already acted to put some improvements in place and have planned future work. We have collaborated with staff across the agency and drawn on the advice and guidance of our board buddies Michelle Francis and Harpreet Kohli. Scottish Government is aware and supportive.
- 2.3 Covid-19 has impacted this work, the progress of the WEF Programme of Work and the budget. Earlier in the year there was reduced staffing capacity (the team at 75% and some individuals at 50%). There is approx. 85% staff capacity, improving as schools return and staff are returning to a more normal working pattern. There is at least a three month delay to a number of projects with all field and site visits currently on hold. After being suspended, projects at construction stage have now restarted in partnership with Local Authorities and we hope site visits to resume in the near future once approval is granted. The 2020/21 Programme continues to be progressed, with some tasks and timelines extended.
- 2.4 There is an estimated budget variance of £0.9M (increase) on a profile of £1.7M. £0.5M is due to additional Covid related costs which we anticipate will be reduced once additional Covid related costs are better understood and shared with partners. £0.4M of variance relates to increased project costs which we anticipate can be covered through other projects not progressing and therefore not spending. Scottish Government are being kept up to date and the risk is being managed.
- 2.5 Scottish Government remains supportive to the continuation of the Fund. Although Scottish Government cannot guarantee funding in the long term, Scottish Government will want to see the completion of construction projects, and the planned environmental and societal outcomes, where significant public investment has already been made. The part WEF projects can play in a Green Recovery is recognised; this work focuses on restoring natural assets for the wellbeing of society, and often deprived communities, in a way which provides resilience to climate change and supplements to Scotland's net-zero ambitions.

### 3. The Issues

#### 3.1 Identifying and measuring multiple benefits.

To date we have

- 3.1.1 Engaged in early discussions with board buddies Michelle Francis and Harpreet Kohli and discussed possible approaches
- 3.1.2 Explored the purpose, audience and resource to help shape a proportionate method for recording and measuring benefits
- 3.1.3 Updated project documentation to clarify potential social value of projects at an early stage and in anticipation of post project monitoring
- 3.1.4 Considered examples elsewhere in SEPA and of other agencies and companies on measuring social value and multiple benefits
- 3.1.5 Involved SEPA colleagues with our thinking and increased our understanding how project partners could help
- 3.1.6 Prioritised WEF staff resource and budget so that WEF plays a significant part in the Glasgow, Leven and Aberdeen place-making projects, strategically engaging with partners
- 3.1.7 Through Harpreet Kohli initiated contact with the public health sector to build stronger links between public health facilities and WEF projects

**Proposal 1: Consolidate the work to identify and measure multiple benefits into a road map with targets, checking scope and direction with board buddies and start delivery on those targets.**

#### 3.2 Making the most of the WEF financial model

To date we have:

- 3.2.1 Engaged in early discussion with board buddies, Michelle Francis and Harpreet Kohli and SEPA finance to find ways of addressing *issues* with financial year end and commitment of future years' budget
- 3.2.2 Implemented changes to the procurement timeline, allowing commencement of the procurement process in advance of WEF budget approval from Scottish Government.

**Proposal 2: Implement changes made to the procurement timeline, allowing commencement of the procurement process in advance of WEF budget approval from Scottish Government**

**Proposal 3: Continue work around identifying, explaining and mitigating risks associated with commitments across multiple financial years; either planned or as a result of contract overruns.**

#### 3.3 Ensuring robust Governance

To date we have:

- 3.3.1 Considered the current management and escalation of risk for WEF projects and the Programme of Work and identified how this could more closely align with the SEPA risk management process.
- 3.3.2 Submitted an update on WEF, including significant risks, for the CEO report to the Board, as requested.
- 3.3.3 Considered the membership of the Senior Appraisal Group to ensure cross portfolio representation; the flooding function is now represented and C&B representation will

be explored. Technical appraisal of projects now takes place using a collaborative multi- specialist, cross portfolio group

- 3.3.4 Started to revise the WEF risk management process in line with the corporate process.

**Proposal 4: Share revised approach, plus all current medium and high risks, through the portfolio risk management group in Q3 with appropriate escalation as required.**

3.4 Building capacity to deliver One Planet Prosperity

To date we have:

- 3.4.1 Recruited 4 permanent specialist staff and considering further recruitment as part of restructure of Water and Land Unit.
- 3.4.2 Undertaken an initial development needs analysis with L&D as part of the AOP priority on capacity building using existing staff including exploring the use of Discover as a platform
- 3.4.3 Building on existing training to develop a training programme, for existing and any new staff, including technical and core skills and the shared understanding required to deliver One Planet Projects.
- 3.4.4 Ensured sustainable procurement principles are included in all directly commissioned WEF contracts. We are exploring with our partners how these principles are included in the contracts that they procure.

**Proposal 5. Develop and deliver a training programme, to ensure staff have the right capability and confidence to enable a step change in ambition and scale of WEF funded projects.**

**Proposal 6. Explore and define how we can reach our goal of NetZero WEF funded projects (including GHG, waste and water). This will start with a road map with targets on and start delivery, working with sustainable procurement unit (and with the SEPA NetZero group, as appropriate).**

**4. Recommendations**

- 4.1 The Board are asked to discuss and comment on the progress to date and approve the proposals.

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David Harley, Water and Planning Manager.  
Sponsoring AMT member John Kenny, Chief Officer Circular Economy**

**15 September 2020**