



Agency Board Meeting

24 November 2020

Board Report Number: SEPA 43/20

Phase 2 Regulation

Summary:	The purpose of this item is to update the Board on some key developments on implementing our Phase 2 Business Model.
Risks:	A failure to implement our Phase 2 Business Model would jeopardise our ability to deliver against <i>One Planet Prosperity</i> .
Resource and Staffing Implications:	There are no resourcing or staffing implications from this item.
Equalities:	There are no equalities implications from this item.
Environmental and Carbon Impact:	There are no environmental or carbon implications from this item.
Purpose and audience of the report:	For information. Public
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Appendices:	None

Phase 2 Regulation

1. Introduction

1.1 The purpose of this item is to update the Board on some key developments in implementing our Phase 2 Business Model.

2. Background

2.1 In order to deliver against SEPA's primary strategy, *One Planet Prosperity*, we have agreed that we need to change our business model in fundamental ways. The core elements of the Phase 2 business model include Sector Planning, Relationship Management, working more closely with a wider range of partners, more targeted and powerful use of enforcement, more strategic plans for tackling non-compliance and promoting beyond compliance outcomes, etc.

2.2 We have made some impressive progress in implementing our Phase 2 business model. Sector Plans have been prepared for half the sectors (the others delayed due to the lockdown), we have started several place-making pilots which are already delivering results, established relationship management in an agreed set of pilot areas, etc.

2.3 Nevertheless, AMT realises there is a need to accelerate the changes and put a significant effort over the next few months into enhancing the implementation of the Phase 2 business model. While good progress has been made, there remains confusion for many staff about the how the model is supposed to work and what is expected of them in their roles.

2.4 For example, some of the key findings in the People Survey were:

- Change is managed effectively at SEPA as a whole (24%)
- The reasons behind change are explained to me clearly (45%)
- I am kept well informed about the changes within SEPA (46%)
- The Phase 2 EPA Book is a useful resource that helps me contribute to SEPA's goals (25%)

2.5 In all the workshops and other fora we've been holding over the past few months, staff emphasise that they are very supportive of the *One Planet Prosperity* strategy and the organisation's direction. The survey results clarify what AMT knew – that the key challenge is the normal challenge in any major change programme, that is, ensuring we make the next steps in operationalising the strategy.

3. The Issues

3.1 We are setting out to clarify how the Business Model works by:
 (a) codifying much more clearly how the Phase 2 model works for all our work, and
 (b) answering a set of outstanding questions about how the model is supposed to work.

- 3.2 We have brought together the following projects into one integrated process:
 - (a) complete rewrite of 'The Phase 2 EPA Book' (AOP Project 4),
 - (b) Relationship Management project (AOP Project 1),
 - (c) Phase 2 Capability Building programme (AOP Project 3), and
 - (b) the development of technical learning and development (AOP Project 10c).
- 3.3 The completion of these projects in this way will be essential to rolling out our Phase 2 business model. AMT and several key SLT members will be spending significant time on this major effort over the next three months. We are confident that it will help us take a significant step forward in helping the staff understand and use our Phase 2 business model.
- 3.4 As this work is so critical, AMT wanted to bring it to the Board's attention so Board members are aware this major effort is taking place and can ask AMT whether it has succeeded when we get to the February and March 2021 meetings.

4. Recommendations

- 4.1 That the Board note the approach to more effectively implementing the Phase 2 Business Model.

Author(s) and Date

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16 November 2021