

# Annual operating plan 2017-2018



## About this plan

Our *Corporate Plan* describes the strategy we will be following from 2017-2022. This *Annual Operating Plan* explains what we will do during the first year to deliver this strategy. It should be read alongside the *Corporate Plan*.

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## Alternative languages and formats

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# Our Strategy

## Purpose

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

## Strategic outcomes

### Scotland is thriving in a low carbon world



The Scottish economy is becoming increasingly resource efficient and there is a general acceptance of the need to live within the planet's regenerative capacity. The economy is becoming increasingly resilient to the threat of scarce raw materials.

Scotland is developing innovative approaches to carbon and resource efficiency and is sharing and exporting its technologies and expertise.

### Scottish businesses are prospering from better environmental performance



Scottish businesses recognise the benefits to them of good environmental performance and take full advantage of them.

SEPA regulated businesses secure and maintain full compliance with environmental rules and regulations. Non-compliance is not tolerated.

### The impact of flooding is reducing



The likelihood and potential impact of flooding across Scotland is understood and strategies are developed to tackle greatest risks.

Flood warnings are provided and businesses, communities and individuals understand the steps they can take to protect themselves from the impact of flooding.

Robust advice is given to ensure planning decisions are well informed and new developments are not located in high risk areas.

### People benefit from Scotland's improving environment



The quality of the air, water and land in Scotland is improving, providing benefits to health and local amenities and better resources for local businesses.

The impact of pollution and environmental crime is reducing.

People understand the benefits a healthy environment provides for their quality of life and take full advantage of them.

People have the information they need, when they need it, to help them make good decisions that improve the environment, society and the economy.

## Our core services

Regulation

Flood risk management

## Actions

### Sectoral approach

We will develop Sector Plans, engaging across sectors to identify shared objectives which will help businesses benefit environmentally, socially and economically.

### Sustainable Growth Agreements

We will develop Sustainable Growth Agreements with those companies that want to prosper from better environmental performance and lead the way showing how businesses can thrive in a low carbon world.

### Reform of Permissions

We will transform the way we issue permits to improve customer service.  
We will simplify permits for a range of activities to be issued under the new Integrated Authorisations Framework.

### Tackling Non-Compliance

We will use all tools at our disposal to ensure that regulated sectors meet compliance requirements. We will not tolerate irresponsible behaviour.  
We will focus on waste crime, working with partners to disrupt serious organised crime.

### Improvements to Enforcement

We will continue to take robust enforcement action to protect the environment and human health when we need to.  
We will phase in our new approaches to enforcement in order to tackle non-compliance at an earlier stage.

### Flood Risk Management

We will continue to work with partners to improve Scotland's flood risk management strategies and plans.  
We will work with the sectors we regulate, planning authorities and other sectors, to minimise future disruption to people and businesses caused by flooding.

### Flood Forecasting and Warning

We will continue to deliver the Scottish Flood Forecasting Service to our flooding partners.  
We will increase flood warning schemes to provide more communities with advance notice of flooding.

### Organisation

We will embed our six organisational characteristics into how we work.  
We will adopt new and simpler ways of working to deliver our ambitions.  
We will attract, retain and develop the very best people to help us succeed.

## Supporting strategies

One Planet Prosperity -  
Our Regulatory Strategy

Our People Strategy

Our Information and  
Evidence Strategy

Our Commercial  
Services Strategy

Our Finance Strategy

## Our Services

### Regulation

#### Implement Sectoral Approach

[One Planet Prosperity – Our Regulatory Strategy](#) will shift our regulatory delivery from being grounded in the different regulatory regimes to being grounded in working across whole sectors. Working closely with sector representatives is important to help us tackle non-compliance and to help us identify how we can help them to go further than mere compliance. We will progressively develop plans for each sector, working with them to identify areas where they



might innovate to gain efficiency, and cut costs. We will involve experts, other regulators and key stakeholders to help us do this. We will map out existing levels of compliance, the economic context for that sector, and the key issues faced by the sector and us. Initially we will focus on whisky distilling, finfish aquaculture, oil and gas decommissioning, and waste landfill. We will work with our staff to identify another waste or resources related sub-sector. Our sector plans will bring clarity about what we expect of these sectors and what they expect of us, and focus on delivering practical positive outcomes for the environment, business and society. This will make it easier for us to work with the Scottish Government and other public bodies to provide integrated services to regulated businesses, assisting the right sort of industry in the right places to sustain communities and local economies. The key challenge for us is to combine the things we can do to influence the behaviour of a business with all the other influences on the behaviour of that business. We will spend more time engaging with the most senior parts of businesses because this is where the most important business decisions are made.

#### Deliver Waste to Resources Framework

We recognise that the management of waste and resources affects every sector, as well as the waste management industry, in [One Planet Prosperity - A Waste to Resources Framework](#). Every sector plan we develop will include clear actions to help industry make better use of resources and manage their waste more productively. We will work with industry and law enforcement partners to tackle waste crime. The reforms we are making to the way we regulate will help us to improve compliance with basic environmental standards for waste management more quickly; support businesses that want to tackle their resource use and prevent waste; and help them to introduce innovative approaches to do it.

#### Deliver Sustainable Growth Agreements

We will develop Sustainable Growth Agreements with those companies that want to prosper from better environmental performance and lead the way showing how businesses can thrive in a low carbon world. We will work with a number of those which have established a good record of compliance and are keen to discuss how they can move beyond compliance. We want these agreements to help businesses develop and implement new ideas and innovation to grasp the most promising opportunities for environmental, social and economic success. We will explore the potential to use similar agreements to support other people's work that will help to deliver our strategic outcomes, such as local community projects.

## Improve Regulatory Systems

Over the past 15 years, we have developed a set of computer applications designed to support our regulatory service. As we reform our approach to regulatory delivery it is important that we update these applications to reflect our new ways of working. The Scottish Government is leading the digital transformation of public services in Scotland and we are keen to adopt the approach and practices being promoted. We will develop a comprehensive system that will help staff do their job much more effectively. We will employ modern approaches to software development and make remote access easier. The software will be easy to use, save time, and will support staff responsibility, autonomy and accountability. Fundamental to this improvement is a focus on simplicity designed to support [One Planet Prosperity – Our Regulatory Strategy](#).

## Reform Authorisations

We want to help businesses understand quickly and easily how to comply with environmental regulations. To do this and to help us deliver our purpose to the greatest degree possible, we are transforming our permitting service, making permits easier to understand and improving our processing of applications. We will engage stakeholders in preparing simpler, joined-up and outcome-based permits for a range of activities to be issued under the new Integrated Authorisations Framework. When this framework comes into force, we will issue new permits in the simplified format and begin the phased transfer of existing permits. We will also look at ways to develop better online permitting services for our customers.

## Tackle Non-Compliance

People who don't comply with environmental legislation not only damage the environment but also impact on the communities in which they operate and undermine legitimate businesses. We will develop a sector approach so that we are able to tackle the remaining compliance issues for each regulated sector. While we are doing this, we will concentrate our efforts on businesses with the worst compliance scores and those which have not complied with the rules for a number of years. We will pay particular attention to issues that non-compliance is creating for local communities and to helping our local officers identify the best actions to take. To support this, we will complete our work to simplify our compliance assessment scheme.



## Improve Enforcement

Most of those we regulate respond to our advice and guidance and follow environmental regulations. However, there are circumstances where we need to take robust enforcement action to protect the environment and human health. We will continue to phase in the practical use of fixed and variable monetary penalties and enforcement undertakings. These new tools plug the 'compliance gap' between criminal prosecution for the most serious cases, and the use of statutory notices or warnings for others. This means we can tackle non-compliance at an earlier stage, before it becomes entrenched, and punish those who damage the environment and undermine legitimate businesses in Scotland.

## Reform Charging

We introduced a new charging scheme in 2016 to recover costs from businesses in a proportionate and consistent way. We will continue to phase in new annual charges up to 2021. This year we will complete our first revision of the charging scheme. This will extend it to include some new activities and link the level of our charges to the level of compliance a business achieves. As part of the review and development of our approach and methods, we will consult stakeholders to obtain their views.

## Deliver Regulatory Evidence Strategy

Our [Regulatory Evidence Strategy](#) provides the framework for changing the way we collect information about some of the activities we regulate so that our approach is the same across sectors. We want all businesses to take responsibility for checking their own impact on the environment. This year, we will continue to work with Scottish Water to phase in changes to the way we regulate and monitor its compliance.

## Deliver River Basin Management Plans

Through our interactions with land owners and managers, we will continue to tackle rural diffuse pollution, focussing on catchments where it reduces the quality of bathing waters. We will review permits for hydroelectricity schemes and agricultural irrigation to make sure those business sectors take action that will improve water flows and levels. We will begin to develop better assessment methods to help us identify the right actions needed to improve water bodies that are close to the boundary between moderate and good. We will open up new areas of rivers for fish by tackling fish barriers and we will continue to deliver river restoration projects in urban areas which provide multiple environmental, social and economic benefits.



## Help Improve Air Quality

We help the Scottish Government, local authorities and others to deliver substantial improvements in the air quality of communities. We will continue to support the development of air quality monitoring and reporting. We will also carry out the modelling work which underpins decisions by local authorities on where action is required and help local authorities to develop actions designed to deliver the improvements needed. This work will deliver environmental, social and economic successes making our cities better places to live and do business.

## Our Services

### Flood Risk Management

#### Help Deliver Scotland's Flood Risk Management Strategies

Working with partners, we will ensure that activities to deliver [Scotland's flood risk management strategies](#) are coordinated and targeted to areas where the risk is greatest and where investment is most advantageous. We will engage with the businesses we regulate and with other sectors, such as insurance, construction and utilities. Together we will look for opportunities to minimise future disruption caused by flooding, and to help us identify innovative approaches that will significantly reduce the impact of flooding. We will help more people, communities and businesses at risk of flooding understand what it means for them, how to prepare for a flood and who can help when it happens.

#### Improve Flood Risk Management

The next Flood Risk Management Strategies for Scotland will be published in 2021. To inform these strategies, we will advance our understanding of current and future flood risk, considering impacts to people, communities, infrastructure, the economy, and our environmental and cultural heritage. The evidence we gather will underpin the flood risk management planning process. We will develop our framework for strategic appraisal to improve the long term sustainability of flood risk management implementation in Scotland. We will reassess flood risk across Scotland in preparation for the development of the next flood risk management strategies.

#### Deliver Flood Forecasting and Warning

We will deliver the first year of our [Flood Warning Development Framework](#) to improve our forecasting and warning service to give people advance notice of flooding and help them to be prepared and protected. Using our own evidence and working with the Met Office, we will operate the Scottish Flood Forecasting Service. We will implement new flood warning schemes in the Firth of Forth coastal area to include Airth and Alloa, in Orkney and in the Aberdeenshire coastal area. We will also contribute to the Scottish Government's community resilience objectives through community safety education partnerships.

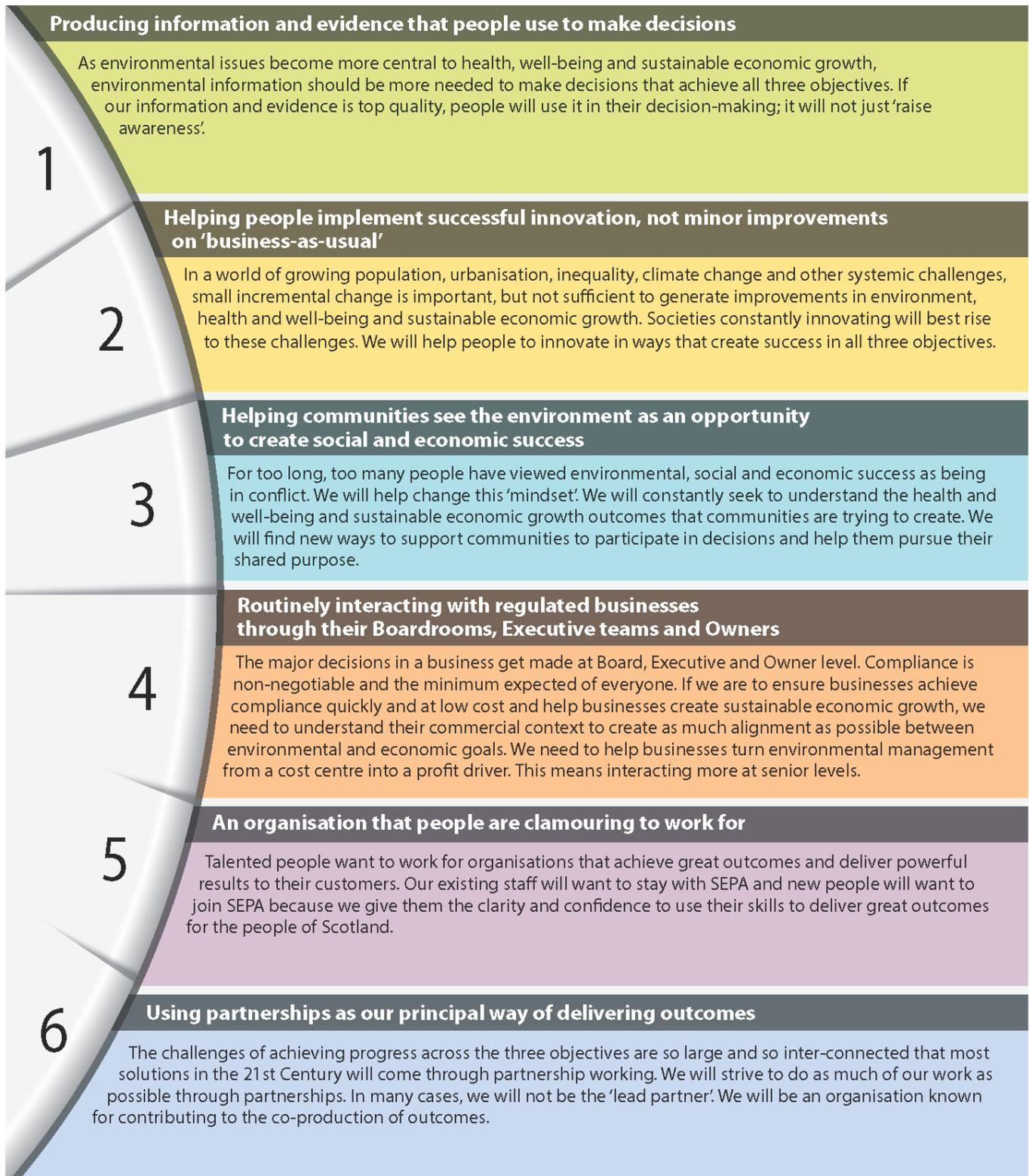


#### Provide Land Use Planning Advice

We will give reliable advice to ensure planning decisions are well informed and new developments are sustainable and not located in high flood risk areas. We will continue to work with the Scottish Government and other stakeholders to ensure the maximum flood risk benefits are achieved from our advice.

# Our Organisational Characteristics

These characteristics describe how we will be operating by 2020.



## **Our Organisation**

### **Improve our Business**

We want to make our business simple so that it is easy for our customers to work with us and to allow our people to focus on the things that really make a difference. This change will be driven primarily through providing greater clarity, simplifying processes and strengthening our corporate governance.

### **Develop our People**

[Our People Strategy](#) is important to our success as an organisation, which relies on the efforts of every member of staff. As we continue to change the way we deliver our regulatory and flood risk management services, it is essential that our managers support and engage staff in implementing changes to how we work. We will carry out our two-yearly People Survey so we can get feedback from our workforce as a whole. We will complement this with more targeted staff engagement initiatives. Our annual Performance and Development Reviews will help people to identify and gain the skills they need for the future, and we will launch a new training prospectus with an enhanced range of development opportunities. We will continue on our journey to increase the diversity of our workforce. The introduction of our new Graduate Trainee Scheme will help us develop future talent and add a rich variety of skills to our existing expertise. We continue to recognise the importance of health and well-being and will aim to achieve the Healthy Working Lives Gold award.

### **Improve our Information and Evidence**

We will continue to monitor, analyse and report on the quality of Scotland's environment. We will deploy new technology to give us a better understanding of the environment and flooding, and to support our permitting. We will start to phase in a new online data returns system to make it easier for businesses to submit their compliance information to us. We will work with our partners on the Life SMART Waste project to improve our intelligence systems to tackle waste and environmental crime.

### **Deliver our Commercial Services**

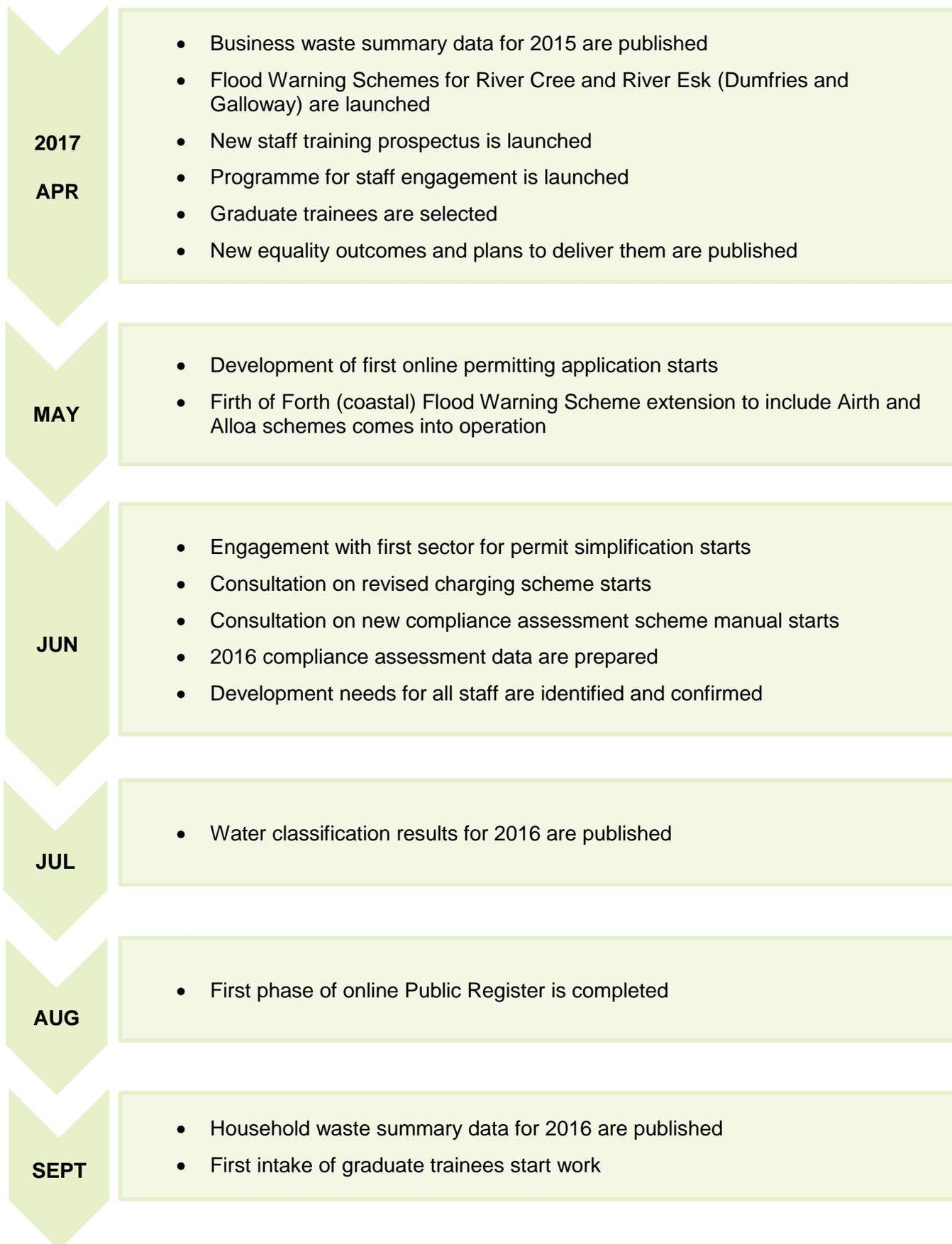
We will determine the full range of commercial products and services in five core areas of our work: regulation and enforcement; flood risk management; monitoring and scientific services; managing natural resources; and catchment scale solutions. To help us do this, we will engage with staff, customers, and other key stakeholders including public and private sector partners. We will deliver at least three commercial products in partnership and consultancy services to at least two clients. We will secure grant funding for at least two separate projects and actively market commercial services for our boats and the SEPA Contact Centre.

### **Reduce our Environmental Footprint**

We will continue to take steps to reduce the environmental impact of our activities. Our main focus will be to further reduce greenhouse gas emissions from energy use in our buildings and from our travel

## Our Road Map

This *Road Map* provides a timeline of high level initiatives and changes which will happen by the end of March 2018.



**2017**  
**OCT**

- Engagement with second sector for permit simplification starts
- Scottish Pollutant Release Inventory for 2016 is published
- People Survey is launched

**NOV**

- Issue of simplified permits for first sector starts

**2018**  
**JAN**

- First online permitting application is launched
- New Compliance Assessment Scheme is launched
- Self-monitoring of sewage treatment works operated by the private sector starts

**FEB**

- Issue of simplified permits for second sector starts
- Engagement with third sector for permit simplification starts

**MAR**

- Sector plans for whisky distillation, finfish aquaculture, oil and gas decommissioning, waste landfill and another identified by staff are developed
- At least six Sustainable Growth Agreements are developed
- Full Public Register is available online
- Implementation of reforms to enforcement is complete
- Revised Charging Scheme is ready to launch
- Orkney and Aberdeenshire (coastal) Flood Warning Schemes come into operation
- Potentially Vulnerable Areas for next round of flood risk management planning are identified for public consultation
- New flood risk hazard education package is ready
- As least two commercial services are launched

## Our Progress

These are the outcomes we want to achieve.

	<b>Scotland is thriving in a low carbon world</b>
	<b>Scottish businesses are prospering from better environmental performance</b>
	<b>The impact of flooding is reducing</b>
	<b>People benefit from Scotland's improving environment</b>

These are the measures that we will use to report our progress. Over the next year, we will:

Corporate Plan 2017-2022	Annual Operating Plan 2017-2018
<b>Scotland's Environment</b>	
Improvement in the quality of Scotland's environment	Increase the length of river or loch shore where physical condition is restored.
	Increase the length of river where fish movement is not restricted by man-made barriers.
	Achieve more than 75% uptake of required actions to alleviate diffuse pollution after first follow-up visits to non-compliant farms.
Reporting of the quality of Scotland's environment	Monitor, analyse and report on the state of Scotland's environment.
<b>Our Services - Regulation</b>	
Increase in the number of sector plans	Agree at least 5 sector plans.
Increase in the number of Sustainable Growth Agreements	Agree at least 6 Sustainable Growth Agreements.
All permits have obligations which are clearer	Increase, in targeted sectors, in the percentage of permits which have obligations that are clearer.
Fewer instances of poor environmental performance	Reduce the number of licences classed as very poor at the end of March 2017.
	Reduce the number of licences which were non-compliant for 2 years or more at the end of March 2017.
Eradication of waste crime	Make the waste sector less attractive to criminals.
<b>Our Services – Flood Risk Management</b>	
Achievement of milestones to deliver the next flood risk management strategies	Complete the preliminary flood risk assessment by end December 2018.
Increase in the number of properties covered by flood warning schemes	Cover at least 2,000 additional properties with new flood warning schemes.
<b>Our Organisation</b>	
Improvement to our services based on customer feedback	Consult and engage on areas of our services.
Reduction in our greenhouse gas emissions	Reduce energy use in our buildings by 18% from 2014-2015 baseline by 2020.
	Reduce emissions from transport and travel by 5% from 2014-2015 baseline by 2020.
Achievement of annual efficiency savings	Achieve organisational efficiencies of at least 3% of our grant-in-aid funding.
	Recover at least 97% of our costs across our charging schemes.
Improvement in staff engagement	Achieve at least 79% Engagement Index score in People Survey results.

## Our Funding

Our planned income for 2017-2018 is £82 million, which will be used to fund an operating expenditure of £80 million and capital of £2 million.

SEPA has a responsibility to ensure that all relevant costs of regulatory activities are recovered through charges. We expect to recover 97% of these costs across our charging schemes in 2017-2018. The charging scheme income forecast is £40 million.

The Scottish Government has provided an indicative one year grant-in-aid allocation for 2017-2018. We expect to receive £36.8 million, based on a cash amount of £33.7 million and a non-cash element of £3.1 million. This includes an additional £850,000 we expect to be awarded for flood risk management and £79,000 for air modelling.

The 2017-2018 budget includes estimated other income of £5.8 million. This represents:-

- £600,000 - Revenue Scotland funding for Scottish Landfill Tax compliance work
- £314,000 - Department of Environment, Food and Rural Affairs transfrontier shipment of waste
- £43,000 - Environment Agency high active sealed sources / river invertebrate system maintenance
- £4,000,000 - River restoration funds
- £457,000 - Facilities and salaries cost recharges
- £70,000 - Other recharges and miscellaneous income
- £300,000 - Commercial Services

We expect to identify at least 3% efficiency savings required by the Scottish Government in 2017-2018.

Income and expenditure account	2017-2018
Planned budget £'000s	
Grant-in-aid <sup>1</sup>	36,780
Charging schemes	40,014
Other income	5,784
<b>Total income</b>	<b>82,578</b>
Staff costs	53,920
Other staff costs	946
Property costs	5,136
Transport costs	1,458
Supplies and services	14,369
Provisions and contingencies	2,490
<b>Total expenditure</b>	<b>78,319</b>
Depreciation and impairments	2,289
<b>Total operating costs</b>	<b>80,608</b>
<b>Surplus to fund capital investment</b>	<b>1,970</b>

<sup>1</sup> Grant-in-aid is based on a cash element of £33,708,000 and a non-cash element of £3,072,000