



Forestry and Land Scotland Strategic Board Meeting

Date of Meeting: 24 January 2021

Location: MS Teams (Due to COVID-19 restrictions)

Present:

- Simon Hodgson, Chief Executive (Chair)
- Graeme Hutton, Director of Business Services
- Michael Hymers, Director of Corporate Services
- John Mair, Director of Estate Development
- Trefor Owen, Director of Land Management
- Mark Pountain, Non-Executive Advisor
- Lisa Tennant, Non-Executive Advisor
- Pamela Zielinski, Non-Executive Advisor
- Rhondda Salmond, Change Manager (Secretariat)

In Attendance:

- Donna Mortimer, Head of Finance and Procurement (Items 3 and 4)
- Nicky Whitaker, Head of Visitor Services and Communities (Item 5)
- Sarah Nicholas, Carbon Projects Manager (Item 6)

1. Welcome and Introductions

Simon Hodgson welcomed everyone to the meeting, noting that the meeting was being held remotely by MS Teams due to the continued COVID-19 restrictions.

Following a brief discussion, minutes of the previous meeting (22 September 2020) were agreed by Board members and approved for publication.

2. FLS/Scottish Government Update

Simon Hodgson highlighted his thanks to staff in their continued efforts to keep the business operating during the continued Covid-19 restrictions. The majority of staff continue to work from home and considerable efforts have been made to provide guidance and services to support managers and staff, with a particular focus on health and wellbeing.

A focus going forward will also be to consider the wider and cumulative impacts of Brexit and the normal winter challenges alongside Covid-19.

Across the wider economy in Scotland unemployment rates continue to rise. Although furlough payment continue to be funded it is anticipated there will be a significant future impact on further increased unemployment rates and economic recovery. Therefore politically Scottish Government remains focused on long term planning and policy development to support recovery.

Simon presented the organisational update, opening the discussion up to non-executives to seek any points of clarity or feedback on progress on key areas across the agency, including opportunities and issues/risks.

The Strategic Board recognised the ongoing efforts, congratulating the agency on achieving a positive financial position whilst continuing to operate in a restricted and challenging environment. It was agreed a summary will be present at the next meeting on preparations for financial and business planning for 22/23 and beyond.

AP 1/01/21: Summary to be presented at next Strategic Board meeting on preparations for the financial and business planning process for 22/23 and beyond.

3. Finance Update

Donna Mortimer highlighted that the current finance position at the end of December 2020 was as follows:

- Forecast net cash position - surplus of £10.1m, which is a significant increase on P4 of £0.5m
- Healthy trading and not the impact from COVID as expected
- Timber income variance £16.3m from budget, now forecast at £82.7m from £66.4m
- Income and expenditure have gone up as we have got back on track achieving £110m trading income (not including Annual Subsidy Limit (ASL)) and £118m expenditure
- Reserves - Liquidity maintained at £10.7m, 3 x paybill

She also outlined that the financial and business planning process for FY 21/22 had now concluded and a budget agreed at £109m income/expenditure (with no ASL), of which 78% is timber income.

Lessons learned will be taken forward ahead of the 22/23 business planning cycle this summer to continue to improve process. This will include moving to a Profit / loss approach, living within our means and bringing to life the Business Sustainability Action Plan.

Alongside this we will be investing in change that will directly contribute to our financial sustainability, i.e. increased income, efficiencies, etc.

4. Moving to Financial Sustainability – Progress Update

John Mair presented an update on progress of the Business Sustainability Action Plan outlining that activity to identify key actions and potential income/savings was completed, and the business sustainability principles had been embedded in to the Advanced Financial Planning exercise undertaken for FY 21/22.

The Business Plan process is currently underway, with drafts linking affordable activities to BSAP. Assessment of planned activities across short, medium and long-term priorities will then be undertaken to ensure effectiveness.

The next stages will be to:

- Complete assessment of activities to ensure alignment to and progress of Strategic Principles
- Identify detailed activity to deliver priority actions
- Finalise the development of the Investment Strategy and approach to set out parameters for considering investment of reserves
- Establish framework to measure and monitor progress, including realising benefits and then assess progress and reprioritise activities across business areas where necessary.

A further update on progress will be presented at the next meeting.

5. Visitor Management

Nicky Whitaker presented a paper on visitor management, highlighting that it was a mixed strategic and tactical approach to enable the future development of services whilst acknowledging the need to adapt our response to address issues such as those experienced during and as part of easing Covid-19 restrictions.

She highlighted that considerable efforts had gone in to raising awareness of impacts on the countryside from misuse of facilities and planning for the year ahead should restrictions continue, particularly in relation to staycationers and other new visitor groups.

The organisation has continued to work in partnership with other countryside partners and other stakeholders, including Police Scotland, adopting a geographical approach and focussing efforts on areas that experienced a high level of issues. This will continued to be monitored and reviewed as planned easing of restrictions continue.

The non-executives welcomed the update on efforts to date and planning for visitor management going ahead, highlighting that efforts need to continue to be supported by ongoing robust communications. They also suggested consider a crisis management approach to issues going forward, that can be flexed to accommodate easing of restrictions and changes in visitor profile.

6. Carbon Capture Partnerships

Sarah Nicholas presented an overview of the organisations approach to carbon capture partnerships. She highlighted that to date interest in this type of partnership was predominantly in the food, drink, education and manufacturing sectors.

She outlined that partners have a variety of wants and requirements from the approach, ranging from Corporate Social Responsibility (CSR) benefits, carbon offsetting, improving water quality and/or peatland restoration.

The non-executives sought clarity on a few areas, including how these partnerships supported achievement of FLS's corporate outcomes and strategy. Although supportive of considering how the organisation can contribute to with Scottish Government targets and actions on climate change, the activities should attract sufficient income to either deliver at no costs or achieve some profit.

They suggested considering a risk based approach to scenario modelling that utilised market intel to identify knows and unknowns and inform the strategic approach going forward. This would also provide a sound platform to escalate our responsibilities in to Scottish Government and help to define our remit, i.e. are we a land and forestry organisation, carbon capture or a combination going forward. This would also then to potentially identify and secure other income/funding opportunities.

Date of Next Meeting: 22 April 2021.