



Final Report: Outcome Based Collaborative Regulation Project

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Acronyms

Acronym	Description
DESNZ	Department for Energy Security and Net Zero
DSIT	Department of Science, Innovation and Technology
GFIB	Grangemouth Future Industry Board
GIC	Grangemouth Industrial Cluster
HSE	Health and Safety Executive
JT	Just Transition
MCA	Masterplan Consent Areas
OBCR	Outcome Based Collaborative Regulation
RDF	Regulatory Delivery Framework
RPF	Regulators' Pioneer Fund
SDF	Strategic Development Framework
SEPA	Scottish Environment Protection Agency
SRO	Senior Responsible Office
WP	Work Package

Executive Summary

In September 2023, the Scottish Environment Protection Agency (SEPA) was awarded a grant from the Regulators' Pioneer Fund (RPF) to explore and test an Outcome Based Collaborative Regulation (OBCR) approach, with a focus on supporting a transition to net zero. The project aimed to trial OBCR in Grangemouth, as a focus of the just transition in Scotland. HSE and Falkirk Council agreed to collaborate with SEPA to deliver the project.

The project was structured into two themes, a regulatory theme and a data theme. The regulatory theme was designed to build expertise and understanding of OBCR and apply this through pilots in the Grangemouth area. A key aspect of OBCR is sharing information between stakeholders. The data theme was designed to identify what digital tools are needed to support working in an OBCR way. Communications and training work packages supported both themes.

An OBCR approach has not been trialled with multiple regulators working together before, so this was an ambitious and genuinely innovative project. Overall, the project has advanced understanding of OBCR by both desktop research and successful delivery of two pilots. Key achievements delivered are:

Key Project Successes

- **Collaborated with 10 organisations most of which committed to legacy activities**
- **Built trust and enduring relationships with key stakeholders, critical to develop the capability to scale up the implementation of OBCR in the GIC in the future**
- **Advanced understanding of how to implement OBCR and the potential benefits and risks it could have, through successful pilots**
- **Developed a model for the practical implementation of OBCR, refined using lessons from the project**
- **Trained 60 people and produced OBCR eLearning training available to all**
- **Developed recommendations to improve data sharing between collaborators**

While this project has delivered exciting successes, the biggest value in this project lies in the lessons learnt from practically working in an OBCR way. Key learnings are:

- Increased understanding of how to collaborate effectively with a range of stakeholders, including communities whose input was invaluable.
- Establishing an agreed basis for collaboration and being clear on definitions is essential to effective collaboration.
- Building trust is intrinsically linked to sharing evidence. Open information sharing and acting on feedback builds trust; this is an iterative process that takes time.
- Digital tools and infrastructure to support information sharing are essential. Without appropriate ways to engage and share information inequality between stakeholders can grow.

As well as sharing learnings, this project leaves a legacy of practical tools and future work. A review of case studies, OBCR eLearning and an updated OBCR model are all available as tools for any regulator to use to implement OBCR. Proposals for future work have been generated by collaborations from this project, including a business case for a community information app, proposals for further scaled up OBCR pilots and recommendations to enhance data sharing and establish a framework for a shared digital approach with our partners.

Collectively, the work this project has delivered demonstrates that OBCR theory and learnings from regulatory approaches aligned to OBCR have potential to be applied to deliver a regulatory environment which can support communities and industry to meet regulatory obligations and better support innovation and the just transition. Additional work is required to further understand how to apply OBCR with multiple regulators and in the complex just transition landscape. Similarly, tools and infrastructure that enable working collaboratively and to share information are essential for OBCR to be applied successfully.

1. Introduction

In September 2023, the Scottish Environment Protection Agency (SEPA) was awarded a grant from the Regulators' Pioneer Fund (RPF), administered by the Department of Science, Innovation and Technology (DSIT), to explore and test an Outcome Based Collaborative Regulation (OBCR) approach, with a focus on supporting a transition to net zero.

The RPF's aim is to help create a UK regulatory environment that encourages business, innovation and growth. RPF funding has allowed SEPA and its partners to look beyond routine business on a scale that would not be possible without external support. As the challenges of climate change escalate, the RPF grant has facilitated space to develop understanding on the role of regulation to support innovation, while we all work towards a just transition to net-zero greenhouse gas emissions.

2. Background and context

A just transition to a net-zero economy by 2045 (as required by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019)¹ will mean rapid changes to all aspects of our society and economy. Just transition principles¹ require social consensus to be developed through working with stakeholders. To support delivery of a just transition, we need to look toward regulatory models which embed collaborative working and can support the rapid and significant changes that must be implemented to transition to a net-zero economy.

Outcome Based Collaborative Regulation (OBCR) is an emerging regulatory model developed by Professor Chris Hodges, University of Oxford². It is based on clear evidence from behavioural science which shows collaborative, and outcome focused approaches result in stronger, more favourable behaviours over prescriptive methods. Regulatory approaches aligned to OBCR have been implemented and are emerging in various regulatory regimes

¹ Climate Change (Scotland) Act 2009

² 'Outcome-based Cooperation: In Communities, Business, Regulation, and Dispute Resolution' *Volume 13 of Civil justice systems*, Christopher J. S. Hodges, 2022

around the world and have been shown to improve engagement between stakeholders in regulatory systems, increasing regulatory efficiency and promoting innovation.

This suggests OBCR may be an effective approach to regulation in the context of a just transition. However, it would be a significant change in approach to regulation which has yet to be fully demonstrated in any regulatory setting. It is therefore important to research and test an outcome based and collaborative approach to regulation on an experimental level to understand if it's appropriate to implement more widely.



Figure 1 Map of Scotland showing Grangemouth's location

The aim of this project was to trial OBCR in the context of a just transition. The project chose to take a place-based approach and trial OBCR at Grangemouth, which is located in the central belt of Scotland (Figure 1). Grangemouth is home to Scotland's largest industrial complex which is sited exceptionally near the local population and areas of environmental significance. The mudflats and associated saltmarshes of the inner Forth Estuary, including those adjacent to Grangemouth, have been accorded the highest level of legal conservation protection under both international and national conservation legislation. This means there are numerous existing

regulatory responsibilities covering the area that must continue to protect people and the environment whilst supporting a just transition.

In 2022, the Grangemouth Industrial Cluster (GIC) was responsible for 7.2% of Scotland's total annual greenhouse gas emissions. It is one of the six industrial clusters included in the Department for Energy Security and Net Zero (DESNZ) industrial clusters delivery plan. Significant changes in industrial operations will be required if the site is to meet the net-zero by 2045 emissions reduction target. Whilst the industrial cluster has driven wealth creation for the national economy, significant longer-term instability has also developed. Several businesses operating in Grangemouth have announced their closure, including the refinery owner, INEOS, Versalis and Fujifilm. These sudden change announcements at a time when just transition planning is still in progress, presents a risk to achieving a just transition. Grangemouth has become a focus point for action in Scotland and there is significant public sector effort to develop effective approaches to deliver a just transition.

The high concentration of industrial activities in Grangemouth require involvement from a broad range of regulatory stakeholders. Operators have told us the regulatory landscape can be complicated, with different approaches by different regulators. They have also told us it is too slow to support innovation when opportunities arise. There are therefore significant opportunities for the community, businesses and public sector within Grangemouth to work in a OBCR way which if successful could be applied further afield. Given the urgency presented by climate change, there is a need for regulators to understand and support the just transition to a decarbonised economy.

The Health and Safety Executive (HSE) and Falkirk Council, the local authority, agreed to work with SEPA to assist with exploring what opportunities OBCR might bring to our regulatory approaches in Grangemouth. The project was designed to explore two themes – one on the regulatory approach and the second on the use of data to support regulation.

3. Project Delivery

The project was structured into two themes as shown in Figure 2. The data theme identified where data could be better used to facilitate collaboration and efficiency between stakeholders whilst the regulatory theme focused on the design and trial of an OBCR framework. These themes were delivered concurrently although the data theme started slightly later, and were supported by project management, communications and training work packages.

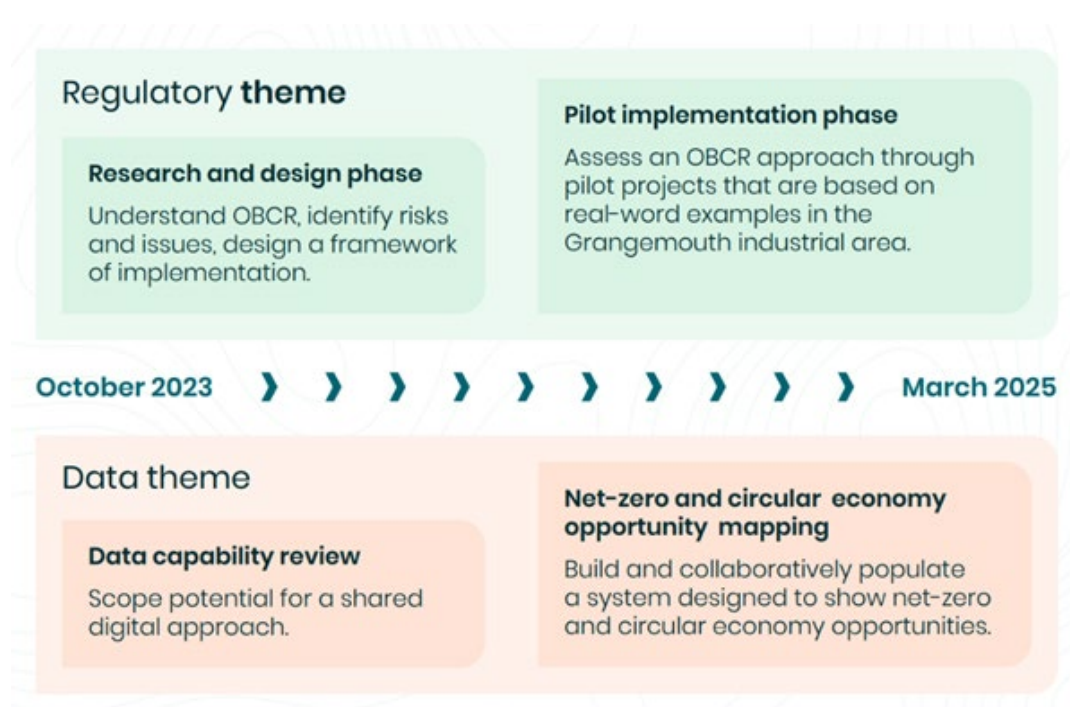


Figure 2 Diagram showing the two main themes, data and regulation, for the project with a high-level timeline.

The two themes were delivered through a series of seven work packages as listed in Table 1 below. The aims and outputs for each work package are described in more detail in Appendix 2.

Work Package	Heading
WP0	Pre-Project Mobilisation
WP1	Evaluation and design of OBCR for GIC
WP2	Digital Capabilities for OBCR
WP3	Piloting OBCR in the GIC
WP4	Resources for Strategic Planning: Visualisation Tool
WP5	OBCR Upskilling / training
WP6	Communications
WP7	Monitoring, Reporting and Evaluation

Table 1 The OBCR work packages

3.1 Regulatory Theme

This theme was designed to build expertise and understanding of OBCR and then apply this through pilots in the Grangemouth area. The work was divided into two work packages, one for the research and design (WP1) and the second to implement the pilots (WP3).

3.1.1 Work package 1 - Evaluation and design of OBCR in the GIC

This consisted of five key deliverables:

- **Literature review:** Existing literature on OBCR and related regulatory approaches was collected and reviewed to produce a discussion paper which was then shared between project partners and stakeholders. It outlined the theoretical basis for OBCR and then acted as a prompt to reveal concerns, inform practicalities and pinpoint opportunities.
- **Case study analysis:** The theoretical understanding from the literature review was used to identify the components of OBCR. Case studies from project partners and across the world were identified and reviewed against these components. This work identified best practises and potential challenges.
- **Consultancy input:** OBCR has not been applied widely yet so there was no experience to draw on from within the project regulators. The Public Risk Management Institute

(known as PRISM) was contracted to support the project by sharing their experience of operationalising OBCR in other countries. PRISM produced a recommendations report on how to apply OBCR in the GIC which was invaluable in shaping the approach to trialling OBCR and developing an OBCR model.

- **Stakeholder Engagement:** Workshops were used to build awareness of this project and OBCR with stakeholders from businesses, community and the public sector. Feedback from these workshops was used to understand the potential challenges and opportunities around OBCR which informed the development of the OBCR model.
- **Proposed OBCR model for application in the GIC:** The literature review, case studies, stakeholder feedback and PRISM's recommendations all informed the development of a model of OBCR that could be trialled in the GIC for this project. Agreeing this OBCR model with project partners enabled work package 3, piloting OBCR in the GIC, to be started.

3.1.2 Work Package 3 - Piloting OBCR in the GIC

This work package took a collaborative approach to identify, select and then run OBCR pilots based on the model developed in WP1. In person and digital workshops were used to share the OBCR model, collect feedback on the opportunities and challenges specific to Grangemouth and then collect proposals for pilots from public bodies, businesses and the community. A screening process was developed to select the final three proposals to be taken forward, which were:

- **HGV parking (mini pilot):** This pilot focussed on the first step of OBCR, which was to define the baseline evidence. This was collected from a variety of stakeholders to build a clear picture of the issue caused by heavy goods vehicles (HGVs) parking on residential streets in Grangemouth and the existing regulatory situation.
- **Masterplan Consent Areas (MCA):** The MCA is a new consenting mechanism which allows planning authorities to proactively consent to the type and quality of development they wish to see in the Grangemouth area. The pilot study aimed to explore the feasibility and practicalities of such a mechanism such that it would support a just transition to net zero by 2045.

- **Grangemouth community app:** The aim of this pilot study was to prepare an investment case for developing a public information platform. Such a platform could be key to sharing evidence, tracking indicators and engaging the community in an OBCR approach and the just transition.

Using feedback from stakeholder engagement events, the project partners worked together to agree the OBCR pilot structure and determine the membership of a steering committee. The steering committee was established to provide oversight and guidance for pilot specific technical committees, fulfil the role of an independent facilitator and to monitor the efficacy of the OBCR approach being trialled. The membership of the steering group was made up of decision makers from public sector, academia and businesses as well as community representatives. Technical committees were responsible for delivering the actions needed to work toward the objectives of the pilots. Membership of the technical committees were stakeholders directly involved in the pilot subject.

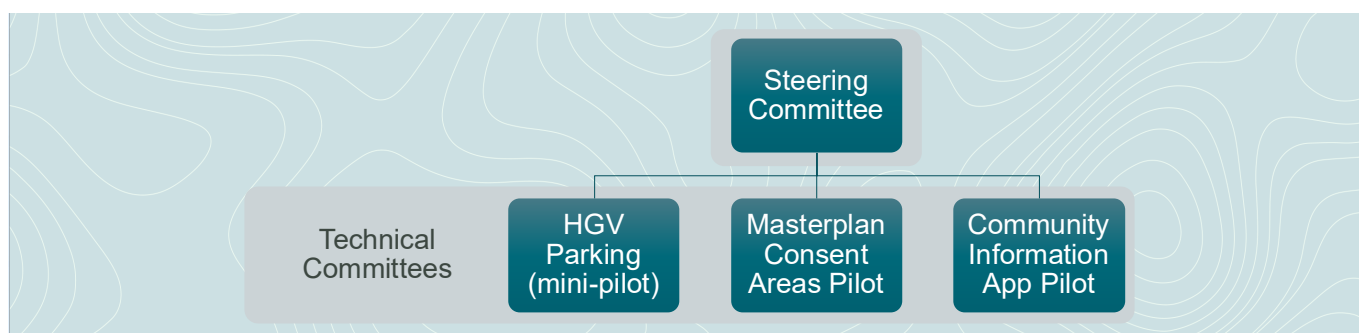


Figure 3 Steering committee and technical groups

The steering committee, established in June 2024, met 5 times during the project. It has collectively agreed to continue meeting into the future to support the next phase of OBCR pilots. The HGV mini pilot and Grangemouth community app pilots ran successfully while the MCA pilot was curtailed due to resourcing issues. Further information on the outcomes and learnings from the OBCR pilots is in the Lessons Learned section.

An example of the outputs produced by the pilots is the pitch on a page produced by the technical committee for the Grangemouth community information app (Appendix 1). Technical

committee members, including representatives from the Grangemouth community council, CVS Falkirk and District (a third sector interface organisation) and SEPA, worked together on how the community suggestion for an app could align to other stakeholders in Grangemouth and produced materials to form an investment case to take the concept further.

3.2 Data Theme

The understanding from WP1 was also used to inform the approach to the data theme. A key aspect of OBCR is sharing information between stakeholders to build trust and transparent ways of working to ensure equity, and to measure progress in delivering outcomes. The regulatory system needs the right digital tools to support this way of working and we know current access to information and data for both regulators and other stakeholders could be improved. The data theme was designed to identify where data can be better used to facilitate collaboration and efficiency between stakeholders. The work was delivered through 2 work packages, one reviewing data capabilities for OCBR (WP2) and the second developing a high level visual planning tool for the GIC (WP4).

3.2.1 Work package 2 - Digital Capabilities for OBCR

This work package aimed to review how effectively data is currently used and generate recommendations for how sharing data or information between stakeholders could improve the regulatory experience for all. This work was carried out in partnership with HSE, who have significant expertise in shared digital approaches including a previous RPF project. Work to develop recommendations for shared digital approaches followed the following process:

1. **Review:** Review of previous projects including a project to develop a Regulatory Intelligence Hub which had similar aspirations to improve information sharing between regulators. This shaped the plan for the rest of the work package outlined below.
2. **Process mapping:** Two regulatory processes were selected which were then mapped to understand who the key stakeholders were, what information was needed, how information moved and what the aim of the process was.
3. **Screen:** A lot of information was collected and processed, so a screening process was used to select areas to form recommendations.

4. **Evaluate:** The selected areas were evaluated to add enough information to develop recommendations.
5. **Develop recommendations:** HSE led the development of recommendations from the information compiled by SEPA.

Recommendations were developed which touch on the systemic challenges of information sharing in regulatory systems as well as specific improvements that could be developed within the existing systems.

3.2.2 Work package 4 – Resources for Strategic Planning: Visualisation Tool

The aim of this work package was to collect and review just transition related development information and use it to develop a high-level visual planning tool for Grangemouth.

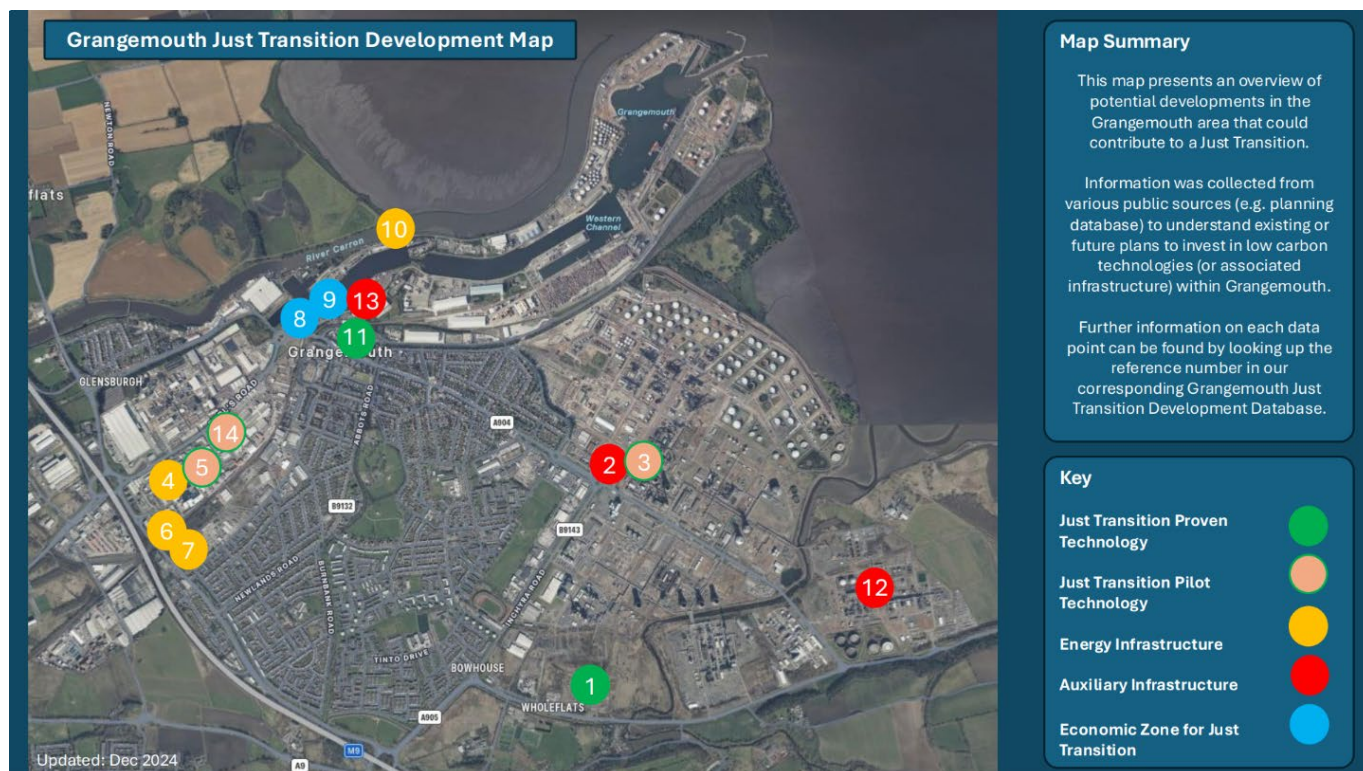


Figure 4 Grangemouth just transition development map produced as part of WP4

Firstly, information about developments planned and relevant to the just transition were collated and reviewed. This included new industrial developments and infrastructure projects which are

proposed, planned or underway alongside existing industrial activities. These developments were then categorised and plotted on a map of the GIC (Figure 4). Displaying the information on potential developments in map form is useful to help both businesses and regulators make decisions. To further enhance this tool other geospatial information could be added, such as existing infrastructure and vacant parcels of land. This piece of work shows there is a huge amount of potentially relevant information to the just transition in Grangemouth, but that often it is not easily accessible or available between organisations. The potential power in this tool is to enhance the value of the information by presenting it together in one place.

3.3 Supporting work packages

3.3.1 Work package 6 - Communications

All the work described in the data and regulatory themes were supported by a communications work package, WP6. A communications company was contracted to develop project materials and a communications plan. This included producing regular newsletter updates for stakeholders (Figure 5), project branding and accessible materials to communicate key concepts.



Figure 5 Example newsletter front cover

3.3.2 Work package 5 - OBCR Upskilling

This work package used the findings from WP1 to identify the skills needed to work in an OBCR way. Two training courses were developed and delivered to a total of 60 frontline regulators, one on culture and behaviour change and the other on best practise using data. SEPA staff valued the culture and behaviour training so much, SEPA has funded and arranged delivery for a further 15 people. An eLearning package was also developed to introduce OBCR to all stakeholders, not just regulators. This is available on SEPA's training site for SEPA employees, and it will also be uploaded to SEPA's website for future access by any stakeholder. If OBCR were to be trialled again, future participants would be able to access these materials so that they could contribute to that trial armed with an understanding of the principles, benefits and challenges of applying OBCR.

4. Project Outcomes

The planned project work, laid out in Appendix 2 was used to define what success for the project would look like. The success metrics were then compiled in a monitoring and evaluation matrix, which can be found at Appendix 3. These were aligned broadly with the key outputs for work packages 1 – 5 but also with the wider aim of the project to improve ongoing collaboration between stakeholders.

23 of the 25 success metrics have been achieved with only two areas where the project didn't meet its success criteria (Appendix 3). Firstly, one success metric was to make the net zero opportunity tool openly available. To do this the project had planned to publish the net-zero mapping tool on the SEPA website. However, due a website content freeze implemented at a corporate level, it has not been possible to do this within the project time frame. The other success metric not achieved was to demonstrate improved collaboration with the other regulators through positive feedback on project value. This was because one of the key project partners, Falkirk Council, was unable to continue to support the project due to resource constraints. This OCBR project could not assist in delivery of their immediate needs and so with regret the council withdrew from contributing further to the project.

Whilst collaboration with Falkirk Council has been limited due to capacity, enduring collaborative relationships were built through this project and are a key success. Grangemouth will continue to be an area which needs high regulatory involvement due to the high concentration of industry and the significant imminent changes it will experience. The relationships and trust built between the community, businesses and public sector organisations through this project will provide an important basis for future work. More detail on the specific legacy work related to this project is available in Section 7.

The most significant achievements of the project are listed in the text box below.

Key Project Successes

- **Collaborated with 10 organisations most of which committed to legacy activities**
- **Built trust and enduring relationships with key stakeholders, critical to develop the capability to scale up the implementation of OBCR in the GIC in the future**
- **Advanced understanding of how to implement OBCR and the potential benefits and risks it could have, through successful pilots**
- **Developed a model for the practical implementation of OBCR, refined using lessons from the project**
- **Trained 60 people and produced OBCR eLearning training available to all**
- **Developed recommendations to improve data sharing between collaborators**

Overall, the project has advanced understanding of OBCR by both desktop research and a live experiment through the pilots. An OBCR approach has not been trialled with multiple regulators working together before, so this was a genuinely innovative project which has advanced

understanding of how to apply the theory of OBCR. Whilst collaborations across multiple regulators was one of the most challenging aspects of the project, the experience has generated many learnings which informs our understanding of how to approach this type of work in the future. Learnings from this project are discussed in Section 6.

5. Project Performance

5.1 Project Management Overview

Critical to the success of this project was ensuring that suitable resource and project management tools were put in place to plan and manage the workload. The key elements of this were governance, project planning (time and task), financial and risk management, reporting, monitoring and evaluation.

A governance structure was created that enabled Senior Managers to have regular oversight of the project and give direction or resolve issues where required, whilst allowing the delivery team to be innovative and exploratory in their approach to progressing the varied strands of work. The SEPA internal team is presented at Appendix 5 to illustrate how project governance was organised. The project plan was developed as illustrated by the Plan On A Page (Appendix 4). Supporting this were more detailed task plans for each work package. A risk and issues register was instigated and this, along with the project plan, was regularly reviewed at both team and monthly meetings with Seniors.

Having been awarded a £990,000 grant from DSIT, strong financial processes and controls were put in place. Regular forecasting was undertaken to ensure that the budget profiling remained on track but also that the project was maximising the opportunities for innovation that the grant presented. The OCBR project is underspent by £198,000. This is predominantly due to significantly lower than expected partner costs as both Falkirk Council and HSE were unable to engage in delivery as much as originally anticipated and committed. DSIT has been kept aware of the situation throughout and so although not desirable, this underspend has not been

unexpected. Final analysis of grant spend is given in Table 2. Allocations were moved between headings with agreement of DSIT during course of the project.

	Personnel	Partners	Procurement	Total
Original Grant Awarded	£515,000	£375,000	£100,000	£990,000
Actual Spend	£517,000	£142,000	£133,000	£792,000
Difference	+£2,000	-£233,000	+£33,000	-£198,000

Table 2 Analysis of grant spending

5.2 Delivering a RPF project

Delivering a grant funded project was new to most staff involved in this project. It is also understood that this was one of the first RPF projects to be given 18 months funding. Whilst the opportunities presented by the grant funding were greatly valued, there were challenges in delivering in the RPF grant environment and learnings could be taken from this which are given below.

- There was a significant time lapse between applying for funding and the project starting. As a result, the basis for collaboration and momentum between the regulators had dissipated, not helped by personnel changes in the intervening period.
- The lack of a pre-project mobilisation phase meant that recruitment could only commence once the project had officially started. This meant the first few months of active project time were given over to mobilisation activity, which was a significant part of the overall project timeline. Similarly, some posts took more than one round of recruitment which could be factored into future project planning.
- The initial project proposal was too ambitious to account for the large amount of time required to build genuine collaboration. This then created a tension between fostering collaboration or delivery against the project plan with a fixed deadline. A greater ability to rescope the project may have supported the overall aim to be innovative and ambitious in our approach. The amount of time needed to foster genuine collaboration, rather than taking a consultative approach, is a key learning point for the project.
- The mechanism of SEPA being the main grant recipient with sub-grant agreements to the other two regulators meant SEPA was inevitably in a leadership role with ultimate

responsibility for delivery. Contracting an independent facilitator may have helped develop equitable relationships, critical to OBCR, in this inherently unequal structure.

- Each financial claim was rigorously assessed and often challenged, without resulting in material changes to claims. This placed pressure on support services with limited capacity and could be factored into future project planning.
- DSIT had expectations for the project to contribute to wider engagement and link into other government funded initiatives. These were helpful and interesting opportunities but very difficult to balance against project delivery. Developing these expectations and potential links at the grant agreement stage could help ensure expectations can be resourced.

6. Lessons Learned

The fundamental challenge for this project was to take well established OBCR theory and explore how it could be applied practically in our regulatory context. While this project has been successful in meeting most of its success criteria, the biggest value in this project lies in the lessons we have learnt from practically working in an OBCR way, these learnings are set out under the four themes of OBCR below.

6.1 Collaboration

Building understanding of how to collaborate effectively across stakeholders has generated some of the most valuable learnings of the project. The first learning is that **setting the basis for collaboration for each stakeholder is essential**. Each stakeholder needs clarity on what mandate and capacity they have to participate which also clarifies what their capacity to contribute is for others.

On reflection, the basis for collaboration of the three partner regulators wasn't set out as clearly as it should have been at the beginning, which limited the capacity to meaningfully collaborate throughout the project. While there was an effort to do this, the rigour and time that this stage needed was underestimated. Future applications of OBCR should consider this a critical first

step, clearly defining the regulatory roles of each organisation, the areas of shared interest between the organisations, limitations and challenges for each organisation and the mandate each participating individual has. This process may also be made easier by selecting more specific issues to pursue than was originally defined for this work in the funding bid.

In this project the basis for collaboration was more clearly set out with the business and the community through agreeing terms of reference for the committees. However, the basis for collaborative relationships between regulators was more complex due to their statutory remits and the project grant arrangements. The terms of reference were enough to provide initial expectations for collaborative working which then developed over the course of the project with most participants. However, not all participants contributed or followed the values set out in the terms of reference and this behaviour was not questioned. Revisiting the values and expectations during the course of the project could have been a way to get the best quality of collaboration and encourage open dialogue on how best to work together, and this is another learning point. This type of approach also needs to adjust to the capacity of the stakeholders to contribute, for example where we had community representatives contributing their time voluntarily, their ability to contribute may be less than a stakeholder who participated as part of a paid role.

Another element of starting an OBCR approach successfully is to **agree definitions, for collaboration and trust**. Trust and collaboration can both be subjective, so there is a challenge to ensure OBCR participants have clear expectations. In the course of collecting feedback on the OBCR model being tested, it became clear that trust and collaboration meant different things to different participants and therefore there were differing ideas of what successful collaboration and trust look liked. In OBCR theory the definition of trust is very specific:

“Trust is the ability to plan actions on the basis of an expectation of how others will behave, informed by evidence”.

However, project participants often didn't have an expectation of evidence being intrinsic to trust and therefore trust felt very risky in a regulatory context and influenced their perception of how successful a OBCR approach could be.

A consequence of working with different stakeholders is that real **collaboration can only move as fast at the slowest member**. Working collaboratively means no single party can control activities and timescales and there is a need to accommodate each stakeholders' needs so that decisions can be made by consensus. As this project was time bound, it was a challenge to keep the project on time and take a genuinely collaborative approach. It was much easier to take a consultative approach as this is a common approach for a regulator to take and one where the regulator retains control. There were occasions in this project where timescales were defined, or processes were set out in a non-collaborative way. This reflects the ambitious programme of work the project undertook and to increase collaborative approaches would have required a change in project scope. Regulators applying OBCR should avoid reverting to a consultative approach over collaboration. There may be value in employing an independent facilitator to guide collaboration and help develop collaborative working, rather than a participant of the collaboration being drawn in to leading and the collaboration appearing unequal.

Community input was constructive and invaluable. For SEPA, genuine collaboration with the community and organisations representing community interests, as part of the OBCR model was relatively new and felt like a real unknown element of working in an OBCR way. Indeed, the community representatives from a third sector organisation and the community council contributed to the most successful examples of collaboration throughout the project. This was unexpected as these relationships were not established prior to this project and input from the community council or community members was volunteered, not delivered as part of a waged role. Community input was most powerful within the Steering Committee, where constructive challenge was provided which ensured the direction of the project supported community needs; for example, pointing out where well-intentioned high-level policy hasn't helped or needing to relate back to the communities lived experience. Similarly, community input to understand HGV parking in residential areas of Grangemouth was critical to be able define the issue.

Similarly, as part of the community app pilot, the technical committee co-designed a questionnaire, and each member collected questionnaire responses by canvassing passers-by in Grangemouth town centre. For regulatory staff this wasn't a pleasant experience and the number of people willing to engage was low. However, the technical committee members from CVS Falkirk and District and the community council had a good experience and collected lots of responses because they were known and had the trust of the community. The collaboration meant that the people with the right skills and standing in the community could collect information the project needed in a much more effective way than a regulator could ever have achieved on their own. In this example, releasing control to work collaboratively generated a better result than if a regulator had led the stakeholder engagement.

6.2 Trust

Building trust takes time. Feedback from stakeholders at the beginning of and prior to the project showed that initially there was limited trust between the regulators, regulated businesses and the community. The project approach has adapted to build trust in order to work towards a larger OBCR pilot in the future. Building sufficient trust to trial a change in regulatory approach will need to be an incremental process beyond the length of this project.

The stakeholder engagement undertaken in the early stages built enough trust to secure input to the OBCR trial from community representatives and a main trade body representing businesses in Grangemouth but wasn't successful in securing direct input from a regulated business. Regulated businesses were cautious about participating in a trial as they had concerns over the resources required, particularly within the constraints of the project timescale which meant work could not align with businesses own timeframes. They also saw risk in using this project to tackle some existing issues. Ultimately, while some businesses indicated support for the OBCR approach they would not commit to participating in a trial. Whilst one business was very keen to participate, they were only prepared to consider one specific issue that as regulators we felt was too complex for an initial pilot of OBCR. The project has highlighted that businesses likely lack trust in the regulator and presented challenges for the regulator in understanding what business behaviour indicates a business can be trusted.

The project took on board this feedback and selected pilot trials that were clearly defined and achievable within the scope of the project and that could demonstrate to regulated businesses how the OBCR approach could work. This approach has directly built trust with the trade body who are now advocating the OBCR approach to businesses for further trial. In summary, the work undertaken has been a critical first step in developing the capability and trust to implement OBCR in the GIC in the future.

Trust building was reinforced by listening and acting in a collaborative environment. By **sharing evidence and acting on feedback trust was built between collaborators**. Conversely, where participants did not do what they committed to do this eroded trust. For example, communications materials were produced routinely through the project to update stakeholders both internal and external to the project. By inviting feedback on the communications materials and then demonstrating when the feedback was either actioned or explaining why it wasn't. Following community feedback that our materials were not accessible and were too technical, we adjusted our communication approach to produce accessible updates, demonstrating to the community that we both valued their input and acted on it. In turn this built trust and led to increased engagement.

6.3 Outcomes

In OBCR, outcomes are the consequences of the regulatory model. Outcomes should be defined that capture the results of the regulatory system that all stakeholders need to achieve. For example, an environmental regulator needs to protect the environment from the impacts of industrial processes, while the businesses operating those industrial processes need to operate profitably and communities need the products and employment industry creates.

At the beginning of the project stakeholders from community, business and industry worked together to try and define what outcomes are needed for regulation in the context of the just transition. However, the just transition touches every part of society and therefore **trying to define outcomes for regulation in the context of the just transition was hugely complicated and unwieldy**. The just transition has a complicated landscape of stakeholders and outcomes. Therefore, this is a challenging context in which to apply any regulatory

approach. Proposals for future OBCR projects should choose a simpler context initially, with an ambition of then expanding this incrementally. More detail can be found in the legacy section.

The stakeholder engagement showed two categories of concerns. Firstly, those needs aligned to high-level policy, like delivery of a decarbonised economy or fair access to employment. Secondly, specific needs regulatory engagement should deliver, like clarity on decommissioning procedures or resolution of a specific issue. The steering committee used this feedback to co-design strategic and issued-based outcomes as shown in Figure 6.

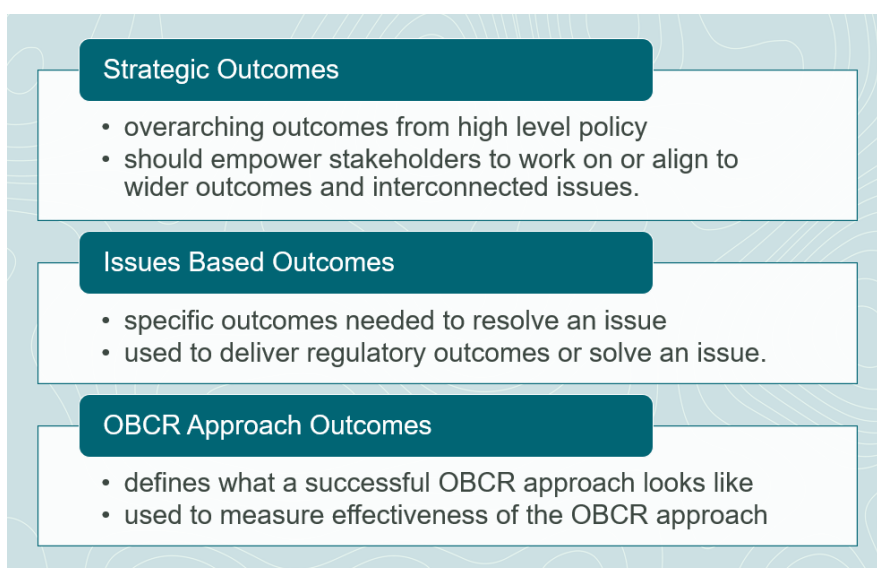


Figure 6 Three types of outcomes used in the OBCR trial.

The regulators identified the need to measure how well the regulatory approach has been implemented and therefore the outcomes of the regulatory approach need to be defined. These are included as OBCR approach outcomes.

As part of the pilots, strategic and issue-based outcomes were defined. These were then used to shape and agree the pilot activity. As the pilots ran over a short time period of 6 months, no measurable progress was recorded with respect to the strategic outcomes, but they were used to direct the pilot direction. The issue-based outcomes worked well and were helpful to set the expectations of the collaborators.

The OBCR approach outcomes emerged as the project progressed. As understanding of what successful OBCR looks like was developed over the course of this project, the OBCR outcomes are added as a new element of the OBCR model; see Section 6.5 Reflections on OBCR Theory.

6.4 Evidence

Evidence is essential to inform decision making, build trust and to measure performance against outcomes. Working collaboratively means this evidence needs to be transparently shared between all the participants. **Digital tools and infrastructure which support and facilitate information sharing are essential.** This project experienced challenges with setting up a basic platform to share project information between collaborators which restricted how information was shared. Rather than having a single repository for live documents accessible to all, email had to be used to share documents. This was inefficient but manageable for this project but if OBCR were to be trialled for a larger project or over a longer time period, a shared digital workspace would be a necessity. The recommendations for shared digital solutions from work package 2 show that there are practical solutions that could be used to improve information sharing.

Being **unable to share information easily can foster inequity between the collaborators.** In this project SEPA as the lead regulator had control over all the materials produced which led to a lack of collective ownership of them.

During stakeholder engagement to find potential pilots, operators of regulated businesses expressed concerns over being required to share evidence that was commercially sensitive or could potentially incur costly interventions as required by a regulator. While this project couldn't explore these issues further, it is acknowledged that arrangements to share evidence with regulated businesses could be challenging. **Trust is intrinsically linked to evidence and open information sharing between all collaborators will likely be achieved through an iterative process as trust grows.** Stakeholders, especially businesses, need to see that the benefits of information sharing and open participation outweighs any perceived risk.

6.5 Reflections on OBCR Theory

Lessons learnt from implementing OBCR have informed how the participants in this project might approach implementing OBCR in the future. In the latter stages the project revisited the OBCR model as defined at the beginning of the pilots and updated it on the basis of the learnings gained during the project. The updated model is shown in Figure 7.

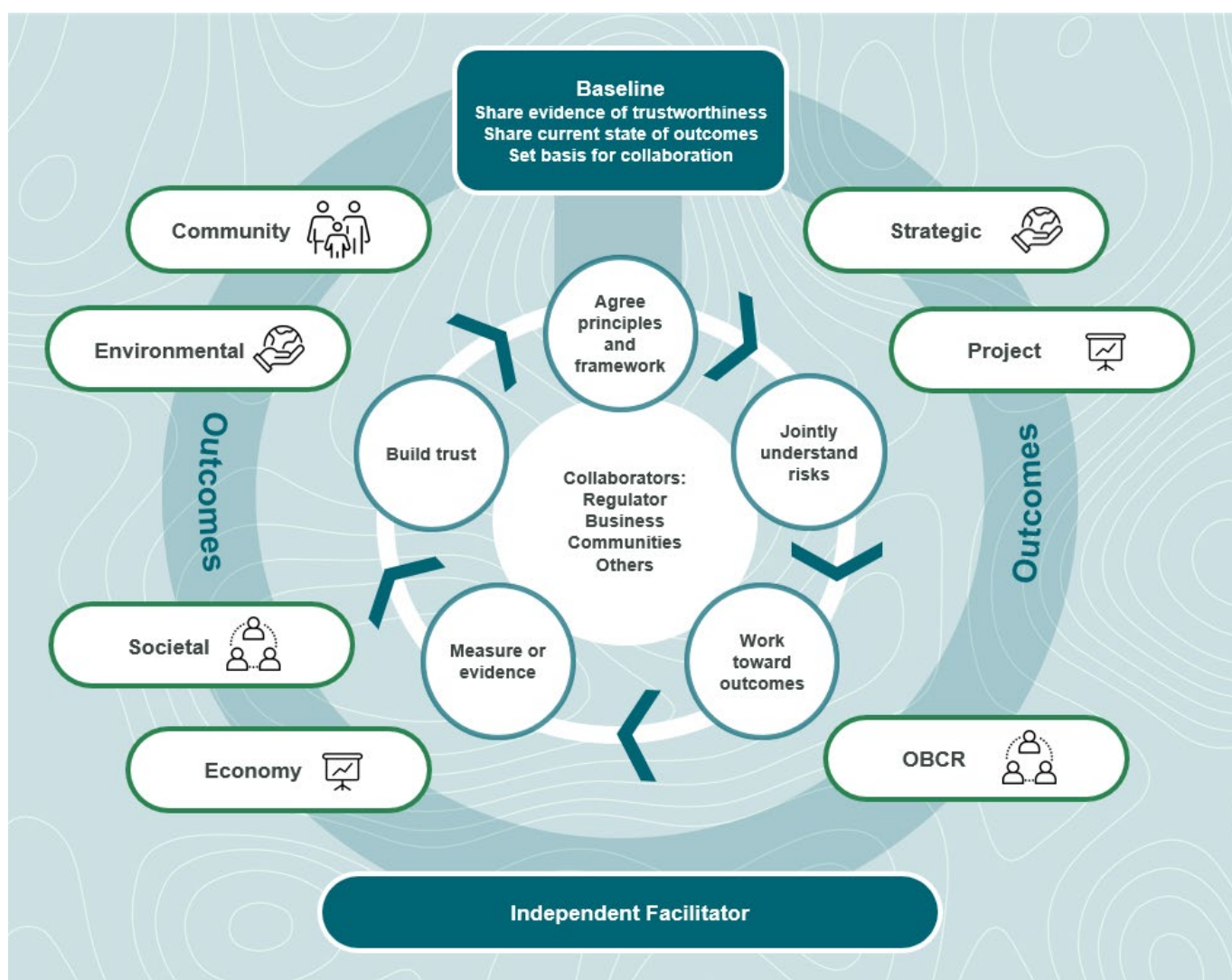


Figure 7 Updated OBCR Model

The first step in the OBCR model (described in WP1) is to define the baseline. The baseline should set out evidence on the current state of regulatory delivery. However, a specific definition of what the baseline should include was not developed (and therefore not well delivered) as part

of this project. A key finding of the pilots was that setting a basis for collaboration as part of the baseline step is critical to successfully working in an OBCR way. The OBCR model has therefore been updated to include this in the baseline step, as well as including the sharing of information relevant to regulatory outcomes and trustworthiness. Finally, the OBCR model has been updated to include the three types of outcomes developed through the course of the OBCR pilots. While they were being developed, the OBCR model outcomes were thought of in a single group. The learning from the pilots is that outcomes need to be grouped appropriately in order that they are practical for the relevant stakeholders to use. These outcomes as shown previously in Figure 6 are strategic, issue-based and OCBR approach outcomes.

Including OBCR approach outcomes that capture what a successful OBCR approach looks like are an addition to the model. Through the trial carried out in this project, it was clear that the key elements of OBCR; collaboration, evidence, trust and outcomes, could all be applied but with varying degrees of success. To be able to ensure the OBCR approach is applied in the right way, some measure of how well the OBCR approach itself is applied is needed.

The project took advice from social scientists on how best to approach the process evaluation of OBCR and a theory of change approach was recommended. Theory of change is a model that uses a co-design process to understand what actions are needed to deliver outcomes. The co-design approach aligns very well with the collaborative approach taken in OBCR so this approach could align well with OBCR.

6.6 Learnings from beyond this project.

As well as trialling OBCR itself, this project has also collected learnings from examples of regulators applying other approaches that are aligned to OBCR.

Several case studies were identified where regulatory bodies changed their approach to one aligned to OBCR. A change in regulatory approach was nearly always accompanied by a change in legislation. While the legislation might not reference the specific regulatory delivery approach, it can facilitate a change in approach and ensure there are no regulatory blockers to do so. Similarly, a change in legislation is also an opportunity for regulators to change their

approach even if the legislation doesn't mandate it. In contrast, this project explored how to implement OBCR without the backdrop of an accompanying change in legislation. This project demonstrated it is possible to build collaborations and work in an OBCR way however, it did not test out OBCR for a complex regulatory issue. Existing environmental regulation in Scotland does have elements of prescription, so further trials would be needed to explore if OBCR could be deployed in the existing regulatory landscape.

As outcome focused and collaborative approaches are adopted in more regulatory contexts, there are opportunities to learn lessons from others. An example is FoodSafe, Queensland who have implemented OBCR in their new [Regulatory Delivery Framework](#) (RDF). In contrast to many of the other case studies, FoodSafe Queensland's change in RDF is not accompanied by a change in legislation. The learnings from FoodSafe Queensland as they implement their new RDF may provide particularly helpful insights. SEPA has been sharing learnings with Foodsafe Queensland throughout the project.

7. Legacy

The project has provided SEPA and its partners with a valuable opportunity to take a concept for an outcome based collaborative approach to regulation and turn it into a practical model and then experiment in using the model. It also provided an opportunity for partners to share experience in managing and sharing data, generating valuable recommendations for digital and other solutions.

This leaves a considerable legacy in the form of shared learning, practical tools and recommendations for future work.

7.1 Legacy for Regulatory Approaches

The regulatory landscape is changing and is framed in Scotland by the challenge to reduce greenhouse gas emissions to net zero by 2045. The Circular Economy (Scotland) Act 2024 requires Scotland to make significant changes to how its resources are used, while the Scottish

Biodiversity Strategy to 2045 sets clear targets for how biodiversity loss and climate change should be tackled.

We know from speaking to regulated businesses that our regulatory actions can support or hinder a transition to net zero. Traditional regulatory approaches can be slow to drive change and, given that we are now living in a climate emergency, we must find faster ways to implement sustainable solutions. In a regulatory environment where businesses are not transparent for fear of enforcement or new rules being imposed, we miss opportunities to find solutions to problems at an earlier stage.

Using an OBCR approach regulators and businesses have a greater shared opportunity to work together to understand and manage risk, with the objective of collectively facilitating innovation. In this process, we also need to involve communities more closely, as these regulatory decisions can impact them directly or the areas in which they live.

To address these challenges, we have developed a practical model for OBCR and refined it using learning from three pilot projects. We believe our OBCR model could be a valuable tool for SEPA and other regulators to support those businesses looking to transition to net zero and a circular economy. However, whilst we have piloted the model in the context of environmental protection and the transition to net zero, it is applicable in any regulatory context.

To share our learning and help any stakeholders we work with using OBCR in the future to understand the background and approach, we have also developed an introduction to OBCR eLearning tool that will be made available to all.

A core principle of collaborative regulation is the effective sharing of data and information among stakeholders. HSE supported SEPA in developing recommendations to enhance data sharing within two regulatory areas and establish a framework for a shared digital approach. These recommendations also provide opportunities to improve how we and our regulatory partners use and share data and information to enhance regulation in other areas such as permitting.

7.2 Legacy for Stakeholders

Over the course of the project, we have built a good understanding of OBCR and its benefits and risks with a range of stakeholders within and out with Grangemouth. This understanding in itself is a valuable legacy as it is a foundation of understanding for future OBCR projects.

OBCR has been received very positively and has been included by Scottish Government as part of its draft Just Transition Plan for Grangemouth. Further, the steering committee for the OBCR pilot projects which comprises representatives from community groups, the Scottish Government, trade associations, public bodies and academia, wishes to carry on as an entity to maintain momentum and support future OBCR pilots. The committee itself has developed a proposal for a further pilot of the OBCR approach.

Working collaboratively has strengthened relationships and built trust between stakeholders as a result of each of us doing what we said we would do. This forms another strong foundation for future OBCR projects, but also and more importantly, for all collaborative work to support a just transition.

The project also leaves a range of tangible products for stakeholders:

- A business case for a community app that would bring benefits to communities, businesses and the public sector. A third-sector interface organisation and the community council are using the business case to seek funding for its development.
- Evidence of the ongoing community disruption due to HGV parking in residential areas has been compiled and the regulatory landscape which covers HGV parking has been set out. This provides a factual basis which could be used to bring stakeholders together.
- A summary of previous regulatory experience in OBCR from case studies collected from across the world, learning from this project and a proposed model for OBCR approach, giving other organisations interested in adopting an OBCR approach a good head start.
- Recommendations to enhance data sharing and establish a framework for a shared digital approach that are of wider relevance and applicability than the specific circumstances considered within this project.

7.3 Legacy for SEPA

The project has allowed SEPA to develop a good understanding of OBCR and benefit from considerable learning about how to use it in practice from our pilot projects. We are considering how to take that learning into our next phase and into how we pilot our refined model for OBCR. Several projects have been suggested, and we are considering taking forward two further OBCR pilots:

- To develop a Grangemouth Strategic Development Framework (SDF) that will provide a structured roadmap that guides future industrial development within Grangemouth and inform the Local Development Plan under National Planning Framework 4. This option was proposed by the OBCR pilot steering committee.
- To use an OBCR approach with one regulated business to improve energy efficiency as part of an efficiency first approach to decarbonisation. All scenario planning for net-zero in 2045 includes energy and resource efficiency measures. In recognition of the importance of reducing primary energy demand and implementing energy efficiency measures SEPA's Corporate Plan (2024-2027) introduced a new Net Zero priority under which we commit to "using our regulatory and influence levers to drive energy efficiency and the decarbonisation of regulated activities".

To support wider use of OBCR within SEPA we considered the skills staff need to successfully adopt an OBCR approach. As a result, HSE delivered two training packages to a range of staff likely to be involved in OBCR going forward:

- Behaviour Change Training
- Data Performance Measurement

We also developed an introduction to OBCR e-learning tool for staff new to OBCR which is available to all staff via our internal training portal. Overall, this means a cohort of SEPA staff are ready to implement an OBCR approach more widely.

The project also generated recommendations to enhance data sharing and establish a framework for a shared digital approach with our partners. These recommendations are

valuable on their own. They draw on the learning and experience of HSE and the strong relationship built with HSE in this area will continue to benefit SEPA as we consider and implement the recommendations, as appropriate.

Appendix 1 Pitch on a page: Grangemouth Community Information App

Grangemouth community app

Right information, right people, right time

Our mission: To **empower the community** of Grangemouth to have a **meaningful role in the changes happening** in the town to deliver a just transition.

Our vision: A Grangemouth community app that will **inform, empower and amplify the voice of the Grangemouth community** on changes and decision-making that affect them.

Our proposal: Build an app designed for the Grangemouth community that **collates information and makes sure it reaches the right people at the right time**, so everyone who wants to can quickly have their say.



Why an app?

Our research has shown that apps can be used to successfully share information and support decision-making in communities.

Giving the Grangemouth community easy access to information and updates will boost engagement and build trust, which has been evidenced by other organisations to be crucial in delivering a successful just transition outcome. In particular, the app could deliver the Grangemouth just transition outcome for community empowerment by bringing critical information together.

It could also send an important message to the Grangemouth community that decision makers are listening and acting on the feedback given previously.



How will we do it?

1. Establish governance and operating structure

All activity, sectors and funding involved will be overseen within a framework to manage the direction and success of the app development, and its use once launched.

2. Co-design of the app

All sectors will be involved in the early stages of the design and ongoing testing to ensure it is user-focused and will support a just transition.

3. Technical development, including data governance

There is no existing platform that could deliver the needs our community survey has identified, so we require bespoke app development plus time for testing and evolving the app as needed.

4. Communication and engagement

Community benefit is key, so development should be delivered with the Community Participation and Engagement Manager funded by the Scottish Government. The app could enhance this role and vice versa.

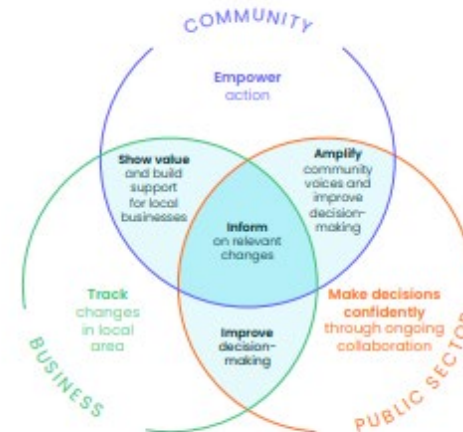


What are the benefits?

- This tangible product will **build crucial trust within the community and between stakeholders**.
- It will create an infrastructure for **a centralised and independent space to share trusted information** as and when needed.
- Apps are **flexible and scalable** platforms that can evolve with needs.
- It could be a place to bridge communications between the many projects and changes relevant to Grangemouth.



What are the specific benefits for our three sectors?



What do we need to make this happen?

Budgetary costing shows £155K would fund the initial development and app launch. Then, the funding of £550K would provide a multi-year programme of app development and staff costs. The funding programme should include gateway review points to ensure all investment is effective and allow the project to evolve as needs change.

Appendix 2 OBCR Project Work Packages – Descriptions and Outputs

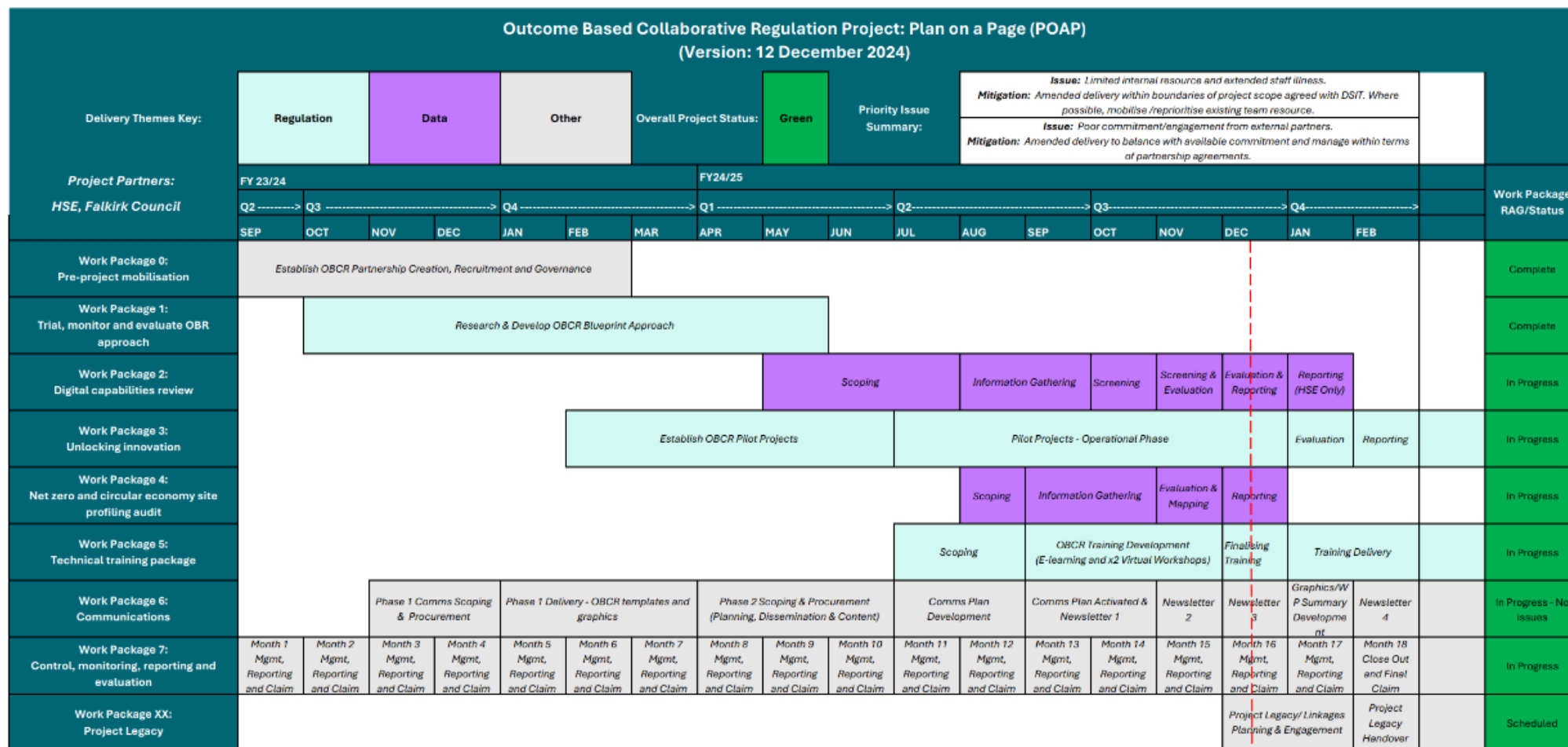
Work Package	Summary Description (what we said we'd do)	Outputs (what we did)
WP0 Pre-Project Mobilisation	Any planning, legal, recruitment and procurement activity essential to allow timely start of funded project.	Established core project team, established project partnership, implemented project management processes
WP1 Evaluation and design of OBCR for GIC	Establish a model approach to OBCR in the Grangemouth Industrial Cluster: Scope and document the potential of undertaking this new approach to capture issues.	Captured and shared OBCR theory and best practise via: Case study analysis, Discussion paper and PRISM recommendations. Developed OBCR model for use in WP3
WP2 Digital Capabilities for OBCR	Identify data and information required for supporting regulatory activity against the backdrop of a just transition, including any innovative opportunities for a shared digital approach.	Reviewed previous RPF work to inform approach Evaluated current data and information sharing for two areas of regulation. Produced recommendations for shared digital solutions
WP3 Piloting OBCR in the GIC	Facilitate, through a series of pilot projects, a safe collaborative space for regulators, businesses, community stakeholders to trial an OBCR approach within the GIC and aligned to JT principles.	Made an implementation plan to trial OBCR model Established a Steering Committee to oversee pilots Launched 3 pilots, with 2 running to completion.

WP4 Resources for Strategic Planning: Visualisation Tool	Create a high-level visual planning tool for the GIC that shows where industrial developments are proposed, planned or underway, alongside existing industry and key infrastructure.	Built database of planned just transition developments in Grangemouth. Plotted developments on a map. Set-out opportunities to develop this tool further
WP5 OBCR Upskilling	Produce a resource package utilising learning and outputs from the project to build capacity and raise awareness of OBCR in each partner organisation and wider stakeholders	Compiled skills and competencies for OBCR from WP1 Developed a suite of training courses and materials: Culture and Behaviour Change – 1 day course for 45 people, Data Performance measurement – 1 day course for 15 people, OBCR eLearning course - available to all.
WP6 Communications	Develop and implement a communication and engagement plan, share and engage with the stakeholders the journey, outcomes and opportunities created by the project and OBCR	Developed a communications plan for the project. Produced 4 newsletters, bespoke graphics and summaries of work completed which engaged stakeholders throughout. Project branding showing collaboration
WP7 Monitoring, Reporting and Evaluation	Governance activities including financial and risk management, reporting, monitoring and evaluation.	Monitored project progress against monitoring and evaluation matrix Prepared and submitted monthly finance and progress reports Project resourcing, workload management, risk management

Appendix 3 – Monitoring and Evaluation Matrix

Performance measure:	Develop an OBCR framework	Pilot a OBCR approach to regulation	Undertake and produce training materials	Develop net-zero opportunity tool	Produce recommendations for data sharing	Improve collaboration with regulators	Improve collaboration with industry	Improve collaboration with community
Success Metrics:	OBCR model co-designed with partners	Two to three pilot trials completed	OBCR training undertaken by SEPA	Tool showed useful application	New relationships developed for data sharing	New relationships with leaders at HSE / Falkirk	New relationships with leaders in industry	New relationships with leaders in community
	OBCR framework in place for pilots	Report details pilot method, successes, issues, lessons learnt.	OBCR training needs identified	Tool available to SEPA, other regulators and/or industry	Ideas developed to assess value of data in regulation	More regular calls or meetings	More regular calls or meetings	More regular calls or meetings
			Training materials distributed within SEPA		Recommendations developed for shared digital approaches	Workshops / engagement undertaken at project milestones	Workshops / engagement undertaken at project milestones	Workshops / engagement undertaken at project milestones
			OBCR training developed for all stakeholders			Positive feedback on project value at end of trials	Positive feedback on project value at end of trials	Positive feedback on project value at end of trials

Appendix 4: Project Plan on a Page



Appendix 5 SEPA Project Governance Structure

The list below describes OBCR project governance structure:

Project Leadership:

- **Senior Responsible Officer (SRO)**
 - Strategic oversight, overall project sign-off including DSIT monthly claims
- **SRO Support**
 - Strategic oversight, chair governance group, deputy for project sign-off, information asset owner, procurement sign-off (£20k – 100k). Link to regulatory hub and GFIB
- **Senior Project Lead**
 - Overall project lead, strategic management, procurement sign-off up to £20k

Delivery Team:

- **Project technical lead**
 - Delivery lead, defining work package specifications
- **Project Manager**
 - Project management and oversight
- **Administration Support Officer**
 - Administration, event planning, reporting support

Sub-grant Recipients:

HSE

- **HSE Project manager**
 - monthly reporting and coordination of delivery
- **Delivery Lead**
 - communications material sign-off, contributes to delivery

Falkirk Council

- **Delivery Lead**
 - responsible for reports and coordinating of delivery