sepa
Scottish Environment Protection Agency
Buidheann Dìon Àrainneachd na h-Alba

For the future of our environment

Annual Report and Accounts

2024/25



Protect Improve Adapt Avoid Warn

SG/2025/254 Laid before the Scottish Parliament by the Cabinet Secretary for Climate Action and Energy in pursuance of Section 46 of the Environment Act 1995.

The Annual Report and Accounts 2024/25 are being laid before the Scottish Parliament by the Cabinet Secretary for Climate Action and Energy in pursuance of Section 22(5) of the Public Finance and Accountability (Scotland) Act 2000.

Contents

Foreword 4
- Facal-toisich 6

Performance report 9
- Performance overview 10
- Who we are and what we do 11
- Our plan on a page 12
- Performance summary 13
- Delivering for Scotland 2024/25–a year of progress 15
- Review of the year: 2024/25 17
- Our highlights 19
- Financial highlights 26
- Our key risks 30
- Performance analysis 34
- Sustainability 64
- National Performance Framework 67
- Sustainable Development Goals and how we live them 67

Accountability report 69
- Corporate governance report 71
- Directors' report 71
- Statement of Accountable Officer's responsibilities 72
- Governance statement 73
- Remuneration and staff report 82
- Parliamentary accountability report (subject to audit) 95
- Independent auditor's report to the members of the Scottish Environment Protection Agency, the Auditor General for Scotland and the Scottish Parliament 97

Annual accounts 103
- Table 26: Statement of comprehensive net expenditure for the year to 31 March 2025 104
- Table 27: Statement of financial position at 31 March 2025 105
- Table 28: Statement of cash flows for year to 31 March 2025 106
- Table 29: Statement of changes in taxpayers' equity for the year to 31 March 2025 107
- Table 30: Statement of changes in taxpayers' equity for the year to 31 March 2024 107
- Notes to the accounts 108
- Appendix 1 - Accounts direction by the Scottish Ministers 138

Foreword



Nicole Paterson
Chief Executive



Lisa Tennant
Chair

Throughout 2024/25, protecting and improving Scotland's environment has been the focus of our activities while driving improved health and well-being, and sustainable economic growth. Every day, our colleagues across Scotland work to protect the environment, regulating those causing environmental harm, and warning and advising against flooding and flood risk.

Last year was significant for us at the Agency. With Government priorities in mind, we set out on a multi-year journey to reset, repositioning ourselves to meet future challenges and setting out our intentions in our new three-year Corporate Plan with five strategic priorities. Our Annual Operating Plan 2024/25 detailed where we would focus our activities to play our lead role in safeguarding Scotland's environment. Building on strong foundations, we set out to deliver meaningful change with ambition, confidence and collaboration.

With the impact that a changing climate of wetter winters and drier summers can have on the environment and communities, we led and delivered critical services for Scotland while also progressing innovative ideas to further support water resilience and our emergency response.

We upscaled our available drought information products and worked on a new messaging system to send alerts to water abstractors. We utilised the latest science and data on climate change, as well as feedback from accessibility testing, to unveil new comprehensive surface water flood maps. This marks a major step forward in helping communities and businesses understand the flood risk and impact in an area, ultimately helping protect lives and properties.

With charities, environment groups, river trusts, local authorities, government bodies and local communities we have worked on river restoration projects to create better environments for wildlife and people whilst mitigating the impacts of flooding. The River Leven Restoration Project in Fife is an excellent example of collaborative place-based working - communities, private and public sector working seamlessly together to deliver well-being, social and economic benefits.

As our teams continued to tackle non-compliance and environmental crime, a more integrated approach to energy efficiency and industrial decarbonisation has been a key focus as we developed our regulatory role. We piloted an outcome based and collaborative approach

to regulation in the Grangemouth industrial cluster to better support delivery of a just transition to net zero and facilitate innovation in ways that protect communities and the environment while supporting economic growth.

During 2024/25 we set out to enhance the customer experience, improve efficiency and provide more robust services. We introduced a new Customer Experience Hub enabling us to focus our resources where they are most needed while maintaining high-quality service. We combined the best of our experience and enthusiasm for our customers, with the benefits of technology to help manage workflows and prioritise efficiently.

Our people are our greatest asset in protecting the environment for future generations. We set out and delivered our People Strategy, embedding a future focused approach and enabling all our colleagues to deliver on their outcomes through our shared values: Purposeful, Professional and Passionate.

The Agency's strong leadership and dedication of teams is shown in our performance as we achieved 11 of our 12 measures, as set out in our Annual Operating Plan 2024/25. We delivered this within budget, and while operating in a challenging fiscal context, demonstrating real value for money for the public purse.

I am immensely proud of what the Agency has delivered for Scotland. The depth of professionalism and passion our teams have for protecting Scotland's environment is delivering every day for Scotland's communities. We will continue to lead this significant delivery for Scotland into 2025/26.

For the future of the environment.

Nicole Paterson

10 December 2025

Lisa Tennant

10 December 2025

Facal-toisich



Nicole Paterson
Ceannard



Lisa Tennant
Cathraiche

Tron bhliadhna 2024/25, tha dìon agus leasachadh àrainneachd na h-Alba air a bhith aig cridhe ar n-obrach agus sinn, aig an aon àm, a' brosnachadh slàinte is sunnd nas fheàrr, agus fàs eaconamach a tha seasmhach. Gach latha, bidh ar co-obraichean air feadh na h-Alba a' dìon na h-àrainneachd, a' riaghladh an fheadhainn a nì cron air an àrainneachd, agus a' toirt rabhadh agus comhairle mu thuiltean agus cunnart bho thuiltean.

B' i bliadhna mhòr a bh' againn aig a' Bhuidhinn an-uiridh. Le aire air prìomhachasan an Riaghaltais, thòisich sinn air turas ath-eagrachaidh ioma-bhliadhnail, gar n-uidheamachadh fhèin gus coinneachadh ri dùbhlain san àm ri teachd agus gus ar rùintean a mhìneachadh anns a' Phlana Chorporra trì-bliadhna ùr againn le còig prìomhachasan ro-innleachdail. Dh'innis ar Plana Obrachaidh Bliadhnail 2024/25 càite an cuimsicheadh sinn ar n-obair gus ar prìomh dhleastanas a choileanadh ann a bhith a' stiùireadh dìon àrainneachd na h-Alba. A' togail air bunait làidir, chuir sinn romhainn atharrachadh brìoghmhor a thoirt gu buil le àrd-amas, misneachd agus co-obrachadh.

Le coltas gun toir atharrachadh gnàth-thìde le geamhraidhean nas fliucha agus samhraidhean nas tiorama buaidh air an àrainneachd agus air coimhearsnachdan, stiùir agus lìbhrig sinn seirbheisean deatamach do mhuinntir na h-Alba, agus aig an aon àm chuir sinn air adhart beachdan innleachdach gus barrachd taice a thoirt do dh'fhoghainteachd a thaobh uisge agus ar freagairt ri èiginn. Chuir sinn ris an fhiosrachadh a bhios sinn a' sgaoileadh mu mhòr-thiormachd agus dh'obraich sinn air siostam teachdaireachd ùr gus rabhaidhean a chuir gu luchd-tarraing uisge. Chleachd sinn an saidheans agus an dàta as ùire air atharrachadh gnàth-thìde, cho math ri fios-air-ais bho dheuchainnean ruigsinneachd, gus mapaichean ùra coileanta de thuiltean uisge uachdarach fhoillseachadh. Tha seo na cheum mòr air adhart ann a bhith a' cuideachadh choimhearsnachdan agus ghnìomhachasan gus cunnart agus buaidh thuiltean ann an sgìre a thuigsinn, rud a chuidicheas le bhith a' dìon beatha agus thogalaichean.

Còmhla ri buidhnean carthannais is àrainneachd, urrasan aibhne, ùghdarrasan ionadail, buidhnean riaghaltais agus coimhearsnachdan ionadail, dh'obraich sinn air pròiseactan ath-nuadhachadh aibhne gus àrainnean nas fheàrr a chruthachadh airson fiadh-bheatha agus daoine, agus buaidh thuiltean a lughdachadh. Tha Pròiseact Ath-

nuadhachaidh Abhainn Lìobhann ann am Fìobha na eisimpleir air leth math de cho-obrachadh stèidhichte air àite – coimhearsnachdan, an roinn phrìobhaideach agus phoblach ag obair còmhla gu rèidh gus buannachdan sunnd, sòisealta agus eaconamach a lìbhrigeadh.

Mar a bha na sgiobaidhean againn a' dèiligeadh ri neo-ghèilleadh agus eucoir àrainneachdail, chuimsich sinn air dòigh-obrach nas aonaichte a thaobh èifeachdas lùtha agus dì-charbonachadh gnìomhachais fhad 's a bha sinn a' leasachadh ar dreuchd riaghlaidh. Rinn sinn deuchainn air dòigh-obrach cho-obrachail stèidhichte air toraidhean a thaobh riaghladh ann an cruinneachadh gnìomhachais Grangemouth gus taic nas fheàrr a thoirt do ghluasad cothromach gu neoni lom agus gus innleachdas a dhèanamh nas fhasa ann an dòighean a dhìonas coimhearsnachdan agus an àrainneachd agus, aig an aon àm, a chuidicheas fàs eaconamach.

Rè 2024/25 chuir sinn romhainn piseach a thoirt air eòlas an luchd-cleachdaidh, èifeachdas a leasachadh agus seirbheisean nas làidire a thoirt seachad. Stèidhich sinn Ionad Eòlas Luchd-cleachdaidh ùr gus an urrainn dhuinn ar goireasan a chuimseachadh far a bheil am feum as motha orra agus sàr sheirbheis a chumail suas. Chuir sinn teicneòlas gu feum an lùib ar n-eòlais fhèin agus an dealas a th' againn airson ar luchd-cleachdaidh, gus cuideachadh le sruthan-obrach a riaghladh agus prìomhachadh gu h-èifeachdach.

Is e ar daoine a' mhaoin as prìseil a th' againn ann a bhith a' dìon na h-àrainneachd do ghinealaichean ri teachd. Chuir sinn an cèill agus lìbhrig sinn ar Ro-innleachd Dhaoine, a' daingneachadh dòigh-obrach a tha ag amas air an àm ri teachd agus a' comasachadh ar co-obraichean gus coileanadh tro na luachan co-roinnte againn: Amasach, Proifeasanta agus Dìoghrasach.

Tha ceannardas làidir na Buidhne agus dealas nan sgiobaidhean ri fhaicinn nar coileanadh leis gun do shoirbhich sinn le 11 de na 12 ceuman againn, mar a chithear nar Plana Obrachaidh Bliadhnail 2024/25. Rinn sinn seo a rèir a' bhuidseit, agus a dh'aindeoin co-theacsa ionmhais dùbhlanach, a' nochdadh fìor luach an airgid airson sporan a' phobaill.

Tha mi air leth moiteil às na tha a' Bhuidheann air lìbhrigeadh airson na h-Alba. Tha sàr phroifeiseantachd agus dìoghras ar sgiobaidhean airson àrainneachd na h-Alba a dhìon a' lìbhrigeadh a h-uile latha airson coimhearsnachdan na h-Alba. Cumaidh sinn oirnn leis a' choileanadh chudromach seo airson na h-Alba rè 2025/26.

Air sgàth na h-àrainneachd san àm ri teachd.

Nicole Paterson

10 December 2025

Lisa Tennant

10 December 2025



Performance report

Performance overview

The performance report is divided into two sections: performance overview and performance analysis.

In the performance overview section of this report, we explain who we are and what we do. We provide a summary of our performance, explaining the story of 2024/25 and our key highlights, risks and challenges.

In the performance analysis section, we provide more detail on our performance against the measures and budget set out in our Annual Operating Plan 2024/25, our sustainability and the National Performance Framework.



Who we are and what we do

We are the Scottish Environment Protection Agency (SEPA), Scotland's principal environmental regulator.

We are a non-departmental public body and independent advisor on the environment, with approximately 1,250 people working at locations across Scotland. We are accountable to Scottish Ministers and the Scottish Parliament.

We have an Agency Board (the Board), two committees and a Corporate Leadership Team (CLT). The Chief Executive is an executive member of the Board with the role of adviser and is accountable to the Board. The CLT is responsible for the delivery of SEPA's services, including the implementation of the high-level strategy of the organisation as set by the Board. The CLT reports directly to the Chief Executive, who is also the Accountable Officer for SEPA.

We are directed by the Programme for Government, Scottish Government priorities and policies, and the National Planning Framework. Our work is also guided by our contributions to delivering key national strategies.

Our Corporate Plan sets out our strategic priorities across five themes and our Annual Operating Plan details where we will focus our work.



Our plan on a page

Our purpose

To protect and improve the environment in ways that, as far as possible, also create health and well-being benefits and sustainable economic growth.

Our values

Purposeful
Professional
Passionate

Our priorities

- Net zero
- Climate resilience
- Water environment
- Resource efficiency
- Business environmental performance
- Our organisation

Our 2024/25 Areas of Focus

- Outcome based and collaborative approach to regulation
- Industrial decarbonisation
- Net zero route map
- Flooding approach, systems and products
- Integrated and simplified authorisation framework
- Surface water flood hazard maps
- Drought information products
- Drought adaptation
- River restoration
- Sea lice regulatory framework
- E-DNA and chemical screening methodology
- Extended producer responsibility reforms
- Digital waste tracking
- Environmental crime
- Environmental performance assessment scheme

Our portfolios

- Governance, Performance & Engagement
- Finance, Modernisation & Digital
- People, Workspaces & Development
- Data, Evidence & Innovation
- Regulation, Business & Environment

Performance summary

2024/25 was the first year of our Corporate Plan for 2024/27. Our Annual Operating Plan 2024/25 set out the following delivery priorities across the key areas of our work. Our performance is summarised below with further detail included in the performance analysis section (page 34 onwards).

Table 1: Performance summary 2024/25

	Priority	Measure	2024/25 performance	Status
1.	**Net zero**	Annual greenhouse gas emissions in the Scottish Pollutant Release Inventory - Reducing	13.5% reduction	Achieved
2.	**Net zero**	Annual reports of greenhouse gas emission by SEPA - Reducing	0.09% increase	Not achieved
3.	**Climate resilience**	Number of flood warnings and alerts issued by SEPA - Maintaining	662 flood warnings and alerts issued	Achieved
4.	**Climate resilience**	Proportion of developments approved in accordance with SEPA's advice on flood risk – Maintaining	98.4% resolved	Achieved
5.	**Water environment**	Classification of water bodies across Scotland - Increasing	Increase to 67.9% from 67.1% in 2022	Achieved
6.	**Resource efficiency**	Rates of waste to landfill in annual Scottish household waste data - Reducing	14.8% reduction of household landfilled waste	Achieved
7.	**Business environmental performance**	Number of successful interventions per year – Increasing	Approximately 92% increase from previous year	Achieved

Table 1: Performance summary 2024/25

	Priority	Measure	2024/25 performance	Status
8.	Our organisation	Percentage of customer complaints responded to within statutory timescales – Maintaining	89.5% against 85% target	Achieved
9.	Our organisation	Number of vehicles in our fleet to electric and enhancing our EV charger facilities - Increasing	25 electric vehicles from 22 baseline	Achieved
10.	Our organisation	Percentage of Freedom of Information (FOI) requests and Environmental Information Requests (EIRs) responded to within statutory timescales - Increasing	94.8% against 90% target	Achieved
11.	Our organisation	Percentage efficiency savings – Maintaining	5.6% against 3% target	Achieved
12.	Our organisation	Percentage of invoices paid within 10 days – Maintaining	90.65% against 90% target	Achieved

We are proud to play our part in team Scotland, working together to make a difference. Measures one, five and six are national outcomes for Scotland and we play a contributing role.

The trajectory of measure four has been changed to maintaining. It was previously set to increasing against a performance of 99% in 2023/24 in error.

Delivering for Scotland 2024/25 - a year of progress

Net Zero: In April 2024, we launched our Net Zero SEPA Routemap, setting our ambition to reduce our own greenhouse gas emissions to net zero by 2035 and outlining the actions we will take over the next two years.

- 13.5% decrease in greenhouse gas emissions in 2023 Scottish Pollutant Release Inventory (SPRI) data.
- 30% reduction in our private vehicle emissions

Climate resilience: We understand the devastating impacts flooding can have on people, communities, the environment and the economy. We used an innovative map-based platform to engage on spatial data and gathered evidence from the people of Scotland to review the Potentially Vulnerable Areas (PVAs) and Local Plan Districts for the next cycle of flood risk management planning. We published the revised PVAs in December 2024. The Local Plan Districts were unchanged and can be viewed on our website.

- Flooding advice given on 1,478 planning applications
- 25 water scarcity reports issued
- Issued: 289 flood alerts, 370 flood warnings and 3 severe flood warnings

Water environment: We worked on 44 river restoration projects to create better environments for wildlife and people and mitigate the impacts of flooding. On the River Leven in Fife, in partnership with Fife Council and Fife Coast and Countryside Trust, two barriers to fish migration were removed opening up 165km of the catchment to migratory fish. The work is contributing to the River Leven meeting its objectives under the River Basin Management Plan for Scotland.

- 86% of Scotland's water environment is good or better condition for water quality
- Reopened 170km to migratory fish
- £4.4 million of river restoration work funded through the Water Environment Fund

Resource efficiency: In 2024/25, our teams worked to support the development and introduction of a Digital Waste Tracking Service. This service aims to make it easier for service users to comply with waste regulations, make it harder for criminals to move waste under the radar, and make it easier for us to target our regulatory efforts and our partners to identify circular economy opportunities.

14.8% reduction of household waste landfilled

7 fixed monetary penalties issued

Business environmental performance: The new statutory Code of Practice for Materials Facilities (recyclate bulking and sorting facilities) required the Agency to change the way we regulate this area. The new Code sets out more extensive sampling and reporting requirements for operators, that will align with the introduction of a packaging extended producer responsibility system. During 2024/25, we produced extra guidance to help operators comply. As part of the implementation, we reviewed and are consulting on a revised charging scheme, based on our revised regulatory approach.

92% increase in interventions used to tackle environmental crime

104 illegal sites closed

Our organisation and transformation: We published more public register records in relation to authorisations for waste, water and all industrial activities, delivering improved digital services and making high quality environmental data and insights available and accessible to everyone.

94.8% response rate for Freedom of Information and Environmental Information requests

5.6% efficiency savings delivered

Review of the year: 2024/25

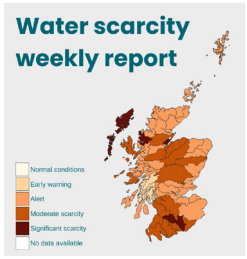
April 2024

We launched our new Annual Operating Plan for 2024/25 which set out what colleagues across SEPA would deliver in the year. These values unite us as a connected community, allowing us to work together towards a shared vision and purpose.



May 2024

We issued the first water scarcity report of the season with early warnings in place for the Northwest Highlands and Inner Hebrides. Water Scarcity reports are published until September to provide vital information on Scotland's water resources.



June 2024

Our Aberdeen laboratory was reaccredited as ISO 17025 following a lab redesign. This important work was completed in time for the 2024 bathing water season to allow SEPA to provide information to the public.

July 2024

Our digital application service was expanded to include the registration of new discharges from private sewage treatment systems (PSTS), like septic tanks.

August 2024

Working with UNISON, we developed a new domestic abuse and gender-based violence policy and comprehensive training. This aims to equip all colleagues with the necessary tools, knowledge and support to recognise and address these issues effectively, fostering a safe and inclusive work environment.

September 2024

We deployed wave buoys as part of our flood risk management capabilities. The data collected by the wave buoys improves our modelling systems and helps refine coastal flood forecasting. This means we can provide better information to the public and partners.



October 2024

SEPA led the development of a tool that identifies and analyses patterns and trends using inspection data as part of The Shipment of Waste Enforcement Actions Project (SWEAP).

November 2024

We launched our People Strategy, setting out our vision to enhance the people offering and align our behavioural expectations with our Values. The strategy will set out our commitments around key themes such as well-being, performance and career development.



December 2024

We completed our largest coastal survey programme for many years.



This included collecting samples to assess the seabed and seawater near 23 marine fish farms and collecting underwater imagery to help map marine features. This data will help to streamline application assessment and support compliance verification.

January 2025

We transitioned to a new service model in our Customer Hub.



This involved a transition to an automated out of hours service that directly links critical calls to our duty officers to provide the appropriate response and offers a wider range of communication options for customers who want to get in touch.

February 2025

We were recognised by the Scottish Parliament as a key partner in an award-winning project led by Falkirk Council to restore the former Kinneil Kerse landfill site.

The 375-acre site posed various environmental risks upon its closure, including pollution and harm to nearby water sources. We worked closely with partners as part of the £2.6 million restoration project to transform a potential hazard to a beautiful greenspace that now offsets 4.4 tonnes of carbon each year.



March 2025

SEPA launched a consultation on a new Environmental Performance Assessment Scheme. This will enable the environmental performance of different types of regulated activities to be accessible to the public at any point in time. It will support quicker action to address issues that pose an environmental risk on a continuous basis following compliance checks.



Net Zero

Our highlights: Net zero through restoration

The River Leven Restoration Project, funded by the Water Environment Fund, reached successful completion in October 2024. We worked with partners - Fife Council, Fife Coast and Countryside Trust and CBEC Eco - Engineering (who like us, all have net zero ambitions), carefully designing the project with a strong emphasis on minimising carbon impact and promoting environmental sustainability.

The procurement process we followed explicitly reflected our net zero priorities, and close collaboration ensured these ambitions were embedded throughout construction.

A key example of the project's low-carbon approach is the nature rock ramp installed at Kirkland Dam to enhance fish passage. This structure was designed without the use of concrete - known for its high carbon footprint - and constructed using locally sourced materials from within an eight-mile radius.

Beyond the restoration deliverables and net zero considerations, the project also delivered outcomes which go beyond the traditional expectations.

These include climate adaptations and biodiversity improvements through the creation of new habitats, reconnecting floodplain channels and wetland planting, and collaborating with partners to deliver active travel corridors along and across the river.

It was an honour for this project to host the launch of Scotland's 4th National Adaptation Plan (SNAP4) as a result of its exemplary vision, design and delivery.



Figure 1: Section of the River Leven following restoration.

Climate resilience

Our highlights: Groundbreaking Satellite Emergency Mapping Service

We formally launched the Satellite Emergency Mapping Service (SEMS) in September 2024 with partners from the UK Space Agency, Scottish Fire and Rescue Service, Police Scotland and the University of Stirling. This innovative service will revolutionise the way we protect people and communities across Scotland.

Utilising advanced satellite imaging technology, our service delivers real-time, high-resolution data and insights directly to emergency responders during environmental emergencies such as floods, landslides, wildfires, chemical or industrial incidents or oil spills. This vital information will enhance decision-making capabilities and enable faster, more efficient response efforts when disasters strike. This gives a significant boost to Scotland's resilience against natural and human-made disasters.

As a category one responder, we have a duty to carry out risk assessments and plan for emergencies, which this service will help with. We worked collaboratively with others across sectors to safeguard our environment, who will also benefit from the sharing of this information, making it a cost effective resource across Scotland.

We led this initiative, which will save lives, protect critical infrastructure, and mitigate environmental damages during emergencies. With environmental crises becoming more frequent due to climate change, SEMS will become an indispensable tool in Scotland's fight against these challenges.

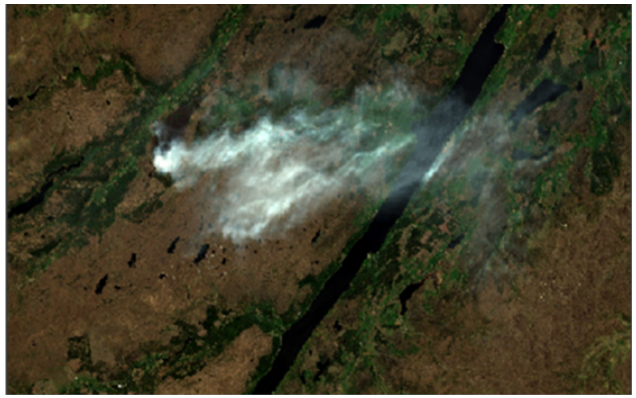


Figure 2: The image is from Copernicus Sentinel-2 and shows a smoke plume from a wildfire in the Scottish Highlands.

Climate resilience

Our highlights: Water resilience

Scotland's climate is changing and across the seasons, climate change is likely to bring more uncertainty. If dry conditions persist for a period of time, there becomes an urgency to act to protect the environment and water resources for critical activities that support our communities.

We have a key role to protect the water environment. We are responsible for the forecasting, monitoring and reporting of the situation facing Scotland's water resources and produce regular water scarcity reports between May and September each year.

Using the best available scientific evidence, and information provided to us by the communities of Scotland, we determine when to take action to restrict water abstractions. This year we used a new service to send messages about water scarcity to licenced abstractors.

In the National Water Scarcity Plan, we set out how we will work with water users (authorised abstractors and recreational users) and key organisations, such as Scottish Water, to manage water resources during periods of low rainfall. We must balance water use by licenced abstractors with protecting the water environment.

We issued our first water scarcity alerts of 2024, for the Firth of Forth and Firth of Tay areas, on 1 August. Working with other organisations, we raise awareness of potential impacts on key sectors and help them to take the right steps to deal with low water levels. We do this to protect water resources for critical activities that support Scotland's communities, reduce impacts on ecology, agriculture and industry.



Figure 3: An example of an advertisement from SEPA to agricultural abstractors to be aware of the risk of water scarcity.

Water environment

Our highlights: Improving our salmon population through hydropower

We worked in partnership with operators Drax and the Galloway Fisheries Trust to improve fish migration on the Galloway Hydro scheme as part of the Controlled Activities (Scotland) Regulations (CAR) licence review in the (Solway) Dee catchment. This work is helping to balance the benefits from renewable energy generation with protecting river ecology.

Following successful trials, increased water flow in the lower part of the catchment will now help Atlantic salmon make their vital journey upstream. This should help give this iconic, endangered species, the best possible chance of thriving in the Dee catchment.

Gillian Martin, Acting Cabinet Secretary for Net Zero and Energy, said:

"I welcome the collaborative approach taken by SEPA, Galloway Fisheries Trust and Drax to improve fish migration at the Galloway Hydro Scheme. This work will support the delivery of Scotland's third River Basin Management Plan and our Wild Salmon Strategy to build resilience in our water environment and to protect and restore populations of wild Atlantic salmon in Scotland."



Figure 4: Image shows our colleagues braving the rain on site.

This work is an example of the work outlined in our Corporate Plan to protect and improve our Water Environment. It contributes to our health and quality of life, supports a rich diversity of wildlife and is an important part of our economy. This work has been a collaborative effort across a range of teams.

Resource efficiency

Our highlights: National Litter and Flytipping Strategy

The National Litter and Flytipping Strategy sets out a refreshed approach to tackling litter and flytipping in Scotland. SEPA is leading on the delivery of two key projects looking at early interventions to deter and disrupt flytippers and improving the effectiveness of enforcement of flytipping offences.

Our digital interventions work identified between 50% to 60% of businesses advertising waste removal services on social media are breaking the law by operating without holding the required waste carrier registration – and people handing over their waste may be contributing to flytipping and other waste crime.

Working closely with partner agencies, this work has led to the removal of 28 social media profiles and their associated posts, protecting householders from inadvertently giving their waste and their money to criminals. We are also pursuing further overt communications with businesses and members of the public to disrupt and deter illegal activities.

We have also been trialling a partnership enforcement model for flytipping. In this model, local authorities take forward an initial investigation, before referring relevant cases to us to consider the potential for further enforcement action. Through this work, we have served six Variable Monetary Penalties on offenders in the past 12 months, totalling over £21,000 in penalties and over £6,200 in costs payable to SEPA. Around half of all local authorities have been engaged with the project so far.

Business environmental performance

Our highlights: Scotland's air quality

With the aim of having the best air quality in Europe, our work has helped Scotland meet its air quality objectives. We work in partnership with Scotland's local authorities to deliver measures which contribute to achieving air quality objectives, which are set to protect human health and the environment.

For the last reporting year, legal air quality objectives for air pollutants were met across the country. The number of Air Quality Management Areas (AQMA) in Scotland has reduced to 16 with a further seven revocations underway. An AQMA is an area identified by a local authority where the legal air quality requirements are not being met.

Scotland's four Low Emission Zones (LEZs) were introduced to reduce emissions of air pollution from older and more polluting vehicles. We have been key in supporting the delivery and performance assessment of the LEZs by providing detailed data collection, modelling and analysis. Part of the work we produced shows that the Glasgow LEZ has improved air quality and reduced personal exposure to air pollution across the city.

We supported clean air citizen scientists across Scotland. In our latest work, we worked with pupils and teachers from St Brendan's Primary and Muirhouse Primary in Motherwell, North Lanarkshire Council. Understanding the importance of clean air, in this collaborative project we raised awareness of local air quality and supported safer streets, active travel and anti-idling initiatives around the school gates. We helped young children proactively lead change in their communities.

Meeting the legal air quality objectives means Scotland's environment and communities are breathing cleaner air, being protected from harm and we are improving the environment for future generations.



Figure 5: The image shows SEPA's Clean Air Citizen Science project with North Lanarkshire Council. Photo credit to North Lanarkshire Council.

Our organisation, transformation and people

Our highlights: Our passionately purposeful people

All of our people have a genuine commitment to safeguard and enhance our precious environment. Through our People Strategy we support people to be their best and make the biggest impact. We are pleased that this has been recognised externally with colleagues receiving the following accolades.

Our Finance, Modernisation and Digital colleagues were shortlisted for two categories at the Scottish Chief Financial Officer Awards.

We are delighted that Angela Milloy, our Chief Officer; Finance, Modernisation and Digital won the award for Chief Financial Officer of a Not-for-profit Organisation.

We also won two awards at the 2025 eCase Freedom of Information (FOI) Awards by Scottish Information Commissioner, David Hamilton. The awards celebrate the best FOI practice from across the UK public sector.

Our Senior Information Officer Alicia Jones was a joint winner for Practitioner of the Year, and the Access to Information team were also presented with a Highly Commended award in the Team of the Year category. This was awarded for embodying and embedding the values of openness and transparency, by significantly improving service or delivering an exemplary service.

The awards and recognition are testament to our hard-working people, supporting the Agency as we focus on organisational sustainability, providing best value as a public body and maintaining our statutory performance in challenging times.

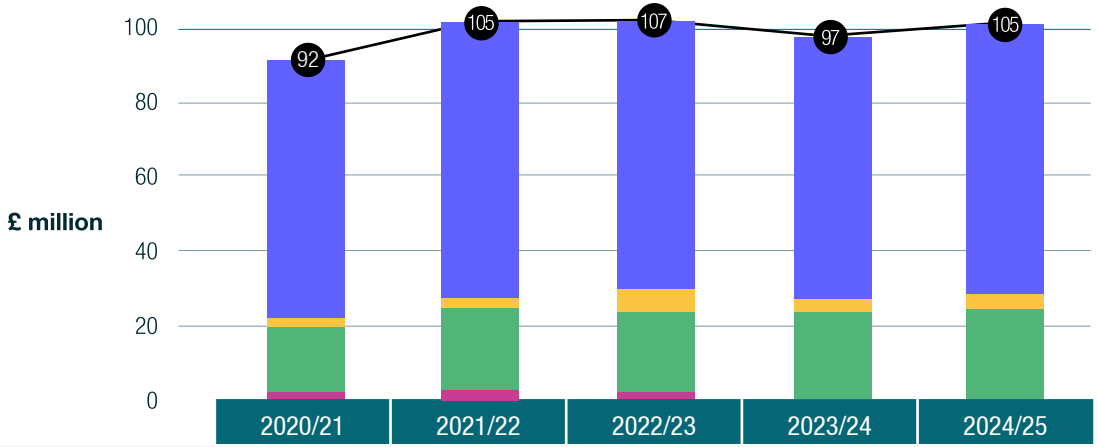


Figure 6: Access to Information team accept an award from the Scottish Information Commissioner. Credit: eCase.

Financial highlights

Review of financial performance and funding

The statement of comprehensive net expenditure (see table 26 on page 104) of the audited financial statements shows total gross expenditure for the year ended 31 March 2025 was £105 million (m) (prior year 97m). Figure 7 provides more information on the make-up of our total gross expenditure.



	2020/21	2021/22	2022/23	2023/24	2024/25
Staff costs	69	77	78	69	73
Depreciation/disposals	3	3	6	5	6
Other operating costs	17	21	20	23	26
Financing costs	3	4	3	0	0
Total expenditure	**92**	**105**	**107**	**97**	**105**

Figure 7: Graph depicting SEPA's gross expenditure

Expenditure

Staff costs amounted to £73.1 million (prior year: £69.2 million), comprising 70% of gross expenditure (see note 4: staff costs on page 117). These totals include year-end pension cost adjustments as estimated by the actuary, Hymans Robertson. The increase in staff costs is primarily attributable to pay inflation and strategic investments in a voluntary severance scheme intended to support organisational transformation and achieve future recurring savings. These factors were partially offset by a reduction in employer pension contributions.

Other operating costs of £25.7m (prior year £22.6m) accounted for 25% of our gross expenditure (see note 5: other reporting charges on page 118), includes expenditure incurred in the running and maintenance of our systems and estate as well as our investment in key environmental projects and initiatives. The increase in 2024/25 is primarily due to the ongoing review of services as part of ongoing business transformation. Additionally, there are increased partnership contribution payments, licence costs, property maintenance expenses, and electricity charges.

Depreciation and impairment costs totalled £6.1m, up from £5.2m the previous year (see note 9: non-current assets on pages 119-121). This includes the annual depreciation cost of £6m (prior year £5.2m) and impairments of £0.1m.

Financing costs (see note 7 on page 118) includes interest on leases, which amounted to £0.1m (prior year £0.1m).

Investment in strategic objectives

Investing in our strategic objectives ensures we deliver on our statutory purpose to protect and improve the environment in ways that, as far as possible, also contribute to improving health and well-being and achieving sustainable economic growth.

Figure 8 shows how the gross expenditure incurred in year was invested in the five strategic priorities outlined in our Corporate Plan 2024/27.

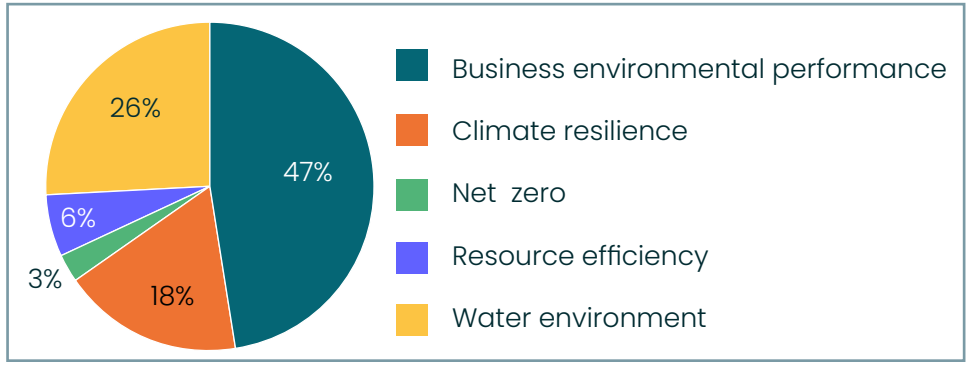
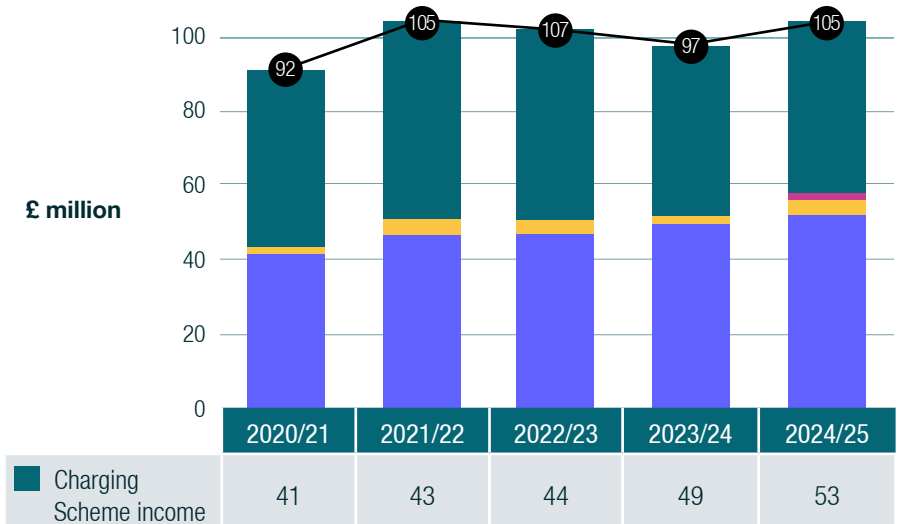


Figure 8: Graph depicting the make-up of our gross revenue spend by objective

Our funding

Of our total funding, £55.4m (previously £51.4m) came from fees and charges, while £1.2m (£0.3m prior year) was from Finance income - including a £1m pension scheme return (£0.1m last year) and £0.2m (£0.2m prior year) was earned as bank interest.

The balance of £48.4m (prior year £45.5m) was funded by Scottish Government. As this is considered financing rather than income, it is not included in the statement of comprehensive net expenditure (see table 26 on page 104). Figure 9 provides information on the source of our funding over the last 5 years.



	2020/21	2021/22	2022/23	2023/24	2024/25
Charging Scheme income	41	43	44	49	53
Finance income	0	0	0	0	1
Other income	3	5	5	3	3
Scottish Government funding	41	57	58	45	48
Total funding	**92**	**105**	**107**	**97**	**105**

Figure 9: Graph depicting the source of our funding

We received £53m income (prior year £48.9m) from our charging regimes to recover the relevant costs of our regulatory activities. Following a review of Transfrontier Shipment of Waste and Reservoirs, charges were increased. The increase of £4.1m from 2023/24 to 2024/25 includes these changes as well as an annual increase of 8.86% (£3.9m), which was applied to most schemes to recover increased costs driven by inflationary pressures.

Other income received was £2.4m (prior year £2.5m). This was mainly derived from grants and recharges (see note 2: income from contracts and note 3: other income on page 116).

Finance income was £1.2m (prior year £0.3m). This includes the net return on pension scheme assets of £1m (prior year £0.1m) as provided by Hymans Robertson, along with bank interest received of £0.2m (prior year £0.2m).

Scottish Government funding increased to £48.4 million from £45.5 million in the previous year. The primary drivers for this rise were pay pressures, river basin management planning, higher depreciation and impairment costs, as well as year-end adjustments related to pensions and provisions.

Statement of financial position

The statement of financial position (see table 27 on page 105) shows net assets of £29.3m as of 31 March 2025, down from £48.9m at 31 March 2024. This reduction is mainly due to a change in the estimated pension scheme valuation, from a £21.5m surplus in March 2024 to £0 in March 2025 (see note 17: IAS 19 - pension and asset liabilities on page 131).

In year we received £5.5m in capital funds from the Scottish Government; we invested this in our assets. Spend covered digital transformation, the upgrade of our hydrometric network, the purchase of two gas chromatographers, the continuation of SEPA's transition to a zero emission fleet by 2030 with the addition of more electric vehicles and the replacement of end-of-life plant and equipment (see note 9: non-current assets on pages 119-121).

Our key risks

To ensure we successfully achieve our Corporate Plan objectives, it is important we consider and mitigate the risks and challenges to the effective delivery of our key services.

In 2024/25, SEPA undertook a strategic review of its risk management approach to ensure it remains fit for purpose in a dynamic and evolving operating environment. This review led to the development of a refreshed framework grounded in a set of guiding principles and supported by a dual-register system:

- **Operational Risk Registers:** Maintained at service level to manage day-to-day risks.
- **Principal Risk Register:** Captures strategic-level risks and is owned by the Corporate Leadership Team and Chief Executive.

Risk management is being embedded across the organisation through quarterly reviews, scenario planning, and integration into business planning and performance reporting. We also conduct regular horizon scanning to identify emerging threats and opportunities. This approach ensures that risk is managed proactively and also used as a tool for strategic decision-making.

A key enhancement was the articulation of our **risk appetite** - the level and type of risk SEPA is willing to accept in pursuit of its objectives. These appetite statements are aligned to each principal risk and guide our response strategies and resource allocation.

More information on our approach to risk management is contained in our governance statement (page 73).

Planned improvements

Looking ahead, SEPA will continue to mature its risk management approach through the following actions:

- **Embed risk management** into strategic-level planning and decision-making.
- **Develop a digital risk dashboard** to enhance visibility and reporting capability.
- **Strengthen risk culture** through training, leadership engagement and clearer accountability.
- **Refine escalation protocols** to ensure timely and proportionate responses to emerging risks.

The key risks below are grouped by category and reflect the risks that have been defined in our principal risk register, which is owned and managed by members of our Corporate Leadership Team and the Chief Executive Officer.

Table 2: Key risks identified

Risk category	Description	Risk appetite	Mitigation	Planned improvements
Strategy	In the continually changing social and political landscape, it is important that our strategic direction is focused on our statutory duties and where we can make a measurable difference.	Open	Early engagement with Scottish Government; scenario planning; regular policy horizon scanning.	Multi-year transformation programme; and future focused strategies and frameworks for data, evidence, planning and performance.
Policy and legal	Our ability to comply with the full scope of regulation, legislation and law across areas like health and safety and the environment remains a challenge.	Cautious	Policy, procedures and training; risk-based prioritisation of working sites; and engagement with the Scottish Government.	Improvements to policy, procedures, training and reporting tools.
Financial	Public sector reform, new duties or changes in scope to existing duties without adequate additional funding, can have an adverse effect on SEPA's operations and delivery of strategic outcomes and objectives.	Open	Planning and budgeting alignment; prioritisation; liaison with Scottish Government.	Adjustment of financial planning in response to changes in duties and powers.

Risk category	Description	Risk appetite	Mitigation	Planned improvements
Cyber and data	Cyber-attacks are increasing in sophistication, reach and impact, regularly targeting high profile businesses and government organisations. Cyber-attacks can result in data loss, disclosure of sensitive information, system failure and an increased risk of repeat attacks.	Cautious	Incident response plans; mandatory training; policy and procedures.	Continuous review and improvement of cyber plans; policies; procedures and training.
People	Our ability to recruit and retain the best talent requires us to have an effective recruitment strategy, career development opportunities and an attractive total reward package. This, as well as an ageing workforce and skills shortages at a national level, creates the potential for low colleague morale and high turnover rates.	Open	We have a fair, transparent and consistent selection and promotion process. We conduct regular benchmarking exercises and reviews of market conditions alongside annual pay review negotiations and agreements to ensure that we are consistently offering the market rates, benefits and development opportunities for new and current employees.	Our new People Strategy includes long-term objectives and measures that will help us to continually improve our knowledge of the skills and requirements of the organisation. We will introduce talent mapping, skills gap analysis, capacity analysis and talent planning as well as other tools for developing skills within the organisation.

Risk category	Description	Risk appetite	Mitigation	Planned improvements
Operational	Innovative developments in regulated industry could outpace SEPA's ability to adapt to the changing environment.	Open	We currently monitor and track workload to ensure we have the skills and capacity required to deliver our annual operating strategy and budget which outlines delivery on operational objectives and how this will be delivered. Horizon scanning is utilised to give early warning of innovative developments.	Establish and operate a strategic investment posture for resources and capital across SEPA.



Performance analysis

In this section, we provide more detail on our performance against the measures and budget set out in our Annual Operating Plan 2024/25, sustainability and the National Performance Framework.

Net zero

With our precious environment under threat from the global climate emergency, as Scotland's environmental regulator we are requiring and encouraging businesses to reduce their impacts. In response to the global climate emergency, the Scottish Government set out a pathway to meet Scotland's ambitious emissions reduction targets over the period to 2032 (as progress towards a net zero target in 2045). Meeting these targets will require a collective effort from all sectors.

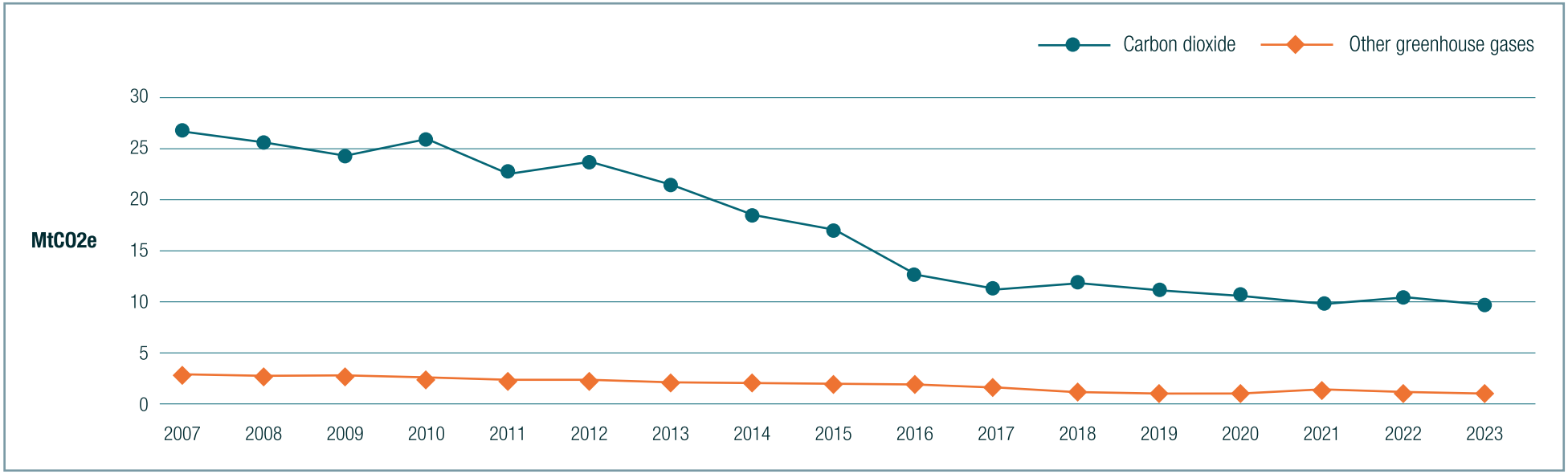
Measure one

Achieved

Our plan was to:	Reduce annual greenhouse gas emissions in the Scottish Pollutant Release Inventory (SPRI).
What we achieved:	We published the 2023 SPRI data in September 2024. The data shows that the global warming potential of greenhouse gas emissions from SEPA-regulated industrial sites, decreased by 13.5% between 2022 and 2023. This equates to 1.51 megatonnes CO2e (carbon dioxide equivalent).

The energy sector remains the highest emitter in Scotland's industrial data inventory, accounting for 40.0% of the overall greenhouse gas emissions. The sector reported a 22.9% decrease in greenhouse gas emissions in 2023. Information reported by some operators of major emitters indicated that changes in production this year contributed to the reduction in emissions. Given this is a single year of data, it would not be appropriate to draw firm conclusions from the decrease seen in 2023, however there continues to be a long-term downward trend overall as shown in Figure 10.

Figure 10: Global warming potential of greenhouse gases reported to SPRI since 2007 (MtCO2e)



Measure two

Not achieved

Our plan was to:	Reduce annual reports of greenhouse gas emission by SEPA.
What we achieved:	Direct emissions for 2024/25 are 1,743.6 tCO2e, a small increase from our emissions in our baseline year of 2022/23 when they were 1,742 tCO2e. We recognise that more can be done, and we are looking to make significant achievements in the next year through our Workspaces Strategy, our Strategic Approach to Fleet and ongoing optimisation of shared value from our survey vessel, the Sir John Murray (SJM).

We have seen a significant reduction in emissions from our workspaces (-104.2 tCO2e) from last year; however, this has been offset by an increase in emissions in those categorised as travel (128.5 tCO2e). Marine fuel is a significant source of emissions, and the increase in our travel emissions is solely attributable to a large increase in use of our survey vessel, the SJM. The SJM has returned to operational capacity, carrying out vital work in collecting environmental monitoring data and supporting marine regulation, and has also travelled for refurbishment. This has increased emissions from 44.97 tCO2e in 2023/24 by almost four times to 217.7 tCO2e in 2024/25. We have recently entered into a sharing agreement with Marine Scotland to optimise the shared value from the vessel. If we exclude the SJM emissions, we have seen a -44.22 tCO2e reduction in travel emissions from last year, an over 11% reduction in overall travel emissions from our 2022/23 baseline.

Emissions from workspaces includes both SEPA buildings as well as emissions from colleagues working from home as this is required by the Scottish Government. We use a greenhouse gas (GHG) conversion rate for actual gas and electricity used in SEPA offices. We use a standard per full time equivalent (FTE) conversion rate based on typical domestic home for GHG emissions. Overall, workplaces emissions have declined by 12.8% compared to our 2022/23 baseline. We have decreased the size of our estate as we optimise it for hybrid working. Coupled with this, more people are working from an office than in the time post pandemic. As a result, we have seen a significant drop in home emissions as colleagues return to optimised offices/ workspaces, and this is only partially offset by a small increase in building emissions from electricity and gas use.

We are likely to see further workspace emission reductions as we implement our Workspaces Strategy. This includes implementing our strategic direction to move away from leasing and owning buildings to co-locating, such as exiting our leases in Arbroath and Stornoway to co-locate with Social Security Scotland in Dundee and Comhairle nan Eilean Siar in Stornoway, enabling opportunities for shared services and collaborating with key stakeholders and partners.

Emissions associated with our grey fleet (private vehicles) have reduced by almost 30% against our baseline. This is a significant shift and indicates positive behaviour change by staff as we encourage pool fleet vehicles to be used over private vehicles. These reductions are expected to grow as we increase the number of electric vehicles in our pool car fleet and implement our new Strategic Approach to Our Fleet.

Climate resilience

As our climate changes, flooding and water scarcity are becoming frequent natural hazards in Scotland. The impacts from flooding and water scarcity can be devastating. They can affect people, communities, activities such as disruption of travel, the natural and built environment and our economy.

Measure three

Achieved

Our plan was to:	Maintain the number of flood warnings and alerts issued by SEPA.
What we achieved:	During 2024/25, a total of 289 regional flood alerts, 370 local flood warnings and three severe flood warnings were issued. This is above the average activity over the last 14 years (244 alerts, 342 warnings, two severe flood warnings). There were periods of disruption throughout the year due to the weather, such as coastal flooding during Storm Kathleen in April 2024, and the severe flooding in northern and central Scotland during the preparations for Hogmanay, which affected the Spey Valley, the Great Glen and the River Tay and River Forth catchments. However, during quarter four of 2024/25, a total of 30 flood alerts and 60 flood warnings were issued. This was the lowest number for the period January-March since 2012/13. It reflects that the period has been dry for most of Scotland as highlighted in the April 2025 water scarcity report. Together, above average flooding coupled with periods of water scarcity is a further indication of the impacts of a changing climate on Scotland's environment.

As part of our response, and working with the Met Office, we issue a daily flood guidance statement to more than 900 responders to make sure that communities across Scotland are able to prepare and take action sooner to protect themselves from flooding. Ahead of flooding periods, we issue regional flood alerts and local flood warnings to inform the public. We operate a network of rainfall, river and coastal water level gauges. These feed into our real-time forecasting models, along with meteorological forecasts. A dedicated communication system issues the flood guidance statements, alerts and warnings.

During 2024/25, we issued all daily flood guidance statements on time, exceeding both targets.

Table 3: Key Performance Indicator (KPI) 02

KPI 02	Baseline	Target	2024/25 result
Percentage of daily Flood Guidance Statements and Scottish Flood Forecasts issued on time.	2023/24 **84%** by 10:30 a.m **98%** by 11:00 a.m	Maintain at 2024 baseline or above.	Achieved **88%** by 10:30 a.m **100%** by 11:00 a.m

Measure four

Achieved

Our plan was to:	Maintain the proportion of developments approved in accordance with SEPA's advice on flood risk.
What we achieved:	We also deliver flood risk advice, evidence and guidance for the land use planning system, to ensure new developments can avoid flood risk and help existing communities and services become more resilient to flooding. We take a proportionate, risk-based approach to focus our site-specific advice to the highest risk places and work with partner authorities to support the implementation of National Planning Framework 4. We responded to 1478 consultations on 946 separate planning applications, when adjusting for cases spanning reporting periods, multiple applications at the same location and cases that had initial consultation, but were subsequently retracted at the end of the year when it was determined our advice was not required. 98.4% were resolved in line with SEPA's advice on flooding, which is a high rate of success but a slight reduction from 2023/24 of approximately 99%. As a result, 15 developments were approved against SEPA's advice, following notification to Scottish Ministers, an increase from 11 developments in 2023/24. Some of this variation is likely attributable to the policy shift that came with the introduction of National Planning Framework 4 (NPF4) in February 2023 bedding into the planning system.

Table 4: Number of consultations on flood risk advice per quarter in 2024/25

Consultations on flood risk advice	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2024/25 result
Number of consultations for flood risk advice from planning authorities responded to.	378	419	323	358	1478
Number of consultations that were new applications previously not advised on.	256	264	198	237	946
Number of applications approved to go ahead in flood risk areas against SEPA's advice during the same time period notified to Scottish Ministers.	2	5	3	5	15

During 2024/25, we increased our responses to planning consultations within time to 86% from the 2023/24 baseline of 70%.

Table 5: KPI 03

KPI 03	Baseline	Target	Q4 performance	2024/25 result
Percentage of responses to planning consultations within time.	70% within time cumulatively 2023/24.	Increase the percentage of consultations responded to within time.	94% of consultations responded to within time.	Achieved. The cumulative figure for the year is 86% of consultations responded to within time.

Water environment

Scotland is well known for the quality of its water environment – our beautiful rivers, lochs, wetlands and seas. Our water environment supports a rich diversity of wildlife and habitats. It plays an important part in our economy and brings with it physical activities and social interaction which can have a great impact on local communities, and health and well-being. Classification is the approach (based on EU and UK guidance) used to define the state of Scotland's water environment and is produced annually for all 3,652 water bodies in Scotland.

Measure five

Achieved

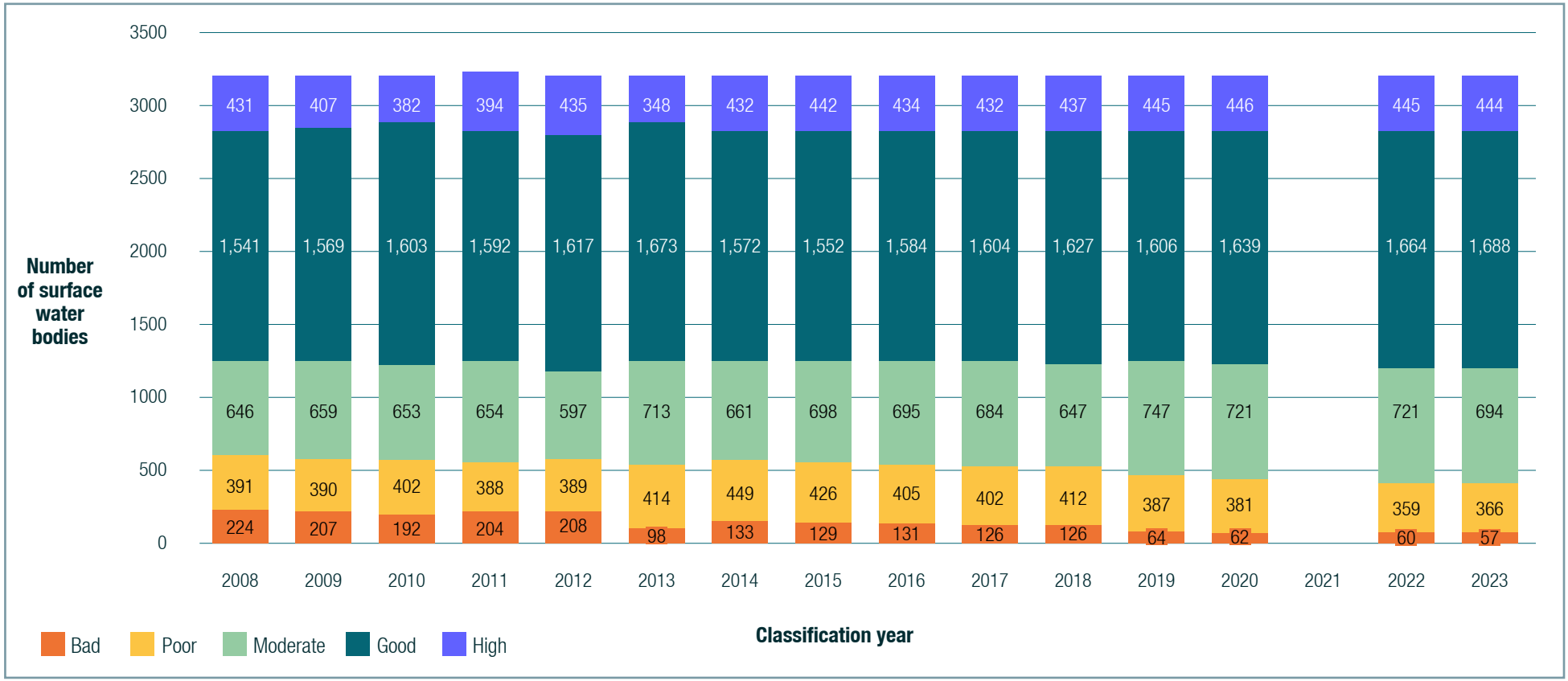
Our plan was to:	Improve overall condition of Scotland's water bodies in the Classification of water bodies.
What we achieved:	We completed the 2023 classification of the water environment and published the 2023 State of Scotland's Water Environment Report on 22 November 2024. Since the start of water environment classification for River Basin Management Planning in 2008, the overall condition of Scotland's water bodies has improved each year.

In 2020, the proportion of our water environment (surface waters and groundwaters combined) assessed as being in good or high overall condition was 66.4%, in 2022 this increased to 67.1%, and in 2023 it increased again to 67.9%. Specifically, in 2023 the overall condition of 43 water bodies were upgraded to good or high. Only 16 water bodies were downgraded to less than good condition. This means that 3,593 out of 3,652 water bodies, or 98.4%, have not deteriorated.

The percentage of surface water bodies that were classed as good or better in 2008 was 61% and is now 65.6%, demonstrating an improvement of 4.6% since 2008. The number of surface water bodies classed as bad overall condition has decreased from 224 in 2008 to 57 in 2023, an improvement of 74.6% that indicates an upward trend in overall condition.

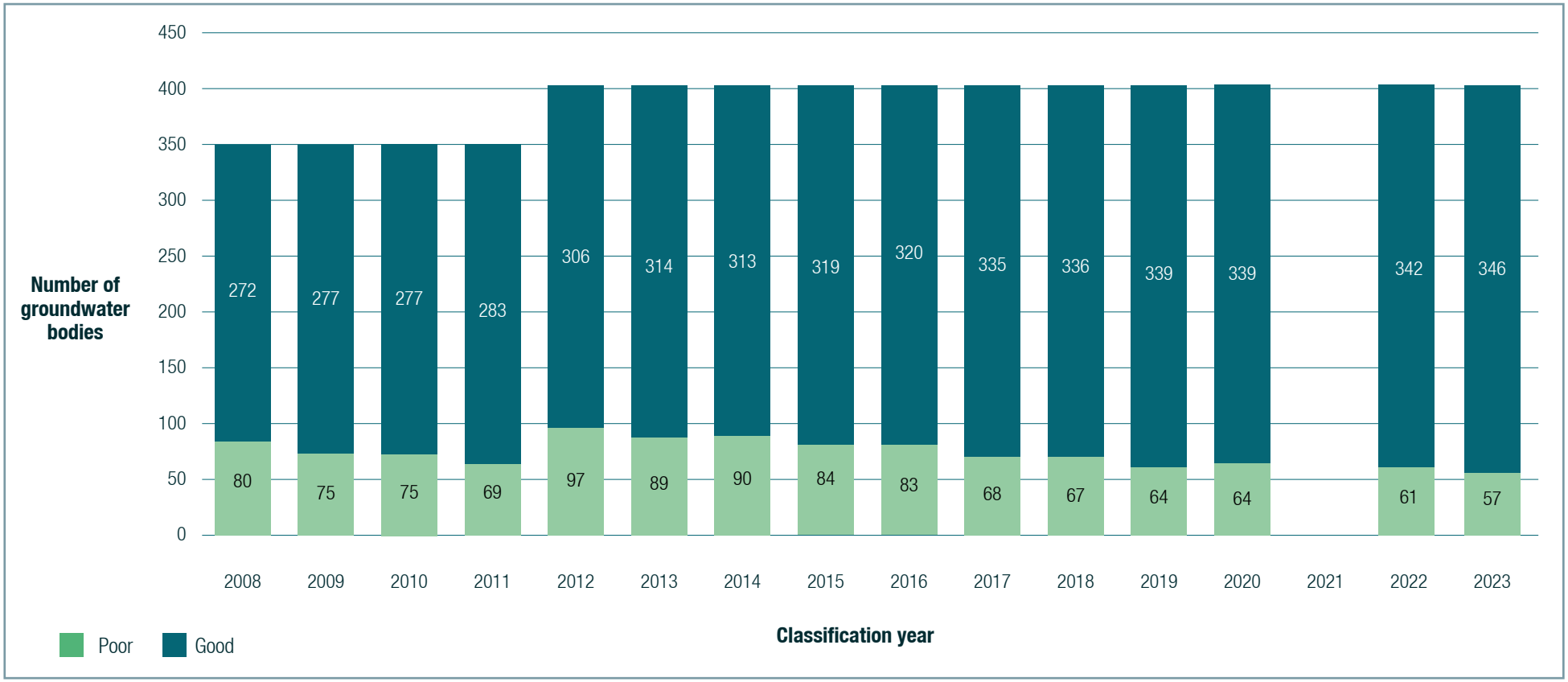
We monitor the water environment to assess the condition of water quality, water flows and levels, physical condition, fish migration and the freedom from invasive non-native species. These five individual elements determine the overall condition of a water body. If any single element is classified as below good, that water body's overall condition is reported as below good. Factors influencing assessment are long-term systemic issues such as rural land-use and combined sewer systems that require further work, long-term investment and collaborative action across a number of policy areas which will be a focus of River Basin Management Plan 4 onwards. Further detail is included in the state of environment report.

Figure 11 shows the long-term trend in the overall condition of surface water bodies



The percentage of groundwater bodies that were classed as good in 2008 was 77.3% and is now 85.9%, demonstrating an improvement of 8.6 percentage points since 2008. The graph below shows the long-term trend in the overall condition of groundwater bodies.

Figure 12: Long term trend in the overall condition of groundwater bodies



Please note that data is not available for 2021 in both graphs due to the COVID-19 pandemic.

While we are not wholly responsible for delivering this measure, as the regulator and responsible authority for River Basin Management Planning, we are tasked with protecting and improving the water environment. We do this by protecting the water environment from deterioration through permitting, compliance activities, incident response, and our advisory role in relation to new developments. We also aim to secure improvement through our regulatory work with key sectors and through our deployment of the Water Environment Fund.

The consistent improvement in water environment quality is a testament to the work of people across the Agency and our partners throughout Scotland who are committed to safeguarding and enhancing our precious water environment.

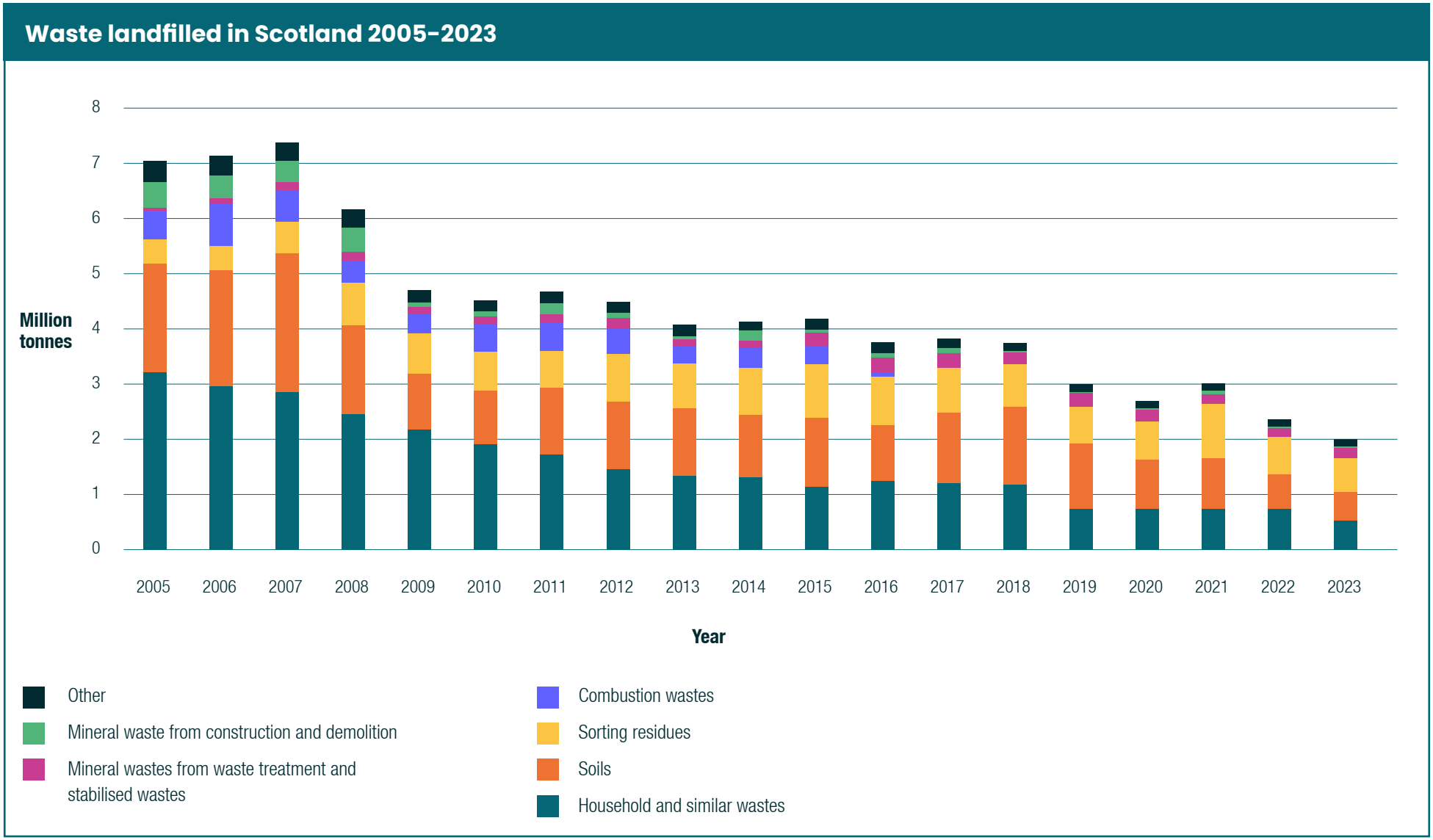
Resource efficiency

Measure six

Achieved

Our plan was to:	Reduce rates of waste to landfill in annual Scottish household waste data.
What we achieved:	In 2024/25, we played a contributing role to the national outcome for Scotland to reduce the rates of household waste going to landfill. We are responsible for the collation and publication of the required data, all of which was provided and verified on time, enabling publication of the Waste Landfilled in Scotland 2023 statistics in October 2024. We worked in partnership with Scottish Government to publish these official statistics in a new fully accessible and interactive format. We are seeing a positive reduction in the rates of waste to landfill reported annually. The statistics show a 14.8% reduction of household waste landfilled in Scotland from the previous year. The total amount of household waste was the lowest amount generated since the start of the current time series in 2011. The amount of Scottish household waste landfilled decreased by 30.2% from 2022 as can be seen in the graph below.

Figure 13: Waste landfilled in Scotland by category 2005-2023



Along with publishing the statistics, we work to deliver actions to digitally disrupt illegal waste collection and highlight landowner roles and responsibilities. Disruption efforts are focused on both overt challenge of operators and follow-up formal enforcement when there is sufficiency of evidence. This includes issuing information notices, closing online profiles of illegal operators and issuing Fixed Monetary Penalties.

Over 2024/25 we have been preparing for the implementation of UK Extended Producer Responsibility (EPR) reforms by auditing producer data supplied during 2024. We also assisted producers in the lead up to the implementation of new legislation which came into force on 1 January 2025.

We continue to support the DEFRA led programme for a UK wide Digital Waste Tracking (DWT) system. The programme has gone through a review and reset with the intention to launch the system in April 2026 with it becoming mandatory for some users in October 2026. This is evidenced in the following stakeholder letter: Digital Waste Tracking: Stakeholder Letter | Campaign Monitor. Options for UK DWT system implementation in 2025/26 are still under consideration by DEFRA and the devolved administrations.

Business environmental performance

It is our role, as Scotland's principal environmental regulator, to regulate activities which can harm the environment such as the storage, transport, treatment and disposal of waste or the management of radioactive substances. Businesses that have a high environmental performance reduce pollution and the impact they have on communities.

Measure seven

Achieved

Our plan was to:	Increase the number of successful interventions per year.
What we achieved:	Some operators carry out activities illegally and our target for 2024/25 was to reduce the number of known ("baseline") illegal sites, by increasing the number of successful interventions that tackle environmental crime. Illegal sites and illegal operators are those which are operating without the required environmental authorisation or in contravention of environmental legislation. When interventions addressing illegality have sufficiently reduced an illegal site's risk score, the site is considered to be successfully "concluded". An intervention can be any action that we take, or in collaboration with partners, to tackle and disrupt illegal activity or non-compliance. For example, multi-agency 'road stop' exercises, removal of social media profiles used for advertising or awareness raising with local communities. Enforcement actions are more specific and include final warning letters, information notices issued for enforcement / interventions purposes, statutory notices, Fixed Monetary Penalties, Variable Monetary Penalties and enforcement undertakings. Previously we only reported enforcement actions: interventions are not restricted to these.

Our plan was to:	Increase the number of successful interventions per year.
What we achieved:	We consider our interventions to be successful when the number of interventions increase, and the number of illegal sites decrease. The graph below shows that we deployed a total of 167 interventions during 2024/25 to tackle environmental crime, including 29 interventions in quarter four[1]. In 2023/24, we recorded 87 interventions. This represents an almost 92% increase from the previous year.

Figure 14: Number of interventions used to tackle environmental crime in 2024/25

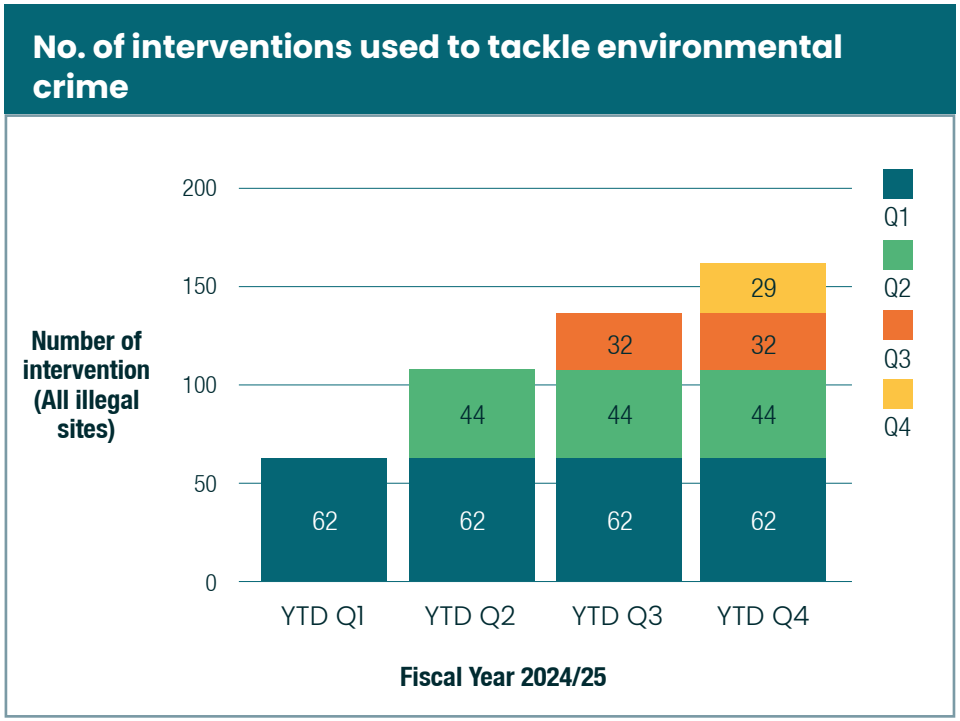
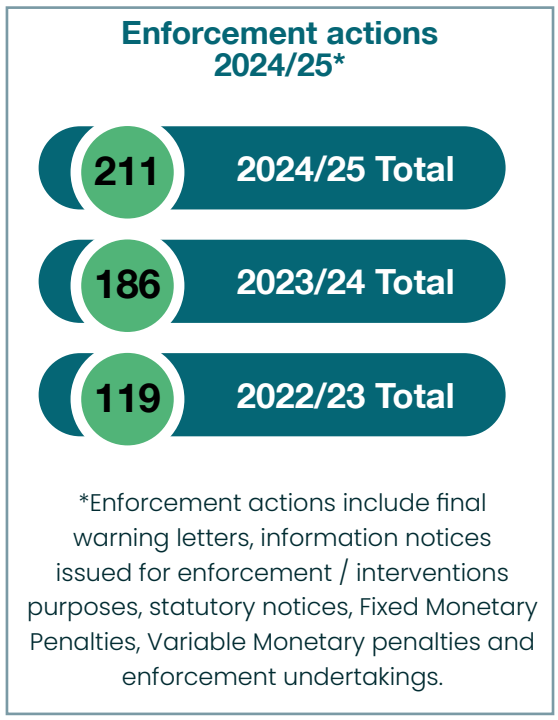


Figure 15: Number of illegal sites and number of enforcement actions taken during 2024/25





[1] Information reported was extracted from SEPA systems on 03/04/2025. Systems may be updated after this date and each quarter.

Over the last three years, we have implemented an interventions approach that has delivered year-on-year increases in both our detection of environmental crime and the successful conclusion of illegal sites.

At the start of 2024/25, we had a baseline of 317 known illegal sites. During 2024/25, the interventions undertaken delivered an overall reduction of 93 baseline illegal sites, meaning 224 from our baseline remain open.

During 2024/25, we identified an additional 116 new illegal sites through improved detection. We closed 11 of those meaning 105 newly found sites remain open. We will start 2025/26 with a baseline of 329 illegal sites.

During 2024/25, three of the 93 baseline illegal sites we closed were assessed as posing a high risk to the environment. One of these sites was in Aberdeenshire where a local man was given a 150-hour community payback order, a £3,000 Confiscation Order and an 18-month supervision requirement. The illegal activities at this site included keeping controlled waste without the required authorisation, disposing of controlled waste by burning and failing to remove waste from the site. Many local residents living in the vicinity of the site complained over a two-year period regarding the deposit and burning of waste and the impact it was having on the local community.

The KPIs below support the Business environmental performance theme:

We also have a legal obligation across various sectors to complete permit reviews. We must complete these within the legally required or internally set deadlines.

Table 6: KPI 04

KPI 04	Baseline	Target	Q4 performance	2024/25 result
Percentage of statutory permit reviews completed on time.	85% of statutory permit reviews completed on time in the previous year.	80% of statutory permit reviews completed within the required timeframe.	Same as 2024/25 result.	Not achieved. 31% within the required timescale.

Unfortunately, we did not manage to achieve our target of completing 80% of statutory permit reviews within the required timeframe. Progress with completing the 2024/25 reviews was restricted as the focus was completing the backlog of statutory permit reviews and medium combustion plant permit variations.

Given this, we focused our attention to those that could potentially cause the most environmental harm and those that cover the implementation of other new legislation (i.e. delivery of 165 new and varied permits under Phase 1 and 2 of the Medium Combustion Plant Directive). We also focused on maintaining delivery of day-to-day authorisation work such as new applications (noted in KPI 06) and variations, and to complete the best available techniques conclusions (BATc) reviews.

Going forward into 2025/26, although no statutory permit reviews are due during this period, we are setting the KPI to drive performance to reduce the backlog and have a programme of actions in place to help. These actions include a dedicated Permit Reviews Team focusing on the Food, Drink and Milk permit reviews, ensuring the 28 outstanding medium combustion plant permit applications and variations will be finalised and issued, and the recruitment of further resource. Following the implementation of the new Integrated Authorisation Framework (IAF), further resource will be allocated to permit review work. This is not likely until after April 2026.

Table 7: KPI 05

KPI 05	Baseline	Target	Q4 performance	2024/25 result
Percentage of statutory reports published by the scheduled date.	On-time publication rate from the previous year.	100%.	This target was met in quarter three.	Achieved. Four out of four statutory reports published during 2024/25 on time by the scheduled date.

Table 8: KPI 06

KPI 06	Baseline	Target	Q4 performance	2024/25 result
Percentage of applications determined within statutory determination times.	92% for all applications. 75% for permitting (licences). 97% for permitting (registrations).	Increase the percentage of applications determined within statutory timelines.	Same as 2024/25 result.	Achieved. 94% for permitting (all applications). 84% for permitting (licences). 98% for permitting (registrations).

Our organisation and transformation

Our people are our greatest asset and we work together to deliver on our commitments to the people of Scotland. We continue to invest in and develop our people so they can be their best and make the biggest impact. We use this expertise to provide information and services to people and communities with a strong focus on continuous improvement to deliver better services.

We understand the importance of working closely with other organisations, communities and businesses to design the services they use.

We have led and engaged with a range of initiatives to further the objectives of public sector reform. We have reset our Agency to transform areas and embed a customer and delivery focus in everything we do.

Measure eight

Achieved

Our plan was to:	Maintain the percentage of customer complaints responded to within statutory timescales.
What we achieved:	We know how important our customers are and place great value on handling and responding to customer complaints in a timely manner. In 2024/25, we responded to 89.5% of customer complaints within statutory timescales against a target of 85%. We responded to 92% of Stage 1 complaints and to 87% of Stage 2 complaints within the target timescales. During 2024/25 we also set a KPI alongside this measure to help improve performance up to 90%.

Measure nine

Achieved

Our plan was to:	Increase the number of vehicles in our fleet to electric and enhancing our EV charger facilities.
What we achieved:	We have achieved our aim by increasing the number of electric vehicles in our fleet to 25, against a baseline of 22. We did this by replacing older diesel vehicles. We also enhanced electric charging facilities over our estate by installing two replacement charging units at the Angus Smith building to increase reliability.

Measure ten

Achieved

Our plan was to:	Increase the percentage of Freedom of Information (FOI) requests and Environmental Information Requests (EIRs) responded to within statutory timescales.
What we achieved:	In 2024/25, we processed 94.8% of Freedom of Information (FOI) requests and Environmental Information Requests (EIR) requests within the statutory timescales of 20 working days, achieving our aim of processing at least 90%. Our responses completed on or under time is significantly above the 2023/24 baseline of 82%. We continue to receive a high number of EIRs, with 1,887 received in 2024/25 compared to 1,623 in 2023/24, an increase of 16%. The number of FOI requests received has remained relatively stable, with 52 received in 2024/25 compared to 54 in 2023/24, a slight decrease of 4%. Requests primarily concerned the water environment, in particular areas such as flooding, combined sewer overflows, water resources, and sewage discharges, as well as for regulatory information, such as permits and enforcement notices. We consolidated the capacity in the Access to Information Team which has enabled work to improve the efficiency and sustainability of the service while continuing to maintain a high level of performance. This was recognised in November 2024, when the Scottish Information Commissioner closed the level two intervention on SEPA. In March 2025, the team won two national awards at the eCase FOI Awards recognising the consistent excellent performance as well as the commitment and dedication of the team.

Measure eleven

Achieved

Our plan was to:	Maintain percentage efficiency savings.
What we achieved:	In the 2022 Resource Spending Review, the Scottish Government set an expectation that public bodies would deliver annual recurring efficiency savings of at least 3% of their cash revenue grant in aid. In 2024/25, this equated to £1.2m of our revenue budget. In 2024/25, we realised 5.6% efficiency savings, against a 3% target, achieving this measure. To achieve a balanced budget in 2024/25, we set a vacancy management savings target of £3.5m, which is £2.3m higher than the target required by Scottish Government. Vacancy savings by the year end are expected to be in the region of £4.6m.

Measure twelve

Achieved

Our plan was to:	Maintain percentage of invoices paid within 10 days.
What we achieved:	We are working to the Scottish Government target to pay all valid invoices within 10 working days. During 2024/25 we paid 90.65% of all valid supplier invoices within 10 working days, against a target of 90%, achieving this measure.

Financial performance and use of resources

Our financials

The financial statements for the year ended 31 March 2025 have been prepared in accordance with the Accounts Direction given by the Scottish Ministers in pursuance of the Public Finance and Accountability (Scotland) Act 2000, and in accordance with His Majesty's Treasury Financial Reporting Manual (FReM). The financial statements are consolidated within the Scottish Government Consolidated Resource Accounts.

The Accountable Officer authorised these financial statements for issue on 10 December 2025.



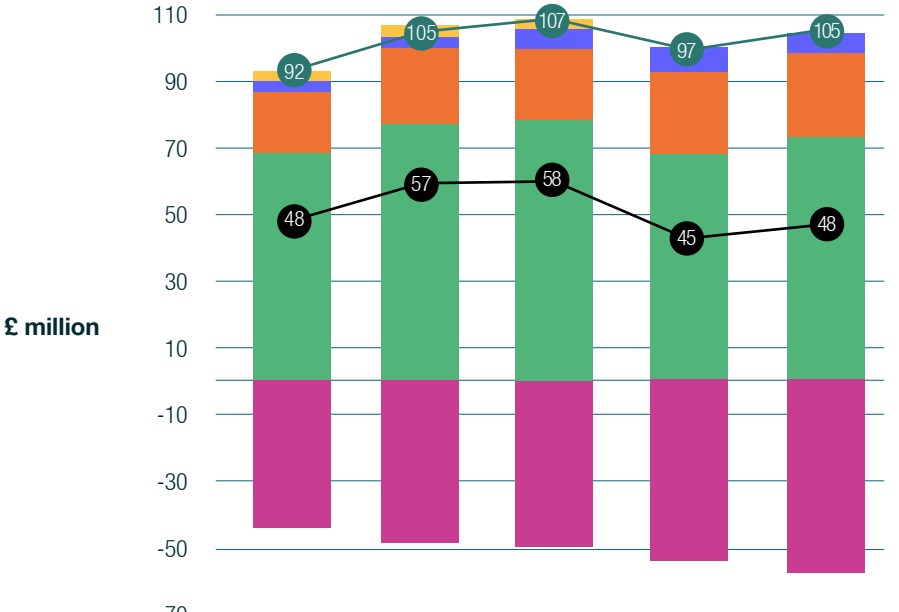
Financial overview

As per the statement of comprehensive net expenditure (SOCNE) (see table 26 on page 104), our total gross expenditure for the financial year ended 31 March 2025 was £104.9m (prior year £97.1 m). These figures include pension costs supplied by the actuary, Hymans Robertson, at 31 March 2025 of £1.3m in staff costs (prior year £0.1m).

Of our total funding, £55.4m (prior year £51.4m) came from fees and charges, £1.2m from finance income which includes a net return of £1m on pension scheme assets in finance costs (prior year £0.1m net return), with the balance of £48.4m (prior year £45.5m) funded by Scottish Government.

Our funding

In 2024/25, our budgeted income to cover our operational costs comprised of Scottish Government funding of £48.3m, charging schemes income of £53m to cover the relevant costs of our regulatory activities and other income of £2.4m in recharges and grants. This provided us with £103.7m to invest in protecting and improving Scotland's environment and contribute to delivering services across a range of government priorities.



	2020/21	2021/22	2022/23	2023/24	2024/25
Income	-44	-48	-49	-52	-57
Financing costs	3	4	3	0	0
Depreciation/ impairments	3	3	6	5	6
Other operating costs	17	21	20	23	26
Staff costs	69	77	78	69	73
Total expenditure	92	105	107	97	105
Net expenditure	**48**	**57**	**58**	**45**	**48**

Figure 16: Graph depicting five-year summary of expenditure as reported in the financial statements

Scottish Government funding

Each year we are allocated a budget by Scottish Government, a departmental expenditure limit (DEL). The budget net of income from other sources is approved at the start of the financial year and can be amended in October and January through the spring and autumn budget revision process. The initial budget allocation and subsequent revisions are set out in table 9.

Table 9: 2024/25 budget allocation by departmental expenditure limit

Budget category	Per Budget Act £'000	In year budget revisions £'000	2024/25 Final budget outturn £'000
Resource cash DEL	39,911	1,959	41,870
Resource non-cash DEL	6,280	165	6,445
Total resource DEL	**46,191**	**2,124**	**48,315**
Capital DEL	**6,400**	**97**	**6,497**

In year budget revisions do not include savings for £170k in resource and £1m deferred capital funds agreed with Scottish Government following a mid-year saving exercise.

Resource cash DEL is allocated for staff and operating costs, with a baseline allocation of £39.9m for 2024/25. An additional resource cash DEL of £1.9m was received to fund several key projects including the Water Environment Fund, COVID-19 waste water testing, and emission trading.

Resource non-cash DEL accounts for depreciation and impairment of fixed assets. An additional £165k was received to cover increased depreciation charges for right of use assets. Non-cash budgets are ring-fenced and cannot fund cash expenditure.

Capital DEL funds long-term assets like equipment and infrastructure. An in-year budget adjustment of 97k was received to cover additional lease costs for the right of use assets.

We are required to manage the outturn within Scottish Government resource limits. A comparison of our outturn compared to the final budget from the Scottish Government is detailed in Table 10.

Table 10: Financial performance against departmental expenditure limit year to 31 March 2025

Budget category	Expenditure outturn £'000	Budget £'000	Variance £'000
Resource DEL (cash)	41,816	41,870	54
Resource DEL (non-cash)	6,066	6,445	379
Total resource DEL	**47,882**	**48,315**	**433**
Capital DEL	**5,320**	**6,497**	**1,177**
Total DEL expenditure	**53,202**	**54,812**	**1,610**

Resource DEL (cash)

Total expenditure was £54k below the £41.9m resource allocation, which is £116k lower than the £170k target agreed with the Scottish Government following the mid-year savings review.

Operating costs (net increase £0.3m)

Savings generated from a higher than budgeted level of vacancies were used to fund our ambitious transformation programme, focused on our customers and enhancing what we do for the public and communities of Scotland. As part of our organisational reset, we conducted a targeted voluntary severance exercise, approving 10 applications (see table 24: Exit Packages on page 94). These posts will be permanently deleted, saving £0.7m annually from 2025/26. The savings will support our transformation programme, focusing on regulatory improvement, digital solutions, customer experience and data-driven decision making.

Operating income (net increase £0.2m)

Charging Scheme income was £53m, matching the budget. A £0.4m reduction in annual charges was balanced by an equivalent rise in application fees. Other income from service recharges and grants was £2.4m, £0.2m below budget, mainly due to reduced grant income which was offset by reduced spending on the project.

Finance income

Interest payments totalling £0.2 million were received from the bank during the year, which aligned with the budget.

Resource DEL (non- cash) depreciation and impairment of assets (net decrease £0.4m)

Overall expenditure was £0.4m lower than the £6.4m resource limit. The annual cost of depreciating our fixed assets was £6m, plus £0.1m incurred impairing assets during the year was slightly less than our budget allocation.

Capital (DEL)

Overall expenditure was £1.2m lower than the £6.5m resource limit, which is £0.2m more than the £1m we agreed to defer following a mid-year savings exercise undertaken

by Scottish Government. Spend mainly covered our digital transformation, upgrade to our hydrometric network, improvements to our Aberdeen laboratory, phase 1 of our fleet replacement programme and the replacement of end-of-life plant and equipment (note 9 on pages 119-121 provides further information). The underspend was a result of equipment being delivered later than scheduled.

Table 11: Reconciliation of resource outturn to statement of comprehensive net expenditure

	Note	£'000
Net operating expenditure	**SOCNE**	**(49,447)**
Add back pensions adjustments	17	285
Net change in provisions	14	(42)
Add back depreciation and impairments	9	6,066
Add net interest received	6 &7	1,051
Add back expected credit loss	11	271
Resource outturn DEL cash		**(41,816)**

Table 11 provides a detailed reconciliation between net operating expenditure of £49. 5m reported in table 26: statement of comprehensive net expenditure (SOCNE) on page 104 and the £41.8m outturn reported. Further details regarding income and expenditure are provided in the annual accounts section.

Each year, the Scottish Government also allocates a budget for Annually Managed Expenditure (AME). This budget covers areas outside SEPA's direct control, such as pensions, provisions, and asset revaluations. Based on historical expenditure averages and actuarial forecasts of pension adjustments, an AME budget of £1.9m was set. Total spending was £2.3m below the budgeted amount; Table 12 shows a comparison of actual versus estimated spending for 2024/25.

Table 12: Financial performance against annually managed expenditure limit year to 31 March 2025

AME budget 2024/25	Note	Expenditure outturn £'000	Budget £'000	Variance £'000
Pension charges	17	285	803	518
Changes in provision		54	450	396
Expected credit loss	11	271	150	(121)
Change in market values	9	1,008	500	(1,508)
Total AME expenditure		**(398)**	**1,903**	**2,301**

Statement of financial position

The statement of financial position (see page 105) shows we have net assets of £29.3m at 31 March 2025 compared to net assets of £48.9m at 31 March 2024. This is primarily caused by a significant change in the estimated pension scheme valuation from a net surplus of £21.5m in March 2024 to a net surplus of £0 in March 2025. Further information on pensions can be found in note 17 (see page 131).

Non-current assets decreased by £20.6m compared to March 2024. The decrease includes:

- Investment in and the revaluation of capital asset net of disposals and depreciation of £0.9m (refer to note 9 on pages 119-121).
- Decrease in the recognised net pension surplus of £21.5m (refer to note 17 on page 131).

As at 31 March 2025, the reported value of our property, plant and equipment was £42.1m.

Avison Young (Royal Institution of Chartered Surveyors (RICS)) conducted desktop valuations of our buildings and right of use assets in March 2025. The estimated value of our land and buildings including additions and disposals decreased by £0.2m to £4.6m and the right to use building assets including additions and disposals increased by £0.1m to £5.5m.

Our gauging stations underwent a full revaluation in March 2023 and have been indexed annually thereafter. In 2024/25, we applied the BCIS (Building Cost Information Service) All-In Tender price index based on Avison Young's advice and HMRC guidance published in December 2024. This resulted in a 2.3% increase of £0.4m. The estimated value of the gauging stations, including additions, disposals, and impairments, was £17.3m as of 31 March 2025, down £0.4m from 31 March 2024.

Our leased properties include a decommissioning provision for our larger properties. A full valuation was undertaken by Avison Young as at March 2023 (£4.2m) and have been indexed annually thereafter. In 2024/25 we applied the BCIS All-In Tender price index, this resulted in a 2.3% increase of £0.1m.

Supplier payment policy

It is our policy to pay suppliers within 10 days from invoice date. In 2024/25 on average we paid 90.65% (92.5% 2023/24) of supplier invoices within 10 days.

Financial sustainability

We are committed to managing expenditure within the income available year on year. The Scottish Government has allocated to us £49.8m resource DEL grant for 2025/26 to fund operating costs and £5.6m for capital investment and we have estimated that the fees from charging schemes and other income to be £57.2m.

We are driving forward with Scottish Government Environment and Forestry Directorate and wider public

sector partners, the ten-year programme for public service reform. We have begun a programme to understand resources required to deliver environmental priorities in conjunction with a rationalised Estates Strategy. We are sharing our assets such as the satellite emergency services and our floating laboratory the Sir John Murray with other public bodies. We are developing our Data Strategy to share our data as an asset with other public bodies. We are progressing our transformation by a digital first review of services provided and embracing Artificial Intelligence on multiple levels from small time savings to larger innovative solutions.

The long-term focus remains on driving the change necessary to meet the future service of the communities; businesses; environment and economy of Scotland. We are focusing on the long-term financial sustainability of our services.



Sustainability

Net zero SEPA

Our ambition is to be net zero in our emissions. We have adopted and are implementing a Route Map (covering the period 2024-2026) which sets ambitious but realistic targets and will guide our work to further reduce our emissions. It also resets our direct emissions baseline to 2022/23 when they were 1,742 tCO2e and sets a target to reduce them by 15% over the route map lifetime.

Our impact

As noted in our Net Zero Routemap, we broadly categorise our emissions as either workspace or travel related. We use the standards to measure and manage emissions set by the Greenhouse Gas Protocol (GHGP) methodology and interpret these for our annual reporting under the Climate Change (Scotland) Act 2009 Public Bodies Duties. We continue to develop our monitoring and reporting for emissions associated with waste management and water over the period of our Routemap.

Our direct emissions (associated with our workplaces and travel, GHGP scopes 1, 2 and some 3) for 2024/25 were 1,743.61 tCO2e, a minimal increase on our baseline. This is due to an increase in mileage by our survey vessel the Sir John Murray (SJM) which accounted for 16% of our total emissions in 2024/25 compared with less than 3% in 2023/24.

In 2024/25 direct emissions from our workspaces reduced by 12.8% against our baseline and, if we exclude SJM, those categorised as travel reduced by 11.2%. This is a result of work to rationalise our office estate and greening of our vehicle fleet. We will undertake further work in both these areas in 2025/26. We plan to sell SJM at the end of 2025/26, and, although we will still need to account for emissions associated with marine surveys, we expect these to reduce considerably. Further detail on our emissions is provided under Measure two: Reduce annual reports of greenhouse gas emission by SEPA (see page 36).

Figure 17 shows a breakdown of SEPA's emissions over time as categorised by the GHG Protocol methodology[2].

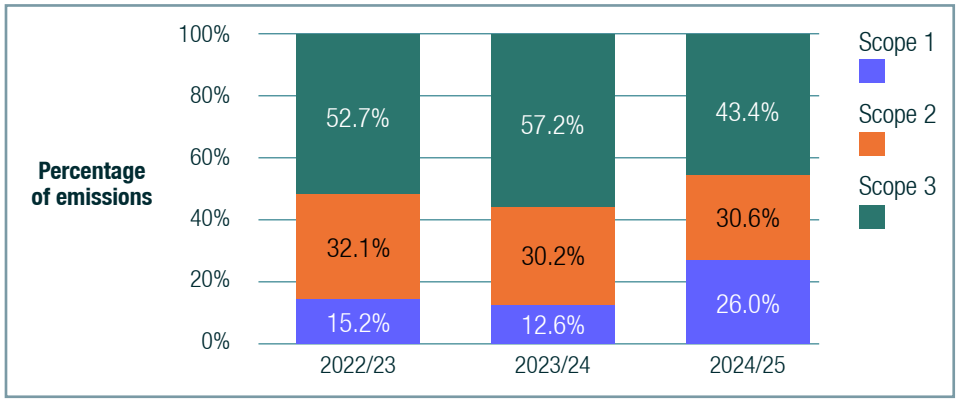


Figure 17: Trend of SEPA's emissions since 2022/23 baseline as per GHG Protocol

[2] GHG Protocol sets out the emission scope levels as **Scope 1** - all direct GHG emissions; **Scope 2** - indirect GHG emissions from consumption of purchased electricity, heat, or steam; and **Scope 3** - other indirect emissions not covered in Scope 2.

Our net zero routemap on a page

Our aim: To reduce our greenhouse gas emissions to at least net zero by 2035

Our target 2024–2026: We will reduce our direct greenhouse gas emissions by 15% by March 2026

Our work areas 2024–2026:

Our People



Bring emission reduction to the centre of SEPA's values and behaviours

Workspaces



Reduce direct emissions from workspaces alongside adapting them to the hybrid era

Travel



Reduce direct emissions from travel by reducing miles travelled and increasing use of low emission vehicles

Computers and technology



Change the way we buy and use computers and IS equipment to reduce emissions

Our money and spending



Better understand the emissions associated with our purchasing alongside reviewing what we buy

Regenerative action



Prepare to offset residual emissions by working with partners and developing a pipeline of environmental regeneration projects

Our contribution to sustainable development goals

Our work is integrated with environment goals set by Scotland and internationally. The 2030 Agenda for Sustainable Development, adopted by all United Nations member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

We are dedicated to contributing to the ambitions of the United Nations 17 sustainable development goals and the National Performance Framework for Scotland.

The National Performance Framework sets out 11 national outcomes and explains which sustainable development goals each outcome contributes to. The examples on the following page show how our work helps deliver five of the national outcomes and nine sustainable development goals.

National Performance Framework

Sustainable Development Goals and how we live them

We live in communities that are inclusive, empowered, resilient and safe

10 REDUCED INEQUALITIES

We provide advice to avoid development in areas of flood risk.

We warn people so they can take action when a flood is likely.

11 SUSTAINABLE CITIES AND COMMUNITIES

We regulate activities that could pollute water, air or land to keep communities safe.

We apply the polluter pays principle to ensure that the costs are borne by those that impact our environment most.

We have a globally competitive, entrepreneurial, inclusive and sustainable economy

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We adopt Best Available Techniques when regulating industry to protect the environment and people in the best way possible.

We are working with regulators and industry in Grangemouth to enable competitive strength to grow whilst transitioning to net zero.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We are working with partners to deliver digital tracking of waste. This supports more efficient use of resources.

We regulate waste management activities to protect communities and encourage recycling.

We are healthy and active

3 GOOD HEALTH AND WELL-BEING

As Scotland's principal environmental regulator, we regulate activities that could pollute water, air or land.

15 LIFE ON LAND

We administer the Water Environment Fund, to restore rivers. We create new green river corridors in urban areas which can be used for active travel and recreation.

We value, enjoy, protect and enhance our environment

13 CLIMATE ACTION

We monitor, forecast and report water scarcity, and provide advice to water users to protect the water environment.

We reduce our own greenhouse gas emissions and aim to become a net zero organisation by 2035.

14 LIFE BELOW WATER

We monitor and report water quality at Scotland's 89 bathing waters so people can enjoy them safely.

We deliver River Basin Management Plans to protect and improve our rivers, lochs, estuaries, coastal areas and groundwater.

We are open, connected and make a positive contribution internationally

17 PARTNERSHIPS FOR THE GOALS

We undertake work with international partners so that we can help them build their capacity to protect and improve the environment.

Approved by the Board on 25 November 2025 and signed on behalf of the Board on 10 December 2025.

N Paterson, Chief Executive and Accountable Officer: Nicole Paterson Date: 10 December 2025





Accountability report

Accountability report

In this section of the report, we set out four main areas:

1. Our corporate governance report; where we explain our governance structures and how they help us deliver our statutory purpose. This includes:
    - The Directors' report.
    - Statement of Accountable Officer's responsibilities.
    - Governance statement.
2. Remuneration and staff report.
3. Parliamentary accountability report.
4. Independent auditors' report.



Corporate governance report

Directors' report

Agency Board

At the end of March 2025, the Agency Board (the Board) comprised of 10 non-executive members including the Chair, L Tennant, and one executive member, the Chief Executive, N Paterson. Appointments are made by Scottish Ministers and are regulated by the Commissioner for Public Appointments in Scotland. Appointments are normally for a three or four-year term with the possibility of a further term, subject to evidence of effective performance and satisfying the skills, knowledge and personal qualities required of the Board at the time of re-appointment.

Register of interests

Board members are asked to complete a registration of interest which is published on our website alongside their biographies.

Data breaches

During 2024/25, we did not report any data breaches to the Information Commissioner's Office (ICO).

Auditors

Under Section 46 of the Environment Act 1995, our accounts must be audited by an auditor appointed by the Secretary of State. Under the Public Finance and Accountability (Scotland) Act 2000, our independent auditors are appointed for the Auditor General by Audit Scotland. Audit Scotland is our independent external auditor for the five-year period starting in financial year 2022/23. The fee paid to Audit Scotland in respect of the independent statutory audit for the financial year 2024/25 is £78,500. All relevant audit information has been made available to our auditors and the Accountable Officer has taken steps to ensure that the auditors are aware of any relevant audit information.

The result of the external audit and improvement actions are reported to the Audit, Risk and Assurance Committee (ARAC) and Board. Audit Scotland attend ARAC meetings throughout the year and submit regular reports to the ARAC, including a progress report on improvement actions and ensure action is taken on any matters arising. Further information about the role of the ARAC is contained in page 73.

Statement of Accountable Officer's responsibilities

Under Section 45(2) of the Environment Act 1995, we are required to prepare annual accounts for each financial year in the form of and on the basis determined by Scottish Ministers.

The accounts are prepared on an accruals basis and must give a true and fair view of our financial affairs and of its income and expenditure, statement of financial position, and cash flows for the financial year.

In preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.
- Prepare the accounts on a going concern basis.
- Confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable.
- Take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accountable Officer of the Scottish Government has appointed me, the Chief Executive, as Accountable Officer of SEPA. My responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances for which I am answerable, for keeping proper records and for safeguarding SEPA's assets, are set out in the Framework Document approved by the Scottish Government and in Managing Public Money published by the HM Treasury. As the Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that SEPA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

Governance framework

We are a non-departmental public body. The broad framework in which we operate is set out in the Framework document, which also defines key roles and responsibilities which underpin the relationship between SEPA and the Scottish Government. While this document does not confer any legal powers or responsibilities, it forms a key part of our accountability and governance framework.

Non-departmental public bodies are directed by Scottish Ministers to comply with the Scottish Public Finance Manual. Our Corporate Office is Angus Smith Building, Unit 6, 4 Parklands Avenue, Holytown, Motherwell, ML1 4WQ.

Our governance framework is a set of processes and controls which are designed to set the organisation up to deliver our statutory purpose, plans and objectives, and to identify and manage risks and issues effectively. Our framework, which is described on the following pages, has been in place for the year ended 31 March 2025 and up to the date of approval of the Annual Report and Accounts. We can provide assurance that the processes have been running effectively during that period. We are constantly improving our processes and learning from best practice, so at any time we can provide assurance of its effectiveness.

Board operation

The main functions, powers and duties of the Board are set out in the Environment Act 1995 and the Framework Document. Regulation and conduct of Board meetings are set out in the standing orders. Board members attend a range of meetings including formal Board and committee meetings, ad-hoc meetings, working groups and meetings with SEPA employees to discuss key strategic issues. They also attend seminars and events run by us or other organisations.

Sustainable development considerations are embedded in the Board's governance arrangements and principles are set out in our three-year Corporate Plan. The Board nominated a sustainability champion to support officers in consideration of strategic sustainability issues. This will be superseded by the revised terms of reference for the People and Resources Committee approved by the Board on 30 September 2025, which include reference to sustainability.

We publish the public papers and public minutes of Board meetings on our website.

The Board has appointed an Audit, Risk and Assurance Committee (ARAC) to monitor and review risk, internal control, audit activity and corporate governance. This committee was formerly known as the Audit and Risk

Committee until 26 November 2024 when the Board approved a revised remit and change of name. N Gordon currently chairs this Committee. The Board appoints members to the Committee, and it is governed by its Terms of Reference and Remit.

The ARAC receives reports from internal and external auditors and our employees. The internal and external auditors may attend all Committee meetings, and they can contact the Chair of the Committee at any time to express specific concerns identified during audit work. Four meetings of the ARAC were held in 2024/25 and four further meetings were held during the year: an extra Finance meeting, two special meetings on the Annual Report and Accounts 2023/24, and the annual Committee workshop.

The People and Resources Committee (PRC), formerly the People and Remuneration Committee (to 26 November 2024), provides assurance to the Board that SEPA meets its obligations as an employer in relation to a range of people and remuneration related matters. The revised remit of the Committee, approved by the Board on 26 November 2024, and a further revision on 25 February 2025, includes the effective scrutiny of transformational business cases, sustainability and resources. The Board appoints members to the Committee, and it is governed by its Terms of Reference and Remit. The Board Chair, L Tennant, was Chair of the PRC until 25 February 2025. D Hunter was appointed as Chair on 26 March 2025. Three meetings of the PRC were held in 2024/25.

Members' attendance at Board and Committee meetings is set out in table 13. Note: Board members who are not official members of Committees, for example the Chief Executive, can attend as observers or as terms of reference require for specific items (these are highlighted in the footnotes of table 13).

Table 13: Attendance at ordinary meetings by Board members 2024/25

Board member	Role and term	Board	Audit, Risk & Assurance Committee (ARAC)	ARAC extra meetings	People & Resources Committee (PRC)
Total number of meetings in year		**6**	**4**	**4**	**3**
L Tennant	Chair. Chair of PRC to 25 February 2025.	4 of 6	4[3]	4	2 of 3
N Paterson	Chief Executive.	6 of 6	3[3]	4	2[4]
H Kohli	Deputy Chair. Member of ARAC.	5 of 6	4 of 4	4 of 4	1[4]
N Gordon	Board member and Chair of ARAC.	5 of 6	4 of 4	4 of 4	N/A
D Hunter	Board member. Member of PRC; Chair of PRC from 26 March 2025.	6 of 6	N/A	N/A	3 of 3
C Hume	Board member. Member of PRC.	5 of 6	N/A	N/A	3 of 3
C Evans	Board member. Member of ARAC.	6 of 6	4 of 4	4 of 4	N/A
L MacDonald	Board member. Member of ARAC.	5 of 6	4 of 4	4 of 4	N/A
L McMillan	Board member. Member of PRC.	6 of 6	N/A	N/A	3 of 3
S Paterson	Board member. Member of PRC from 25 February 2025.	5 of 6	N/A	N/A	0 of 0
K Rosser	Board member. Member of PRC.	4 of 6	N/A	N/A	3 of 3

[3] Not a member of the ARAC but attended meetings as noted.

[4] Attended PRC as an observer

Corporate Leadership Team

The Corporate Leadership Team is responsible for SEPA's services and their delivery. Its purpose is to implement the high-level strategy of the organisation, as set by the Board, and lead the agency to ensure that our statutory purposes, operational and organisational requirements are met. The Corporate Leadership Team reports directly to the Chief Executive who is held accountable by the Board.

During 2024/25, the Corporate Leadership Team was comprised of the Chief Executive and five Chief Officer roles:

- Chief Executive and Accountable Officer – N Paterson.
- Chief Officer Finance, Modernisation and Digital – A Milloy.
- Chief Officer People, Workspaces and Development – K Paterson.
- Chief Officer Governance, Performance and Engagement – K L Campbell.
- Chief Operating Officer (Data, Evidence and Innovation) – A Flucker.
- Chief Operating Officer (Regulation, Business and Environment) – L Bunten (to 31 July 2025).
- Chief Operating Officer (Regulation, Business and Environment) (acting) – D Harley (from March 2025).

A strategic assessment of environmental impacts is included in Board and Corporate Leadership Team papers requiring a decision and a Climate Change Impact Assessment tool is being introduced in 2025/26 for use across strategic leadership decisions and new regulated procurements.

Anti-bribery and corruption

We have zero tolerance towards fraud, bribery, and corruption. We have an employee code of conduct, whistle-blowing policy, along with appropriate and effective governance and oversight of gifts and hospitality, both given and received. We actively encourage colleagues to be aware of appropriate behaviours with both customers and suppliers and we maintain a gifts and hospitality register.

During the 2024/25 financial year, there were six cases of suspected fraud considered by our Fraud Response Group with investigations undertaken as appropriate. All six were subsequently closed with appropriate action taken, recommendations made and/or lessons learnt captured. There were no material financial losses as a result.

The Chief Officer Governance, Performance and Engagement chairs our Risk Management Group and our Fraud Response Group. Risk and fraud issues are escalated through these groups to the Corporate Leadership Team. The Audit, Risk and Assurance Committee and the Chair of the Board are made aware of significant issues by the Chief Executive or the Clerk to the Board. The Clerk to the Board, as Head of Corporate Legal and Leadership Support, is also the Corporate Solicitor, Standards Officer, and a member of the Fraud Response Group.

Planning and performance reporting

Our Corporate Plan 2024-2027, published this year, sets out our strategy and is supported by our Annual Operating Plan. We worked during 2024/25 to strengthen our Performance Measurement Framework and reporting mechanisms by agreeing a suite of Key Performance Indicators (KPIs) and linking measures to both plans.

We produce corporate quarterly performance reports and our Chief Executive's Report to the Agency Board which highlights areas of performance and delivery across periods during 2024/25. Both of these reports are published on our website. Our end-of-year performance and analysis for 2024/25 is summarised in the performance report section of this report (starting on page 9).

Looking ahead to 2025/26, we have developed Objectives and Key Results (OKRs), aligned to our Corporate Plan priorities and the key deliverables in our Annual Operating Plan, and further strengthened our KPIs to ensure our new Performance Framework is robust.

Our strengthened Performance Measurement Framework will more effectively enable us to monitor and report on delivery against our strategic priorities and our impact on the environment in Scotland. We will use our strengthened framework to continue to refresh and improve our reporting as we move into 2025/26.

Budgeting and financial management

We have a comprehensive budgeting and financial reporting system, in line with the Scottish Public Finance Manual, which compares actual results to the budgets approved by our Board. We produce management accounting reports to each portfolio and the Corporate Leadership Team monthly and to the Board quarterly. Significant variances from budget are thoroughly investigated.

Budget holders have online access to up to date spend, commitments and forecasts at cost centre level using Enterprise Resource Planning accounting software. Cash flow and other financial forecasts are prepared monthly to ensure that we have sufficient cash to meet our operational needs. On a monthly basis we submit a budget monitoring return, including forecasts and a cash report, to the Scottish Government.

Internal audit and internal control

As Accountable Officer, I have responsibility for maintaining sound systems of internal control. These support the achievement of our policies, duties and objectives. They also safeguard the public funds and assets for which I am personally responsible.

The Public Sector Internal Audit Standards state that: **"The Chief Audit Executive must deliver an annual internal audit opinion and a report that can be used by the organisation to inform its Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control."**

In the Internal Audit Annual Report 2024/25, produced by our internal auditors, BDO, the Chief Audit Executive concluded that: **"In our view, based on the reviews undertaken during the period, and in the context of materiality, the risk management activities and controls in the areas which we examined, were found to be suitably designed to achieve the specific risk management, control and governance arrangements.**

Based on our verification reviews and sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review in most areas.

We note that the Staff Development and Succession Planning, and Estates Management reviews had an assurance rating of 'limited' for the operational effectiveness of the controls in place. It was evident in the review and through discussion with management that process changes were actively being addressed during the time of the audit."

The internal audit standards were revised in January 2024 and will be adopted by public bodies from April 2025. The new Global Internal Audit Standards (GIAS), supersedes the previous Public Sector Internal Audit Standards (PSIAS).

This year we asked BDO (our internal auditors) to undertake several audits to provide assurance that we are managing key risks well and achieving value for money. The audits were:

- Our approach to the handling of complaints.
- Our approach to providing flood planning advice.
- A review of our corporate governance arrangements.
- A review of our colleague development and succession planning processes.
- Estates management.
- Our approach to fixed and variable monetary penalties.

The results of all completed internal audits in 2024/25, including findings and resulting improvement actions, were accepted and approved by the Corporate Leadership Team and the Audit, Risk and Assurance Committee. Improvement actions from all audits are monitored and completion of

actions is verified independently by our internal auditors annually. At the end of 2024/25, there were no overdue management actions.

Risk management and resilience

We have a risk management framework in place where we have clearly set out the responsibilities of the Board, Audit, Risk and Assurance Committee, Corporate Leadership Team, management and colleagues. We seek to: (i) understand threats; (ii) identify and prioritise risks; (iii) put in place controls to reduce or mitigate risks and (iv) monitor risks. We assess risks in terms of the likelihood of them occurring and the impact they would have if they did occur.

Our principal risk register is scrutinised quarterly by our Corporate Leadership Team and Audit, Risk and Assurance Committee. We also provide an Annual Review of Risk report to the Board. Risk is regularly discussed at Corporate Leadership Team and Board meetings and informs our internal audit programme. We routinely review external analysis of key risks impacting UK organisations and consider potential risks raised by our people or Board members to ensure risks are being managed across the organisation. Bespoke risk management training is available to all colleagues, either on a one-to-one basis, or via team workshops. We also have a range of tools available to colleagues to help them identify and manage risks. We have outlined our key risks and challenges in the performance section of this report (see page 30 onward).

Our risk management arrangements comply with the five main principles and several of the supporting principles of risk management that are set out in The Orange Book[5]. We continue to review and improve our risk management process to incorporate more of the supporting principles. In 2024/2025, we carried out a strategic review of our risk management practices, which included the creation of a new principal risk register with associated risk appetite, a set of guiding principles for risk management in SEPA and a complete refresh of our operational risk registers.

As a Category 1 responder under the Civil Contingencies Act 2004, we work with multi-agency resilience partnerships to plan, respond to, and recover from emergencies where there is an actual or potential environmental or business continuity impact. We also ensure that we have our own emergency and business continuity plans in place. We regularly hold resilience exercises with our Corporate Leadership Team, where we simulate multiple emergency scenarios as well as training and exercising events for our strategic, tactical and operational responders.

Information governance

During 2024/25, we made significant progress to strengthen our Information Governance framework. A major milestone was the formal approval of SEPA's updated Records Management Plan, accepted by the Keeper of the Records for Scotland, reflecting our commitment to robust information stewardship and compliance with statutory obligations. This was complemented by the lifting of the

[5] 'The Orange Book: Management of Risk - Principles and Concepts' provides guidance to government organisations on the development and implementation of risk management processes.

intervention from the Office of the Scottish Information Commissioner (OSIC), and performance returning to pre-pandemic levels, marking a return to full regulatory confidence in our information handling practices.

Throughout the reporting period, we maintained a strong record of compliance, with no reportable personal data breaches to the Information Commissioner's Office (ICO). This outcome highlights the effectiveness of the Agency's risk-based approach to information security and its continued investment in cyber resilience and data protection. The Agency's assurance reporting also highlighted the integration of information governance into broader organisational risk frameworks, including the development of a new assurance map and the embedding of information governance within the three lines of assurance model.

Looking ahead, SEPA's Information Governance maturity assessment and implementation actions remain a priority. These efforts are designed to ensure that SEPA remains agile, compliant and resilient in the face of evolving digital and regulatory landscapes.

Written authorities provided to the Accountable Officer

The Permanent Secretary to the Scottish Government designated the Chief Executive, N Paterson, as the Accountable Officer for SEPA with effect from 7 November 2022.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. Our internal control systems include delegation and accountability; a code of conduct all colleagues must follow; procedures, standing financial instructions, guidance and training; internal checks and balances; regular reviews of management information, including financial, performance and risk information; peer reviews; external accreditation; and internal and external audit. My review of the effectiveness of these systems is informed by:

- The views of the Audit, Risk and Assurance Committee on the assurance arrangements in place.
- The work of the internal auditors and the opinion of the Chief Audit Executive.
- Reviews of the corporate risk register and risk management processes by the Risk Management Group, the Corporate Leadership Team and the Audit, Risk and Assurance Committee.
- Reviews of regular performance and financial reports by the Corporate Leadership Team and the Board.
- Feedback from Senior Leaders about delivery of our duties and objectives, response to risks, budget management and use of resources.
- Comments made by the external auditors in their management letter and other reports.

- Completion of an annual certificates of assurance exercise with written assurance from Chief Officers that internal measures are operating sufficiently within their portfolios.

Based on the above, I am satisfied that the corporate governance arrangements in place are appropriate and that there are no significant issues.

Approved by the Board on 25 November 2025 and signed on behalf of the Board on 10 December 2025.

N Paterson

Chief Executive and Accountable Officer

Signature: Nicole Paterson

Date: 10 December 2025

Remuneration and staff report

Remuneration report

Remuneration policy

The Board, Chief Executive, Executive Directors, and Chief Officers' remuneration packages are agreed within the parameters set by the Scottish Government's pay policy. The Scottish Government approves the daily fee to be paid to the Chair and Board members, as well as approving the Chief Executive's remuneration package.

There were no significant decisions taken on Executive Directors' remuneration in year. No performance payments were made in 2024/25 in accordance with the Scottish Government pay policy.

Chair and Board members

All appointments to the Board are on a non-pensionable part-time basis. Board members contribute at least two days per month in support of our activities. The Chair devotes, at a minimum, 12 days per month in support of our activities, and the Deputy Chair and Audit and Risk Chair devote three days per month.

The Board members did not receive any benefits in kind in 2024/25. Table 14 is subject to audit and provides details of the remuneration of Board members.



Table 14: Board remuneration

Name	Post and term	2024/25 £'000	2023/24 £'000
B Downes	Chair to 31 December 2023 when term in office ended	0	35 to 40
L Tennant	Chair from 1 January 2024	50 to 55	10 to 15
F Van Dijk	Deputy Chair to 31 December 2023 when term in office ended	0	5 to 10
H Kohli	Deputy Chair from 1 January 2024	10 to 15	5 to 10
M Hill	Board member to 31 December 2023 when term in office ended	0	5 to 10
N Gordon	Board member and Chair of Audit and Risk Committee	10 to 15	10 to 15
C Hume	Board member	5 to 10	5 to 10
J Hutchison	Board member to 31 March 2024 following resignation	0 to 5	5 to 10
P Matthews	Board member to 31 December 2023 when term in office ended	0	5 to 10
N Chambers	Board member to 25 July 2023 following resignation	0	0 to 5
C Evans	Board member from 15 January 2024	5 to 10	0 to 5
D Hunter	Board member and Chair of People and Resources Committee from 15 January 2024	5 to 10	0 to 5
L MacDonald	Board member from 15 January 2024	5 to 10	0 to 5
L McMillan	Board member from 15 January 2024	5 to 10	0 to 5
S Paterson	Board member from 15 January 2024	5 to 10	0 to 5
K Rosser	Board member from 15 January 2024	5 to 10	0 to 5

Corporate Leadership Team pensions and salary benefits

In 2024/25, Corporate Leadership Team (CLT) members received no benefits in kind. Changes included D Pirie's resignation in June 2024, A Flucker's appointment in April 2024, and D Harley's interim appointment in March 2025. Table 15, subject to audit, details CLT remuneration and pension benefits.

Table 15: Corporate Leadership Team pension and salary benefits 2024/25 and 2023/24

Name	Post	Full time equivalent 2024/25 £'000	Remuneration 2024/25 £'000	Pension benefits 2024/25 £'000[6]	Total 2024/25 £'000	Remuneration 2023/24 £'000	Pension benefits 2023/24 £'000	Total 2023/24 £'000
N Paterson	Chief Executive	130-135	130-135	74	200-205	120 to 125	54	175 to 180
D Pirie	Executive Director	120-125	30-35	Less than 0	25-30	115 to 120	37	155 to 160
A Milloy	Chief Officer	100-105	100-105	36	135-140	90 to 95	25	115 to 120
J Kenny	Chief Officer	N/A	N/A	N/A	N/A	40 to 45	73	115 to 120
I Buchanan	Chief Officer	N/A	N/A	N/A	N/A	95 to 100	48	140 to 145
J Russell	Acting Chief Officer	N/A	N/A	N/A	N/A	30 to 35	7	35 to 40
D Harley	Acting Chief Officer	95-100	0 to 5	42	45 to 50	90 to 95	43	130 to 135
L Bunten	Chief Officer	95-100	90-95	48	140-145	90 to 95	32	120 to 125
B Marshall	Acting Chief Officer	N/A	N/A	N/A	N/A	80 to 85	36	115 to 120
K Paterson	Chief Officer	100-105	100-105	33	135-140	60 to 65	N/A	60 to 65
K L Campbell[7]	Chief Officer	100-105	100-105	58	165-170	15 to 20	N/A	15 to 20
A Flucker[8]	Chief Officer	100-105	90-95	29	115-120	N/A	N/A	N/A

[6] The value of pension benefits accrued during the year is calculated as the real increase in pensions and applying the HMRC methodology multiplier of 20 plus the real increase in any lump sum. The real increases exclude increases due to inflation and are net of contributions made by the individual. If the figure is negative a nil change is recorded.

[7] There was an inter-fund transfer received on 18 November 2024. The transferred final salary service, CARE pot and CETV has been removed from the calculations to show a more accurate figure for the increase in this member's pension, lump sum and CETV to 31 March 2025.

[8] Joined the LGPS on 1 May 2024. As such, there is no comparative figures against prior years.

Table 16: Pension entitlements of Chief Executive, Executive Director and Chief Officers' 2024/25 (audited)[9]

Name	Accrued pension March 2025 £,000	Accrued lump sum March 2025 £'000	Real increase in pension £'000	Real increase in lump sum £'000	CETV March 2025 [10] £'000	CETV March 2024 £'000	Real increase in CETV £'000
N Paterson	55 to 60	55 to 60	2.5 to 5	0 to 2.5	956	854	60
D Pirie	65 to 70	85 to 90	0 to 2.5	Less than 0	1,452	1,318	86
A Milloy	5 to 10	0 to 5	0 to 2.5	0 to 2.5	140	100	27
J Kenny	N/A	N/A	N/A	N/A	N/A	992	N/A
I Buchanan	N/A	N/A	N/A	N/A	N/A	1,046	N/A
J Russell	N/A	N/A	N/A	N/A	N/A	458	N/A
D Harley	45 to 50	65 to 70	0 to 2.5	Less than 0	949	893	25
L Bunten	40 to 45	35 to 40	2.5 to 5	0 to 2.5	735	658	46
B Marshall	N/A	N/A	N/A	N/A	N/A	672	N/A
K Paterson	0 to 5	0 to 5	0 to 2.5	0 to 2.5	38	14	14
K L Campbell[11]	35 to 40	30 to 35	2.5 to 5	0 to 2.5	670	5	84
A Flucker	0 to 5	0 to 5	0 to 2.5	0 to 2.5	23	0	14

[9] The increase shown is the difference between the CETV calculated at 31 March 2025 and that provided in the 31 March 2024 disclosure (report dated September 2024), allowing for inflation and member contributions. We have assumed, as in previous years' disclosures, that each director's own contribution should be deducted.

[10] A cash equivalent transfer (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued because of their total membership of the scheme including any benefit transferred from another scheme and not just their service in a senior capacity to which the disclosure applies. The real increase in CETV reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension benefits due to inflation, contributions paid by the employee and uses common market valuation factors for the start and end of the period.

[11] There was an inter-fund transfer received on 18 November 2024. The transferred final salary service, CARE pot and CETV has been removed from the calculations to show a more accurate figure for the increase in this member's pension, lump sum and CETV to 31 March 2024.

Compensation payments (subject to audit)

D Pirie accepted voluntary severance in March 2024 and departed in June 2024; he received a compensation payment of £68,229 and the cost of buying out the actuarial reduction in his pension was £191,006. In line with accountancy standards, these costs were accounted for in 2023/24.

Fair pay disclosure (subject to audit)

We are required to disclose pay information in relation to the highest paid member of the management team and how it compares to remuneration paid to staff and agency workers at the 25th, 50th and 75th percentile. These have been calculated on the annualised salaries; the calculation excludes employer pension contributions and cash equivalent transfer values.

The annual pay awards and remuneration are guided by the Scottish Government's Public Sector Pay Policy. Any pay proposal is subject to Scottish Government approval to ensure compliance with the fair pay requirements of the Public Sector Pay Policy and are underpinned by an Equality Impact Assessment. A formal offer is subject to collective bargaining with our recognised trade union, UNISON. This process applies to all SEPA pay grades, with the exception of, Chief Executive pay, which is subject to separate Scottish Government guidance.

SEPA agreed a two year pay offer, effective from 1 April 2023 to cover financial year (FY) 2023/24 and 2024/25. In line with Scottish Government Pay Policy, we prioritised a progressive approach so that the lower pay bands were provided with the greatest pay increase. We also removed base pay steps from some of our pay bands to help reduce the progression journey time within a pay band in line with good practice recommendations.

The Chief Executive pay covered FY 2024/25 only and increased by 5%.

The changes in pay ratios between FY 2023/24 and FY 2024/25 are attributable to the application of these pay increases and measures for our main cohort of pay grades over the two-year period compared to the increased percentage applied to the Chief Executive pay band. The median pay ratio is consistent for the pay policies applied and represents a similar outcome across both this and last financial years.

Table 17: Fair pay disclosure (subject to audit)

	2024/25	2023/24
Remuneration band highest paid individual	£130,000-£135,000	£125,000-£130,000
Percentage change from previous financial year	5%	1.19%
Average percentage ratio change from previous financial year	5.6%	7.7%
25th quartile remuneration	£36,906	£34,674
25th quartile ratio	3.59	3.68
50th quartile remuneration	£42,913	£41,132
50th quartile ratio	3.09	3.10
75th quartile remuneration	£50,120	£48,267
75th quartile ratio	2.64	2.64
Remuneration range	£24,573-£140,881	£22,134-£134,172

People report

Employee relations and well-being

As the environment around us changes, we must review how we collectively work together to tackle the climate emergency and deliver on our commitments to the people of Scotland.

With a focus on purpose, people and continuous improvement, we have created our People Strategy, which will bring clarity to employees and managers, building a framework to actively build on performance, capability and well-being. This Strategy supports our Corporate Plan and ensures our people have what they need to deliver our Corporate Priorities.

The aim of our People Strategy is to create a safe, welcoming and high performing environment, where SEPA employees belong and feel valued. By delivering on our commitments in the People Strategy, we will support our teams to deliver on their outcomes and make a difference to the future of our environment.

Our values of Purposeful, Professional and Passionate underpin all people related activity, and help to create common understanding around expectation and performance. To support this, we have a behaviours framework with self-assessment tools to embed the values and behaviours. Within our People Strategy we have identified four 'pillars' where we will focus on improvements:

- How we work: We will provide the tools to deliver our statutory purpose in flexible ways which sustain flooding and regulatory services response and support our goal to be a net zero organisation. This includes workspaces, fleet and travel, hybrid working and facilities management.
- People and Organisational Development: We will support the organisation, leaders and individuals to fulfill the potential and create opportunities for progression and innovation. This includes career and succession planning, continuous learning, performance management and talent acquisition.
- Employee support: Provide the tools, support and guidance required to enable safe, productive, capable and efficient teams. This includes health, safety and well-being, reward and recognition, equality, diversity and inclusion.
- Engaging and empowering teams: Empower teams and individuals to bring the visions and values of SEPA to life. This includes values, behaviours, employer brand and employee engagement.

As we continue to deliver an organisation-wide transformation programme taking full advantage of public sector reform opportunities and efficiencies, our People Strategy will be at the core of this work, prioritising effective engagement with our people and our recognised Trade

Union to help us understand the issues which matter most and support us to identify and develop actions and improvements.

We continue to look for new, innovative ways to support, develop and engage with our people and develop a positive working environment for all.

Equality and diversity

Equality, diversity and inclusion is integral to all our work, our service provision and our interactions with communities and businesses, as well as our colleagues. We published our Equality Mainstreaming and Outcomes Report in April 2023. We will report on the work we have undertaken towards our equality outcomes for 2022-2026 in our next mainstreaming report, due in 2026.

Table 18 represents the gender split within SEPA as at 31 March 2025 - this table is not subject to audit.

Table 18: SEPA staff headcount and gender split including Board (not subject to audit)

	2024/25	2023/24
SEPA staff headcount[12]	1,248	1,195
SEPA staff full time equivalent (FTE)	1,195	1,137
SEPA staff gender split-female	58%	58%
SEPA staff gender split–male	42%	42%
Board-female[13]	55%	58%
Board-male	45%	42%
Corporate Leadership Team-female	71%	56%
Corporate Leadership Team-male	29%	44%

Health and safety

The agency remains firmly committed to maintaining a safe, healthy and supportive working environment for all employees. This commitment aligns with our broader organisational reset, reinforcing expected behaviours and leadership standards. Health and safety continues to be a strategic priority, and we are actively strengthening our systems and practices to ensure consistent application of high standards across all teams and work settings, underpinned by a risk-based approach.

[12] Total excludes Board but includes the Corporate Leadership Team

[13] Includes the Chief Executive

Our internal health and safety governance and delivery groups provide oversight and direction, helping to shape a positive culture that supports prevention, learning, and continuous improvement. We are actively developing more tailored and practical support, recognising the varied nature of our operational activities and the specific risks some employees encounter in their roles.

This year, we placed a renewed focus on behavioural safety and a health and safety reset, led from the Corporate Leadership Team and taken forward by the Health and Safety Team within the People, Workspaces and Development Portfolio. All our employees are encouraged to take ownership of their own health and safety, and that of others by following processes and procedures, staying alert to potential hazards/near misses, and reporting incidents when they occur. These actions have been key to improving the culture when used in conjunction with the wider continually developing health and safety framework including new and revised policies, guidance and support, which are essential for helping us learn and improve our systems and ways of working.

Our Health and Safety Team continues to lead on maintaining robust reporting processes and ensuring that all employees have access to the training and support they need to work safely. This includes specific health and safety training and online learning resources, working collaboratively with the SEPA Portfolio teams, Organisational Development and Learning and Development teams.

Health and safety incident reporting summary 2024/25

- 252 incidents reported in 2024/25 (compared to 90 incidents in 2023/24).
- 67 hazards spotted in 2024/25 (compared to 13 in 2023/24). Please note that the number of hazards reported are also included in the total number of health and safety incidents reported above.
- 0 incidents reported to Health and Safety Executive under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) in 2024/25 (compared to zero in 2023/24).

We have seen an increase in the number of health and safety incidents being reported across the agency. Importantly, none of these required reporting under RIDDOR.

This trend reflects a more open and proactive reporting culture, where employees feel confident reporting hazards spotted, near misses and other incidents. This is a positive sign that health and safety awareness is improving, allowing us to address issues early and continue to prevent more serious incidents from occurring.

This is being helped with continual incremental improvements of the incident reporting system and supporting processes, to make it easier for employees to access and report incidents, allowing quicker responsive support and investigation tracking from the Health and Safety Team, this continues.

SEPA remains committed to building a safer and healthier workplace for all, and will continue to review, develop and improve its approach as part of the wider agency responsibilities.

Trade Union relationship[14]

UNISON is our recognised trade union. Our Joint Negotiation and Consultation Committee (JNCC) comprising representatives from our management and UNISON meet regularly to discuss information and conduct meaningful consultation and/or negotiation between management representatives and UNISON.

UNISON supports us in our initiatives to ensure working conditions and an overall remuneration package that our people value. We negotiate our people's pay, terms, and working conditions with UNISON. The parameters of pay terms and conditions that we can offer are contained within Scottish Government's public sector pay policy. A two-year pay offer for the period 1 April 2023 to 31 March 2025 was accepted by UNISON in January 2024.

In accordance with our statutory responsibility under Trade Union (Facility Time Publication Requirements) Regulations 2017, the schedule below provides the required data relating to our trade union representatives for the period 2024/25.

Trade union facilities time 2024/25 (not subject to audit)[15]

Table 19: Relevant union officials

Number of employees who were relevant union officials	Full-time equivalent employee number
31	29.7

Table 20: Percentage of time spent on facility time[16]

Percentage of time spent on facilities time as a percentage of total working hours for each union representative.

Percentage of time	Number of employees
Less than 1%	4
1-50%	27
51-99%	0
100%	0

[14] Industrial relations are not subject to audit

[15] All footnotes on trade union facilities time refer to information taken from HM Government Supporting Guidance for the Trade Union (Facility Time Publication Requirements) Regulations 2017.

[16] Trade union activities - means time taken off under section 170(1) (b) of the 1992 Act. TULR(C) A section 170. There is no statutory entitlement to paid time off to undertake trade union activities. However, trade union representatives are entitled to be granted reasonable unpaid time off to participate in trade union activities.

Table 21: Percentage of pay bill spent on facility time[17]

Total cost of facility time	£89,832
Total pay bill	£70.5m
Percentage of total pay bill on facility time	0.13%

Table 22: Paid trade union activities [18]

Percentage of time spent on union activities as a percentage of total paid facilities time.

Time spent on paid trade union activities as a percentage of total paid facility time (hours)	71.6%

Pension scheme

We contribute to the Falkirk Council Pension Fund. This is a Local Government Pension Scheme (LGPS), which is a defined benefit scheme and is administered by Falkirk Council. All staff are eligible to enter the Falkirk Pension Scheme, the Local Government Superannuation Scheme managed by Falkirk Council. Employee contributions, based on salary, are fixed by statute currently on a scale of 5.5% - 11.2%.

Hymans Roberston completed the last formal fund valuation on 31 March 2023. The results are used to set employer contribution rates to ensure the fund can pay members' benefits. SEPA's contribution rate has been set at 17% for the period from 1 April 2024, a reduction of 3.5% from the 2023/24 rate of 20.5%. The next formal valuation will be on 31 March 2026.

Staff costs (subject to audit)

In the year 2024/25, the agency's staff costs amounted to £70m, compared to £68m in 2023/24, in relation to staff who have an employment contract with the agency. Of this, £67m was for permanent staff contracts and £3m was for fixed-term contracts. The average full-time equivalent (FTE) employed during the year was 1,178, with 1,128 on permanent contracts and 50 on fixed-term contracts. In comparison, the previous year's average FTE was 1,122, with 1,096 on permanent contracts and 26 on fixed-term contracts.

The staff turnover rate was 8% in 2024/25 compared to 7.89% in 2023/24.

The staff absence rate was 1.94% in 2024/25, compared to 3.09% in 2023/24. This indicates a decrease in the absence rate. The organisation continues to support employees through progressive flexible working and hybrid

[17] Total paid facility time hours - total number of hours spent on facility time by trade union representatives during relevant period. Does not include hours attributable to time taken off under section 170(1) (b) of the 1992 Act in respect of which a trade union representative does not receive wages.

[18] Paid trade union activities - time taken off for trade union activities under section 170 (1) (b) of the 1992 Act in respect of which a trade union representative receives wages from the relevant public sector employer. There is no statutory entitlement to paid time off to undertake activities.

working policies and introduced a paid well-being and communities day as part of the 2023-2025 pay award.

Other staff-related costs of £2.7m include recruitment, training, agency staff, year-end pension and provision adjustments. We spent £0.46m on agency staff to cover vacancies.

Table 23 excludes £0.21m on consultancy and £0.42m on professional services both of which are included in other operating costs (see note 5 on page 118).

Table 23: Staff costs during the year to March 2025 (subject to audit)

	Permanent staff £'000	Fixed term staff £'000	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Wages and salaries	52,238	2,329	54,567	50,631
Social security costs	5,398	241	5,639	5,217
Apprenticeship levy	237	11	248	230
Pension costs	9,586	427	10,013	11,680
Subtotal of payroll costs	**67,459**	**3,008**	**70,467**	**67,758**
Other staff related costs			1,087	1,061
IAS 19 pension charge (note 17)			1,296	137
Life assurance provision (note 14)			234	206
Unfunded IAS 19 pension charge (note 14)			28	55
			73,112	**69,217**

Exit packages (subject to audit)

As part of the 2023-2025 pay award we agreed a commitment to avoid compulsory redundancy, in accordance with Scottish Government Public Sector Pay Policy.

In 2024/25 we conducted a voluntary severance exercise which resulted in 10 members of staff receiving an exit package. The total cost of the package includes payments made to the Falkirk Pension Fund to meet the costs of staff entitled to early access to pension as part of the voluntary severance agreement.

Table 24: Exit packages (subject to audit) per cost band

Exit package cost band	Number of exit packages 2024/25	Number of exit packages 2023/24
£0 - £10,000	1	0
£10,000 - £25,000	2	4
£25,000 - £50,000	0	4
£50,000 - £100,000	2	6
£100,000 - £150,000	2	4
£150,000 - £200,000	2	2
£200,000 - £250,000	1	1
£250,000 - £300,000	0	1
£300,000 - £350,000	0	1
Total number of packages	**10**	**23**
Total costs disclosed in the financial statements £'000	**£1,040**	**£2,356**

Parliamentary accountability report (subject to audit)

Fees and charges

The financial statements provide a breakdown of our £55.4m income from contracts (see note 2 on page 116) of which £53m relates to charging scheme fees and charges. Our fees and charges have been set to comply with the cost allocation and charging requirements set out by Scottish Public Finance Manual, HM Treasury, and the Office of Public Sector Information guidance on trading funds and commercial services.

Table 25 provides the detail of our income, expenditure and cost recovery levels for charging schemes. The financial objective for charging schemes is full cost recovery taking one year with another, based on all costs including current cost depreciation and a rate of return on relevant assets.

Table 25: Trading accounts cost recovery year to 31 March 2025

	ERS[19] £'000	PRW[20] £'000	RSA nuclear[21] £'000	Other[22] £'000	Total £'000
Income	48,171	1,635	2,717	443	**52,966**
Expenditure	49,415	1,302	2,654	572	**53,943**
(Under)/over recovery	(1,244)	333	63	(129)	**(977)**
% cost recovery	97%	126%	102%	77%	**98%**

[19] Environmental Regulation (Scotland)

[20] Producer Responsibility Waste Packaging

[21] Radioactive Substances Act

[22] Total of charging schemes which generate income of less than £1m

Consolidated fund receipts

We collect penalties for EU Emissions Trading Scheme (EU ETS) and environmental offences. During 2024/25, penalty notices of £3.6m (2023/24 - £4.8m) were raised and payments of £3.5m were received and remitted to Scottish Government. As at 31 March 2025, there was an outstanding balance of £2.7m in our current assets and liabilities. As we are acting as an agent on behalf of Scottish Government these balances are not reflected in the accounts.

Value for money

As with all governmental bodies, we are required to deliver optimal value and achieve efficiency savings of a minimum of 3% annually. To balance the 2024/25 budget, we included £2.9 million in savings from staff turnover, equating to a 4% reduction. The actual savings made were £6.2m, equating to 8.2%, which were mainly achieved through management of staff turnover.

Contingent liabilities

We occupy several leased properties, which have dilapidation clauses in the leases. We maintain these properties in excellent order. Some properties have a potential liability at the end of the lease to reinstate the internal layout of the building to their original floor plan. A provision is in place for properties where the estimated costs are considered to be significant.

Most of our gauging stations are on leased sites. When we no longer require these facilities, they must be decommissioned, removing the plant, buildings and restoring the site. The level of these potential future liabilities will be subject to negotiation with individual landlords.

As at end of March 2025, we were involved in one ongoing litigation and one statutory appeal in relation to regulatory matters, which may result in claims for legal fees and expenses. In addition, we received one civil claim and notification of a second potential claim. One of these claims is being disclosed as remote contingent liability and one as a contingent liability.

Losses and special payments

There were no losses or special payments exceeding £300k in the financial year to 31 March 2025.

Gifts

There were no gifts exceeding £250k in the financial year to 31 March 2025.

Approved by the Board on 25 November 2025 and signed on behalf of the Board on 10 December 2025.

N Paterson

Chief Executive and Accountable Officer

Signature: Nicole Paterson .....

Date: 10 December 2025 .....

Independent auditor's report to the members of the Scottish Environment Protection Agency, the Auditor General for Scotland and the Scottish Parliament



Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Environment Protection Agency for the year ended 31 March 2025 under Section 46 of the Environment Act 1995. The financial statements comprise the statement of comprehensive net expenditure, the statement of financial position, the statement of cash flows, the statement of changes in taxpayers' equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of Section 45(2) of the Environment Act 1995 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that Section 45(2) of the Environment Act 1995 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with Section 45(2) of the Environment Act 1995 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with Section 45(2) of the Environment Act 1995 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with Section 45(2) of the Environment Act 1995 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the

Remuneration and Staff Report are not in agreement with the accounting records; or

- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Liz Maconachie, CPFA, Senior Audit Manager

Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow G2 1BT

Signature: Liz Maconachie

Date: 10 December 2025



Annual Accounts

Table 26: Statement of comprehensive net expenditure for the year to 31 March 2025

	Notes	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Income			
Income from contracts	2	54,182	50,338
Other income	3	1,208	1,052
Total operating income		**55,390**	**51,390**
Expenditure			
Staff costs	4	(73,112)	(69,217)
Depreciation	9	(6,066)	(5,246)
Profit/(loss) on disposal of assets	9	(122)	(12)
Other operating charges	5	(25,537)	(22,588)
Total operating expenditure		**(104,837)**	**(97,063)**
Net operating expenditure		**(49,447)**	**(45,673)**
Finance income	6	1,152	277
Finance expenses	7	(101)	(85)
Net expenditure for year		**(48,396)**	**(45,481)**
Other comprehensive expenditure			
Net (loss)/gain on revaluation of property, plant and equipment	9	1,008	280
Actuarial gain/(loss) on pension scheme	17	(21,242)	20,088
Comprehensive net (expenditure)/income for the year		**(68,630)**	**(25,113)**

The note numbers referred to above are incorporated within the notes to the accounts (starting on page 108).

Table 27: Statement of financial position at 31 March 2025

	Notes	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Non-current assets			
Property, plant and equipment	9	42,075	42,377
Intangible assets	9	4,027	2,402
Assets under construction	9	2,380	2,807
Employee retirement benefits	17	0	21,527
Trade and other receivables	11	232	225
Total non-current assets		**48,714**	**69,338**
Current assets			
Trade and other receivables	11	5,029	3,964
Cash and cash equivalents	10	2,346	899
Total current assets		**7,375**	**4,863**
Total assets		**56,089**	**74,201**
Current liabilities			
Trade and other payables less than 1 year	12	(13,683)	(11,206)
Provisions for liabilities and charges less than 1 year	14	(231)	(213)
Future lease payments	16	(1,306)	(1,321)
Total current liabilities		**(15,220)**	**(12,740)**
Total assets less current liabilities		**40,869**	**61,461**
Non-current liabilities			
Provisions for liabilities and charges greater than 1 year	14	(6,059)	(6,023)
Future lease payments	16	(5,475)	(6,560)
Total non-current liabilities		**(11,534)**	**(12,583)**
Total assets less total liabilities		**29,335**	**48,878**
Taxpayers' equity			
Comprehensive net expenditure reserve		10,295	30,544
Revaluation reserve		19,040	18,334
Total taxpayers' equity		**29,335**	**48,878**

The note numbers referred to on the left are incorporated within the notes to the accounts. These annual accounts were approved by the Board on 25 November 2025 and signed behalf of the Board on 10 December 2025.

N Paterson

Chief Executive and Accountable Officer

Signature: Nicole Paterson

Date: 10 December 2025

Table 28: Statement of cash flows for year to 31 March 2025

	Notes	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Net operating expenditure		**(49,447)**	**(45,673)**
Adjustments for non-cash transactions			
Depreciation/impairment and amortisation	9	6,066	5,246
Loss/(gain) on disposal of assets	9	122	33
Pension scheme adjustment	17	1,296	137
Movement in provisions	14	(42)	(261)
Movements in working capital			
Decrease/(increase) in trade and other receivables		(1,082)	(257)
(Decrease)/increase in trade and other payables		2,696	821
Net cash outflow from operating activities		**(40,391)**	**(39,954)**
Cash flows from investing activities			
Purchase of non-current assets		(5,128)	(4,732)
Proceeds from disposal of non-current assets		21	21
Net cash outflow from investing activities		**(5,107)**	**(4,711)**
Cash flows from financing activities			
Bank interest received	6	141	202
Lease liability payments		(1,432)	(1,677)
Grant in aid revenue funding received in year	18	42,739	40,860
Grant in aid capital funding received in year	18	5,497	5,350
Net cash inflow from financing		**46,945**	**44,735**
Net (decrease)/increase in cash and cash equivalents		**1,447**	**70**
Less cash and cash equivalents at start of year	10	899	829
Cash and cash equivalents at end of year	10	2,346	899
(Decrease)/increase in cash for the year		**1,447**	**70**

Table 29: Statement of changes in taxpayers' equity for the year to 31 March 2025

	Notes	Comprehensive net expenditure reserve £'000	Revaluation reserve £'000	Total year to 31 March 2025 £'000
Balance at 1 April 2024		30,544	18,334	48,878
Grant from sponsoring department	18	48,236	0	48,236
Net expenditure for the year		(48,396)	0	(48,396)
Total of pension re-measurements	17	(21,242)	0	(21,242)
Disposal of assets	9	145	(145)	0
Revaluation of non-current assets	9	1,008	851	1,859
At 31 March 2025		**10,295**	**19,040**	**29,335**

Table 30: Statement of changes in taxpayers' equity for the year to 31 March 2024

	Notes	Comprehensive net expenditure reserve £'000	Revaluation reserve £'000	Total year to 31 March 2024 £'000
Balance at 1 April 2023		9,359	18,419	27,778
Grant from sponsoring department	18	46,210	0	46,210
Net expenditure for the year		(45,481)	0	(45,481)
Total of pension re-measurements	17	20,088	0	20,088
Disposal of assets	9	88	(88)	0
Revaluation of non-current assets	9	280	3	283
At 31 March 2024		**30,544**	**18,334**	**48,878**

The note numbers referred to above are incorporated within the notes to the accounts. These annual accounts were approved by the Board on 25 November 2025 and signed on behalf of the Board on 10 December 2025.

Notes to the accounts

Note 1: Accounting policies

The annual accounts are prepared in accordance with the Accounts Direction issued by Scottish Ministers. This Accounts Direction requires compliance with HM Treasury's Financial Reporting Manual (FReM). The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRSIC). Where FReM permits a choice of accounting policy, we have adopted the option that it judges to be most appropriate for the purpose of giving a true and fair view of its financial position. The accounting policies adopted have been set out below and they have been applied consistently in dealing with items that are considered material to the accounts.

Accounting convention

The accounts are prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment to current value as determined by the relevant accounting standard.

Accounting period

The accounting period commenced on 1 April 2024 and ended on 31 March 2025.

Going concern

The future financing of SEPA's liabilities falling due in future years are met from income derived from charging schemes and funds received from Scottish Government. Future years charging scheme fees will be increased to meet the expected costs attributable to providing these services. The Agency Board (the Board) and Accountable Officer has no reason to expect this process to change in the future. In addition, they believe that SEPA will continue to receive support from Scottish Government. Accordingly, they consider it appropriate to adopt a going concern basis for the preparation of these annual accounts.

Non-current assets

Property, plant and equipment

Initial recognition of all non-current assets purchased are at cost. Subsequent valuations of non-current assets are recognised in the accounts as follows:

- Title of operational properties are included in our accounts based on the actual ownership and management of the assets concerned.
- Operational land and buildings current value is assessed on the basis that the occupation for existing use will continue for the foreseeable future, unless otherwise stated. For non-specialised properties, where there is

direct market evidence, current value is assumed to be equal to open market value for existing use.

- For specialised properties (gauging stations), where there is no market evidence in respect of existing use, the value is assessed by using a depreciated replacement cost. There was a full valuation exercise conducted by Cushman and Wakefield (Royal Institute of Chartered Surveyors (RICS) regulated) at 31 March 2023 to determine the depreciated replacement cost. We intend to undertake a full valuation of our gauging stations every 3 years; the valuation will be based on visiting 20% of our sites on a rolling programme. In the years between full valuations, the value is indexed, we currently apply the Building Cost Information Service (BCIS) All-In Tender price index.
- Depreciated historic cost has been used as a proxy for the current value of equipment, fixtures and fittings, motor vehicles, plant and machinery, computer equipment and software. All these assets in this category have i) low values and short useful economic lives, which realistically reflect the life of the asset; and ii) depreciation or amortisation charge, which provides a realistic reflection of consumption.
- Only the large vessel (Sir John Murray) is reported at market value. A professional market valuation was obtained for the vessel as at March 2025 to check for impairment. As there was less than a 10% variance between the net book value and the market value, no adjustment was made.
- Depreciated historic cost is used as a proxy for current value of plant and equipment that has a medium-term economic life and where depreciation charge provides a realistic reflection of consumption.
- Right of use assets at transition to IFRS 16 on 1 April 2022 - qualifying leases were recognised as right of use assets. In accordance with the standard's requirements, the assets were initially measured at cost, equating to the discounted value of future lease payments less incentives. The right of use assets are depreciated on a straight-line basis over the lease term. These assets relate to property and vehicle leases, with valuation policy applied in line with owned assets. As at 31 March 2025, the value of the right of use property assets, based on market rent, was provided by an independent chartered surveyor (Avison Young).
- Expenditure on improvements, repairs and renewals of non-current assets is charged to the statement of comprehensive net expenditure in the year the expenditure is incurred, unless it is considered to have replaced a part of an asset. If it has replaced part of an asset, it will be capitalised and the cost and cumulative depreciation or amortisation of the asset it has replaced, will be removed from non-current assets.

Depreciation and amortisation

Depreciation or amortisation is provided on all non-current assets, other than freehold land, and it is calculated on a straight-line basis over the useful lives of the asset as detailed in table 31. Depreciation and amortisation is charged to the statement of comprehensive net expenditure on the carrying value of the non-current assets. An element of the depreciation and amortisation arising from the increase in the valuation, and in excess of the depreciation or amortisation that would be charged on the historic cost value of the asset, is taken to the revaluation reserve.

Table 31: Assets separated into categories and their lives

Asset category	Asset lives (years)
Buildings (including gauging stations)	20 to 60
Leasehold buildings	Over the remaining term of the lease
Plant and machinery	4 to 20
Right to use assets	Over the term of the lease
Fixtures, fittings, tools and equipment	5 to 15
Vessels	30
Computer hardware	5 to 15
Motor vehicles	4 to 10
Software developed in house	3 to 15
Purchased software	3 to 15

Assets in course of completion

Assets in course of completion are valued at cost. On completion they are transferred from the project account into the appropriate asset category. No depreciation or amortisation is charged until the asset is in operational use. The capitalisation threshold for assets is £10,000 including VAT. The actual salary costs including national insurance and superannuation of our staff who are involved in the creation of non-current assets are capitalised against the relevant assets.

Intangible assets

Purchased software

Purchased software is valued at depreciated historical cost, as a proxy for market value. These are licences to use software purchased from third parties with a life of more than one year and a cost of more than £10,000 including VAT. These licences are written off over the period they are in operational use.

In-house developed software

In-house developed software is the cost incurred for developing software with a life of more than one year and a cost of more than £10,000 including VAT. The actual salary costs, including national insurance and superannuation of our staff who are involved in the creation of non-current assets, are capitalised against the relevant asset. These costs are written off over the period the software is in operational use.

There is no active market for this software and it is not income generating. Depreciated historical cost is used as a proxy for current market value.

Impairment

The carrying value of our assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment. An impairment loss is recognised in the statement of comprehensive net expenditure whenever:

- The carrying amount of assets exceeds the recoverable amount.
- The residual value has fallen below that originally estimated.
- The economic life of the asset is lower than originally estimated.

Provisions for liabilities and charges

Provisions for liabilities and charges are based on realistic and prudent estimates of the expenditure required to settle future legal or constructive obligations, arising from past events that exist at the statement of financial position date.

The provisions at the year-end were for:

- Unfunded pension liabilities in respect of pension commitments inherited from our predecessor bodies and the past Chair.
- Life assurance benefit provided to staff under our terms and conditions of employment as estimated by Hymans Robertson based on the profile of the staff employed at 31 March 2025.
- Decommissioning costs for leased properties. Avison Young (Royal Institute of Chartered Surveyors (RICS)) conducted a desk top valuation at 31 March 2025.
- Potential staff compensation payment.

Reserves

The comprehensive net expenditure reserve represents the excess of income over expenditure on grant in aid funded activities. The revaluation reserve reflects the increase in value of land, buildings and gauging stations over their historical costs.

Value added tax (VAT)

Irrecoverable VAT is charged to the statement of comprehensive net expenditure or included in the cost of assets in the period it is incurred.

Leases

We have a small number of operating lease rentals which do not qualify as right of use assets. The costs are charged to expenditure in equal annual amounts over the lease term. We do not enjoy the risks or rewards associated with ownership of the items leased.

Government grant in aid (GiA)

Funding received to cover general operating activities and replacement of capital items is shown as financing income and credited directly to the comprehensive net expenditure reserve.

Income

Income represents the total value excluding VAT of income received from revenue contracts as per International Financial Reporting Standard (IFRS) 15 and other operating income. Revenue from contracts includes income from SEPA specific and UK wide charging schemes, application fees and annual subsistence charges. We also earned income to recover the costs of specific services provided to other organisations. This income has been further split between statutory and non-statutory income.

Statutory income is defined as income which we receive in our regulatory role and for which the basis for charging is defined within statute. Non-statutory income covers a range of income primarily for the recharge of staff time and shared facilities, in addition to services provided to other organisations. We recognise income on delivery of performance obligations as per IFRS 15.

Other operating income relates primarily to grant income which we recognise in line with IAS (International Accounting Standards) 20.

IAS 1 requires line items for income to be grouped into:

a) Will not be reclassified subsequently to profit or loss.

b) Will be reclassified subsequently to profit or loss when specific conditions are met.

All of our income falls under b) above.

Expenditure

Expenditure incurred on day-to-day operational activities is accounted for or charged into the statement of comprehensive net expenditure in the year that the work has been done. Staff costs are accounted for in the year that salaries are earned together with the employers' costs. Other expenditure is charged or accrued into the year the services or goods were used. As part of the year end accounts process, a detailed accrual exercise is conducted to ensure expenditure is matched with income appropriately. Expenditure that relates to future accounting periods of more than £5,000 is prepaid and will be matched to income earned in future periods. All expenditure that related to services or goods received by 31 March 2025 has been accrued.

Pension costs

We participate in the Local Government Superannuation Scheme which is a defined benefit scheme. The expected cost of providing staff pensions is recognised on a systematic basis over the expected average remaining lives of members of the pension fund in accordance with IAS 19 and recognises retirement benefits as the benefits that are earned and not when they are due to be paid. The actuary reviews the scheme on a triennial basis and we have always implemented the contributions recommended (see note 17 on page 131). The contribution charges are recognised in the accounting years in which they arise.

We provide in full for the cost of meeting pensions up to normal retirement age in respect of staff taking early retirement programmes and voluntary severances in the current and previous years. Most pensions payable after normal retirement age are met by the pension scheme, although there are some pension liabilities inherited from predecessor bodies that are met directly by us - these are reflected in the unfunded pension liabilities (see note 14 on page 128).

Research and development expenditure

Research and development expenditure is written off to the statement of comprehensive net expenditure as it is incurred. This pertains to specific commissioning of one-off research projects.

Financial instruments

Our financial instruments comprise trade and other receivables, trade and other payables and cash and liquid resources (see note 13 on page 127).

Trade receivables are initially recognised at transaction price, which is assumed to be their fair value. Robust annual reviews are undertaken of all outstanding debtors to determine the likelihood of payment. If it is assessed/known that a debt will not be paid, it is written off to the statement of comprehensive net expenditure. Subsequent recoveries of amounts previously written off are taken to the statement of comprehensive net expenditure.

Trade payables are held at cost, which is considered to represent fair value. Any cash is held in accounts with highly rated banks. There is no significant liquidity or credit risk exposure due to the credit controls in place.

Foreign exchange

Transactions that are denominated in a foreign currency are translated into Sterling using the exchange rate applied by the bank when making payment.

Notional costs

Financial Reporting Manual (FReM) has removed the need to calculate and account for cost of capital, in the form of interest on capital, from 1 April 2010. Notional costs of capital are included in the costs recovered under the charging schemes, to reflect the cost of using government funded assets to deliver services. The charge was calculated at 3.5% of the average carrying amount of all assets, including assets in course of construction less trading liabilities, apportioned between charging scheme and non-charging scheme activities.

Review of accounting policies

We have reviewed all our accounting policies to ensure their continued relevance.

Civil penalties

Through its enforcement of certain breaches of legislation, we receive payment of penalties, for example, where fixed or monetary penalties are imposed under the Environmental Regulation (Enforcement Measures) (Scotland) Order 2015 or where civil penalties are served under the various climate change regimes, such as The Greenhouse Gas Emissions Trading Scheme Order 2020. In such cases, we are required to pass the funds received to Scottish Ministers and the funds are then put to the Scottish Consolidated Fund. As at 31 March 2025, there was an outstanding balance of £2.7m in our current assets and liabilities. However, as we are acting as an agent on behalf of Scottish Ministers these balances are not reflected in the accounts.

Judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a risk of adjustment to the carrying amount of assets and liabilities within the financial statements within the next financial year are:

- Provisions have been made where it has been determined that a financial liability of uncertain timing or amount exists (see note 14 on page 128).
- Pensions - estimation of the net pension liability or asset is based on several complex judgements including the discount rate, salary increase rate, retirement ages, mortality rates, and expected returns on pension fund assets, following work carried out by our actuaries. Further estimates considered the extent to which the International Accounting Standards (IAS 19) and International Financial Reporting Interpretations Committee (IFRIC 14) asset ceiling limits on defined benefit schemes apply.
- IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, the asset ceiling has been calculated based on the assumption that an economic benefit is available to the employer through a reduction in future contributions; this equals the present value of future service costs less the present value of future service contributions. As the actuaries have calculated that the present value of future service contributions is less than the value of future service cost, the economic benefit available as a reduction in future contributions is floored at £0. The asset ceiling is therefore £0 (prior year £21.5m).

  Note 17 on page 131 provides more detail on the movement in the net pension position.
- Estimated cost of decommissioning (note 9 on pages 119-121 and note 14 on page 128) - the property decommissioning provision is the potential cost of reinstating leased properties to their original floorplan. A desktop valuation of the costs for two of our larger buildings was provided by Avison Young at 31 March 2025.

Future changes in accounting standards

We disclose accounting standards not yet applied and assess the possible impact that initial application would have on the financial statements. There are no new standards yet effective that will have an impact on our accounts.

Subsequent events

There are no events which have occurred since the statement of financial position at 31 March 2025 was prepared that require disclosure.

Note 2: Income from contracts

Table 32: Income from contracts

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Statutory income		
Charging Scheme fees and charges	52,966	48,871
Scottish Landfill Tax	369	384
Scottish Landfill Communities Fund	117	176
Supporting enforcement undertakings	2	19
Non-statutory income		
Provision of services	728	888
	54,182	**50,338**

Note 3: Other income

Table 33: Other income

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Grants	1,125	905
Other	83	147
	1,208	**1,052**

Note 4: Information regarding employees and Board members

Table 34: Staff costs during the year to March 2025

	Permanently employed staff £'000	Others £'000	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Staff costs				
Wages and salaries	52,238	2,329	54,567	50,631
Social security costs	5,398	241	5,639	5,217
Apprenticeship levy	237	11	248	230
Pension costs	9,586	427	10,013	11,680
Subtotal of payroll costs	**67,459**	**3,008**	**70,467**	**67,758**
Other staff related costs (principally recruitment fees, staff subsistence, training costs and hiring agency and temporary staff)			1,087	1,061
IAS 19 pension charge (note 17)			1,296	137
Life assurance provision (note 14)			234	206
Unfunded IAS 19 pension charge (note 14)			28	55
			73,112	**69,217**

More information on our staff can be found in the remuneration and staff report section of this report.

Note 5: Other operating charges

Table 35: Other operating charges

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Operating charges categorised		
Supplies and services	19,809	16,824
Property costs	4,370	3,857
Transport costs	900	1,327
Research and development costs	15	24
Property and vehicle leases	364	479
External auditor's remuneration	79	77
	25,537	**22,588**

Note 6: Interest receivable and similar income

Table 36: Interest receivable and similar income

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Bank interest received	141	202
International Accounting Standards (IAS) 19 net return on pension scheme assets and liabilities (note 17)	1,011	75
	1,152	**277**

Note 7: Interest payable

Table 37: Interest payable

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Interest on leases	101	85
	101	**85**

Note 8: Taxation

We are not liable to corporation tax for 2024/25 (nil for 2023/24).

Note 9: Non-current assets to March 2025

Table 38: Property, plant and equipment (PPE)

Year to 31 March 2025	Land £'000	Buildings £'000	Leasehold buildings £'000	Gauging stations £'000	Plant & machinery £'000	Vessel £'000	Computer equipment £'000	Motor vehicles £'000	Fixtures & fittings £'000	Total PPE £'000
Cost or valuation										
1 April 2024	708	4,150	11,230	35,269	13,359	860	5,681	785	246	72,288
Opening balance adjustment			(105)[23]							(105)
Purchases	0	0	0	447	2,439	0	420	9	17	3,332
Decommissioning provision	0	0	96	0	0	0	0	0	0	96
Impairments	0	0	0	(133)	0	0	0	0	0	(133)
Disposals	0	0	(18)	(332)	(1,044)	0	0	(136)	0	(1,530)
Revaluations	(30)	(215)	0	811	0	0	0	0	0	566
At 31 March 2025	**678**	**3,935**	**11,203**	**36,062**	**14,754**	**860**	**6,101**	**658**	**263**	**74,514**
Depreciation										
1 April 2024	0	0	5,402	17,556	8,676	186	2,965	449	230	35,464
Charge for year	0	592	863	1,095	886	75	736	72	13	4,332
Impairments	0	0	0	(59)	0	0	0	0	0	(59)
Disposals	0	0	0	(218)	(1,016)	0	0	(136)	0	(1,370)
Revaluations	0	(592)	0	415	0	0	0	0	0	(177)
At 31 March 2025	**0**	**0**	**6,265**	**18,789**	**8,546**	**261**	**3,701**	**385**	**243**	**38,190**
Net book value at 31 March 2025	**678**	**3,935**	**4,938**	**17,273**	**6,208**	**599**	**2,400**	**273**	**20**	**36,324**
Net book value at 31 March 2024	**708**	**4,150**	**5,828**	**17,713**	**4,683**	**674**	**2,716**	**336**	**16**	**36,824**

[23] Adjusted for over accrual in 2023/24.

Note 9: Non-current assets to March 2025 continued

Table 39: Right of use assets

Year to 31 March 2025	Right of use buildings £'000	Right of use vehicles £'000	Total right of use assets £'000
Cost or valuation			
1 April 2024	5,335	235	5,570
Purchases	210	145	355
Disposals	(166)	0	(166)
Revaluations	74	0	74
At 31 March 2025	**5,453**	**380**	**5,833**
Depreciation			
1 April 2024	0	17	17
Charge for year	1,073	65	1,138
Disposals	(30)	0	(30)
Revaluations	(1,043)	0	(1,043)
At 31 March 2025	**0**	**82**	**82**
Net book value at 31 March 2025	**5,453**	**298**	**5,751**
Net book value at 31 March 2024	**5,335**	**218**	**5,553**

Note 9: Non-current assets to March 2025 continued

Table 40: Intangible assets and assets under construction

Year to 31 March 2025	Software developed in-house £'000	Purchased software £'000	Total intangible assets £'000	Assets under construction £'000
Cost or valuation				
1 April 2024	1,955	5,664	7,619	2,807
Purchases	104	98	202	1,536
Brought into operational use	194	1,769	1,963	(1,963)
At 31 March 2025	**2,253**	**7,531**	**9,784**	**2,380**
Depreciation				
1 April 2024	1,205	4,012	5,217	0
Charge for year	196	344	540	0
At 31 March 2025	**1,401**	**4,356**	**5,757**	**0**
Net book value at 31 March 2025	**852**	**3,175**	**4,027**	**2,380**
Net book value at 31 March 2024	**750**	**1,652**	**2,402**	**2,807**

Note 9: Non-current assets to March 2024

Table 41: Property, plant and equipment (PPE)

Year to 31 March 2024	Land £'000	Buildings £'000	Leasehold buildings £'000	Gauging stations £'000	Plant & machinery £'000	Vessel £'000	Computer equipment £'000	Motor vehicles £'000	Fixtures & fittings £'000	Total PPE £'000
Cost or valuation										
1 April 2023	823	3,680	10,906	35,647	13,057	735	5,261	653	246	71,008
Purchases	0	718	124	563	834	125	302	158	0	2,824
Recategorisation	0	67	0	0	0	0	0	0	0	67
Brought into operational use	0	0	0	0	0	0	118	0	0	118
Decommissioning provision	0	0	617	0	0	0	0	0	0	617
Disposals	0	0	(417)	(115)	(532)	0	0	(26)	0	(1,090)
Revaluations	(115)	(315)	0	(826)	0	0	0	0	0	(1,256)
At 31 March 2024	**708**	**4,150**	**11,230**	**35,269**	**13,359**	**860**	**5,681**	**785**	**246**	**72,288**
Depreciation										
1 April 2023	0	0	5,051	16,829	8,410	122	2,263	439	218	33,332
Charge for year	0	315	767	1,165	791	64	702	36	12	3,852
Disposals	0	0	(416)	(35)	(525)	0	0	(26)	0	(1,002)
Revaluations	0	(315)	0	(403)	0	0	0	0	0	(718)
At 31 March 2024	**0**	**0**	**5,402**	**17,556**	**8,676**	**186**	**2,965**	**449**	**230**	**35,464**
Net book value at 31 March 2024	**708**	**4,150**	**5,828**	**17,713**	**4,683**	**674**	**2,716**	**336**	**16**	**36,824**
Net book value at 31 March 2023	**823**	**3,680**	**5,855**	**18,818**	**4,647**	**613**	**2,998**	**214**	**28**	**37,676**

Note 9: Non-current assets to March 2024 continued

Table 42: Right of use assets

Year to 31 March 2024	Right of use buildings £'000	Right of use vehicles £'000	Total right of use assets £'000
Cost or valuation			
1 April 2023	5,286	0	5,286
Purchases	394	235	629
Disposals	(240)	0	(240)
Revaluations	(105)	0	(105)
At 31 March 2024	**5,335**	**235**	**5,570**
Depreciation			
1 April 2023	0	0	0
Charge for year	1,005	17	1,022
Disposals	(79)	0	(79)
Revaluations	(926)	0	(926)
At 31 March 2024	**0**	**17**	**17**
Net book value at 31 March 2024	**5,335**	**218**	**5,553**
Net book value at 31 March 2023	**5,286**	**0**	**5,286**

Note 9: Non-current assets to March 2024 continued

Table 43: Intangible assets and assets under construction

Year to 31 March 2024	Software developed in-house £'000	Purchased software £'000	Total intangible assets £'000	Assets under construction £'000
Cost or valuation				
1 April 2023	1,955	5,261	7,216	1,167
Purchases	0	403	403	1,826
Recategorised	0	0	0	(68)
Brought into operational use	0	0	0	(118)
Disposals	0	0	0	0
At 31 March 2024	**1,955**	**5,664**	**7,619**	**2,807**
Depreciation				
1 April 2023	1,023	3,803	4,826	0
Charge for year	182	209	391	0
Disposals	0	0	0	0
At 31 March 2024	**1,205**	**4,012**	**5,217**	**0**
Net book value at 31 March 2024	**750**	**1,652**	**2,402**	**2,807**
Net book value at 31 March 2023	**932**	**1,458**	**2,390**	**1,167**

The charge in the statement of comprehensive net expenditure includes depreciation charged for the year, impairments and the net book value of disposals of £6.2m. The total carrying value of property, plant and equipment, including right of use assets as at 31 March 2025 was £42.1m. Intangible assets were £4m and assets under construction were £2.4m.

The land and buildings category comprises owned properties, which were valued on a desktop basis by Avison Young at £4.6 million as of 31 March 2025 (compared to £4.9 million as of 31 March 2024).

The right-of-use value for leased properties, determined using discounted market rent as of 31 March 2025, was assessed by Avison Young at £5.5 million (£5.3 million as of 31 March 2024).

Gauging stations were valued as at 31 March 2025 at £17.3m (£17.7m as at 31 March 2024). Gauging stations are specialised assets, they were fully valued by Cushman and Wakefield at 31 March 2023 using the depreciated replacement cost approach set out in the Royal Institution of Chartered Surveyors (RICS) Red Book. [24]

In 2024/25, we applied the BCIS All-In Tender price index based on advice provided by Avison Young's and HMRC guidance from December 2024. This resulted in a 2.3% increase of £0.4m. The estimated value of the gauging stations, including additions, disposals, and impairments, was £17.3m as of 31 March 2025, down £0.4m from 31 March 2024.

The revaluation movements of £1.9m have been balanced by the movements on the revaluation reserve held in taxpayers' equity of £0.9m and the comprehensive net expenditure of £1m.

A desk top valuation of the estimated costs of leasehold buildings decommissioning costs, which is the estimated increase in cost of returning the internal layout to the original form, was provided by Avison Young as at 31 March 2024 at £4.2m. In 2024/25, we applied the BCIS All-In Tender price index, this resulted in a 2.3% increase of £0.1m. The revaluation movement of £0.1m has been balanced by movement in the decommissioning provision.

The vessel (Sir John Murray) is checked for impairment on an annual basis and it is valued by Century Marine. The valuation provided by Century Marine as at March 2024 was £0.61m. As this is less than 10% change from the carrying value of £0.63m, we have not revalued the asset.

Depreciated historic cost has been used as a proxy for the current value of fixtures and fittings, motor vehicles, plant and machinery, computer equipment, and software. All the assets in these categories have: (a) low values and short useful economic lives, which realistically reflect the life of the asset; and (b) a depreciation or amortisation charge, which provides a realistic reflection of consumption. Intangible non-current assets are all purchased software and in house developed software with a life of more than one year and a cost of more than £10,000 including VAT.

[24] 'Red Book' Valuations are those that meet the criteria set out by the Royal Institution of Chartered Surveyors (RICS). It sets out the mandatory rules and standard guidelines for RICS Registered valuers to follow when they are undertaking valuations.

Note 10: Cash and cash equivalents

Table 44: Cash and cash equivalents

	At 31 March 2025 £'000	At 31 March 2024 £'000
Balance at 1 April	899	829
Net change in cash and cash equivalent balances	1,447	70
Balance at year end	**2,346**	**899**
The following balances were held in:		
Government banking services	2,298	870
Commercial banks and cash in hand	48	29
Balance at year end	**2,346**	**899**

Note 11: Trade and other receivables

Table 45: Trade and other receivables

	At 31 March 2025 £'000	At 31 March 2024 £'000
Amounts falling due within one year		
Trade receivables	2,688	2,198
Less expected credit loss	(993)	(813)
Net trade receivables	**1,695**	**1, 385**
Other trade receivables	27	26
Prepayments and accrued income	3,307	2,553
	5,029	**3,964**
Amounts falling due greater than one year		
Prepayments and accrued income	**232**	**225**
Total trade and other receivables	**5,261**	**4,189**

Included in the outstanding balances are £292k outstanding from other government bodies, £13k from local authorities and £11k from NHS bodies. In year we recovered £0.09m of previously impaired debt. As at March 2025, the bad debt impairment balance included a provision for expected credit losses of £0.8m.

Note 12: Trade and other payables

Table 46: Trade and other payables

	At 31 March 2025 £'000	At 31 March 2024 £'000
Amounts falling due within one year		
Trade payables	(2,264)	(981)
Other taxes and social security	(2,741)	(2,743)
VAT	(142)	(84)
Accruals and deferred income	(8,536)	(7,398)
Total	**(13,683)**	**(11,206)**

Included in the outstanding balances are £1,712k payable to local authorities and £1,776k to other government bodies.

Note 13: Financial instruments

Our resource requirements are met from Scottish Government via the annual grant in aid provision and from other income generated from charging schemes and other activities. We have no power to borrow funds, and all surplus funds are held in interest bearing deposit accounts. Other than financial assets and liabilities which are generated by day-to-day operational activities, we hold no financial instruments. The financial instruments shown below exclude any statutory amounts imposed by government (e.g. taxes) or where there is no entitlement to cash (e.g. prepayments and deferred income).

Table 47: Financial instruments

Year to 31 March 2025	Floating interest rate (linked to base rate) £'000	Non-interest bearing £'000	Total at 31 March 2025 £'000	Total at 31 March 2024 £'000
Trade and other receivables	0	4,124	4,124	3,513
Cash at bank and in hand	2,346	0	2,346	899
Total financial assets	**2,346**	**4,124**	**6,470**	**4,412**
Trade and other payables	0	(9,115)	(9,115)	(10,315)
Total financial liabilities	**0**	**(9,115)**	**(9,115)**	**(10,315)**

Note 14: Provision for liabilities and charges to March 2025

Table 48: Provision for liabilities and charges to March 2025

Year to 31 March 2025	Unfunded pension liabilities £'000	Provision for leased property decommissioning £'000	Other provision £'000	Total provision for liabilities and charges £'000
Balance at 1 April 2024	1,402	4,246	588	6,236
Actuarial valuation changes	28	7	234	269
Decommissioning revaluation	0	96	0	96
New	0	0	75	75
Utilised in year	(158)	(65)	(163)	(386)
At 31 March 2025	**1,272**	**4,284**	**734**	**6,290**
Liabilities due greater than 1 year	1,116	4,284	659	6,059
Liabilities due less than 1 year	156	0	75	231
At 31 March 2025	**1,272**	**4,284**	**734**	**6,290**

The unfunded pension liabilities represent liabilities in respect of pension commitments inherited by us from predecessor bodies and a former SEPA Chair. These liabilities are mainly payable to other authorities for the costs of former employee pensions and include one direct payment to a pensioner. Other provisions include cover for life assurance liability. As at 31 March 2025, Hymans Robertson estimated our liability to pay death in service benefits on all staff in post at the end of the year at £659k. The property decommissioning provision is the potential cost of reinstating leased properties to their original floorplan.

Note 14: Provision for liabilities and charges to March 2024 continued

Table 49: Provision for liabilities and charges to March 2024

Year to 31 March 2024	Unfunded pension liabilities £'000	Provision for leased property decommissioning £'000	Other provision £'000	Total provision for liabilities and charges £'000
Balance at 1 April 2023	1,503	3,967	410	5,880
Actuarial valuation changes	55	0	206	261
Decommissioning revaluation	0	439	0	439
New	0	58	0	58
Utilised in year	(156)	(218)	(28)	(402)
At 31 March 2024	**1,402**	**4,246**	**588**	**6,236**
Liabilities due greater than 1 year	1,246	4,189	588	6,023
Liabilities due less than 1 year	156	57	0	213
At 31 March 2024	**1,402**	**4,246**	**588**	**6,236**

Note 15: Financial commitments

There are capital commitments at 31 March 2025 of £0.1m (2023/24: £0.8m). The commitments at 31 March 2025 relate to Information Technology (IT) and scientific equipment.

Table 50: Financial commitments

	At 31 March 2025 £'000	At 31 March 2024 £'000
Assets under construction	89	803
	89	**803**

Note 16: Leases

Right of use assets

At transition to International Financial Reporting Standards (IFRS) 16 on 1 April 2022, we recognised qualifying leases as right of use assets. In line with the requirements of the standard, the assets were initially measured at cost which equated to the discounted value of future lease payments less incentives. In line with the policy applied to our own buildings, Avison Young (Royal Institute of Chartered Surveyors), were asked to provide a right of use valuation as at 31 March 2025 based on market rental.

Table 51: Right of use assets

	Property at 31 March 2025 £'000	Vehicles at 31 March 2025 £'000	Total at 31 March 2025 £'000
At 31 March 2024	5,335	235	5,570
Additions in year	210	145	355
Disposals in year	(166)	0	(166)
Revaluation 31 March 2025	74	0	74
At 31 March 2025	**5,453**	**380**	**5,833**
Depreciation			
At 31 March 2024	0	(17)	(17)
Charge for the year	(1,073)	(65)	(1,138)
Disposal	30	0	30
Revaluation write back	1,043	0	1,043
At 31 March 2025	**0**	**(82)**	**(82)**
Net book value 31 March 2025	**5,453**	**298**	**5,751**
Net book value 31 March 2024	**5,335**	**218**	**5,553**

Obligation under leases

On transition to IFRS 16, lease liabilities were measured at the discounted cost of the remaining lease payments at 1 April 2022. The discount rates applied to revaluations and new leases was 4.72% in line with treasury guidance.

Table 52: Obligation under leases

	Property at 31 March 2025 £'000	Vehicles at 31 March 2025 £'000	Total at 31 March 2025 £'000	Total at 31 March 2024 £'000
As at 31 March 2024	7,709	172	7,881	8,928
Additions	210	145	355	549
Disposals	(154)	0	(154)	(230)
Payments	(1,301)	(101)	(1,402)	(1,451)
Discount unwinding	90	11	101	85
At 31 March 2025	**6,554**	**227**	**6,781**	**7,881**
Less than 1 year	1,210	96	1,306	1,321
1 to 5 years	3,354	131	3,485	4,540
Greater than 5 years	1,990	0	1,990	2,020
	6,554	**227**	**6,781**	**7,881**

Note 17: IAS 19 – Pension asset and liabilities

In accordance with International Accounting Standard 19 (IAS 19) Employee Benefits, we are required to account for the net pension position for the financial year ended 31 March 2025, as valued by Hymans Robertson, the actuaries to the Falkirk Council Pension Fund. The actuary's estimate is based on standard financial and demographic assumptions.

Table 53: Data - employer membership statistics

Membership status	Number at 31 March 2023	Total salaries / pensions at 31 March 2023 £'000	Average age at 31 March 2023
Actives	1,184	46,903	52
Deferred pensioners	864	3,953	52
Pensioners	533	6,868	68

The membership data summarised in table 53 is at the most recent funding valuation date of 31 March 2023.

Table 54: Key financial assumptions

	31 March 2025 (% per annum)	31 March 2024 (% per annum)
Pension increases	2.75	2.75
Salary increases	3.25	3.25
Discount rate	5.80	4.85

Table 55: Demographic assumptions to 31 March 2025 (life expectancy at 65)

Current or future pensioners	Average life expectancy Males	Average life expectancy Females
Current pensioners	21.6 years	23.6 years
Future pensioners	22.3 years	25.2 years

Table 56: Summary of accounting obligations under IAS 19 at 31 March 2025 including asset ceiling

Membership status	31 March 2025 £'000	31 March 2024 £'000
Assets	482,495	458,831
Obligations	342,154	387,812
Net asset/(liability)	140,341	71,019
Effect of asset ceiling	(140,341)	(49,492)
Net asset/(liability)	0	21,527

The accounting standard IAS 19 restricts the amount of surplus that can be disclosed (the asset ceiling) where an employer's assets are greater than its funded obligations. The net defined pension asset is limited to the lower of the surplus in the plan and the asset ceiling. The surplus as at 31st March 2025 was £140m (£71m prior year) however, as the asset ceiling has been calculated at £0, a net asset restriction of £140m (£49m prior year) has been applied. Resulting in a net asset position as at 31 March 2025 of £0m (prior year £21.5m).

A detailed breakdown of the movement in assets and liabilities is provided in table 57.

Table 57: Change in fair value of SEPA's pension plan assets, defined benefit obligations and net liability for the year ended 31 March 2025

Pensions deficit	Assets £'000	Obligations £'000	Impact of asset ceiling adjustment £'000	Net (liability) / asset £'000
Fair value of employer assets	458,831	0	0	458,831
Present value of funded liabilities	0	387,812	0	(387,812)
Net asset restriction applied	0	0	(49,492)	(49,492)
Opening position at 31 March 2024	**458,831**	**387,812**	**(49,492)**	**21,527**
Service cost				
Current service cost [25]	0	11,168	0	(11,168)
Past service cost	0	1,210	0	(1,210)
Total service cost	**0**	**12,378**	**0**	**(12,378)**
Net interest				
Interest income on plan assets	22,371	0	0	22,371
Interest cost on defined benefit obligation	0	18,960	0	(18,960)
Interest on the effect of the asset ceiling	0	0	(2,400)	(2,400)
Total net interest	**22,371**	**18,960**	**(2,400)**	**1,011**
Total defined benefit cost recognised in profit or (loss)	**22,371**	**31,338**	**(2,400)**	**(11,367)**
Cash flows				
Plan participants' contributions	3,728	3,728	0	0
Employer contributions	11,082	0	0	11,082
Benefits paid	(9,262)	(9,262)	0	0
Expected closing position	**486,750**	**413,616**	**(51,892)**	**21,242**
Re-measurements				
Change in demographic assumptions	0	(67,692)	0	67,692
Change in financial assumptions	0	(629)	0	629
Other experience	0	(3,141)	0	3,141
Return on assets excluding amounts included in net interest	(4,255)	0	0	(4,255)
Changes in the effect of the asset ceiling	0	0	(88,449)	(88,449)
Total re-measurements recognised in other comprehensive income	**(4,255)**	**(71,462)**	**(88,449)**	**(21,242)**
Fair value of employer assets	482,495	0	0	482,495
Present value of funded liabilities	0	342,154	0	(342,154)
Net asset restriction applied	0	0	(140,341)	(140,341)
Expected closing position at 31 March 2025	**482,495**	**342,154**	**(140,341)**	**0**

[25] The current service cost includes an allowance for administrative expenses of 0.3% of payroll. The employers' fair value of plan asset is approximately 14% of the Fund's total.

Table 58: Assets – asset value at 31 March 2025

Category	Quoted £'000	Unquoted £'000	Total £'000	%
Equities	260,189	1,654	261,843	54
Bonds	81,333	0	81,333	17
Property		26,112	26,112	5
Infrastructure		70,454	70,454	15
Cash/other	34,448	8,305	42,753	9
Totals	**375,970**	**106,525**	**482,495**	**100**

Table 59: Sensitivity analysis

Change in assumption	Approximate % increase in employers' liability	Approximate monetary amount £'000
0.1% decrease in real discount rate	2%	6,822
0.1% increase in salary increase rate	0%	503
0.1% increase in pension increase rate	2%	6,504
1 year increase in member life expectancy	4%	13,686

Table 60: Amounts recognised in the statement of comprehensive net expenditure

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Charge to operating costs		
Current service cost	11,168	10,399
Past service cost	1,210	0
Total service cost	12,378	10,399
Employer contribution	(11,082)	(10,262)
Added to staff costs (see note 4)	**1,296**	**137**
Projected return on employers' assets	(21,360)	(17,114)
Actual return on employer assets	22,371	17,189
Interest due (note 7)	**1,011**	**75**

Further technical detail, including actuarial methodology and judgements, are detailed in the actuary's report which is available on request.

Note 18: Grant in aid funding (GiA)

Table 61: Grant in aid funding (GiA)

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Cash GiA received to meet expenditure	48,236	46,210
Total	**48,236**	**46,210**

The amount of GiA provided to us is initially agreed by Ministers, as part of the Scottish budget process. This figure is then subject to adjustments as agreed with the sponsor division (Scottish Government Directorate for Environment and Forestry). Government Financial Reporting Manual instructs that GiA goes directly to the comprehensive net expenditure reserve in the statement of financial position, as financing.

Table 62: Reconciliation of budgeted cash allocation

	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Authorised grant in aid available (capital)	6,497	6,200
Authorised grant in aid available (resource)	43,126	40,248
Total cash that could be drawn down in year	49,623	46,448
Cash drawn down in year	(48,236)	(46,210)
Cash remaining with Scottish Government	**1,387**	**238**

Note 19: Related party transactions

We are a non-departmental public body sponsored by the Scottish Government Directorate for Environment and Forestry. The Scottish Government is regarded as a related party. During the year, we have had various material transactions mainly in relation to the drawdown of grant in aid and grant funding to support the Water Environment Fund.

Table 63: Related party transactions

Funding received from Scottish Government	Year to 31 March 2025 £'000	Year to 31 March 2024 £'000
Cash GiA received	48,236	46,210
Total	**48,236**	**46,210**

We have material transactions with other entities for which the Scottish Government is regarded as a parent body. These transactions primarily involve income received for licences; charges for the provision of services, rates, leased properties, and partnership contributions. Significant transactions include grants for river restoration projects: £1.3 million to Glasgow City Council Capelrig/ Auldhouse, £0.6 million to Dundee City Council for Dighty Burn restoration, £0.6 million to Dumfries and Galloway Council for Black Stank Sanctuary,

£0.35 million to Fife Council for the Back Burn, and £0.25 million to Aberdeen City Council for Den Burn. Additionally, we paid the Scottish Government £0.9 million to operate and maintain the Sir John Murray vessel and received £15.5 million in charging income from Scottish Water.

During the year, apart from their service contracts, no Board member or key manager has undertaken any material transactions with us. Board member register of interests are published on our website. Details of those we have determined to be a related party are listed in table 64 along with the registerable interest declared. We have reviewed financial transactions undertaken between SEPA and the related party, there were no material transactions. The majority related to payments received for annual subsistence fees in relation to environmental permits.

Table 64: Board member related parties

Board member	Registerable interest	Organisation or company
C Evans	Remuneration	Accounts Commission for Scotland
C Evans	Remuneration	Food Standards Scotland
D Hunter	Remuneration	Beam Suntory UK Ltd
L MacDonald	Remuneration/ allowance	Scottish Social Services Council
L McMillan	Close family members	AECOM Limited
L McMillan	Non-financial interests	University of Glasgow
L Tennant	Close family members	Bairds Malt Limited
N Paterson	Close family members	Scottish Canals
S Paterson	Remuneration	Scottish Enterprise
S Paterson	Shares and securities	Royal Dutch Shell
K Rosser	Remuneration	Disclosure Scotland
K Rosser	Remuneration	Community Justice Scotland

Note 20: Segmental analysis for 2024/25

International Financial Reporting Standard (IFRS) 8 requires operating segments to be identified on the basis of internal reports about components of SEPA that are regularly reviewed in order to allocate resources to the segment and to assess its performance. We report segmental information based on the organisations' portfolios. Table 65 presents management information, produced on an IFRS basis, on income, expenditure and net operating cost as at 31 March 2025.

Table 65: Segmental analysis[26]

	Data, Evidence & Innovation £'000	Chief Executive Office £'000	Governance, Performance & Engagement £'000	People, Workspaces & Development £'000	Finance, Modernisation & Digital £'000	Regulation, Business & Environment £'000	Corporate £'000	Total £'000
Income from contracts	0	0	0	0	0	0	54,182	54,182
Other operating income	0	0	0	0	0	0	1,208	1,208
Financing income	0	0	0	0	0	0	1,152	1,152
Total income	**0**	**0**	**0**	**0**	**0**	**0**	**56,542**	**56,542**
Staff costs	23,448	289	10,278	3,084	4,595	29,589	1,829	73,112
Other operating costs	6,252	12	1,500	4,985	5,089	7,246	575	25,659
Financing expense	0	0	0	0	0	0	101	101
Depreciation, impairment & disposal of assets	0	0	0	0	0	0	6,066	6,066
Total expenditure	**29,700**	**301**	**11,778**	**8,069**	**9,684**	**36,835**	**8,571**	**104,938**
Net expenditure	**(29,700)**	**(301)**	**(11,778)**	**(8,069)**	**(9,684)**	**(36,835)**	**47,971**	**(48,396)**

[26] Note this reflects the portfolio structures as at 31 March 2025.

Appendix 1 - Accounts Direction by the Scottish Ministers

Received in the year to 31 March 2023 and remains unchanged for 31 March 2025.

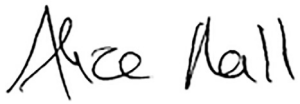
There were no new Accounts Directions issued by the Scottish Ministers in the year to March 2023.

SCOTTISH ENVIRONMENT PROTECTION AGENCY

ACCOUNTS DIRECTION BY THE SCOTTISH MINISTERS

Scottish Government
Riaghaltas na h-Alba
gov.scot

1. The Scottish Ministers, in pursuance of Section 45(2) of the Environment Act 1995, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2022, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the *Government Financial Reporting Manual (FReM)* which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 09 December 2005 is hereby revoked.



Signed: Alice Hall, Deputy Director, Environmental Quality and Resilience
by the authority of the Scottish Ministers

Dated: 22 August 2023

sepa
Scottish Environment Protection Agency
Buidheann Dìon Àrainneachd na h-Alba

For the future of our environment

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