OFFICIAL REPORT
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Net Zero, Energy and Transport Committee

Tuesday 25 February 2025

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 25 February 2025

CONTENTS

NET ZERO, ENERGY AND TRANSPORT COMMITTEE

8th Meeting 2025, Session 6

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Michael Matheson (Falkirk West) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)
Monica Lennon (Central Scotland) (Lab)
*Douglas Lumsden (North East Scotland) (Con)
*Mark Ruskell (Mid Scotland and Fife) (Green)
*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Sarah Boyack (Lothian) (Lab) (Committee Substitute)
Kirsty-Louise Campbell (Scottish Environment Protection Agency)
Jim Fairlie (Minister for Agriculture and Connectivity)
Alex Flucker (Scottish Environment Protection Agency)
David Harley (Scottish Environment Protection Agency)
Gary McIntyre (Transport Scotland)
Nicole Paterson (Scottish Environment Protection Agency)
Bettina Sizeland (Transport Scotland)
Carole Stewart (Transport Scotland)
Lisa Tennant (Scottish Environment Protection Agency)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 25 February 2025

[The Convener opened the meeting at 09:27]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning, and welcome to the eighth meeting in 2025 of the Net Zero, Energy and Transport Committee. I welcome Sarah Boyack as the Labour Party substitute for Monica Lennon this week. Sarah, you do not have to make a declaration of interests because you have already attended the committee.

Agenda item 1 is a decision on whether to take items 5 and 6 in private. Item 5 is consideration of the evidence from the Scottish Environment Protection Agency and item 6 is consideration of the committee's work programme. Do we agree to take those items in private?

Members *indicated agreement.*

Subordinate Legislation

National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025 [Draft]

09:28

The Convener: Agenda item 2 is consideration of a statutory instrument—the draft National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025. The Delegated Powers and Law Reform Committee made no comment on the order in its report.

I welcome Jim Fairlie, the Minister for Agriculture and Connectivity, and the Scottish Government officials who are joining us for this item. We have Carole Stewart, head of bus strategy and funding policy; Gary McIntyre, economist for bus, active travel and low-carbon economics; and Bettina Sizeland, director of bus, accessibility and active travel, all from Transport Scotland.

The instrument has been laid under the affirmative procedure, which means that it cannot come into force unless the Parliament approves it. Following the evidence session, the committee will be invited to consider a motion to recommend that the instrument be approved. I remind everyone that the Scottish Government officials may speak under this item, but not under the debate that will follow.

Minister, I think that you are going to make a short opening statement. I say "short" every time in the hope that, one day, it will be. Minister, over to you.

The Minister for Agriculture and Connectivity (Jim Fairlie): Good morning, convener, and thank you for having me to discuss the draft National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025. The order gives effect to an agreement that has been reached with the Confederation of Passenger Transport, representing Scottish bus operators. It sets out the reimbursement rate and capped level of funding for the national bus travel concession scheme for older and disabled persons and the reimbursement rates for the national bus travel concession scheme for young persons in 2025-26.

The order will enable the reimbursement of bus operators for journeys that are made under both schemes after the expiry of the current reimbursement provisions on 31 March 2025. The order specifies the new reimbursement rates for both schemes as well as the capped level of funding for the older and disabled persons scheme for the next financial year, to 31 March 2026.

To reflect developments in the wider bus operating market, an updated reimbursement model has been agreed and developed with the industry for both schemes. The model uses the latest available data and evidence on industry costs, passenger demand and travel behaviours, and it will be used as the model for future years.

The proposed reimbursement rates for the young persons scheme for 2025-26 are as follows. For five to 15-year-olds, the rate will be 47.9 per cent of the adult single fare, which is an increase of 4.3 percentage points from the current rate of 43.6 per cent. For 16 to 21-year-olds, the rate will be 72.4 per cent, which is a decrease of 8.8 percentage points from the current rate of 81.2 per cent. The new rates reflect three years' worth of data collection and evaluation of the YPS. The rates provide a more accurate level of reimbursement to operators and replace the rates that have been in place since January 2022. However, journey numbers and patterns are still not stabilised enough to determine an accurate budget cap for the young persons scheme for 2025-26.

The proposed reimbursement rate for the older and disabled persons scheme in 2025-26 has been amended from 55 per cent of the adult single fare to 52.9 per cent, and the capped level of funding will be set at £215 million, which is an increase of £11.6 million from this year.

Free bus travel enables people to access local services and gain from the health benefits of a more active lifestyle. It also helps to strengthen our response to the climate emergency, support a green recovery and embed sustainable travel habits in young people. The order provides for those benefits to continue for a further year on a basis that is fair to our operators and affordable to taxpayers.

I commend the order to the committee and am happy to answer any questions.

The Convener: Thank you very much. The first question, which is an easy one, comes from me. For those who are over 60—by the way, that includes me, in case anyone thinks that it does not—the rate is 52 per cent of the adult fare, and that scheme is capped. However, for young persons, the bus companies get 72 per cent back, and it is not capped. Surely that is favouring young people against older people. Is that what you are trying to do? If so, why are you doing it?

Jim Fairlie: We are not trying to favour anybody over anybody else; we are trying to get people to use the buses more frequently and more often, and we are trying to change the patterns of behaviour. I do not think that anyone on this committee, across the Parliament or, indeed, in the country thinks that the scheme is not working. It is getting people to use the bus and getting young people into the habit of using the bus.

We do not have sufficient data to be able to set a cap at this stage. We have clear evidence that the scheme is working by getting people to use the bus. The scheme is clearly welcomed by the bus operators and it is helping us to achieve our objectives. All in all, I think that the scheme is working remarkably well.

The Convener: In effect, you are saying that you have already convinced older people—the over-60s—to use the bus, so you do not need to encourage them to do it and you do not need to get the bus companies to encourage them to do it, but you are working on the younger generation to get them to use the bus more. Is that what you are trying to do with the scheme? I am just trying to work that out. We know that a lot of older people use the bus, and there will be a penalty to the companies for that, whereas young people are being encouraged to use the bus more. Is that the aim, minister?

Jim Fairlie: We clearly want to encourage younger people to use the bus. That is a commitment that we have talked about and it is on-going. There are also the demographics. There are more cardholders in the older and disabled persons scheme than there are in the younger persons scheme, so we are looking to get more and more young people coming into the scheme so that they do not start jumping into cars when they turn 22 or 23. We want it to be habit forming. In essence, I suppose that there is an element of reality in what you are putting to me.

The Convener: In the region that I come from, we see a concessionary scheme that is giving £400 million or so to encourage people to use buses, but neither young people nor older people can use it on ferries. Is this not the moment to extend concessionary travel to those people who use the islands' buses, which are ferries? Do you not think that there is some inequality there?

Jim Fairlie: There is a degree of ferry passenger subsidy—I use the word "subsidy", although it is a word that I hate. If we put more into the ferries, we will be taking it out of bus travel. At the moment, we have a reasonable balance. We would like to do more as we go forward. I am actively looking at all the areas of all the systems that we have. How do we improve them? How do we make them better? How do we get more people to actively engage in bus usage?

Your question is fair, and I take your point on board. There are areas that I am actively looking at across my portfolio, and I will continue to update the committee as and when we make any changes.

The Convener: I first looked at such statutory instruments when they came to the Rural Economy and Connectivity Committee in 2016. It seems to be taking a long time before we get some concessionary travel for people on islands who use buses that happen to have propellers and not wheels, whereas on the mainland they have wheels and they get subsidised.

The next question comes from Bob Doris.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Minister, with the question that I will ask, I do not seek to undermine support for the scheme; I just want to make sure that we are getting the best value for money in relation to it.

My understanding is that the reimbursement rate, which is capped for older persons but not for younger persons, is based on a percentage of the average daily single ticket fare. Over the course of a year, bus companies will increase that fare, so the amount that is reimbursed to them will increase during the year. How is that taken into account—your officials might have the detail on this—in the modelling work to set the reimbursement rate and the cap in the first place? There could be an incentive for bus companies to price gouge—although I am not saying that they are doing that—in order to increase their overall take within the scheme over the course of an individual year.

Jim Fairlie: When it comes to bus companies increasing their prices in order to take advantage of the scheme, the scheme has mechanisms that would bring the reimbursement rate down. The other thing is that, if prices are increased for passengers, people will stop using the bus, so that is a disincentive.

If you want to get into the details of how the formula was designed, I will bring Gary McIntyre in to discuss that. However, the simple answer to your question is that mechanisms are in place to ensure that bus companies get the benefit of the scheme, as do passengers and the public purse. It is a fine balance, which is kept by very clever people working on formulas that make sense and are agreed with the CPT.

Bob Doris: I do not want to get bogged down in the mechanisms, but any detail that Gary McIntyre can give on them would be helpful. I am conscious that, although the reimbursement is based on the single fare, most people will use a day ticket or tap on and tap off over the course of a week or a month, so the impact on the individual traveller might not seem that great. However, if the single ticket fare is inflated, the reimbursement kick-in could be significant. I am not saying that there is an issue; I am looking for reassurance that there is not one. Gary, would you like to comment?

Gary McIntyre (Transport Scotland): Yes. Just to be clear, I note that the rates for the following year take into account the forecast fare rises that we expect to see in 2025-26. We are looking not at fares today, but at what we expect fares to be throughout the course of next year. A fare increase of 5 per cent is built into the model, and that figure is based on feedback from a sample of industry operators. We expect fares to rise, and the rates are adjusted to account for that.

The model also accounts for the fact that many of the passengers who travel on concessionary passes would have used some form of season ticket product in the absence of the scheme, such as day tickets or weekly tickets, which are on average cheaper per journey. We adjust the reimbursement rate to take into account the fact that those journeys would have been made in a different way had the scheme not been there.

Bob Doris: The 5 per cent figure is helpful. I have learned from this exchange that there is not an assumption but that it is predicted that fares could go up by as much as 5 per cent and that that modelling work is taken into account for the statutory instrument for which you seek approval today. What would happen if fares went up beyond 5 per cent? How would that impact on the model? I apologise for going into this level of detail, but I am keen to know that.

Gary McIntyre: The rate is fixed for the year ahead. If fares go up, that will not change the reimbursement rate in the coming year, but it could have a knock-on impact on the rate in future years. Fare tests are in place to ensure that any fare rises that operators put in are in line with reasonable expectations about what an appropriate fare rise would be. I do not know whether colleagues want to come in on this point, but we have a series of fare tests for when operators lodge fare increases, which compare fares against competitors, inflation and other services to ensure that they are not inappropriately high.

Bob Doris: I do not want to get into the weeds of the detail, but that is positive and reassuring.

My final question is for the minister. Part of the modelling work predicts what price increases could look like in the commercial market in the year ahead. There is a relationship between that and the money—the best part of £450 million a year—that goes to commercial operators through the two concessionary schemes. We are getting quite close to a mechanism whereby we could price cap bus services across the board. Have you considered that, or could it be considered for the future?

Jim Fairlie: When you mention a price cap, what are you talking about? We have the caps on

the older and disabled persons scheme and on the quantum.

Bob Doris: Forgetting about the concessionary schemes, I am merely pointing out that, if we predict that bus fares could increase by as much as 5 per cent, there is a relationship between that, the reimbursement rate and the capping in the concessionary schemes. What will reimbursement look like if we get into mechanisms to control bus fares in Scotland—for example, if we say that the most that any bus ticket may be increased by is 2 per cent? There would then be a cap in Scotland and a knock-on effect on the concessionary travel schemes. I am not saying that that is the mechanism that you would use to do it. The point that I am making is that there are levers that could be used to bring in price capping in the bus sector. Has the Government looked at anything in relation to that more generally?

Jim Fairlie: What you have just outlined is not part of the thinking for the model that we are considering. We have committed to looking at a price cap pilot scheme that would cap fares at £2, but there are a number of considerations to take into account, including where the pilot will take place, what we will do with it, what we want to achieve through it and what the long-term objective would be. A number of areas would need to be explored for us to be sure that that was the right rate.

You are talking about moving budgets and how those budgets will be used. I note that the committee has raised that issue before—I think that Mr Matheson raised it with the cabinet secretary in the previous budget session.

We are aware that a number of conversations are being had about whether the schemes represent the best use of public funds at the moment. There will always be potential for us to develop ideas and look at different ways of doing things but, at the moment, the concessionary scheme is as it is. It is working. It is clearly hitting the objectives that the Government is trying to achieve and it is working for passengers and operators.

In addition, we are now thinking about other ways to get more people to use the bus. As I have said before, I am clearly committed to trying to increase bus patronage, but there are a number of factors for us to consider.

Bob Doris: I have the reassurances that I need. The minister has nudged on to other areas, but I have no further questions.

The Convener: The deputy convener is next.

Michael Matheson (Falkirk West) (SNP): I am aware that, this year, you have had negotiations with the CPT on the reimbursement rate and the payment cap. What rates did the CPT ask for those to be set at for 2025-26?

Jim Fairlie: I do not know what rates it asked for those to be set at. Carole Stewart was part of the negotiations, so perhaps she can answer that question.

09:45

Carole Stewart (Transport Scotland): The CPT did not seek a specific rate or budget cap for the ODPS. The rates came out of the modelling work and there were discussions about some of the inputs and parameters for the model. The budget cap for the ODPS for next year is based on predicted fare increases and forecasts of journey numbers and is a mutually agreed forecast of a reasonable budget cap for the year ahead, as agreed by Transport Scotland and the CPT.

Michael Matheson: Did the CPT accept the modelling output?

Carole Stewart: Yes.

Michael Matheson: Can you give a breakdown of how much each bus operator in Scotland receives through the schemes?

Jim Fairlie: I do not have that information in front of me.

Michael Matheson: I am not asking you to give us that information here and now, but do you hold that data?

Carole Stewart: We do, and it is published quite regularly, so we can send you links to that.

Michael Matheson: That would be helpful.

The Convener: When you send that information to us, please make sure that it goes to the clerks so that they can distribute it to committee members.

As Michael Matheson has finished, we move on to questions from Mark Ruskell.

Mark Ruskell (Mid Scotland and Fife) (Green): I noticed that the reimbursement rate to bus companies for the young persons scheme has gone down a little. That has obviously come from the model and been accepted by CPT. That suggests to me that the Government will get a slightly better deal out of the reimbursement because we are paying less for the same sort of outcome.

What other outcomes could the Government get from the scheme? There is a question about conditionality. The bus companies get some money back for carrying passengers who are part of a concessionary scheme. What conditions could be put on that for the bus companies? I am thinking about quality and reliability of service,

routes and even about investing in the fleet to tackle antisocial behaviour or protect workers. A huge amount of money goes to the bus companies every year through the network support grant and the two concessionary schemes, so how do we develop the public interest when, some public and community companies notwithstanding, those are private companies that are not obliged to deliver on public objectives beyond those that you are paying them for? How can we get a bit more conditionality in there to ensure that we have a public service that delivers what the public want?

Jim Fairlie: Whether we like it or not, we are living with a deregulated bus service. We can argue the rights or wrongs of that, but it is what it is.

You said that the percentage has gone down. It is going down, but the number of young people using buses is going up and there are more bus journeys, which is all positive.

There are on-going conversations about what else we can get out of this. I am meeting CPT—I think, tomorrow—and we are going to start talking about what more we can do to tackle antisocial behaviour. You will be aware that the minister Siobhian Brown—I am so sorry, but I cannot remember her title—will shortly be releasing a report on antisocial behaviour issues across the board, not only in relation to buses.

There are regular, on-going conversations. I met the bus operators last week and am due to meet local authorities and transport authorities in the coming weeks. I am keen to ensure that we have continuous conversations about how to make bus travel better for the public purse and for passengers while, at the same time, allowing companies to continue making a profit in order to be able to invest. We have invested a huge amount of money in electric vehicles in the past and there is a reasonably good working relationship with the sector, given that the industry is, at the moment, deregulated.

This committee was involved in passing the legislation to allow for franchising and other models that offer more involvement in what bus services supply. The conversation is regular and on-going. I will continue having it and will continue being answerable to the committee so that we can see whether we are going far enough and hard enough.

Mark Ruskell: You mentioned a commitment to deliver a pilot for a cap on bus fares. You said that the areas have not yet been chosen, but is that the tone of the conversation with the industry? I know that that will be only a pilot and that it will not be nationwide, but it could be significant if the companies also actually invest in opportunities in those areas.

Jim Fairlie: Yes, that is part of the conversation. I have met the bus companies collectively and a number of them individually. I want to ensure that that dialogue continues. If we have dialogue, we can make progress.

I am trying to make the point that we must have that dialogue through those conversations but that the measure must be mutually beneficial. We accept that, as private companies, the bus companies have a requirement to make profit and to be successful. I will continue to have those conversations with them to ensure that we are getting the best value for public money.

Mark Ruskell: I return to Bob Doris's questions about full-fare-paying passengers and fare increases over time. As I understand it, between 2012 and 2022, fare prices increased by between 65 and 70 per cent across Scotland. That compares with the cost of motoring, which went up by only 35 per cent during that period. There appears to be a gap.

Drawing on Mr Doris's comments, I am a little concerned that companies might look at the model and think that they will get a higher reimbursement rate if they keep pushing up the fares. Carole Stewart is shaking her head, so maybe that is not the case. Folks who are getting on a bus every day are seeing those increases and they are making a decision about whether to leave the car at home. If it is becoming cheaper to drive, that is an issue.

Is not the wider fare capping an issue with the model? Effectively, it means that higher fares result in more money for the companies. Carole Stewart is still shaking her head. Does she want to come in?

The Convener: The head shaking has gone from the minister to Carole Stewart and now to Gary McIntyre. I do not know whether you can get Bettina Sizeland to do it as well, but you can try if you like.

Gary McIntyre: Everything else being equal in the reimbursement model, which is predicated on the objective of operators being no better or no worse off, a higher average single fare will lead to a lower reimbursement rate rather than a higher reimbursement rate. There comes a point at which, if fares increase too much beyond the costs, the reimbursement rate will come down and operators will receive less per journey against a more expensive journey. It balances itself out to an extent in the model.

Mark Ruskell: Can you show with the model how that has played out over the period from 2012 to 2022, when adult bus fares went up by between 65 and 70 per cent? Was there a corresponding reduction in that reimbursement rate over time?

Gary McIntyre: You can see that over time.

Mark Ruskell: It would be good to see how that plays out through the model, rather than it just being—

Gary McIntyre: Yes, we can share those figures. You see that trend—that is, as fares have increased over time, the rate has gradually come down.

Mark Ruskell: It has always been the case that operators have been no better and no worse off.

Gary McIntyre: Yes.

The Convener: That delved into my question. Since 2016, there has been a 67 per cent increase in the amount of money that is paid in concessionary fares but only a 13.5 per cent increase in the number of concessionary trips. That is a huge increase in money with very little movement at the other end, is it not, minister?

Jim Fairlie: There has been a long-term decline in the use of buses. Whether that is—

The Convener: Minister, I accept that there has been a long-term decline, but you are throwing more and more money at it and getting a smaller increase in the number of concessionary trips. Throwing money at it does not seem to be the answer.

Jim Fairlie: I would counter that by saying that more and more trips are being made, particularly by those who are using the young persons bus travel scheme. There are more and more cardholders and they are making more and more journeys. That is creating habitual behaviour. I hope that young people will carry that on into their young adult life and that they will continue to use public transport. I would dispute what you say on that, convener.

The Convener: That might be the case in urban areas. It would be good to see the split between urban and rural areas, because young people cannot get on buses in rural areas as there are not many of them.

Douglas Lumsden has some questions.

Douglas Lumsden (North East Scotland) (Con): First, I want to ask about the bus fare cap pilot that the minister mentioned. How will the cap be chosen, which area will be chosen and when will it be chosen? Will it cover both urban and rural areas? If it is a mix, I suggest that the north-east of Scotland is an ideal place for the pilot.

Jim Fairlie: I cannot tell you, and I am not going to tell you. As I said when I answered previously, there are a number of considerations, but your latter point is very important. How do we structure our thinking into asking, "What is the best use of this fund? What are we trying to achieve? Who are we trying to attract on to the bus? Who will be affected? How will the operators react?"

An awful lot of thinking is going into what the pilot will do. I am not trying to be evasive; I am genuinely putting an awful lot of thinking into how we make the pilot work and how to get the best possible answers so that we can decide whether we want to continue it.

Douglas Lumsden: Can you give us any idea when that will be announced and when in the workings of the pilot that will be?

Jim Fairlie: Somebody will have to confirm when the pilot will be up and running.

Carole Stewart: January 2026.

Jim Fairlie: The pilot will run from January 2026 to January 2027.

Bettina Sizeland (Transport Scotland): If the budget passes and we have £3 million available to us.

Jim Fairlie: If the budget passes, yes.

Douglas Lumsden: It will start in January 2026, but when will we have an idea of where it will run?

Jim Fairlie: We will let you know if it is Aberdeen in due course.

Douglas Lumsden: Okay. My second question is about the total number of journeys, which has increased over the past couple of years. Has the number of fare-paying passengers increased or is it still decreasing?

Jim Fairlie: I will have to ask Gary McIntyre whether he knows what the actual split is between fare-paying and concessionary passengers.

Gary McIntyre: I do not have it in front of me, but numbers of commercial passengers have bounced back significantly since Covid; passenger numbers had decreased in those couple of years. Passengers in the commercial market are coming back.

Douglas Lumsden: The number of fare-paying passengers has gone up over the past two years—is that correct?

Gary McIntyre: Over the past two years, yes.

Douglas Lumsden: Could you provide the committee with more details on that? That would be helpful.

Gary McIntyre: Yes.

Jim Fairlie: I will add to that. One of the things that I considered during my discussions with Bettina Sizeland is how we ensure that we are creating behavioural change and habit-forming behaviours. We are actively looking to see whether, when people are no longer eligible for a

pass, they continue to use the bus or buy their first car. It is difficult to gauge that, but we are actively trying to understand whether we are genuinely creating the behavioural change that we are looking for. It will take us a bit of time to do that.

Douglas Lumsden: That was the next part of my question, because you had mentioned behavioural change. Once somebody gets to 22, do they change from going on the bus to buying a car? I know that it is early days, but do you have the data on whether there has been actual behavioural change?

Jim Fairlie: No, we do not have that data at the moment, but we have spoken about that at length. It is about how we extract the data, because those people then become fare-paying passengers. Are they the fare-paying passengers that Gary McIntyre just said have increased in number? Are those fare-paying passengers young people who are continuing to use the bus after their pass has finished, or are people choosing to go on the bus? We need to understand that. It is difficult data to gather, but we are actively looking at that at the moment.

Douglas Lumsden: My next question is about the annual distance travelled by Scottish bus services. It has fallen by more than 25 per cent since 2006. Do you know whether that decrease affects rural areas more than urban areas?

Jim Fairlie: I cannot definitively answer whether it affects rural areas, but my sense is that it definitely does. I say that as an MSP with a rural constituency, knowing that I see rural bus services declining. Again, we are actively looking at how to address that, but it is not easy, because it is a deregulated industry.

To go back to the point that Mark Ruskell made about public funds going into a service, we have very little in the way of levers to determine where services are. Again, that comes back to franchising and the other powers that we are putting into the hands of local authorities.

There is an awful lot of stuff in the mix about how we are going to improve the service, which goes back to my earlier point. We are looking at different areas. We want to get the best value for public money, make sure that people are using the buses and work with private enterprises.

Douglas Lumsden: Do you think that the reduction in rural services has anything to do with the network support grant, which has seen a 47.5 per cent real-terms reduction since 2006?

10:00

Jim Fairlie: I cannot answer that, unless Carole Stewart wants to chip in as to whether there has been a reduction in the network support grant usage.

Carole Stewart: The network support grant is paid on a per kilometre basis, so it mainly gives support to rural routes and longer-distance journeys.

Douglas Lumsden: It seems obvious that that reduction is having a direct impact on rural bus services. The Government made a policy decision to move some of that money into concessionary schemes, but I am trying to work out whether that is having a huge impact on rural bus services.

Bettina Sizeland: The network support grant is not the only grant that is available to support rural services. Local authorities also receive block grants to support subsidised services, and that seems to make sense as they understand what is going on in the local area and what it is best to support.

As Carole Stewart said, the network support grant is there to make services more available than they would be without it. Because it is paid per kilometre, it favours the longer routes, but it is not the only grant that is available. There is also the support that is provided directly by local authorities through their subsidised services.

Douglas Lumsden: I imagine that the number of subsidised bus routes from local authorities has also been reduced quite significantly during the past few years.

Bettina Sizeland: There has been a reduction in subsidised bus routes, yes.

The Convener: Kevin Stewart, you have a question on that before we move to Sarah Boyack.

Kevin Stewart (Aberdeen Central) (SNP): You can go to Sarah first.

The Convener: Okay. Kevin has given way, which is interesting.

Sarah Boyack (Lothian) (Lab): That is very kind; I will take that.

I will follow up on the link between access to services and funding. The stats on supported bus services and the impact of bus service cuts show that the impact is falling disproportionately on people who are already in deprived groups, and how it affects rural and peripheral urban areas is clearly an issue because people have a bus pass, but they cannot necessarily use it. We had a cross-party group meeting on sustainable transport, and that is what the young people said. They said that they loved the concept of a bus pass, but that it is not much use if they do not have a bus to use it on. What is the joined-up approach to give people access to bus services?

Jim Fairlie: You are right. I am wrestling with that. It is all very well having a bus pass, but if people do not have a bus to go on, they cannot use that pass. I absolutely accept that.

It goes back to the point that I have made to a number of members. The loss of routes is incredibly frustrating. Local authorities and bus operators make those decisions. We are limited in what we can do. We can put funding into various things. The concessionary travel scheme is working, but I absolutely take the point that you made that, if there is no bus available, the scheme is not working for those people who are affected. I am actively looking at the ability to make better provision in areas where the bus services are not as good as they should be.

Sarah Boyack: What research is the Government doing to identify the gaps? It goes back to the point that Douglas Lumsden made about the 47 per cent cut to the network support grant. Do we not need a more joined-up approach?

Jim Fairlie: We have a joined-up approach, but at the moment we are not filling in all the gaps. I assure you that I am actively looking at that.

Sarah Boyack: It is a geographic issue, and it is also about people on low incomes and the combination of people who should be benefiting. We need to think about what that will look like. Have you got feedback from bus companies about more cuts that will be made to services, or do we just have to wait and see what happens?

Jim Fairlie: I do not have any feedback to hand to talk about any cuts to services. I have not been told of any.

Sarah Boyack: From looking at it, it is about having a joined-up approach. If we are here next year having a similar discussion, is it your expectation that we will have the same number of bus services or fewer bus services, and what is the geographic impact of that likely to be?

Jim Fairlie: I am not clairvoyant, so I cannot predetermine what private bus companies are going to decide and which services they will or will not want to keep. I will be back at the committee next year, because there will be an annual requirement to talk about the reimbursement rate. At that point, I will—I hope—be able to tell you that we are increasing the patronage even more because of the actions that we are taking.

I am not disputing the fact that there is a disparity in rural areas with regard to people's ability to get a bus, and I am actively engaged in that issue.

Sarah Boyack: Okay. I was hoping that you would tell us that, by next year, you would have done research, looking at the areas where more investment is needed and thinking about partnership approaches so that we could see the services delivered.

Jim Fairlie: I said to the committee earlier that I am actively looking at all the things that we are doing and how we make the service better. That would include the particular point that you put to me.

Sarah Boyack: Thank you. I can say that, as a bus user in an area where I get to use my bus pass, it is fantastic, because we have buses in my region. On the edge of the region, however, I can see the difference. Bus services have to be higher up the political agenda.

The Convener: Thank you, Sarah. Over to Kevin Stewart.

Kevin Stewart: First, I would be failing in my duty, minister, if I was not to advocate for Aberdeen city and Aberdeenshire as the ideal place for the £2 bus fare cap pilot.

Jim Fairlie: Members are all advocating for their different areas, regions and constituencies.

Kevin Stewart: I have written to you about the matter already, and I think that I have set out good reasoning for the pilot to be in Aberdeen city and Aberdeenshire, but let us move on from that.

Anecdote says that the introduction of the young persons free bus travel scheme has led to the survival of some routes, and to the introduction of new routes. Is there any evidence that the scheme has made a difference in that way?

Jim Fairlie: I do not have data to say that, but we have seen an increase in people, in particular young people, using the bus.

Kevin Stewart: Are your officials trying to gather that data as proof to see whether the young persons scheme is making that difference, or whether it is just anecdote?

Jim Fairlie: With regard to your specific question, the answer is no—I have not asked them to do that. However, I have asked them to consider whether young people who have the pass are using the bus. If those young people are transferring to being habitual bus users—and the next generation will also be getting their free bus pass—the scheme will be creating an environment of bus use.

I have not looked at the specific areas that you asked about, but with regard to the overall picture, I am looking at how the young persons pass is delivering behavioural change.

Kevin Stewart: It is important that we collect that data to see whether the young persons scheme is making a difference to the viability of services. Gathering that data is immensely

important and would help you and the Government, and others, to justify the spending on the scheme.

Jim Fairlie: Carole Stewart may want to answer that.

Carole Stewart: We carried out a one-year evaluation of the young persons scheme, which was published in December 2023. It looked at some of the initial outcomes and achievements of the scheme. There is a further planned evaluation of the scheme next year, and there is certainly potential for us to add in those questions as part of our on-going evaluation of the scheme.

Kevin Stewart: Thank you—the addition of those questions would be immensely useful.

I will change tack a little, because—like many others around the table—I have heard from constituents, on occasion, accusations of fraud around the scheme, with tickets being issued that say that folks are going further than their actual journey. That is an area of interest to me.

When I had the transport minister's job, I asked officials to look at the issue and was told that there was always scrutiny of it, and that there were very few occasions when fraud had happened. Can you assure us, minister, that that scrutiny continues? Can you give us a flavour of how many times there has been fraudulent activity?

Jim Fairlie: I give you an absolute assurance that there is a zero-tolerance approach to fraud. Under no circumstances will we tolerate anyone trying to defraud the scheme. Types of fraud include bus drivers falsely recording journeys made, and cardholders fraudulently allowing others to use their card or fraudulently obtaining a card, but such things are robustly pursued at all levels. I cannot give you a figure for how many times that has happened—officials might have that to hand—but it is not something that the Government will accept, or should be accepting.

Kevin Stewart: I agree. It would be very useful for the committee to get those figures, convener.

The Convener: I am sure that the minister will make sure that we get those figures, on the basis that they are for a question that I was going to ask. Keep cracking on, Kevin.

Kevin Stewart: My final question is still on that issue. Would you or Transport Scotland consider running a short, sharp social media campaign to give folk details of who they should contact if they think that there has been fraud?

Jim Fairlie: I will take that under advisement.

Kevin Stewart: Thank you.

The Convener: I think that Douglas Lumsden has a question—

Jim Fairlie: Just a second, convener. My apologies.

Bettina Sizeland: I just wanted to come back on that. We already run a free 24-hour hotline, and we have a number for people to make those complaints.

Kevin Stewart: Can you advertise it a little bit more?

Jim Fairlie: Yes.

The Convener: Douglas, I think that you have a question.

Douglas Lumsden: I have a brief question about antisocial behaviour. We have heard in the chamber about the increase in antisocial behaviour on buses since the young persons scheme came in, and I think that the Government has said that it will look at ways of restricting people's access. Has it done any work on that yet, and has it come to any conclusions?

Jim Fairlie: A lot of work has been done on the overall issue of antisocial behaviour. As I said earlier, the Minister for Victims and Community Safety tasked an independent working group on antisocial behaviour with looking at the issue; it was due to report by the end of 2024, but its report will be published shortly. It has gathered a wide range of evidence from all areas.

However, I make it absolutely clear—and I make this point every time that we talk about this issue—that antisocial behaviour happens not because of bus passes, but because of people behaving antisocially. As for removing cards themselves, we are still exploring the legal means of suspending access to concessionary travel for perpetrators of persistent antisocial behaviour of any age, not just the under-22s. I keep re-emphasising that, because what really bothered me about this debate was that it started to demonise under-22s using the concessionary scheme. It was giving young people a brand that they did not deserve; after all, the vast majority are perfectly well behaved.

We are still looking at removing cards, and at whether that is what we want to do. We need to work out what that would do to the scheme and the impact on other elements of the entitlement card. After all, cards are not just bus passes. This is an on-going issue that we are looking at; indeed, I will be meeting CPT tomorrow to talk about antisocial behaviour. We are actively engaged in that work.

Douglas Lumsden: Thanks for that answer, minister. I completely agree that the vast majority of young people are well behaved on our buses.

The Convener: As there are no more questions, we move on to agenda item 3, which is

a debate on motion S6M-16241. I ask the minister to move the motion.

Motion moved,

That the Net Zero, Energy and Transport Committee recommends that the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025 be approved.—[*Jim Fairlie*]

10:15

The Convener: I now seek contributions from members. I would like to make a contribution, but I see that Bob Doris wants to do so, too, so I will go to him first.

Bob Doris: I will be ever so brief. In speaking in support of the affirmative instrument, I must commend Kevin Stewart and Douglas Lumsden for pushing for Aberdeen and Aberdeenshire to be part of the flat fares pilot. Their cases are almost as compelling as that for the north Glasgow and Maryhill Road corridor, where, with the fare capping that will be essential for my constituents, we could have excellent integration between buses and the rail network in that area, and we could work out the relationship between both. Notwithstanding that, though, I completely support the affirmative instrument that we are debating.

The Convener: I just want to chime in and say that I would support such a pilot in the Highlands, if we had enough buses available, but we do not.

As I said at the beginning, I have been looking at these concessionary fare instruments since 2016, and coming as I do from a region where we rely on ferries as much as we do on buses—or the people on the islands do—I am disappointed every year not to see any concessionary fares for people on islands. It is very difficult for us to vote against this instrument, given that it is, I hope, driving us towards our net zero targets, but why, oh why are we not doing more for the island buses—that is, ferries?

Jim Fairlie: I get that people do not get to use all the ferries all the time, but I would note that in 2021 an island communities impact assessment concluded that ferry travel should not be included in the scheme at that time. We have some ferry concessions for younger people, and, as I have said, I would like to do more. I fully understand, and fully take on board, the connectivity issues faced by island and peninsular communities, and if we had more money to do as you suggest, we would do it. However, we do not, but I will continue to actively look at how we can make connectivity better for the island communities.

The Convener: Of course, we could do a whole heap of things if we had more money, but sometimes we just need to make sure that the money is equitably split among the people who are using services. Islanders continue to write to me, asking why ferries cannot be viewed as buses are.

As there are no more questions, I ask the minister to sum up and respond to the debate, if he so wishes.

Jim Fairlie: I am quite happy to leave it there.

Motion agreed to,

That the Net Zero, Energy and Transport Committee recommends that the National Bus Travel Concession Schemes (Miscellaneous Amendment) (Scotland) Order 2025 be approved.

The Convener: The committee will report on the outcome of the instrument in due course, and I invite it to delegate authority to me as convener to approve a draft of the report for publication. Are we all agreed?

Members *indicated agreement.*

The Convener: I thank the minister and his officials.

I suspend the meeting briefly for a changeover of witnesses, and I must ask members to be back here by 10:23.

10:18

Meeting suspended.

10:24

On resuming—

Environmental Regulation

The Convener: Welcome back. Our fourth item of business is an evidence session with the Scottish Environment Protection Agency, focusing on the agency's annual report, accounts and current priorities. I welcome Lisa Tennant, the chair; Nicole Paterson, the chief executive officer; Kirsty-Louise Campbell, the chief officer for governance, performance, and engagement; Alex Flucker, the chief operating officer for data, evidence, and innovation; and David Harley, the head of regulation, business and environment. Thank you for the written submission.

Before we move to questions, Nicole will make a brief opening statement.

Nicole Paterson (Scottish Environment Protection Agency): Good morning, everyone. I am Nicole Paterson. As the convener said, I am chief executive and accountable officer at the Scottish Environment Protection Agency, or SEPA, as we are more commonly known.

Thank you for the invitation to give evidence. We will do our best to answer questions from the committee and we welcome the opportunity to be here with you. We seek to be open and transparent in all that we do, and we will provide the committee with the very best evidence that we can. I have brought representatives from our board and our leadership team, but you will appreciate that we cover a vast range of disciplines, activities and delivery. If necessary, we are more than happy to follow up with the committee in writing.

When I joined SEPA in autumn 2022, the agency faced a number of significant challenges that had impacted our confidence and our delivery. I was struck then, as I am now, by the passion, professionalism and purposefulness of our people, who, despite those challenges, ensured that SEPA continued to deliver for communities up and down the country. Those same traits have recently become our agency values.

Scotland's environment is at the very heart of our identity, our success and our development as a nation. It is fundamental to our culture, our economy and our quality of life. It is precious and it is valuable. It is my privilege to lead the nation's principal environmental regulator in delivering for the communities of Scotland. We remain resolute in our focus on improving the environment and protecting it from harm, and on protecting Scotland's people from the impacts of harm to the environment on their health, wellbeing and quality of life.

As an agency, we do that by protecting our valuable land, air, ocean and rivers from pollution. We work collaboratively with stakeholders to ensure an appropriate balance between environmental protection and sustainable economic growth. We monitor the impact of climate change and we play our part in realising Scotland's net zero ambitions.

SEPA is first and foremost a regulator—that is our core purpose. We require compliance. We work to encourage positive behaviour change, using all the tools at our disposal. We want businesses to flourish through being environmentally responsible. We want to ensure that we are appropriately robust and proportionate in how we regulate, and that we are transparent about the impact that that has.

We work in collaboration with a multitude of partners to deliver a multiplicity of benefits on hundreds of delivery projects and initiatives across all parts of the country. In communities, we deliver projects such as the Leven programme, the Kinneil Kerse landfill site, and our new and innovative satellite emergency mapping service, which we used to support a multi-agency response to storm Éowyn late last year.

We are an evidence-based organisation: science and data are at our heart. There is no better illustration of that than our agency's evolution to provide Scotland with crucial data, forecasting, modelling and advice on flood risk, which is information vital to our communities' resilience and to helping families to protect their homes and businesses. Our flood forecasting and warning is crucial to meeting the challenges of today and understanding those of tomorrow. We have developed a track record of accurately predicting flood events and warning those who are at risk from them, such as those who unfortunately experienced the impacts of climate change during the 2023 floods in Angus.

Those challenges of tomorrow and our knowledge of the changing environment around us—not least when it comes to climate change and biodiversity—mean that our work to prepare the agency for the challenges of the future has started in earnest. Our new leadership team and our predominantly new board have a clear focus on resetting the agency by empowering our people, challenging the status quo and delivering a widespread transformation programme, and looking at our approaches, our systems, our processes, our data and our structures—rewiring the agency, if you will—to ensure our efficiency and effectiveness so that we deliver value for money for every pound that is invested in us by the people of Scotland. It is a programme that will directly support public sector reform, exceed our

customers' expectations and clearly demonstrate our delivery and our impact.

We will continue to lead in innovation, finding creative solutions, harnessing new technologies and investing in our people to ensure that we are fit for the future and are ready to face the challenges head on with that same passion, professionalism and purposefulness.

Thank you once again for the invitation to provide evidence to the committee. We look forward to discussing our work with you.

10:30

The Convener: Thank you very much, Nicole.

Before we begin questions, I want to be open and transparent, as I always like to be, and refer members to my declaration of interests, because I am not sure where our questions will go. As a farmer in Speyside, I come across SEPA when it comes to abstraction from the River Spey and, obviously, farming regulations. As a joint owner of a fishery on the River Spey, I also come into contact with SEPA, again through abstraction from the river, and also through catchment management planning and all that that involves, as the Spey Fishery Board, of which I am part, plays a role in that. I hope that that is clear. My full entry can be seen in the register of members' interests.

Nicole, I guess that this question is coming to you—not everyone will get to answer all the questions, so you will have to make sure that you allocate them correctly. I hope that I am starting in the right way. Your annual report for 2023-24 states that you have been "resetting" your organisation. What does that mean and how has SEPA changed?

Nicole Paterson: Thank you for that question to start us off. I highlighted in my opening statement that the agency has had challenges—I have no doubt that you are aware of that. Over the course of the past two years or so, I have worked very hard to build a new leadership team that comes with the passion, the energy, the experience and, importantly, the confidence to lead the agency into the future. There is absolutely no doubt that, despite SEPA's impressive past 29 years, what sits ahead of us in the next 20 years requires a different approach—it requires us to harness new technologies, and I think that you will hear from colleagues on how we are doing that to make our delivery all the more impressive—so we have reset the leadership team. We have also had an opportunity to reset the SEPA board. Our new chair is with us today and the predominantly new board members come with significant experience and expertise that will allow us to lead into the future.

Some of our work in relation to the reset of the agency has been about getting us fit for today's challenges. To be honest, convener, it is also about drawing a line under some of the more challenging components of our past and enabling us to move on and to look to the future. This is an agency that is delivering for Scotland and whose people are passionate and purposeful, and we need to allow them to move on. The leadership team has the very best combination of leadership that we could find, with experience and, more importantly, confidence. The work that they have done in their other organisations means that the team has confidence not just to reset but to lean in to the transformation of the agency. That is how we will be able to harness the opportunities that are ahead of us as far as possible.

A lot of our work has been around our people—I will ask my colleague Kirsty-Louise Campbell to come in on that. We know that, if we support our people, they are able to do a better job and will, in turn, deliver better for Scotland. Some of the rewiring work has taken place around our own people, who are often Scottish, United Kingdom, European or world experts in their own way. As a data, science and evidence-led agency, we have always had an absolute focus on subject matter expertise, which is crucial to an agency such as ours. However, one of the resets that needed to take place in the agency is around the fact that good leadership and good management are crucial, too. That feeds into that rewiring.

Kirsty will give you a bit more flavour of some of what we have delivered.

Kirsty-Louise Campbell (Scottish Environment Protection Agency): We have been doing a lot of work with colleagues across SEPA, which is a really important part of the reset, as Nicole Paterson has described. We have very much been looking to reset the agency's culture and behaviours and to understand the wider opportunities that SEPA has and some of the legacy challenges that SEPA has faced.

We have focused on performance and efficiency, and we are looking to develop our skills for the future and to enhance our wider services for the people of Scotland, not just in the areas of science and regulation, but with a focus on how we lead, innovate and transform together.

Listening to colleagues has been a really important part of that journey. The values that we have spoken about—passionate, purposeful, professional—were co-created with our colleagues. From a colleague group of around 1200, we had more than 900 responses to our survey, which gave us feedback and input about what they need for the future. We continue that engagement and involvement in real time with surveys, engagement and so on.

Our recently published people strategy shows our real commitment to our people. The delivery of that has been under way for some time, and our key objective is to create a safe, welcoming and supportive environment where our colleagues can absolutely be at their best. Other focuses include retention, working in partnership, innovation and thinking about the future. There were 600 applications for our trainee environmental protection officer scheme, which is absolutely fundamental to SEPA's future.

The Convener: I understand resetting. The other thing that you had to do was reboot the computer system. It has never been made clear how devastating that was and how much work had to be done to get back the information that you lost. I would like to have some clarity. I bet that you still do not know half the consents that were given by SEPA in the past, where they were, what the grid references were or what was actually consented to, because they all disappeared. Is that correct or incorrect?

Nicole Paterson: You are absolutely correct about the devastating nature of the attack. If that has not already been explained to members and to the public, I can give a sense of the scale and scope of that attack. We lost virtually everything. We lost our door entry fob systems and the payment details of the staff who work for us. We lost much of the data and evidence that the agency is known for and that is important to the work that we do. It was a devastating attack. I have colleagues who have told me that they have suffered cyberattacks too and that it was tricky to be without their systems for a week, but SEPA was without all systems and every system and lost all its data and much of that could not be recovered.

That sense of rebooting the agency is absolutely real. I always try to be positive, as does the agency, because, although it was a devastating cyberattack, it was a real opportunity to reboot. Not many organisations would wish for that but not many organisations would get that either.

We have tried to maximise how we have built back. Right from the outset, colleagues said that they wanted to do better. There are opportunities in the situation that we found ourselves in and they have tried to maximise those. Our work with a number of national agencies has continued in earnest. We work very closely with the Scottish Government, Police Scotland, the Scottish business resilience centre and the National Cyber Security Centre to improve the agency.

One thing that we have been able to do quite successfully since then is to advise other agencies about their cybersecurity and preparedness. Members may recall that, in an independent audit carried out by Audit Scotland, SEPA was found to be very well prepared, although the attack was so significant and sophisticated that we were unable to withstand it. Since that point, we have been able to give considerable advice to other agencies throughout the UK that have suffered significant cyberattacks.

The Convener: I will stop you there. I accept that there is no doubt that others will profit from your pain and it is right that they should. However, we could look at any catchment across Scotland and I could ask whether you know every single extraction licence and every borehole in that catchment. Would you be able to say yes to me about all those and about all the discharge consents?

Nicole Paterson: Given the detail required to answer that very direct question, I will ask my colleague, David Hartley, to come in.

The Convener: David is itching to come in.

David Harley (Scottish Environment Protection Agency): Yes. It was an arduous task, but we have recovered all our main consents and authorisations.

The Convener: Your use of the word "main" concerns me.

David Harley: We possibly do not have all the registrations for the very minor activities, but we have all the registrations for licensed activities—that is, for core abstractions, discharges and emissions to the environment.

The Convener: Define "main".

David Harley: All of our licences and activities—

The Convener: You know every licence that SEPA has ever issued.

David Harley: We have recovered that.

The Convener: You have recovered that.

David Harley: We have a picture of all the main emissions, discharges and abstractions.

The Convener: What about those in existence before SEPA took control?

David Harley: We have those in paper copies.

The Convener: Okay. Good luck with finding all those. That is an interesting comment.

Mark Ruskell: I want to ask about prosecutions, because there has been criticism in the media about the rate of successful prosecutions going down quite substantially over time. I want to get your reaction to that.

In answering, will you say a little bit more about how you ensure that there is transparency? Take the Mossmorran plant for example, which had a

high profile four or five years ago. A report was submitted to the Crown Office and Procurator Fiscal Service about flaring and nothing has really happened since then. What a lot of people see when action is taken is that nothing really happens for years. It would be useful to hear your thoughts about transparency in relation to reports that are generated and submitted to COPFS and that whole process.

You have received stark criticism from folk who have said that your enforcement actions are reducing and that you are not bringing as many successful prosecutions as you were in the past. It would be useful to get your reaction to that.

Nicole Paterson: First and foremost, we recognise that criticism, which we hear often. Often, we are at great pains to explain how we use the full suite of enforcement tools that are available to us. You heard in my opening statement that much of the work is to do with compliance. There are no two ways about it—we require compliance. However, compliance comes in many different forms. Often, the enforcement actions and the prosecutions that are shared with the public are the very end of the road for us. A significant amount of work goes into a whole range of cajoling, positive behaviour change and encouragement. We walk all of our stakeholders and customers along that route.

I will pass to David Harley, who is primed and ready to come in on the enforcement actions that we have taken and, perhaps, to share with the committee some of the figures for each component of that.

David Harley: I am. I would like to give some wider context. As Nicole Paterson said, enforcement covers a huge amount of activity. Compliance is a minimum expectation. We have a range of tools and approaches. Over the past 10 or 15 years, we have developed a specialist team to help us with that, which works in partnership with many other regulators and particularly with the police. The team uses digital interventions, such as Facebook and social media, to find out where people are using illegitimate businesses and tackle that right at the start, before any issues have emerged. I can maybe talk a little bit about that aspect later. There are a lot of upstream interventions. For us, the ultimate success is if we have avoided non-compliance.

The other element that we have built up over the past five years is the use of other types of penalties. Writing a report to the procurator fiscal is a long and time-intensive task, and it can take some time before we get to a matter going before a court. We have other formal enforcement tools, such as final warning letters, notices, and a range of fines that we can apply, which we have worked hard on over the past three or four years. For example, last year we took 100 formal enforcement actions, including fines. This year, we have taken 142, so we are really building on that. We had 15 monetary penalties in 2021-22. Last year, we were up to 38. We have also got—

Mark Ruskell: Sorry to interrupt. I know that you have a lot of figures, but I want to consider this from the perspective of my constituents. If they have a concern about a particular factory or polluter, can they go online and track what has happened over time? Can they track whether there has been enforcement action, a penalty notice has been issued, remedial action has been taken or improvements have been made? Is the story of a particular site or operator—when they failed to meet compliance or when there was a rectification of action or a penalty—really clear, for our constituents to understand it? At the moment, I am not really getting that clarity.

10:45

David Harley: I have a couple of points to make on that. We produce a list of the enforcement actions, including fines. There is, of course, a degree of confidentiality about a report to the procurator fiscal, so we can only publicise that when it is concluded, but when it comes to fines, a page on our website is quite explicit about those.

We recognise that we need to be more open about the compliance journey, which is why we are building our environmental performance assessment scheme. That will give us a snapshot of the compliance history of all our regulated sites, at either a site, regional, sectoral or national level, at any point in time—most years, that will usually cover about 10,000 sites. The scheme will be consulted on this spring and we aim to implement it next year. That will be a big step. That said, we do understand compliance at each of our sites, but this is about being able, as you mentioned, to have the full process open, transparent and understood.

Mark Ruskell: I go back to Mossmorran then, which has been in the system for years and is with the procurator fiscal. What is the communication with the surrounding community? Is it a matter of, “Job done, the operators have already invested in the site, therefore not a problem,” or is the expectation that some form of action would still take place that SEPA would support in court? It feels like a lot of those issues kind of drift off to the procurator fiscal and then it is difficult for folks to see where the follow-up action is.

David Harley: As you have acknowledged, there is an inevitable confidentiality issue about reports to the procurator fiscal. I think that we could review that and maybe come back to you

with an update on what engagement there has been in the interim.

Mark Ruskell: Yes, okay.

The Convener: Sorry, do you have other questions?

Mark Ruskell: I do, but I could move on if you want, convener.

The Convener: I think that you had some other questions.

Mark Ruskell: We have other examples. SEPA has come in for considerable criticism in relation to issues surrounding the disposal of salmon morts, in North Uist in particular. The public perception is that not enough is being done and that this happens time after time. I know that the salmon farming sector used up quite a lot of SEPA's time a few years ago. Can you say anything about the particular case in North Uist—I think that it happened at Whiteshore Cockles processing site? There have been other examples reported in the media, which people are looking at and asking, "How is this allowed to happen?"

Nicole Paterson: I will ask David Harley to come in on the detail of that particular site, but our interactions with the industry are extensive, on-going and collaborative. I ask David to provide details on the example of fish morts.

Oh, sorry, I got carried away by referring to David—I meant Alex Flucker.

Alex Flucker (Scottish Environment Protection Agency): That is okay—do not worry. Thank you for the question, Mr Ruskell.

We have looked into the Whiteshore Cockles event—obviously, we were engaged in it when it took place. The regulation of morts in the salmon industry is undertaken by the fish health inspectorate; at that time, we supported the investigation with regard to their disposal. We also supported follow-up actions and site visits to check that burial was no longer taking place. At the time of those inspections, burial was not taking place, and we were happy with the inspections. A live investigation is now in place with respect to the operator, and I hope that you understand that it would be churlish of us to speak about live investigations.

We took forward the compliance follow-up and we were happy with it at the time. We had further engagement with the operator in the time between the event taking place and the triggering of the formal investigation.

Mark Ruskell: You wanted to come in on this matter, convener. I have another question after that.

The Convener: I remind everyone that I was clear about my entry in the register of members' interests.

The salmon farming industry has seen 25 per cent fish mortality—although I believe that got better towards the end of last year—with 33,000 tonnes of dead fish being disposed of in 2023. Do you believe that you are on top of that? Surely, the incident that Alex Flucker has talked about would give everyone cause for concern that you might not be on top of it.

Alex Flucker: I appreciate the sentiment. As I said earlier, the regulation of fish mortality is undertaken by the fish health inspectorate, which is part of the marine directorate.

Fish mortality can potentially have implications for the environment. We have a comprehensive monitoring plan: we monitor the sea bed around fish tanks and offshore fish sites. We are confident that the biomass fallouts from morts do not unduly impact the environment and we think that we are in a good place in respect of that.

In the broader trends of compliance and environmental outcomes in the sector, there are good indicators. We regulate primarily on the application of medicines and on biomass exceedances on fish farms. Let me give you some of the trends for those: in 2021, we found 41 cases of non-compliance in biomass exceedances across a sector that has, on average, 196 operators in it. From 2022, that number of exceedances fell progressively, to two last year.

Similarly, we regulate on medicines that are applied to fish. You might be familiar with invermectin benzoate: that was a particular case in which we stepped in to bring about change in the sector. In 2021, there were 78 cases of exceedances of the compliance thresholds; in 2024, there were zero cases. We have a comprehensive compliance auditing programme for the areas that we regulate.

With respect to whether we are on top of it, I think that we are showing some good trends.

The Convener: My question was particularly about the disposal of that amount of dead fish.

Before I leave the subject and we go back to Mark Ruskell's questions, I refer you to the Rural Affairs and Islands Committee's report that was published on 17 January 2025, which I am sure that Nicole Paterson has read. It was a follow-up to the previous Rural Economy and Connectivity Committee's report that was published in November 2018. In the 2025 report, the RAIC is clear that a lot of work needs to be done. Paragraph 160 refers to SEPA and states:

"The Committee also recommends that the Scottish Government prioritise supporting SEPA in the development

of techniques to accelerate the analysis of seabed survey samples as a matter of urgency and ensures SEPA has sufficient expertise and capacity to analyse seabed samples."

Have you got it? Are you going to get it before next year, which is the timeframe for the results that the RAIC is looking for?

Nicole Paterson: I am familiar with the conclusions of that committee report and we have been working hard on those recommendations. Alex Flucker will come in with the detail on our readiness.

Alex Flucker: The short response is: yes, we have got it, and yes, we will have it in time for the deadlines that were set by the committee.

We have developed an environmental DNA methodology and approach and we have rolled out the first phase of it. We are waiting on second-phase developments to drop that we will be implementing and rolling out over the course of this year. That EDNA approach and methodology is pioneering for the sector. It is a ground shift for our ability to analyse more than 400 complex substances, chemicals and pollutants in a single sample.

We are confident of what we are taking forward in relation to the committee's recommendations.

The Convener: Is that approach based on information that you have gathered or information that is given to you by the industry?

Alex Flucker: We can apply that technique to both.

The Convener: So it relies on both.

Alex Flucker: It depends on the nature of the sample collection. For the information that we gather, we are geared up to that standard, to be able to deliver against the EDNA methodology. I will need to come back to the committee on the particular point about the information that we gather from the sector.

The Convener: Thank you. Mark, you kindly let me in. I know that you have another question, and then we will go to Douglas Lumsden.

Mark Ruskell: Your question was useful, convener.

I want to ask about issues with electrical and battery waste, at Friarton in Perth in particular, where we have seen four fires under the site's successive owners. We have seen similar fires at other waste management sites around Scotland, too. I suppose that that touches on elements of fire safety, which are potentially outwith SEPA's remit; as with salmon farming, you share regulation of the sites with other bodies.

I just wanted to get your reflections on that, though, because what the public are seeing are the same sites and the same fires, time after time. It would be useful to know whether you believe that the regulatory framework that you work under is enough at the moment to tackle not only those huge pollution incidents but the elements of risk that workers at the sites and local communities face? It seems that we are seeing a vast increase in the amount of battery waste in society, and there are perhaps questions to ask about whether that will be regulated effectively, given that we do not seem to fully understand the risks around fires and other such issues.

Nicole, did you want to come back in on that?

Nicole Paterson: Yes, of course, and thank you for the question. It is extremely timely, given that there have recently been more incidents up in Perthshire.

The UK has seen a proliferation of fires at waste sites and in bin lorries. Since 2022, there have been eight fires in Scotland alone, and they were specifically related to lithium-ion battery disposal. In that respect, members will be familiar with the challenges around vapes, for example.

The member is quite correct: the management of the fire audit of a site is in the hands of the responsible person. However, as the environmental regulator, we still have an interest, and we still regulate those sites. For example, we will look at how best the site manager is able to compartmentalise in order to manage any fires that might arise.

In Scotland, we have more than 400 licensed waste management sites. I will ask David Harley to say a bit more about the work that we do on those sites and to give you some confidence that, although we have seen three fires at the site that you mentioned, our investigations have been quite conclusive. David will share that with you.

David Harley: We do share your concern, Mr Ruskell, and thank you for recognising that responsibility is shared between us and the Scottish Fire and Rescue Service.

Regulation might be part of the answer. We regulate the storage of the material—the waste—and the Fire and Rescue Service deals with the fire risk element. In the particular case that you highlighted, we are still investigating, and it is likely that we will take enforcement action—that is still a possibility.

There is a societal element to this, and a producer responsibility element, too. These products should not go on fire spontaneously, and agencies and relevant authorities should be ensuring that producers make the items safe. Another issue is public awareness of the risk and,

therefore, the disposal of such items. Far too many batteries are being disposed of in the residual waste stream, so there is a real public education element to this, too. There is also the provision of safe collection and disposal routes for batteries.

Regulation is a part of this, but there is a societal issue, too, and critically there is an onus on manufacturers to make these things safe.

Mark Ruskell: To what extent is SEPA able or willing to make such recommendations? If you see that improvements are needed to local authority waste collection or that there needs to be more of an emphasis on the producer, how confident do you feel, as the regulator enacting and upholding the regulations, that you are able to make that case? Are you reliant on Environmental Standards Scotland and others to come to conclusions about what needs to change, because, ultimately, that is not your role?

When SEPA has given evidence to the committee in the past, I have felt a reluctance on your part to talk about whether the regulations or the laws are actually fit for purpose, perhaps because you do not see that as your role. However, I am just going to push the boundaries today and see what you are prepared to say. After all, this kind of waste is a very visible problem in Scotland, and I am interested to know how you will fix it. Indeed, you have given an inkling of that already.

David Harley: We are Scotland's environmental authority, so we absolutely have the confidence to advise and influence. We sit on various stakeholder groups and work really closely with the Government to influence change, whether through Scottish or European legislation. We take that role seriously across all the media that we regulate. We are confident that we do that, and we do it as a matter of course.

11:00

Nicole Paterson: Mr Ruskell, perhaps you would like me to emphasise that. In that sense, we are an independent regulator, which gives us the ability to lean in and advise Government and industry with the data and the evidence that we hold. We are quite prepared to do that, and, indeed, we do.

The flipside of that is that we are also very clear—we often cite to the committee where our roles and responsibilities lie—that there is not a beginning and an end. As David Harley said, it is not our job as Scotland's principal environmental regulator to draw lines where we believe the boundaries are, so we lean in and advise.

The Convener: Members have many questions here, so I go to Douglas Lumsden, followed by Bob Doris and Michael Matheson.

Douglas Lumsden: I am staying on batteries, but I will talk about bigger batteries and battery energy storage systems. Do you feel that there is a role for SEPA to play there? You spoke about leaning into Government and advising it, but I do not think that anything has been done by SEPA on BESS yet. Is that something that you are looking to do?

Nicole Paterson: Yes, absolutely, and we are already involved in battery energy storage systems. David will give more detail on that.

David Harley: We are concerned about the risks associated with battery energy storage systems. There is not a specified regulatory framework at the moment. We have been working with the Government on options for that. There was talk of using COMAH—control of major accident hazard—regulation, which is UK legislation. We have discussed that with colleagues south of the border, but that is unlikely to happen, so they are thinking of using more environmental authorisations. That is an active consideration for us.

Douglas Lumsden: We have 350 of those in the planning system now, and a lot of the feedback that I get from constituents is that SEPA does not really have a view on those battery storage systems. It is good to hear that you have concerns about the risks that are involved. When will you publish those risks, and when might the Government change the regulations, based on the advice that you are giving?

David Harley: We absolutely have a role in advising the planning authority. We advise in the planning process on risks accordingly, along with the Scottish Fire and Rescue Service.

We could consider whether we should make a more formal statement on that. There is not yet an actual timescale for when a legislative change might happen.

Douglas Lumsden: I think that that would be helpful, because there seems to be a void at present. It came back from a freedom of information request that no written SEPA documents contained plans for a thermal runaway, for example.

David Harley: Be reassured that that is certainly a concern of ours, and we are discussing it with all relevant partners and Administrations.

The Convener: We will be jumping around a bit here. We go to Bob Doris and then to Michael Matheson.

Bob Doris: My question is inspired by Mark Ruskell's line of questioning. It is slightly different, but it is about getting SEPA's reflections on a recurring situation in my constituency, on which SEPA has been proactive, I must say. Late last year, SEPA, Police Scotland and the fire service and I had a meeting about Promat, which is a former industrial site in the Springburn part of my constituency. It is a huge derelict site, it is incredibly difficult to secure its perimeter, and there is a dangerous building. I am convinced that criminal elements are fly-tipping there—I am talking about not occasional fly-tipping, but industrial-scale fly-tipping, if you like. Goodness knows what is in there. Tonnes of stuff appears there from time to time.

In the summer months, young people breach the perimeter, go in and have fun. Mr Ruskell talked about fires, and fires tend to happen there, too. The fire service does not know what is in there and SEPA has deep concerns. However, it is a constant war of attrition and I am sure that there will be additional issues when the summer months come again.

I genuinely think that Police Scotland, SEPA, the local authority and the fire service are all doing what they can with their existing powers. Regarding the responsibilities of the site owners, I make no judgment about the work that they are or are not doing because that is not the reason for my question. I suspect that Promat is not the only site in Scotland where such things keep happening. Does SEPA have a view about how all public agencies can work more effectively to tackle such hazards? I do not expect you to comment on the Promat site in my constituency, but is there a more general gap in legislation, monitoring and enforcement, and if so, what is it, and how could we plug it?

Nicole Paterson: The truth is that I have, unfortunately, spent the vast majority of my career dealing with fly-tipping and littering in one form or another.

Scotland sees 60,000 instances of fly-tipping each year, so the site that you have detailed is not the only one in Scotland to experience fly-tipping.

Bob Doris: I apologise for cutting in and really do not mean to be discourteous, but I am not talking about a man with a van dumping a few mattresses; I am talking about organised, high-volume, industrial quantities of waste.

Nicole Paterson: That is serious and organised crime.

Bob Doris: That may or may not be a wee bit different from the 60,000 instances of fly-tipping, but I would like a bit more information about the scale of what you are talking about.

Nicole Paterson: That is okay, Mr Doris. The important point is that, of those 60,000 instances, only 100 involve SEPA because the nation has 32 local authorities that have the authority to deal with fly-tipping in their areas.

You are right that there is an unfortunate proliferation, not only in the volume of fly-tipping but in the involvement of serious and organised crime in fly-tipping. Vast sums of money are involved in waste disposal, and particularly in illegal disposal.

At the moment, we take a team Scotland approach. SEPA will look at the most serious cases because we cannot look into all 60,000—the local authorities are more than able to do that. We try to disrupt much of that activity, because just coming in at the end to work with landowners on clearing up is a really significant problem. We try to work upstream and to disrupt some of the serious and organised crime groups, but that is very challenging.

David Harley may want to add to that.

David Harley: I can give a little more context. The kind of activity that you have spoken about, Mr Doris, is at the sharp end of our enforcement. I mentioned our enforcement team, and my educated guess is that about 90 per cent of its effort goes into exactly the sort of impact that you are talking about. For example, we have 12 cases on our books at the moment that are being prepared to go to the procurator fiscal, of which 11 fit the territory that you mentioned. It is about removing a blight that has major impacts on the environment and, in particular, on communities, quite often in areas that already have enough troubles.

That is an absolute focus for us, but it relies on that team Scotland approach. I think that it works well and that we have come a long way. As I said in answer to a previous question, our activity—the amount of enforcement that we have done—has risen exponentially in the past two or three years. We are working really well with local authorities on intelligence and have long-established and constructive relationships with the police and with equivalent organisations south of the border, because it is often a UK-wide problem.

Bob Doris: SEPA is sometimes criticised. so I am trying to pay you a compliment by saying that there is clearly partnership working going on here. However, the nudge that I am looking for is for you to say whether you think that there could be more on the statute book to assist SEPA and other public agencies—I am not talking about the Promat site; I am talking more generally—to tackle the issue. The committee would be interested to hear about that. If there is nothing, that is okay and I will not ask any more questions. Is there

anything specific that you would like to draw to our attention?

David Harley: I do not think so. The new integrated authorisation framework provides us with more nuanced powers for the removal of waste. You are probably aware that, in the past, our power was limited to getting the landowner to remove waste, which can be really difficult and problematic when they are not the source of the problem. Now, when we have the evidence, we can go after the people who dumped the waste, or those who are responsible for the damage, to get them to remove it. That enhancement really helps us. Other than that, I do not think that there is anything. Tackling the issue really relies on prioritisation and good collaboration.

Bob Doris: Thank you.

The Convener: Bob, you will remember that we looked at the problem of waste being dumped by organised criminals and the difficulties of dealing with it when we considered the Circular Economy (Scotland) Bill. Of course, I have faced difficulties with people just coming and throwing their stuff into a field and the cost of dealing with that. Thank you for raising that issue.

Michael has some questions.

Michael Matheson: Good morning. I want to stick with the theme of waste management. I was struck by the figure that you mentioned of there being just over 400 waste management sites in Scotland. Building on the issue of the problems that there have been with fly-tipping, do you know how much of the waste that the nation produces is managed through the 400-plus sites that we have in Scotland? What percentage of our own waste do we deal with through those sites?

Nicole Paterson: The residual waste that is dealt with through those sites is, in part, a good news story. Scotland has seen a reduction in our residual waste from 7 million tonnes per year to, currently, 2 million tonnes per year. That is still a substantial amount of material running through each of those sites. Part of the challenge now is the sophistication of those materials. For example, we talked about lithium-ion batteries earlier and, despite the number of licensed waste management sites in Scotland, only four of them are able to process lithium batteries, so it is quite a challenging picture.

Michael Matheson: Going back to my question, what percentage of the waste that we produce as a nation each year do we deal with in our registered waste management sites?

David Harley: I can partially answer that question. I do not have the exact percentage figure here today—we can supply it later—but it is significantly reducing. The biodegradable municipal waste ban—I always struggle to say that one, so let me call it the BMW ban—which is coming into place this year, will phase out the disposal of residual waste entirely, and what there is over the next five to 10 years will be dealt with largely by incineration. Of course, in the mix is the need to recycle far more. However, it is a really significant reduction. As Nicole said, it is a very good news story, albeit not one without risks.

Michael Matheson: Of course. That is helpful, and it would be helpful if you could provide that data.

Are there gaps in our waste management capacity in Scotland that result in waste having to be outsourced to other parts of the UK or other parts of Europe for processing? If so, why is that the case?

David Harley: In some specialist areas, we do not have the capacity to process all the waste or recyclable material within Scotland.

Michael Matheson: Which areas are those?

David Harley: I do not have that detail. We could provide that.

Michael Matheson: It would be helpful to understand that. I understand that, from a regulatory point of view—and you emphasised that SEPA has an advisory role as well—it is important to try to manage waste as close to source as possible, while reducing it as much as possible to fit in with the principles of the circular economy. We do not have sufficient capacity in particular areas of waste management, so we need to look at increasing that capacity in order to deal with more of our waste here. Further, in areas where we have no capacity at all, we have to look at developing capacity for that waste to be managed here. I am trying to get SEPA's perspective and the advice that you give on that

I am trying to understand. I know that the issue does not all sit with you, as Zero Waste Scotland and others have an interest in it, but you work in partnership with them, as you mentioned. I am trying to get a picture from you—the regulator—of your advice and what we need to do to increase our capacity in waste management in Scotland. Are you able to provide that?

11:15

Nicole Paterson: That sits with us in part. We have discussed that the picture is evolving. I come back to our exact position on it. I said that the picture is evolving because, as David Harley mentioned, the ban on municipal waste is coming in at the end of the year. That will remove landfill capacity from Scotland, and the picture is still emerging as to how that 2 million tonnes will be dealt with.

We have some incineration capacity. Again, as you said, we are taking a partnership approach. It is not for SEPA to determine how many incinerators there should be or where they should go, but we will regulate them once they get through the planning process. I would like to come back to you to ensure that we give you a full statement—unless David wants to add more.

David Harley: We should do that anyway, but I can also say a little more. We do not have a strategic planning role in relation to Scotland's ability to manage different types of waste. As I said, we work closely with and advise the Government and other partners.

I draw attention to the particular role of our trans-frontier shipment team. Its prime purpose is to ensure that waste is not exported from Scotland. It does a lot of work in harbours and ports. Last year, it inspected 200 containers and held back 19 or so, because of the concern that we were exporting our mess—our waste—to other countries, where it could cause environmental damage or public health risks. That is what that team is tasked with.

Michael Matheson: That is helpful. I am grateful for your feedback.

Kevin Stewart: Good morning. We all know that climate change is leading to more extreme rainfall events. What challenges does that lead to in the regulation of sewage pollution? Sewage pollution often affects our waters, but it is affecting more and more land in areas where pipes are not fit for purpose anymore. How is SEPA working with the Scottish Government and Scottish Water on those issues? Feel free to add any detail that I may have missed.

Nicole Paterson: That is a pertinent question. There is no doubt that we are seeing significant impacts from climate change. I mentioned our role as a flood risk warning and management authority. Last year, we issued the largest number of alerts since we took on that role in 2010.

There is no doubt that climate change is having significant impacts in Scotland. I will get David to talk in a moment about our river basin management planning, but we work very closely with partners such as Scottish Water to advise on and influence the work that we do, and the work that we require of others, to ensure compliance and to manage sewage outfalls.

David Harley: Just to give a bit of context, despite climate change and development, Scotland's water environment is protected and improving, which we are proud of. Maybe I can get a chance to talk about that a little bit more.

However, without doubt, there are problem areas. The public is particularly concerned, and quite rightly so, about sewage increasingly being discharged into the environment as a result of combined sewer overflows—the safety valves in the system—spilling into the water environment at times of heavy rain.

Three years ago, we required Scottish Water to produce the "Improving Urban Waters—Route Map" to allow us to get to a better place.

There are several elements to the route map. One element is the ability to understand the performance of discharges through live telemetry, so that the country, including members of the public, has a better handle on that. Really good progress has been made. This year, Scottish Water met the target of producing 1,000 new pieces of kit—monitors—to provide that telemetry. That is a big plus. In addition, 108 combined sewer overflows have been prioritised to be fixed by 2027. Scottish Water is on the journey towards meeting that target, and we will hold it to account for that.

There is a systemic element to this as well. We have to think about how we design our towns and cities for climate change, and that is where the real opportunity lies. We can regulate Scottish Water, as I have described, but the real prize is in thinking differently about how water is managed in our towns and cities, ensuring that our waste water is confined to the waste-water system and goes to the sewage works, and holding back surface water on the land, which would have multiple benefits, including, potentially, for biodiversity, public amenity and better urban spaces. We have several examples throughout the country of where we are working closely with local authorities and Scottish Water to shift the dial on that. Those areas are Edinburgh, Glasgow—where there is long-standing partnership working on that—Dundee and Aberdeen. We would really welcome being able to show some of you some of that innovative work in action.

Kevin Stewart: I recognise some of the work that is going on.

I will take you back a little bit. In the main, you have talked about water, but some of the problems with surface water and sewage seepage are happening on land and in communities. A number of years ago, there was a real difficulty at the Green in Aberdeen—some folk call it the merchant quarter; I still call it the Green. Thankfully, that was resolved, but we know that more capital works are required to deal with that.

Earlier, Nicole Paterson said that SEPA is led by data, science and evidence, and David Harley mentioned telemetry work, including in the great city of Aberdeen.

My question is about co-operation with Scottish Water. Is it listening to you? Is it looking at the

evidence, data and science when it comes to formulation of its capital programmes? If it is not, does that mean that you will have more dealings with it in the future because it is unable to deal with the ever-increasing problems of surface water that result from climate change? I do not know who wants to answer that.

Nicole Paterson: I will start to answer, Mr Doris.

Kevin Stewart: I think that Mr Doris will take that as a slight.

Nicole Paterson: I apologise. I mean Mr Stewart.

The Convener: Before we get into whether that is a promotion or a demotion, I suggest that you just crack on.

Nicole Paterson: I apologise. That was not my intention, convener.

I have some positive news about how we work with Scottish Water and the specific question whether it is listening to us. There is a new partnership arrangement with Scottish Water. Of course, SEPA is the independent regulator, so we retain that independence, which is fundamentally important.

As we walk together with Scottish Water on the actions that need to be taken for the benefit of the people of Scotland, we are informing a number of levels in Scottish Water what the actions are, using our data, science and evidence. The caveat is that I think that even in the next cycle of Scottish Water's investment, the number of actions that need to be taken will not be completed in that cycle. The work that needs to be done is a challenge for Scotland. However, we are engaging very heavily with various levels in the organisation, and with Scottish Water's other regulators, as well. They are, to date, listening. David Harley is involved with different groups.

David Harley: I have nothing to add. There is a well-evolved governance process of input from the various regulators into Scottish Water's investment programme. That works well, notwithstanding the fact that, as Nicole Paterson said, we always have a regulatory backstop, which we will use if we need to use it.

Kevin Stewart: You say that the process is "well-evolved" and "works well", but is there room for improvement? Should the Government, Scottish Water, you and local authorities—the list goes on—be more in step with regard to what is required in that respect? Mr Harley said earlier that planning should resolve some of the surface-water situations, but that does not deal with historical places where it would be impossible, for example, to put a sustainable urban drainage system in. Are we all working in tandem to get this right?

David Harley: I think that we are, although there is always room for improvement, and that improvement could come. I refer to the recent national planning framework 4, which puts great emphasis on that type of resilient urban drainage. That puts an extra onus on the planning authorities to consider that way of working and those concepts, and to get them designed into new developments.

We are working with the Scottish Government on developing new legislation, on improving our ability to understand pressures on urban drainage and on enhancing partnership work. I should not speak for the Scottish Government on that, but I know that that work will progress over the coming years.

The Convener: We go back to you, Michael, for more questions, I think, outwith Aberdeen.

Michael Matheson: Yes—we will move on to Falkirk.

I want to unpick that a wee bit further. How much of the surface water and sewerage pollution that is caused in the system is generated by changes in our climate or by poor infrastructure investment planning?

Nicole Paterson: I will start, Mr Matheson. There are challenges in respect of both, so I am afraid that there is no straightforward answer. There is absolutely no doubt that climate change is having very significant impacts. I mentioned our flood forecasting and warning. We also look at surface water problems: we are seeing many more instances of them.

The flipside of that, and in the simplest sense of the issue, is that the important thing with infrastructure is maintaining it, because it then retains its full capacity and can operate well and effectively. Sometimes the challenge is that the cycles of maintenance, repairs, refurbishment and operation are not all entirely joined up, because they sit with many agencies that make their own decisions on many different things. It is a complex picture with many facets, but climate change is definitely playing a part. We are seeing very significant impacts, in the data and evidence that we hold.

My colleague Alex Flucker will give you more detail on that, Mr Matheson.

Alex Flucker: On climate change driven rainfall that can impact on our surface water, Nicole Paterson mentioned in her introductory statement that we issued record numbers of flood forecasts and warnings last year—more than 930 flood forecasts and warnings across Scotland. What we see in our trend is increasing rainfall—which is an

obvious statement to make—across more of the country more of the time, and more intense rainfall than we used to have. That is the trajectory that we are likely to experience going forward.

With regard to our inputs on planning, from our strategic role as the flood advisory authority for Scotland, we deliver planning advice to all 32 local authorities and the two planning authorities in the national parks.

11:30

We provide support through issuing guidance that allows local authorities and planning departments to interpret national planning framework 4—particularly policy 22, which relates to flood risk, as David Harley mentioned earlier. The guidance allows local authorities and planning departments to deal with the simplest cases—the ones that are easier to address—but we also provide them with intense support through an additional service in which our specialists and experts look at more complex cases that require more sophisticated analysis and input. Last year, we provided such support in 1,400 individual planning application cases, and we are on track to do the same this year. That gives you an idea of the volume of support that we provide across Scotland.

Regarding the rate of performance, 99 per cent of the 1,400 applications that we review are in line with national planning framework 4 and, when local authorities make their final determinations on individual planning applications, 99 per cent of the 1,400 applications on which we opine a view, following consultation, are in line with our advice. Therefore, there is, from a planning perspective, strong collaboration across Scotland in relation to our support in managing and mitigating future build-up of flood risk as we build communities, schools, roads and so on.

Michael Matheson: That is helpful. There is no doubt in my mind that we are experiencing more intense local weather events than we have experienced historically. At times, such events overwhelm existing infrastructure, no matter how well maintained it is, because it is not able to cope with the intensity, so the need for climate adaptation is becoming more and more apparent here. Given the nature and intensity of such events and the frequency with which they are occurring, you are suggesting that greater climate adaptation through infrastructure planning will become more important.

You will have a good understanding of where the hotspots are in relation to existing infrastructure that is struggling to cope and is resulting in a negative impact on our environment. If Scottish Water, for example, knows such information, is there shared understanding between it and SEPA, as public bodies, of the key infrastructure investment that should be made to maximise mitigation of the risk of negative environmental impacts? Is that reflected in Scottish Water's infrastructure investment plan? You probably cannot speak for Scottish Water, but do you have a single shared plan that addresses the environmental risks and deals with the infrastructure investment that is needed to mitigate risks?

Nicole Paterson: The simple answer is no: we do not have such a plan at the moment, but we work very closely and collaboratively together. We share our information with Scottish Water, and it is certainly listening. Although we do not have a single shared plan, I expect that, through the work that we are doing, our shared priorities for Scotland will be included in Scottish Water's next plan, the name of which has escaped me.

David Harley: It will be called "Spending review 27".

Nicole Paterson: Thank you. We are working very closely with Scottish Water on that plan by giving advice and assurance on how, from our perspective, infrastructure investment would best be spent. Scottish Water has a number of other priorities, too.

It is worth reflecting on how we deal with such weather events, because they are becoming much more frequent. As a society, we have always looked at end-of-pipe solutions. Once water falls on to and goes down a catchment, we often try to protect communities at the outfall areas—members will be familiar with areas such as Brechin and Stonehaven, where there are flood defences. We advised the Scottish Government on its recently published flood resilience strategy, which begins to tackle the issue by considering the work that we need to do upstream.

It is not just about pipe solutions or flood defences downstream. We need to look at changes and adaptation work that we can do in an entire catchment. That is important because, when rain falls in a catchment, it all comes down in that "V", and water flows very fast to the outfalls and outlets. That often overwhelms our drainage systems and combined sewer overflows, and sometimes, unfortunately, our communities are devastated by that impact. We must shift our gaze upstream in catchments for the adaptation and mitigation work that we can do there. We have already started some of that work with agricultural landowners and others. We need to make that shift on a macro scale.

Michael Matheson: That is helpful.

The Convener: Sarah Boyack has some questions that she would like to lead on.

Sarah Boyack: The questions follow the discussion about the increased climate impact and nature emergencies that our constituents are experiencing.

SEPA recently updated its assessment of areas that will potentially be vulnerable to flooding between 2028 and 2034. Can you give us an update on that assessment? Has there been much change in the vulnerable areas for that period? I am very conscious that businesses and constituents are increasingly having problems just getting insurance for their properties. It is a real-life issue, now.

Nicole Paterson: Of course. Our recent publication on the potentially vulnerable areas is part of a cycle that we undertake as part of our role as the flood risk warning and management authority. Alex Flucker has more detail on that, so I will ask him to come in on that cycle, and then to talk about PVAs in particular.

Alex Flucker: Earlier this year, we published our consultation and the outcomes of our assessment of potentially vulnerable areas. It is a six-yearly cyclical process. This year, we changed our approach to assessment of potentially vulnerable areas for this cycle, by moving from what was originally a catchment-based model to a community-based model. That gives us a much greater localised understanding of the risks to people from flooding. We received more than 400 consultation responses from flooding forums, community groups and various industry stakeholders across the landscape.

That shift from catchment-based to community-based PVA assessments has, naturally, significantly increased the number of PVAs that we are identifying. I do not have to hand the exact numbers that show what that change is—how the new baseline compares to the original catchment-based model—but I would be happy to get back to the committee in writing on that.

Sarah Boyack: It would be very helpful to see that geographic impact, not just at the regional strategic level but down to the constituency level, where we actually support people.

My second question on the issue is about flooding impact. We are two thirds of the way through the period of the river basin management plan, which aims—you are all nodding immediately—to have 81 per cent of all Scotland's water bodies receiving a "good" or better classification by 2027. Are we on track to deliver that? It is just two years from finishing. What are the key SEPA interventions that are ensuring that we deliver that target?

Nicole Paterson: I will not delay on this question—I will simply hand over to David, because he has the information to hand.

David Harley: The key interventions are threefold. Controlled activities regulations were provided for us in the mid-2000s with this purpose in mind. When discharges to the water environment cause an impact that downgrades the water environment to below "good" status, we have the powers to review licences and vary them, such that mitigation is put in place so that we secure "good" status. Our being able to do that was one of the main reasons for the controlled activities regulations.

We have been undertaking a series of what we call sectoral licence reviews over the past 15 years to meet those targets. The reviews cover a range of sectors. We have talked about the Scottish Water investments—the licence reviews essentially underpin that process.

We are also working with the hydro sector. Quite a lot of water bodies have been downgraded by the hydro sector in Scotland, as a result of barriers to fish migration and altered flows downstream from installations. We work with a plethora of other industries at local level, including distilleries, fish hatcheries and many others, to secure mitigations. We have regulatory powers for the bodies that we regulate and that hold authorisations.

The second area is work with landowners on diffuse pollution, which has, by a stretch, the largest impact on Scotland's water quality. Back in 2007 and 2008, the country developed general binding rules for diffuse pollution, and it is our job to ensure that landowners comply with those rules. Over the past 15 years, we have taken a risk-based approach involving farm visits to ensure compliance with the general binding rules. The farm visits are very much about education and advice and are conducted by staff who understand farming. That has worked very well—we have secured high levels of compliance with the general binding rules in the catchments that we have visited.

However, diffuse pollution is a very complex problem, and compliance with the general binding rules will get us only so far. We recognise that it will be difficult to meet the targets in that respect. We have that in common with every other country in Europe, because diffuse pollution is a really difficult nut to crack.

The third thing is that we fund physical alteration of rivers and removal of barriers to fish migration. We deploy a fund on behalf of the Scottish Government called the water environment fund. That work has two main strands. One is removal of barriers to and easement of fish passage, on which we have made significant progress. Since we started on that, about 1,400km have been opened up to fish migration.

The other strand is river restoration. That happens where a river environment has, through industry or agriculture, been altered so much that we need to renaturalise the environment. We have several of those projects on our books at the moment. They are quite expensive, but the added value is huge. If we pool our resources with those of the local authority or other partners, we can remove the CSOs, which we spoke about earlier, reduce flood risk downstream and create a much more positive and healthier environment for the community.

For example, Nicole Paterson mentioned the Leven project, which is quite a high-profile one that we launched this year. We have equivalent examples in Barrhead and in on-going work in Edinburgh, just east of the Parliament. There are several other projects around the country where we have improved the water environment in that way. That work is dependent on our having enough funds to do it.

You asked how we are getting on. In a nutshell, we are in a good place on the regulatory elements. Achieving the targets that are associated with diffuse pollution, in particular, will be a challenge. We have made a difference, but it might not be enough for 2027.

Sarah Boyack: I would be particularly interested in an update on the project in Edinburgh and the Lothians that you mentioned, because that is very much on the agenda locally.

That leads me to another question. At the start of the session, you talked about the evolution of the agency and the issue of engaging with constituents and enabling them to get involved. I know that you are putting more information online, but I have been told that you are considering making the 24/7 contact centre automated. There will be a loss of staff with skills and experience, but it will also be much harder for our constituents to feed in questions or get information. Will you comment on that?

11:45

Nicole Paterson: I will make a start on that. At the outset, I spoke about the reset of the agency. One aspect of that reset is our becoming more customer focused. We are all public servants and we serve the communities and individuals of Scotland. That involves recognising who our customers and stakeholders are and beginning to understand what they need from us, how they need it to be delivered and how we can best provide that. As a data science and evidence-based organisation, we have a wealth of information, which is all the more powerful if it is shared.

We migrated what was our customer contact centre to a customer hub on 6 December. We have already done that—rather successfully, if I might say so. However, I will ask my colleague Kirsty-Louise Campbell to give you a bit more of a flavour of that and to answer the specific question about whether it will be more difficult for constituents to get in touch with us and get the answers that they need.

Kirsty-Louise Campbell: We have been working to redesign some of our services through the lens of ensuring that they have a specific customer focus. Elements of that work include looking at our consultation and engagement framework, thinking about participatory approaches and so on.

Over the course of the year, we redesigned our customer hub. At the heart of that process was the fact that we are an emergency responder. SEPA is really proud of that, and it is at the heart of the work that we do. As Nicole said, we shifted the customer hub approach and model for the out-of-hours service on 6 December. Ahead of that, we had a significant period—around eight weeks—of testing, monitoring and twin-tracking of both services to make sure that we took account of any learning or potential concerns that came through.

From launch up until 31 January, we took 182 out-of-hours calls, 24 of which were from our emergency responder colleagues. Of the remaining 158, 21 related to our statutory pollution requirements and were taken on the pollution hotline. Out of the total of 182 calls, those groups of 24 and 21 calls were dealt with effectively in exactly the same way as they would have been before the shift in the customer hub service.

With regard to our colleagues and colleague support, there has been a shift in the model for the customer hub. As a result, we have worked closely with our union colleagues. We have also worked in accordance with SEPA's policies and procedures and the change framework to ensure that colleagues will have the best possible destinations as a result of the review work that we were required to undertake.

Another focus for us is on the fact that some of our systems are not as streamlined or as digitally enabled as they could be, which affects people's ability to engage with SEPA in relation to applications for authorisations and so on. We will be strongly focused on that over the next year. An important element of our work is that we best understand the needs of customers and communities and that we respond to those as effectively as we can.

Sarah Boyack: Would it be possible to get a briefing on that so that we can translate what you have said into what that change means for

people? It sounds very nice, but I would like to know how people put in a complaint and ask for information. As I understand it, the system no longer involves speaking to someone—it is an automated system. Could you provide us with a briefing on what that means?

Does the redeployment of staff mean that nobody has lost their job? I was told that staff redundancies were coming.

Kirsty-Louise Campbell: There have been no compulsory redundancies of colleagues. Our policy and change framework builds on the redeployment.

On the customer hub, not all calls are taken by the integrated voice recognition system. Anything that is an emergency will go straight to a colleague.

Sarah Boyack: It would be good to get a briefing on that.

The Convener: I am sorry to cut across you, Sarah, but I would like to clarify something. If it is not an emergency, is it the case that I will speak to a machine?

Kirsty-Louise Campbell: You will initially go through the integrated voice recognition system. Profiling takes place and calls are triaged, which means that, in the appropriate circumstances, you will be passed on to a person. That is very much in line with the model that is used by other public sector customer hubs.

The Convener: That sounds really retrograde.

Sarah Boyack: That is why I wanted a briefing on it—to understand what it means in human terms, so that we can convey that to constituents. With things like wild swimming, we now have people who want to know that the water is safe and when they can swim.

So, there are emergencies and there is also the day-to-day communication and the ability for people to talk to each other. A briefing on that would be useful.

My second point is about the reset and reboot of SEPA that Nicole Paterson talked about at the start. I want to ask about the redeployment of staff and whether staff redundancies are being made or jobs are being contracted out. It has been suggested to me that jobs are being contracted out and that the process is not very transparent. One example that I was given was the Adaptovate contract. The contract is worth £250,000 but, because it is in phases, it is not subject to Scottish Government scrutiny or accountability. Will you comment on the Adaptovate contract, other redeployments and the potential loss of staff due to contracting out?

Nicole Paterson: I will start with the sense of reset. As I said in my opening statement and in response to the first question from the convener, what is important to the agency is that we reflect on the challenges that we face and where we are going. We began that reset with the corporate leadership team. As you will see before you today, the corporate leadership team has almost entirely changed.

As we go through restructuring, individuals make their own individual choices. Because we have raised the altitude at which those roles are operating—we have been very clear that they are leadership roles and are not principally based on subject matter expertise—some colleagues have chosen not to go for the jobs when they have come up, and, as Kirsty-Louise Campbell said, those who have been unsuccessful at the interview stage go through our policy and procedures. That process is overseen by the Scottish Government and, where appropriate, by Scottish ministers. Just to confirm, there have been no compulsory redundancies as part of that.

The work that we undertook on the leadership team, with colleagues choosing to leave or to go into different roles, has saved the public purse some £400,000, which is a recurring saving. That is part of the investment that we are making in public sector reform. As I mentioned before, although we have the reset, it is important for us to lean into transformation, which is a more significant and future-focused programme of change, to ensure that we incorporate the best available technologies, continue to be innovative and are more efficient and effective.

In line with many other agencies that are going through change, we have a redeployment pool for colleagues. At the moment, the number of colleagues in our redeployment pool—meaning that they are being retrained and looking for other opportunities—is in single figures. I can get the exact number for you.

Regarding specific contracts and as we look to the future, the greatest challenges in my two years with the agency have not been the headline ones that we are all familiar with, such as those around Covid, cyber and the change in the chief executive. Some of the greatest challenges have been around inheriting an agency that, despite the remarkable skills, abilities and innovation of its people, has lost confidence, has become very siloed and has not best understood the part that it can play in team Scotland—and an agency that has had so many key components.

In my opening statement, I talked about wiring, and there was a clear sense among the new leadership team that a lot of the wiring had been disconnected. What do I mean by that? I mean that we did not have a performance management

framework. As a public agency, we are very clear that we should be held to account and be providing that information so that committees such as this one, the citizens of Scotland and the Parliament can hold us to account. That information was not available—it had been dismantled.

As we move into this new phase, it is hugely important that we become more efficient and effective. We have invested in areas such as performance management, so that we have that framework, and in a proper project management office, because in leaning into transformation we have developed a runway of more than 200 public sector reform and transformation projects that we will look to deliver over the next three to five years.

What I am trying to illustrate for you is that the shift is significant. Despite how remarkably skilled our 1,200-staff body is, with subject matter expertise—I cannot emphasise that enough—we have skills and roles that the organisation had not even dreamt of previously, such as digital architects and roles in the project management office. We bring proper professional management to the projects that we need to deliver, to ensure delivery and value for money. Adaptovate is a good illustration of our having had to bring in skill sets that we do not hold as an agency—I will pass to Kirsty on that point. Importantly, however, we do not need to hold those skill sets in the long term; it is about transition and change as opposed to needing to invest in full-time staff. I ask Kirsty to come in.

The Convener: Before you pass to Kirsty, I note that the clock ticks away and is always my enemy in this committee. If I do not get all the committee members in with all their questions, you will be fine—you will be able to walk out thinking that I did not get them—but I will be the one who suffers afterwards. Briefly comment if you want to, Kirsty. Then, if Sarah Boyack has finished her questions, I must bring in Mark Ruskell and Douglas Lumsden.

Kirsty-Louise Campbell: Very briefly, the Adaptovate contract is there to support the design, development and delivery of the change programme that we have spoken about in relation to SEPA's work. The contract is in three phases, with a stage gate at each for us to assess the product that comes to us and the next stage of work. In relation to our wider procurement processes, the contract has followed our policies and procedures and so on.

Sarah Boyack: That is useful. I was told that it had been awarded without a tender, so it would be useful to have some detailed feedback on that.

To raise awareness of change, you have to bring everyone with you, and it is about ensuring that all the skills of the SEPA staff are used. I want to flag that, given that I am the sub for Monica Lennon, quite a lot of concerns have been raised with me about that in advance of today's meeting. That was not weeks ago; rather, people immediately got in touch when they clocked that I would be here today and would have the chance to ask those questions, to make you aware that some staff are concerned about losing opportunities.

Mark Ruskell: Thank you, Nicole. That was a useful corporate insight.

I have a set of questions about air quality. First, do you believe that the current air quality standards in Scotland—in relation to nitrous oxide and fine particulate matter—are appropriate and adequate for the delivery of a healthy environment?

Nicole Paterson: As you know, SEPA has a really important role in supporting the Government with regard to the two cleaner air for Scotland strategies. Scotland currently has the best air quality in the UK. On the detail, I will pass to Alex Flucker—he is smiling at me, so I think that he can give that information.

Mark Ruskell: I did not ask for a comparator with other parts of the UK. I want to know, on the best evidence that we have, whether the current standards are adequate to deliver a healthy environment.

Alex Flucker: I am alive to the conversation that was had with the committee when we attended it in December, and to the comments that you made to the Citizen Participation and Public Petitions Committee. We are aware of the petition that looks at World Health Organization guidance and standards for air quality guidelines.

The standards in Scotland were set in 2005 and were aligned to the World Health Organization's guideline standards when they were set, because that was a good process and it was good to do. We perform well against those standards: from 2005 to 2020, nitrous oxide has been reduced by 61 per cent, particulate matter by 52 per cent and sulphur dioxide by 92 per cent. That is real progress. We have a good track record on improving the air quality for the benefit of the environment and our people through our collaborative work in relation to our regulatory approaches and through the support that we give to local authorities with regard to the cleaner air for Scotland framework and low-emission zones.

On your question whether the guidelines are right, that is a matter for the Scottish Government. If the Scottish Government were to undertake a review of them, we would be supportive of a shift towards aligning with the new WHO guidelines from 2021.

12:00

Mark Ruskell: You are a science-based organisation. What does the science tell you?

Alex Flucker: The science tells us that certain gases in the atmosphere are harmful to humans when they are above certain concentrations. Our current levels of those gases do not align with WHO's recommendations; that organisation's guidelines are far more robust than ours in relation to the details. If the Scottish Government were to consult on or to explore moving towards aligning with the 2021 WHO standards, we would be supportive of that.

Mark Ruskell: Have you already provided guidance to the Scottish Government about the implications of adopting those 2021 WHO standards?

Alex Flucker: I do not know the answer to that. I would be happy to come back to you about it. I know that we have had some more focused conversations about ammonia—

Mark Ruskell: We will come on to ammonia in a minute. I am asking specifically about those WHO guidelines in relation to nitrous oxide. Have you been asked by the Scottish Government to give advice on that?

Alex Flucker: We have had preliminary conversations on a working level between teams. We are aware that the Scottish Government is looking to explore a new air quality framework in 2025-26, and we have had discussions at that level about the options and opportunities for changing our air quality guidelines.

Mark Ruskell: If you have more detail on the status of those conversations, specifically in relation to the WHO guidelines, that would be useful.

On greenhouse gases and ammonia, the CAFS strategy says that you have been working with

"the agricultural industry to develop a voluntary code of good agricultural practice for improving air quality in Scotland."

You are directly involved in that CAFS workstream. I am interested in what progress you have made towards developing that code, who has been involved in that development and whether you think that a voluntary code is the right way forward or whether we should be moving towards using regulation—or a mixture of both.

Nicole Paterson: I am conscious of the time, Mr Ruskell. I will allow Alex Flucker to come straight in to answer that.

Alex Flucker: We have had conversations with the Scottish Government about that. It is a priority for the Scottish Government as part of its exploration of developing an air quality framework in 2025-26. The Scottish Government consulted on potential options for the breadth of regulations, particularly in relation to ammonia. We fed into those discussions.

We have carried on the conversation since that consultation closed and since the Scottish Government made the public announcement in June 2024 about developing best practice procedures. We continue to engage with the Scottish Government and are ready to support it to deliver those measures in a more concerted way next year.

Mark Ruskell: Okay—so there is active work to develop a new code of practice for agriculture in relation to ammonia?

Alex Flucker: We will support the Scottish Government when it engages with us about that. I do not know the details about what work is happening. As I understand it, it is a programme for 2025-26 in alignment with the air quality framework.

Mark Ruskell: So, it has not started yet, but it will start.

My final question on air quality picks up on the ESS improvement report from 2022. That report was critical of SEPA's lack of use of the powers under section 85 of the Environment Act 1995, particularly in relation to taking action when you think that local authorities are not going far enough in relation to air quality management plans and the monitoring of air quality management areas. Can you provide an update on that? Have you used your section 85 powers and, if not, why not?

Nicole Paterson: We welcome the ESS's work on that issue. We will continue to work positively with the Scottish Government to implement the ESS's recommendations. Alex Flucker can give the specifics.

Alex Flucker: We are alive to and aware of the conversations that have taken place on the section 85 powers and of the input to this committee from the ESS and the cabinet secretary.

When we seek to use those powers, the fact that they are reserved powers means that we need to go through a process of consultation decision making with the relevant secretary of state. To date, we have not used those powers, but we have used other enforcement powers. For example, over the course of the past year, we have issued three final warning letters to local authorities whose submissions for their underperformance reports are late or whose air quality improvement plans have not been finalised. Those letters have been responded to well by local authorities. We always work in partnership and collaboration with them, but we absolutely

stand ready to use our enforcement powers where necessary.

Mark Ruskell: It would be useful for the committee to see any update that you have in relation to how you have adopted those ESS recommendations in a timely manner, if we have missed it.

The Convener: We come to a question from Douglas Lumsden, although it will need to be a brief one.

Douglas Lumsden: Lisa Tennant, you have been chair of SEPA for just over a year. As we have heard, in that time, the membership of the corporate leadership team has changed quite a lot, and much of the board has changed as well. Was that a result of your coming in, seeing what was not working and making wholesale changes?

Lisa Tennant (Scottish Environment Protection Agency): Thank you for the question. The board was refreshed just before I joined, so it was not my decision to refresh and choose new board members—that was a decision for the Scottish Government. However, it has been a real plus that we have been able to refresh the board. We have three board members who were members before I joined, and they bring a level of expertise and historical knowledge of the organisation, which is helpful. Given that we are embarking on an ambitious transformation programme, it was absolutely key that we had new, refreshed board members with the new skills and experience that we need to drive that transformation. I am confident that we now have a fully functioning—what I like to call high-performing—board to help deliver that.

One of the first things that I did with the board was to lay out our vision for what a high-performing board is, and to agree that vision collaboratively, along with a suite of measures that will enable us to measure our progress in delivering that high-performing board and the corporate plan that the board has agreed on.

Douglas Lumsden: You mentioned three previously existing board members. How many new board members have come in?

Lisa Tennant: Six new board members were appointed by the Scottish Government at the same time as I was appointed as chair.

Douglas Lumsden: Was everyone on the board happy with the leadership team changes that we heard about? That came at quite a cost, in terms of exit packages. We see from the annual report that the 23 packages cost more than £2.3 million. Are you content that that was money well spent?

Lisa Tennant: Many of the senior leadership team members were replaced before I was appointed as chair. It is for the CEO to decide on the team that they need in order to deliver on the corporate plan and the vision that the board has agreed on.

There has been really good consultation with the board on staff engagement and staff changes in the leadership team. As chair, I am assured that the changes that have been made are really positive for the direction that we take the organisation in.

Transformation and change are never easy, particularly in an organisation where we have, as Nicole Paterson mentioned, great technical and scientific expertise but perhaps some skills gaps around leadership. I am confident that we have now brought those leadership skills into the senior team, where they are really needed. In fact, we are starting to cascade those skills down through the organisation.

We will make it our mission that those who are in leadership and management positions in the organisation will have the skills, tools and training that they need in order to deliver.

Douglas Lumsden: Nicole Paterson, do you feel that the exit packages represent money well spent? Were there no roles in the new organisation for the people who received the packages?

Nicole Paterson: Thank you for the question. There are two important distinctions to make here. In terms of the refresh of the corporate leadership team, two of the individuals received packages. I mentioned earlier that it is for individuals to determine their future in an organisation, and both of those individuals chose not to move forward within the organisation.

The policies of the agency are in line with many of those of the Scottish Government. As you know, we have very few tools to assist people to move on where they are unsuccessful in applying for roles or choose not to go for those roles, so we had to honour the packages and the contractual rights of those individuals.

With regard to the two individuals from the corporate leadership team, some £100,000 was paid, and the rest involved contractual strain payments. It is important to make that differentiation. With regard to the 23 packages that are quite correctly reported in our annual reporting accounts, we all recognise the challenges of change—I have used the word reset—and also the fact that, as we lean into transformation, we need new skill sets. As can be seen from our response to the earlier question about the contact centre, there is much change afoot, and that change is really difficult. There is no organisation that changes, never mind transforms, without facing immense difficulties. We have few tools to

help us move through that change. Importantly, our staff have contracts and contractual rights that we need to honour.

As we know, there are various ways in which staff can move on. Some will choose to do so, but, in cases in which people do not or are unsuccessful in moving on, we need to honour those people's contracts and ensure that we meet those rights. That is the case with those 23 packages.

Douglas Lumsden: The alternative to paying that exit package would be for them to continue to be paid and sit and do nothing, I guess.

Nicole Paterson: Yes, and that is not good for an organisation. It is not good for motivation and morale, and it is definitely not good for the taxpayer. We are very conscious of that.

We never enter into any of those decisions lightly. We understand the impact on the public purse, but we have a sense of the need to weigh up both sides. Holding on to staff who either cannot be retrained or whose skills simply are not fit for the future is also very expensive to the public purse, and that consideration has influenced some of my decisions.

We need to be fit for the future. We need to be more efficient and effective. We have taken real leadership on that, not just as an agency but in terms of public sector reform.

Douglas Lumsden: I guess that there will be criticism in terms of the fact that you are paying people to leave but you are recruiting people at the same time.

Nicole Paterson: That is because of the shift in the skill sets that we need. We have a staff of some 1,200, so we are talking about relatively small numbers of staff who have moved on and similar numbers of staff who are bringing in new skill sets. However, those new skill sets relate to a refresh that is utterly imperative for our success in how we move forward.

Douglas Lumsden: The convener is looking at me, so I guess that my time is up.

The Convener: I am looking at you, and Sarah Boyack is also staring at me. I will allow her to briefly ask the question that I think that she wanted to ask at the beginning of the session.

Sarah Boyack: We have seen that a lot of money—around £170,000—is being spent on coaching senior members. Should you not have asked people when they applied for those jobs whether they had those skills?

Nicole Paterson: First, thank you for that question, Ms Boyack.

The Convener: Saying, "Thank you for that question," must have been part of the training.

Nicole Paterson: It was. [*Laughter*.]

As the chair has mentioned, we are building an entirely fresh team. Yes, they are all-seasons leaders. Yes, they have confidence. Yes, they have experience. Yes, they have considerable expertise. However, it is important to note that that leadership training is not just for the corporate leadership team. It has now cascaded down through four tiers of the organisation. During this session, the chair and I have spoken about the key skills that were missing from the agency. The training is part of the rewiring that we need to do. It is part of how we take forward the organisation cohesively and deliver better for Scotland.

To be clear, the £176,000 or £178,000 that was spent on leadership training has benefited 98 individuals to date in four tiers of the organisation. We are building a new organisation for the future, and that investment is quite crucial to us.

The Convener: I take that point. I think that the question was about why we are at the stage where that money needed to be spent, but perhaps that is a question for another day.

Thank you for giving evidence this morning. The committee will look at the climate change plan later in the year, and I am sure that SEPA will have a role in that plan, not only in terms of getting in line with the requirements to enable the organisation to meet the climate change agenda, but in terms of ensuring that other people who have a job in delivering the climate change agenda are doing so within the law.

Lisa, I am glad that you were asked a question before the end. I was winding up to ask one, but you are probably grateful that it was not from me.

We will now move into private session.

12:14

Meeting continued in private until 13:07.

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