



For the future of our environment

## Agency Board meeting

24 June 2025

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# Quarter 4 financial monitoring report for period ending 31 March 2025

### Purpose:

This report is to provide an update to the Board on the following areas:

- Actual financial results for full year (1 April 2024 to 31 March 2025) which show SEPA reporting an almost break-even position for revenue with a £0.04m/0.04% underspend against income of £103.7m. The prior year comparator was a revenue underspend of £0.2m/0.2% underspend against income of £97.0m.
- The capital results are an underspend of £0.14m from a budget of £5.5m - detail on the underspend is provided later in the report. The prior year comparator was a capital underspend of £0.85m.
- The above results are net of savings agreed with Scottish Government of £1m in capital and £170k in revenue following the Scottish Government Draft Savings Commission of August 2024. The £1m capital programme savings were agreed on the basis that funding would be deferred to 2025-26.
- Final accounts work is ongoing, and these figures should be considered draft as they may be subject to change following final year-end adjustments and/or external audit adjustments.

**Recommendations:**

The Board are asked to note SEPA's financial performance for the period ending 31 March 2025.

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**Corporate Leadership Team Sponsor:** Angela Milloy, Chief Officer, Finance, Modernisation, and Digital.

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**Table 1: Quarter 4– income and expenditure account full year outturn versus annual budget**

<b>Draft income and expenditure account 2024-25</b>	<b>Outturn £'000</b>	<b>Budget £'000</b>	<b>Variance £'000</b>
Grant in Aid	48,315	48,315	0
Charging Schemes	52,965	52,977	(12)
Other income	2,587	2,806	(219)
<b>Total income</b>	<b>103,867</b>	<b>104,098</b>	<b>(231)</b>
Staff costs	70,718	70,922	204
Other staff costs	1,087	673	(414)
Transport costs	958	980	22
Supplies and services	19,627	20,528	901
Property costs	4,838	4,550	(288)
Depreciation/impairment	6,427	6,445	18
<b>Total operating costs</b>	<b>103,655</b>	<b>104,098</b>	<b>443</b>
<b>Operating surplus/ (deficit)</b>	<b>212</b>	<b>0</b>	<b>212</b>
<b>SG agreed underspend</b>	<b>(171)</b>	<b>0</b>	<b>(171)</b>
<b>Revised operating surplus/(deficit)</b>	<b>41</b>	<b>0</b>	<b>41</b>

## 1. Net results – full year outturn balanced budget

- 1.1 Net results for the full year report a small underspend of £0.04m. The forecast outturn in quarter 3 was for a balanced budget.

## 2. Total income - £103.9m

- 2.1 Total income for the full year outturn was £103.9m or £0.2m less than the full year budget.

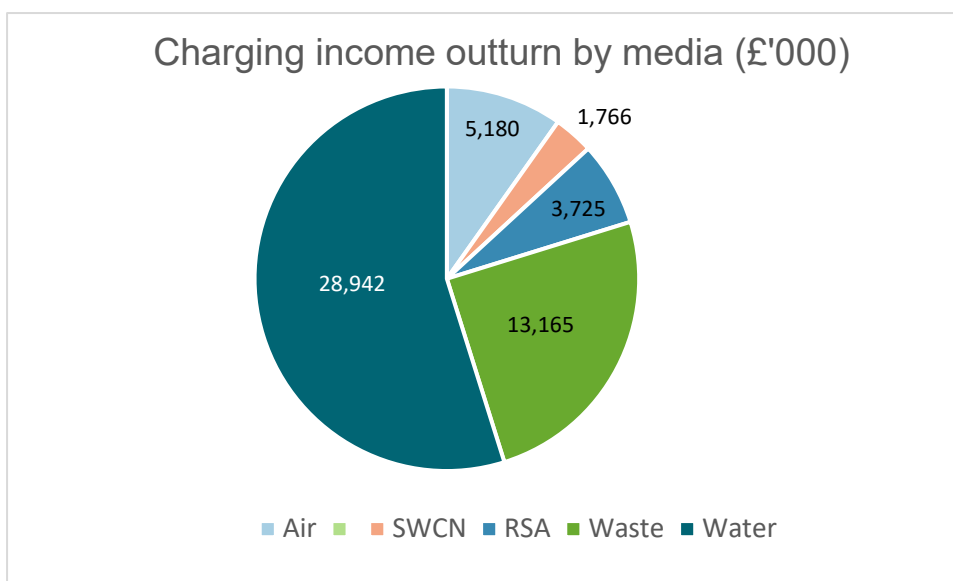
**Grant in Aid (GiA) -£48.3m****Table 2: GiA budget allocation**

<b>Baseline GiA</b>	<b>Resource budget £'000</b>
Resource budget cash	39,846
Resource budget non-cash	6,280
<b>Operating resource baseline</b>	<b>46,126</b>
<b>Budget adjustments cash</b>	
Water Environment Fund	1,380
Covid Wastewater	278
Cleaner air (staff cost)	58
Interpol	22
Regulatory activities	308
IFRS adjustment	(111)
IFRS 16 interest	89
<b>Total adjustments cash</b>	<b>2,024</b>
<b>Budget adjustments non-cash</b>	
Right of use non-property leases	165
<b>Total adjustments non-cash</b>	<b>165</b>
<b>Final budget</b>	
Resource budget cash	41,870
Resource budget non-cash	6,445
<b>Total budget</b>	<b>48,315</b>

- 2.2 SEPA's revenue GiA (presented in Table 2 above) was £48.3m. This amount included an increase of £2.2m post budget set, which provided additional funds for the water environment fund (WEF) work, regulatory activities, International Financial Reporting Standards (IFRS) 16 adjustments, COVID wastewater sampling, cleaner air initiatives funding and Interpol.

## Charging Scheme income - £53.0m

Graph 1: Charging scheme income by media (£'000)



Graph 1 acronyms: RSA – Radioactive Substances Activity, SWCN – Special Waste Consignment Note

- 2.3 Charging income is generated from licences, permits and application income. Approximately 89% comes from annual charges and 11% from application income.
- 2.4 The full year income outturn was £53.0m (£12k less than budget). This variance was a result of:
- **Applications** - £0.41m positive variance in the applications outturn. The increase in application income was mainly due to higher than budgeted applications from water, air radioactive substances, offset by a reduction in land and waste.
  - **Annual charges** - £0.42m negative variance in the subsistence outturn in relation to reduced income from radioactive substances, water, and special waste consignment notes.

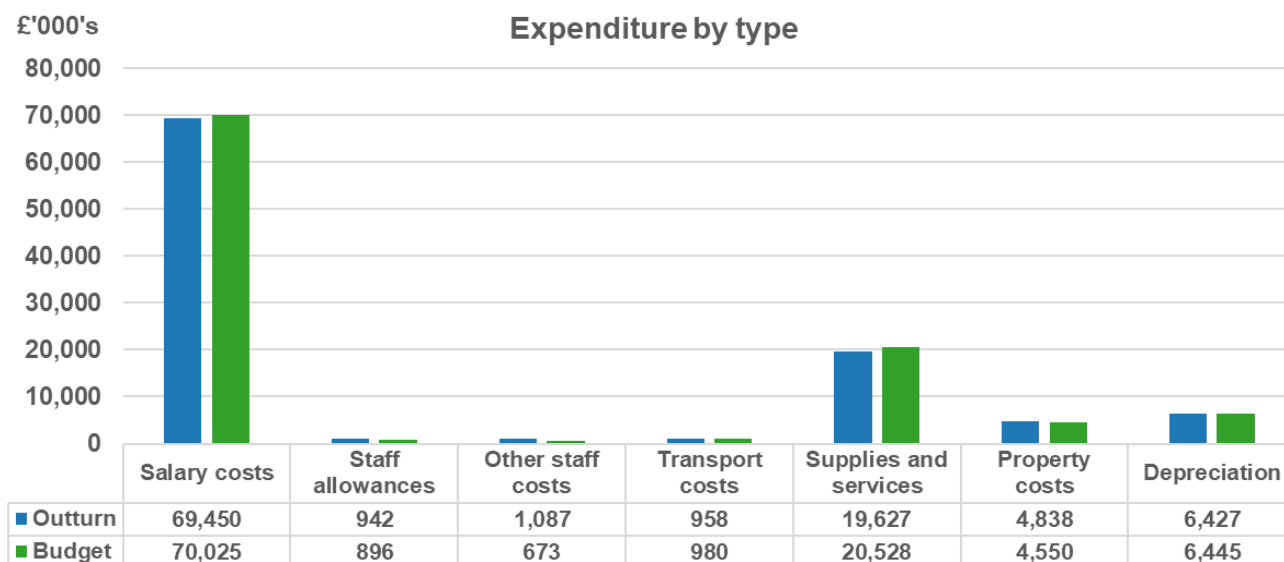
## Other income - £2.7m

- 2.5 The full year income outturn was £2.6m (£0.2m lower than budget) mainly due to decreased Pioneer Fund income, this was match by a reduction in expenditure.

### 3. Total expenditure - £103.7m

3.1 Full year operating costs outturn was £103.7m (£0.44m less than budget). The graph below provides a detailed breakdown by expenditure type.

**Graph 2 – Expenditure by type**



#### Staff costs and other staff costs

3.2 Budgeted staff costs represented 68% of total expenditure. The vacancy management level (which represented savings due to vacant posts) was set at 4% or £3.5m.

3.3 These savings were achieved and accounted for in the outturn.

#### Staff costs outturn highlights

3.4 The staff costs outturn highlights are:

- Staff costs full year outturn was £0.2m under budget.
- Vacancy savings for the year to the end of March were £6.8m (9.1%) against a budget of £3.4m. These savings were a result of staff turnover.

3.5 The increase in vacancy savings was partially offset by an increase of £63k in allowances and overtime and £163k death on service payments.

- 3.6 Full year costs include £1.1m for voluntary severance, which covers the compensation, payment in lieu of notice and estimated pension strain costs for 10 members of staff. Voluntary severance costs were funded from vacancy savings.
- 3.7 Other staff costs have an overspend of £0.4m due to temporary workers and recruitment costs and should be viewed together with savings from staff costs.

### **Transport costs**

- 3.8 Transport costs report a small underspend of £22k, which mainly relates to reduced mileage claims £92k and lower than budgeted train travel costs £14k, offset by the increased spend against pooled vehicle repairs (£25k) and leased vehicle costs (£48k).

### **Supplies and services**

- 3.9 The full year outturn reports an underspend of £0.9m. There are several offsetting variances, with the most significant being a reduction in Partnership Project contributions of £0.7m., consultancy fees of £195k, general contingency savings of £83k and wide area network savings of £78k.
- 3.10 These underspends were partially offset by overspends in: Professional Services (£265k) in relation to the lone worker contract, desktop valuations and flood warning dissemination costs; and equipment purchases (£123k) mainly relating to gas monitoring alarms and Ecology equipment.

### **Property costs**

- 3.11 The full year outturn reports an overspend of £288k, the most significant of which relates to reactive property maintenance of £245k.

### **Depreciation/impairment**

- 3.12 Year-end work on depreciation and impairment is currently ongoing, when completed this work will impact on the depreciation outturn reported in Table 1 above.

## 4. Capital

- 4.1 SEPA's capital budget provided by Scottish Government for the year was £6.4m. Following the mid-year savings commissions and subsequent discussions with Scottish Government colleagues, it was agreed to defer the capital budget by £1m to a revised total of £5.4m. A further £97k of funding was received in March relating to IFRS 16 leases. The full year outturn was £5.4m, £0.14m (2%) under agreed spend.

**Table 3: Capital expenditure**

<b>Year-end outturn</b>	<b>Budget 24/25 £'000</b>	
Original funding	6,400	
Deferred budget	(1,000)	
IFRS 16 funding	97	
<b>Capital GiA</b>	<b>5,497</b>	
<b>Function</b>	<b>Outturn £'000</b>	<b>Main projects within functions</b>
Energy and materials	32	Building a new data platform
Chemistry	1,751	Purchase of gas chromatographers and nutrients analyser
Ecology	138	Purchase of media preparator and pipetting robot
Environmental quality	70	Recovery of SAGIS (water modelling application)
Info systems	421	IS infrastructure and MS Teams rooms equipment
Info systems (digital)	1,125	Integrated Authorisation Framework (IAF) implementation
Workspaces	325	Capitalised leasing (vehicle and office space)
Hydrology	1,498	Gauging stations, data loggers and flood mapping
<b>Totals</b>	<b>5,360</b>	
<b>Underspend</b>	<b>137</b>	



- 4.2 The 2024-25 capital programme delivered 70 projects covering seven functions. The main projects delivered were the purchase of two gas chromatographers for our ASB laboratory, continuing the build of the IAF system, the purchase of scientific equipment mainly for chemistry and hydrology, and the on-going upgrades of SEPA's hydrometric network.
- 4.3 The main reasons for the underspend related to the late delivery of equipment after the 31 March deadline and the late award of £97k from Scottish Government for IFRS 16 leases - it was assumed by SEPA that these costs would be funded from the original budget award.

## **5. Statement of Financial Position**

- 5.1 The draft Statement of Financial Position is provided on the next page, please note year-end work is ongoing and the figures below are subject to change.

**Table 4: Statement of Financial Position period to 31 March 2025**

<b>Statement of Financial Position 31 March 2025</b>	<b>Year to March 2024 £'000</b>	<b>Year to March 2025 £'000</b>
<b>Non-current assets</b>		
Property, plant, and equipment	42,377	42,052
Intangible assets	2,402	3,846
Assets under construction	2,807	2,574
Employee retirement benefits	21,527	140,341
<b>Total non-current assets</b>	<b>69,113</b>	<b>188,813</b>
<b>Current assets</b>		
Trade and other receivables	4,189	5,057
Cash and cash equivalents	899	2,346
<b>Total current assets</b>	<b>5,088</b>	<b>7,403</b>
<b>Total assets</b>	<b>74,201</b>	<b>196,216</b>
<b>Current liabilities</b>		
Trade and other payables	(11,206)	(13,482)
Provisions	(214)	(156)
<b>Total current liabilities</b>	<b>(11,420)</b>	<b>(13,638)</b>
<b>Total assets less current liabilities</b>	<b>62,781</b>	<b>182,578</b>
<b>Non-current liabilities</b>		
Provisions for liabilities and charges >1 year	(6,022)	(6,193)
Future lease payments	(7,881)	(6,780)
<b>Total non-current liabilities</b>	<b>(13,903)</b>	<b>(12,973)</b>
<b>Total assets less total liabilities</b>	<b>48,878</b>	<b>169,605</b>
<b>Taxpayers' equity and other reserves</b>		
General fund	30,544	150,570
Revaluation reserve	18,334	19,035
<b>Total tax payers' equity</b>	<b>48,878</b>	<b>169,605</b>

## 6. Recommendation

- 6.1 The Board are asked to note SEPA's financial performance for the year ending 31 March 2025.

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