



# Forestry and Land Scotland (FLS) Strategic Board

**Date of Meeting: 7 December 2022**

**Location: Silvan House, Edinburgh and MS Teams**

## **Present:**

- Simon Hodgson, Chief Executive (Chair)
- Graeme Hutton, Director of Net Zero
- Michael Hymers, Director of Corporate Services
- John Mair, Director of Commercial Development
- Graeme Prest, Director of Land Management and Regions
- Mark Pountain, Non-Executive Advisor
- Lisa Tennant, Non-Executive Advisor
- Jo O'Hara, Non-Executive Advisor
- Clea Warner, Non-Executive Advisor
- Therese O'Donnell, Non-Executive Advisor
- Rhondda Salmond, Change Manager (Secretariat)

## **In Attendance:**

- Sharon Fairweather, Director of Internal Audit and Assurance (Scottish Government)

## **1. Welcome and Introductions**

Simon Hodgson welcomed everyone to the meeting, highlighting the change in membership following a successful recruitment campaign for the new Non-Executive Advisors and in the FLS Senior Leadership Team.

## **2. Non-Executive Induction / Refresh**

Simon presented an overview of the purpose, visions and mission of the organisation as an introduction for the new and refresher for the existing members, outlining how FLS's Corporate Plan and Outcomes support the achievement of Scottish Government's (SG's) National Performance Framework (NPF).

Underpinning this he gave an overview of the range of SG level strategies, policies, and frameworks that FLS must consider and deliver against, as well as the range of partners and stakeholders that we engage with as part of this.

He provided details of the Corporate Framework, including the evolution of moving the organisation to a 5 Year Business Planning model. This approach is supporting and enabling the business to progress our long-term financial sustainability utilising scenario planning and risk-based decision making.

The session cumulated in an overview of the organisational structure, with the four FLS Directors providing a high-level overview of their roles and key responsibilities.

### **3. FLS Governance Model**

Sharon Fairweather joined the meeting, providing a overview of the approach to good governance across SG. She outlined that good governance should focus on ensuring a robust model is in place that delivers a streamlined, effective and efficient framework.

There needs to be clear lines of demarcation between different elements, particularly where members have multiple roles in the governance model. For example, an Audit and Risk Committee (ARC) should have a sharp remit as set out in the SG ARC Handbook, focused on assurance and risk mechanisms, with less attention on processes. This supports confidence levels in the operation of the agency, moving attention away from unnecessarily examining tactical management.

The Strategic Board thanked Sharon for her presentation and insights.

Simon provided an overview of the current FLS Governance model, highlighting that it was originally developed as part of establishing the agency in April 2019. A review was initiated to respond to both internal and external feedback, in addition to anticipating and driving future changes to the way we want to operate in adopting an empowered regional model and delegations for the wider senior team.

It is crucial that the governance model, including the role of the Non-Executives, should support and enable the organisation to “grow” to maximise opportunities and strategic delivery, particularly to respond to and anticipate the challenge of evolving political, social and economic agendas.

The Non-Executives took the opportunity to reflect on the current governance model, particularly as there were a number of new members, seeking to raise their awareness of the approach to date and strengths and opportunities to improve the model going forward.

**AP 1/22: Secretariat to arrange a short meeting for the Non-Executive’s to engage and discuss the proposed changes to the governance model.**

**AP 2/22: Overview of the organisation’s approach to assessing and developing its Risk Appetite and associated statement to be included on the agenda for the scheduled ARC meeting.**

### **4. Organisational Update**

Simon advised that an organisational update had been circulated with the papers for the meeting, which included an overview of the organisation's finances, alongside the current challenges being faced and opportunities we were either considering or pursuing.

He provided an overview of FLS's current operating environment, reflecting on a number of cumulative challenges that we are currently experiencing or anticipating having an impact on us both directly and indirectly. This varies from economic recovery in relation to Covid and Brexit, as well as reduced funding and related inflation/cost of living crisis, timber market volatilities, raw material shortages, supply chain pressures and wider increased operating costs.

Michael Hymers provided an overview of ongoing discussions with SG Finance leads in response to the Scottish Emergency Budget, including anticipated reprioritisation of SG wide projects and initiatives, opportunities for private sector wide transformation and what this could mean for FLS over the coming years.

In response FLS are focusing on identifying and progressing potential commercial offerings; opportunities to develop operational innovation across forest management activities; and reducing ineffective processes, including through use of automation.

In progressing these remits we will be seeking to involve the Non-Executive's in understanding the challenges and opportunities, utilising their knowledge and expertise to support and inform the strategic direction and response of the organisation.

## **5. AOB**

There were no matters raised as AOB.

**Date of Next Meeting: 4<sup>th</sup> April 2023**