



Forestry and Land Scotland (FLS) Strategic Board

Date of Meeting: 4 April 2023

Location: Silvan House, Edinburgh and MS Teams

Present:

- Simon Hodgson, Chief Executive (Chair)
- Michael Hymers, Director of Corporate Services
- John Mair, Director of Commercial Development
- Mark Pountain, Non-Executive Advisor
- Lisa Tennant, Non-Executive Advisor
- Clea Warner, Non-Executive Advisor
- Therese O'Donnell, Non-Executive Advisor
- Dave Exeter, Head of Digital Services
- Rhondda Salmond, Change Manager (Secretariat)
- Celyn Paton, Secretariat Assistant (Minutes)

Apologies:

- Graeme Hutton, Director of Net Zero
- Graeme Prest, Director of Land Management and Regions
- Jo O'Hara, Non-Executive Advisor

1. Welcome and Introductions

Simon Hodgson welcomed everyone to the meeting and outlined the agenda.

2. Matters Arising

Minutes and Action Points

It was agreed that the minutes for the last meeting held on 7th December 2022 were a true and accurate reflection.

Matters Arising

Action Points 1/22 and 2/22 were discharged.

Conflicts of Interest

There were no conflicts of interest declared.

3. CEO/Organisational Update

Simon Hodgson reflected on the recent appointment of the new First Minister, Humza Yousaf and subsequent transition period, advising that FLS would continue to progress Scottish

Government (SG) objectives and business as usual activities, whilst remaining responsive and adaptive to the ministerial and portfolio changes.

Michael Hymers advised that FLS has now moved across to the portfolio of Mairi Gougeon, Cabinet Secretary for Rural Affairs, Land Reform and Islands, highlighting that initial reactions from both our internal and external stakeholders have been positive, with Forestry remaining a strong contributor in the mitigation of Climate Change and Biodiversity agendas. He outlined that work was ongoing to provide a greater understanding of FLS's commitments and priorities to Ms Gougeon and recognised the opportunity for FLS to help deliver across her portfolio and wider SG objectives.

The Non-Executives reflected on the Ministerial changes and potential areas of impact on the organisation, with initial impressions remaining aligned with FLS's direction.

Simon provided a brief overview of FLS's financial situation and SG funding streams, observing possible impacts on current reserves due to ongoing pressures out with FLS's control and emphasised the organisation's commitment to achieving a long-term sustainable business model.

Reflecting on one of the current key organisational challenges, Recruitment and Retention, Simon recognised the difficulties and associated risks involved and the impact this is placing on the organisation and delivery of programmes. He highlighted areas of ongoing activity and progress including a recent targeted recruitment campaign and focus on effective future workforce planning to try and alleviate pressures on current staff.

4. Achieving Long-Term Financial Sustainability

Current Position (Business Plan FY 23/24) and Forecasts

Simon advised that the Business Plan for FY 23/24 had been circulated for the Non-Executives, highlighting a number of key areas and advising that the plan had recently been approved by FLS's previous Cabinet Secretary, Ms McAllan.

The Non-Executives discussed the Business Plan for FY 23/24, recognising potential challenges, areas of risk and uncertainty, whilst considering the longer-term organisational objectives. They observed the need to be flexible, adaptable and responsive to any outside pressures or unexpected changes.

Allocation of Reserves

Simon outlined that after the March Audit and Risk Committee, further insight from the Non-Executives concerning FLS's financial reserves was welcomed and gave a brief additional update on the current reserves position.

The Non-Executives reflected on the information provided and suggested a clearer link between financial forecasts and organisational outputs would be useful to ensure constructive input, early engagement and adequate assurance.

AP1/23: FLS to provide quarterly updates to Non-Executives on progress against key actions and activities delivering long-term business sustainability plan.

Developing and Delivering Organisational Priorities

Director's Review

John Mair gave a short presentation on the planned Director-led Review, highlighting key priority areas including achieving best value for FLS's income, enabling greater cost efficiencies, reviewing core business principles to further enable financial sustainability and ensuring continued focus on business improvements and efficiencies. He sought the Non-Executives insight and expertise to help further shape and feed into this plan.

The Non-Executives welcomed their ongoing involvement and the approach, seeking further clarification around certain aspects including engagement of and communication with staff and stakeholders, ensuring appropriate resources are in place to carry out the review effectively.

Business Planning FY 24/25 and beyond

Simon advised of the ongoing 5 Year Business Planning process to help inform business priorities and enable long-term financial sustainability. He provided a brief overview of planned areas of work and identified potential opportunities for growth and investments.

Other Opportunities

Simon noted potential opportunities to further enhance FLS's business model and operating environment, including utilising additional areas of 'Green Financing', the benefits of an improved cross partnership working approach to help shape and inform future SG policy landscape and the opportunity to reform SG's view of FLS as an organisation, seen as an investment opportunity alongside a resource for delivering SG objectives. He recognised FLS's strength and ability to engage and deliver in relation to these opportunities.

5. FLS Governance

Transition to the Strategic Advisory Board

Simon advised that a Review of FLS Governance Arrangements had been previously circulated for the Strategic Board's consideration. He reflected on a number of key beneficial changes the new Strategic Advisory Board would bring to the organisation, including providing the opportunity for the Non-Executive Advisors and others to actively engage with FLS strategy, policy and delivery development and review, enabling continued business improvement and appropriate mitigation of risk. He suggested that the Strategic Advisory Board purpose be reviewed on an annual basis to ensure its approach remained fit for purpose and continued to contribute good value to the organisation.

The Non-Executives had no additional comments, agreeing to the proposed governance arrangements.

Future Work Programme

Simon provided a brief overview of potential future work across the organisation for Non-Executives and other external expertise and insight, recognising the opportunity for further in-depth analysis of specific business themes and activity. He suggested a number of potential business areas including the Climate Change Adaptation, the planned Director's Review and UKWAS for consideration and welcomed the opportunity for reflection, external scrutiny and business improvement. It is intended there will be two themes/activities considered per annum.

The Non-Executives were supportive of this approach and welcomed early engagement and input to selecting the potential themes and/or activity in order to add good value and effective guidance to the organisation where appropriate.

AP2/23: Secretariat to circulate list of potential business activities for in-depth analysis ahead of next Strategic Advisory Board.

6. AOB

There were no matters raised as AOB.

Date of Next Meeting: 30th May 2023