

**Collaborating to Build a Better Scotland:
the Collaboration Prospectus event on 20 March 2015**

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- 1 Our present relationship with the distillers is very highly valued by SEPA; it actually was born out of adversity. Back around 2003 we had a very poor relationship. Communications were strained, sometimes hostile, debates were conducted via MSPs and in the media, and a lack of trust and respect prevailed.

Both parties realised that we couldn't go on in this way, a meeting of Senior Managers from both sides devised an alternative approach.

2. So we began a process of liaison; a SEPA representative was identified to sit on the Scotch Whisky Distillers Environment Committee.

SEPA started to really listen to what the distillers were concerned about, real concerns with real economic implications, the impact of which depended on SEPA's interpretation of statute and what the outcomes would be.

Much of this was driven by misunderstandings, but it was also very apparent just how important it was for this industry to be fully compliant right from the beginning, yet they couldn't see a way to do so faced with what they thought SEPA required of them.

3. Once we had explained ourselves, we began to explore alternative ways to achieve those regulatory requirements, solutions coming from the distillers themselves; practical solutions we could live with.

We found a need to challenge ourselves internally, testing if we really needed to take a particular line; these tests often resulted in a re-assessment of our regulatory approach, with on loss of rigor when it actually came to environmental protection. The lesson here was we had not properly assessed the real/on the ground implications of the regulatory changes on affected industries.

4. The relationship has continued to grow and mature for the last 12 years, and we now look to the distillers as our 1st port of call when we're looking for advice.

We have routine and regular rapport with the Scotch Whisky Association, and work closely with their staff on a range of issues at any one time. Often we will seek early feedback on options when we're working on a new initiative or programme. They're advice is always objective, often challenging, and makes us consider impact on industry at an early stage in our thinking.

They in turn have sought views from SEPA on the industry's Environmental Strategy, and we have helped to shape this. It is a great example of an industry setting itself very challenging targets, and often going beyond compliance with the standards set by regulations alone. We continue to offer our assistance when required to the present review of that strategy.

5. Our working relationship has led SEPA to establish certain regulatory position statements designed to encourage distillers to invest in environmentally sound and innovative techniques and technologies, thus easing the regulatory burden

and providing an incentive to drive innovation in waste minimisation, energy efficiency, and reduction in reliance on fossil fuels. There is no significant risk to the environment posed in these circumstances, and the reduction in regulatory bureaucracy helps both sides to concentrate on what is important.

6. We may not always agree, but we have well established liaison channels at all levels, a very high degree of trust between us, and tested ways to resolve issues through negotiation.

We have throughout worked to develop and maintain a culture of “no surprises”.

7. This relationship does not mean that the distillers get any sort of advantage, and light regulatory touch, quite the contrary. I can tell you there are 2 cases pending with the Procurator Fiscal service following pollution incidents that occurred in 2014 at whisky distilleries. We expect distillers to comply with their licences, and report non-compliance as part of our nation-wide scheme.

However, we will work with the sector to learn from incidents, and the SWA coordinates this and ensures that any lessons learned are widely disseminated to all its membership.

8. This is an excellent example of good liaison, partnership working, and collaboration, without risk of compromising the integrity of either SEPA or the distillers and their representative association.

Additional Points

- In the early days of rebuilding the relationship it quickly became clear that both sides were labouring under false assumptions about the other side’s position.
- As a regulator we have been prepared to take some risks, not always following the letter of the law, for the greater benefit of the environment.
- It is vital that arrangements are put in place at difference levels to ensure collaboration works. There is no point in just doing this at a strategic level without ensuring collaboration happens at a tactical level also.
- Collaboration requires the investment of time and effort.
- It is important that both sides make the effort to understand and appreciate things from the other’s perspective.
- The personalities involved are of vital importance. There has to be the will to make it work. It is people who collaborate – not organisations.
- It is more of an emotional process than a technical or institutional one.
- Collaboration works best when each of the partners has something to gain – where there is mutual or multiple benefit.
- Honesty is vital.

- The whisky sector has, in general terms, gone way beyond compliance.
- We have been on a relationship journey, starting off with hostility, moving through constructive conflict and now into true collaboration.