

SCOTTISH ENVIRONMENT
PROTECTION AGENCY

STRATEGY MEETING

The forty-fourth Board Strategy meeting took place at 1.00pm
on Tuesday 29 June 2021 via Microsoft Teams.

Present:

Terry A'Hearn	Craig Hume
Bob Downes (Chair)	Julie Hutchison
Fran van Dijk	Harpreet Kohli
Michelle Francis	Nick Martin
Nicola Gordon	Philip Matthews
Martin Hill	

In Attendance:

Lorna Bryce	Lead Communications Manager
Ian Buchanan	Chief Officer, Compliance and Beyond
Paul Cairns	Acting Head of Information Services (Item 12 only)
Catherine Cunningham	Head of Change (Item 12 only)
Neil Deasley	Unit Manager, Regulatory Strategy and Government Relations
Laura Hamilton	Personal Assistant, CEO
Fiona Martin	Chief Officer, People & Property
Stuart McGregor	Chief Officer, Finance
Jennifer McWhirter	Clerk to the Board
Janice Milne	Head of Energy
David Pirie	Executive Director, Evidence and Flooding
David Ross	Senior Business Consultant, IS (Item 12 only)
Kari Speirs	Corporate Officer
Hannah Swanson	Graduate Trainee
Anne Turner	Business Strategy Manager (Item 11 only)
Jennifer Welsh	Head of Finance (Item 11 only)
Fiona Wyllie	Head of Chemistry (Item 13 only)

1 Board Discussion – How are Scottish charities/endowment funds reflecting climate change and other environmental concerns in their investment portfolios?

The Board thanked Julie Hutchison for leading the discussion.

2 Chair's opening remarks

The Chair welcomed everyone to the meeting and welcomed Janice Milne as delegate for John Kenny, Neil Deasley as delegate for Jo Green, Lorna Bryce as delegate for Martin Grey, and Kari Speirs, Laura Hamilton and Hannah Swanson from the AMT & Board Support team. The Chair confirmed that two 10-minute breaks had been scheduled after items 10 and 12.

The Chair confirmed that Board recruitment is going particularly well and complimented Lorna Bryce who is managing the recruitment Communications, the Clerk to the Board, Fran van Dijk, and all those involved on the high standards of the recruitment and advised that approximately 80 individuals had been due to join the Board recruitment call on the evening of 28 June 2021. The Chair asked all Board members to utilise their own networks to raise awareness of the Board vacancies and encourage them to review the Board roles and consider applying.

The Chair asked Nick Martin, Chair of the Audit Committee, to contextualise the Audit Committee Cyber Review meeting, held earlier that day, ahead of the Special Board meeting on 5 July 2021.

The Chair of the Audit Committee advised that the Audit Committee had received a tentative report from NCC in May 2021 and that earlier that day the Committee had reviewed four further draft reports; one was a debrief from Police Scotland which focussed on lessons for the wider public sector, one was the report from the Scottish Business Resilience Centre on SEPA's cyber preparedness prior to the attack, and two reports from Azets on the SEPA's response to the cyber-attack and the impact assessment.

The outcome has been a solid set of reports that compliment each other and the Audit Committee can provide assurance that a thorough and diligent review has been undertaken. All the reports will be available on Diligent Boards for the Board members as background information but the Special Board meeting on 5 July 2021 will focus on the overarching Azets review.

3 Apologies for absence

Apologies for absence were received from Kieron Gallagher, Jo Green, John Kenny, and Martin Grey. Janice Milne attended as delegate for John Kenny, Neil Deasley for Jo Green and Lorna Bryce for Martin Grey.

4 Order of Business

The order of business was as outlines on the agenda.

An AOB request was received from Fran van Dijk regarding an initiative called 'What the Board might look like in 2030'.

5 Declarations of Interest

No declarations of interest were made.

6 Approval of the minutes of meeting held on 23 March 2021

The minutes of the meeting held on 23 March 2021 were **approved** as an accurate record of the meeting.

The Clerk to the Board advised that the same approach for public and private Agency Board minutes will be applied to Strategy Board minutes, in that the full minute is provided to Board members but that in the public minute, Official-Sensitive items will contain only the title and outcome of the discussion.

7 Matters arising

The Clerk to the Board provided an update. She advised that:

Action 127– Updates are included, and will continue to be included, in the Chief Executive's report to the Agency Board. Proposed closed.

Action 128 – This work is ongoing as part of the recovery work. Ongoing.

Action 129 – This will be added to the Board planner. Ongoing.

Action 130 – This will be added to the Board planner. Ongoing.

8 Board Engagement Activity

Julie Hutchison advised that with Craig Hume, she had attended a Scottish Government Board induction session on 2 June 2021 and would encourage anyone who gets the opportunity, to do so. The session was a great refresher, hearing from Audit Scotland, and a range of other speakers.

Harpreet Kohli confirmed that he had attended a Holyrood webinar on Circular Economy on 21 June 2021. The webinar was really useful. He also advised that he had been working with a former SEPA Board member, Jackie Hyland - the Royal Society for Public Health are having a supplement at COP26 on climate change and public health. They have submitted an abstract and are waiting to hear if it has been accepted.

Philip Matthews confirmed that he had attended an interesting seminar on 'Offsetting' run by the Environment Agency and advised that he will share the video link with the Board.

He was also part of the main UK Government Nuclear Decommissioning meeting and highlighted a few things worth noting - the policy review, which is the first for twenty five years, and the announcement that EDF are closing their nuclear power stations across the UK earlier than planned, which will have big implications for SEPA in relation to clean up sites and the carbon and energy mix in Scotland. He concluded by drawing the Boards attention to, the UK Government launch of an exciting process for a fusion reactor, with four Scottish sites being shortlisted for the potential host community. The vision is that something will happen by 2040.

Michelle Francis advised that a few months ago she had made the decision to sit on the ScotRail Stakeholder Panel, in her personal capacity, and that the first meeting had taken place. She highlighted a few statistics, including that passenger numbers went down 25% in 2020 and have not substantially recovered. ScotRail received an additional subsidy from Scottish Government to keep the railway running and are aware there is a huge job to do to convince passengers to return to using the railways. They are however, really determined to meet the target of decarbonising by 2035. On the 31 March 2022, ScotRail will return to public ownership when Abellio's contract ends and will be taken on by the 'operator of last resort'. Michelle Francis advised that the 'operator of last resort' is something the Board needs to discuss further in the context of the landfill surrender risk.

8.1 Board Buddy Register (Verbal)

The Clerk to the Board advised that the register has been updated and acknowledged further changes have since happened including the rescheduling of the Finfish and Communications meetings. Following the last Board meeting on 25 May 2021, agreement was reached on the separation of Board Buddies for the Future of Work and Regenerative SEPA projects, and this will be updated for the Board meeting on 27 July 2021.

In response to a question regarding remits for the three new Board Buddy groups, the Chair highlighted that the Board Buddy groups were not intended to have Committee style terms of reference. Fiona Martin advised there are draft terms of reference for the Future of Work project that have been shared with Board Buddies. The Chief Executive advised that this will be followed up out of session to ensure that Terms of Reference are all on Diligent Boards.

Action: Agency Management Team/Clerk to the Board

9 Update on EU Exit Developments (Verbal)

Neil Deasley, on behalf of Bridget Marshall, provided a brief update on EU Exit developments and on Environment Standards Scotland (ESS).

He advised that currently EU Exit is in a watching brief period with all the architecture in place to respond to issues as and when they arise, such as the temporary regulatory position statement and the regulatory hub which also hosts SEPA's cyber and Covid related materials.

Neil Deasley confirmed that a lessons learned review had taken place and advised that the findings were generally positive and provided a good grounding for how SEPA responded to the Covid pandemic and the cyber-attack.

There is ongoing work with Scottish Government colleagues on potential issues and on the impact of implementation including the Internal Markets Act and the Northern Ireland Protocol and at some point, in the future, this will turn to trade deals.

Regarding the ESS, Neil Deasley advised that the ESS Board has been in place since the beginning of 2021, and has met approximately three times. A transition team is in place including an interim CEO, Brendan Callaghan. ESS is currently recruiting staff including an investigations and data team. ESS will become a legal entity sometime in Autumn 2021 and there is now an ESS website ([Home | Environmental Standards Scotland](#)) containing the mission statement, principles and values. The principles give assurance that resource will be targeted to where they can add value and that ESS is looking to resolve issues through agreement where possible rather than using formal powers. ESS are proposing to set out a work programme for the year ahead once a team is in place and a strategy will be launched for consultation in Autumn 2021.

The Chief Executive, Jo Green, and Bridget Marshall met with the interim CEO, Brendan Callaghan a few weeks ago.

The Board noted the update.

10 Regenerative SEPA (STRAT 06/21)

Terry A'Hearn introduced the item and highlighted the background including the Net Zero presentation at the Agency Board meeting on 24 November 2020. He advised that the report would have been submitted to the Board sooner however, the cyber-attack resulted in the loss of the original work that had been completed before Christmas 2020. The report contains SEPA's broad approach, with a detailed report of next steps and a route map coming to the Board in September 2021.

Neil Deasley thanked the Board Buddies for their support, and highlighted that the report sets the framework and broad statement of ambition for SEPA. The cyber-attack has presented SEPA with an opportunity to build regenerative into the core infrastructure of how SEPA operates.

There are five components to Regenerative SEPA. Governance and engagement are the two overarching components with three baskets of impacts to target: direct impacts, indirect impacts and regenerative actions. It is essential we harness the enthusiasm of staff and build regenerative thinking into the 'bricks' of SEPA through simple structured governance. The approach proposed is not a 'big bang' approach but a series of steps that enables SEPA to make practical and flexible progress.

In response to a question on whether SEPA will know what the baseline figures are on direct and indirect impacts, Neil Deasley advised there are several baselines already

known (although the cyber-attack has resulted in the temporary loss of some of this data, it can be re-established). For other areas, a baseline will have to be established before they can be targeted.

The Board provided feedback on several areas to factor in for the next steps including aligning the scope in the same way as other organisations have done with regards to carbon emissions and net zero targets, climate change adaptation and influence, the exploration of partnership regenerative actions, sufficient metrics to priorities the various issues, ensuring the most environmentally sustainable procurement supply chains, potential staffing and resource implications, building on work already undertaken by other organisations and the change of language from carbon offsetting to carbon removal which is becoming more permanent as the definition of net zero changes and the rules around offsetting are likely to tighten

In a response to a question on whether the regenerative aspect will include influence on external stakeholders, and whether there will be a way to quantify the effort involved in this area, the Chief Executive advised there is a fine line regarding attribution and doing our job however, SEPA will be clear and open on what it is doing and what it is involved in.

The Board noted that the ambition in the report is superb and noted the sheer complexity involved.

The Chief Executive and Neil Deasley thanked the Board for their input and acknowledged that there is plenty to learn from other organisations advising that, the report coming back in September 2021 will include the areas that are in scope. SEPA has a good track record on reducing its emissions and prior to the pandemic make significant reduction in transport.

The Board noted and provided feedback on the planned approach and timescales.

The Board had a ten-minute break.

11 AOP and Budget (STRAT 07/21)

AOP

The Chief Executive introduced the report with Anne Turner and Jennifer Welsh in attendance and advised the Board that the AOP contains activity-based measures instead of outcome-based measure because the fundamental business objective is to re-establish activity. He advised that a report on the 103 projects between March and June 2021 will come to the Board in July 2021. The focus for the next nine months is to recover all our services in a phase two way.

In response to a question on whether there should be a discussion with Scottish Government around SEPA's role on climate change and in enabling climate change actions in others, the Chief Executive advised that through the statutory role SEPA has to protect and improve the environment, and because of One Planet Prosperity and SEPA's progressive approach, SEPA has been put in charge of the Regulatory Hub which plays a role in the transition for Falkirk/Grangemouth area being a high carbon industrial area to a low carbon one. Whether SEPA needs specific additional tools should be part of a broader Board discussion. There is an opportunity with the development of the Circular Economy Bill to either expand the remit or give further clarity.

In response to a question regarding customer services satisfaction and whether SEPA measures that and how, the Chief Executive advised that customer service satisfaction

was gathered when for example designing licencing reform however, could be built in more comprehensively in the future.

In response to a suggestion around measuring the happiness of our staff, Fiona Martin advised that there are strong links between high employee engagement and employee performance. These have been tracked on previous staff surveys and it is important to continue to measure. She confirmed that she will reflect on incorporating the suggestion into future surveys as it is simpler and could be more powerful but highlighted that the same territory is covered in the staff survey under employee engagement.

In response to a question about why the planning process for the 2022-2027 Corporate Plan is not explicitly mentioned in the AOP when it will be a significant piece of work, the Chief Executive advised that the Corporate Plan planning process will be incorporated into the AOP when it is finalised.

In response to a question on why enforcement activity and Voluntary Monetary Penalties (VMPs) are not explicit in the AOP, Ian Buchanan advised that while specific commitments are not detailed in the AOP under enforcement activity, it is covered under the commitments regarding poor performers and tackling illegal sites. VMPs are in the final implementation phase and will be in place shortly as part of the business toolkit. The rest of the focus for enforcement activity will be ensuring that there is resilience to undertake investigations comprehensively following the cyber-attack.

The Board requested that basic statistics, on the number of licences, permits, and enforcements notices being issued are included in the CEO report to the Board going forward.

Action: Ian Buchanan

In response to a question about when the AOP begins as some areas of the document refer to June 2021 milestones, the Chief Executive confirmed the AOP covers 1 July 2021 to 31 March 2022, and that references to June 2021 will be amended. Language in certain areas for example River Basin Management Planning (RBMP) will be considered.

In response to a question regarding the date for the receipt of mobile phones being March 2022 (page 21), David Pirie advised that, the term 'mobile phones' is shorthand for a wider piece of work for field equipment (including data download and upload), device management software, mobile phones, gauging stations (including data download), and moving the SEPA network to a fully digital network. It was agreed that a more accurate phrase would be digital monitoring and mobile device service. Ian Buchanan advised that SEPA had recently invested in supplying a significant amount staff of with mobile phones, as appropriate.

In response to question on whether the date for greenhouse gas emissions (page 29) should be 2022 instead of 2021, Neil Deasley advised that there is a mandatory requirement to report SEPA's performance and that this is the performance report for 2020-2021.

In response to a question on the lack of detail on the key activities for some of the policy areas, the Chief Executive advised that some areas are known to be on the policy agenda, whereas others are dependent on being a priority on the Scottish Government agenda.

In response to question on whether SEPA has an additional role in COP26, other than being a category 1 (CAT 1) responder, the Chief Executive explained that the SGAs are an example of the partnership and innovation work that SEPA is contributing to COP26 (in addition to being a CAT 1 responder).

In response to a request to better understand SEPA's current data collection status and the ability to produce statutory reports as a result of the cyber-attack and the pandemic impact, including what the recovery plan is, the Chief Executive advised that the AMT will bring a summary to a future meeting.

Action: Agency Management Team

In response to a query around the impact the restrictions, due to the pandemic and cyber-attack, have had on the environment over the last 12-16 months, the Chief Executive advised that it is of better value to the environment to focus resources on establishing the current status of environment areas and what remedial action is required.

The Board agreed that the Board comments would be considered and approved the 2021-22 Annual Operating Plan.

12 IS approach (Presentation)

David Pirie provided the Board with a verbal update on the IS approach with Paul Cairns, David Ross and Cat Cunningham in attendance. The presentation covered a quick recap on the three-stage plan (stage 3 begins on 1 July 2021), the future vision for IS Services, the design principles and approach, the next steps and the opportunities and challenges (including the creation of IS Champions to support their colleagues and the organisation both in the adoption of new tools and a completely new way of working).

The Board commented on the excellent, very clear presentation.

In response a question about the importance of keeping the Champions grounded and in involving staff that know the areas within the organisation that have issues and require improvements, Ian Buchanan confirmed that the transformation is service led and user led, and that there is and will continue to be significant, and continuous interaction between all members of staff and external customers.

In response to a question on ensuring appropriate interactions between the various Board Buddy groups and the Change Committee, David Pirie advised that Cat Cunningham (Head of Change) has a key and important role with the change adoption of IS services and will provide the linkage between the Board Buddy groups, the Change Committee and the IS Services transformation.

In response to a question on whether there are any plans to run a simulated cyber-attack to help mitigate the fear of another cyber-attack, David Pirie advised that there will be regular, simulations in the future once various reviews, implementation and training are completed.

In response to a question on how to tie up the Champions training with how staff view continuous training, David Pirie advised that the IS Champions will predominately be non-IS staff embedded in the business, and that there will be different training programmes for the IS staff including Microsoft's own training packages.

In response to a question on what impact a cloud-based system will have on the environment, David Pirie advised that there is a set of criteria for all IS procurement and that carbon and sustainability is part of that criteria. The cloud-based systems and model should help reduce our carbon emissions compared to our on-premise systems. Emissions may increase slightly during the transition before greatly reducing. David Ross advised that there is already a visible reduction following the virtualisation of most of the workstations.

The Chair requested that the Board are provided with regular progress updates on the IS Services transformational change.

Action: David Pirie

The Board recognised the herculean effort of Paul Cairns (Acting Head of Information Services) and the IS team over the last six months in dealing with the cyber-attack and asked Paul Cairns to be part of the regular updates to the Board in the future, as appropriate.

The Board noted the presentation.

The Board had a five-minute break.

13 COVID working rules (Presentation)

The Chief Executive introduced the item and Fiona Wyllie provided a verbal presentation on SEPA's Covid Decision Making Framework (DMF) to help the Board better understand the rules and thinking on how SEPA ensures its staff are working safely during the pandemic. She provided background on why the DMF was created, what it contains and the mechanisms in place to make it effective.

In response to a question regarding the interface between the Future Ways of Working Board Buddy group and the compliance and safety aspects of the Covid DMF, Fiona Wyllie advised that the link is via Fiona Mactaggart who is leading on the Future of Work, and is part of the Covid response team which feeds into the Covid DMF.

In response to a question around a sample person's journey to help understand what is the same pre-Covid and pre-cyber-attack and now, and what is different, Fiona Wyllie advised that this is quite complicated, and that with any activity that does not involve working from home an individual has to refer to the DMF to ensure that the specific safety, logistics and authorisations are all completed. The Chief Executive advised that a Unison representative always attends the AMT Committee meetings, and that it was recently agreed that re-opening of offices will be revisited in September/October 2021. There are several discussions and questions to be factored in with this coming back to the Board once more thinking and liaison with partners has been done.

The Board commented on the comprehensive presentation.

The Chair highlighted the importance of AMT looking at the form and shape that SEPA's working practices should take and encouraged the planning to involve a number of scenarios with varied restrictions in place so that the organisation can be ready for the 'new normal'.

In response to a question on whether there has been any thought on risk assessing when the organisation has a workforce that will contain a mixture of vaccinated and non-vaccinated staff, and the fact that staff are under no obligation to disclose if they have been vaccinated or not, Fiona Wyllie confirmed that the individual risk assessment is the Covid risk assessment from Scottish Government which has not yet been updated to take account of vaccinations. When, and if this changes, SEPA will follow the Scottish Government's lead.

The Board noted the presentation.

14 Action Note

The Clerk to the Board provided an update on the Action Note:

Action 96: The update is detailed in the action note. Ongoing.

Action 99: Following the disruption of the cyber-attack, this session will be held at the July 2021 Agency Board meeting. Ongoing.

Action 104: The update is detailed in the action note. Ongoing.

Action 105: The update is detailed in the action note. Ongoing.

Action 121: Regenerative SEPA is on the agenda for the meeting today, 29 June 2021, item 10. Proposed closed.

Action 124: This has been added to the Board planner. Ongoing.

Action 125: This has been added to the Board planner. Ongoing.

Action 126: The AOP is on the agenda for the meeting today, 29 June 2021, item 11. Proposed closed.

Actions: 96, 99, 104, 105, 124, 125, 128 and 129 are ongoing

Action 121, 126 and 127 are closed.

15 Any Other Business

Fran van Dijk highlighted an initiative called Boardroom 2030. The idea is to invite businesses and organisations to consider what Boardroom conversations could be like in 2030, thinking about several areas such as who is around the table, where is it taking place, what is on the agenda, what rules are being following, and how are decisions being made, working within the mindset that by 2030, businesses and organisations will have moved substantially to a sustainable and low carbon world. Any business or organisation is invited to host a session which are to take place between October and November 2021 ahead of COP26. Fran van Dijk agreed to share the link with the Board.

The Chair suggested that this be considered for the more flexible Board session on 8 September 2021.

Julie Hutchison asked that consideration be given to having 'farms', as the focus of a future Board session on, - their environment as a place and SEPA's interaction with them with a focus on climate change. The Chair asked the Chief Executive to consider this further.

Action: Chief Executive

16 Date and time of next meeting

The next meeting will be held on 26 October 2021 at 1.00pm virtually.

17 Board members only session