



Forestry and
Land Scotland
Coilltearachd agus
Fearann Alba

Forestry and Land Scotland (FLS)

Business Plan

April 2025 – March 2026

1. Introduction

This Business Plan sets out the main actions we will take over the period 01 April 2025 – 31 March 2026 to deliver the commitments and outcomes identified in our Corporate Plan.

2. Purpose of the Business Plan

This Business Plan is a strategic document which details the actions required for the delivery of key work areas across the organisation to support the delivery of our Corporate Plan. It has been developed in accordance with our Corporate Planning Framework. Business plans are developed on an annual basis by each Directorate and Region and set out the high-level actions to be taken to ensure delivery of the areas for action set out in the Corporate Plan. This FLS Business Plan consolidates the main high-level actions from the Directorates and Regions into a single framework of key work areas.

Oversight is provided by our Executive Leadership Team to ensure effective coordination and delivery of the key work areas and corresponding high-level actions set out in each Directorate/Regional Business Plan.

The plan is an active document and will be subject to revision on an annual basis with a report to the FLS Executive Leadership Team for consideration. Reviews will consider internal and external influences and actions arising from monitoring activity throughout the year. Information will also be reported in our Annual Report and Accounts.

3. Who we are

We were established as an executive agency of the Scottish Government on the 01 April 2019. We are responsible for managing Scotland's national forests and land, an area that in total covers 640,000 hectares, 9% of Scotland's land area, in a way that supports and enables economically sustainable forestry; conserves and enhances the environment and delivers benefits for people and nature. FLS is also classed as a Public Corporation under the definition set by the Office of National Statistics due to being an operationally focused organisation involved in commercial trading activities (e.g. sale of timber).

Our mission is **'to look after Scotland's forests and land, for the benefit of all, now and for the future.'** This leads to our vision of **'forests and Land that Scotland can be proud of.'**

FLS employs over 1057 FTE staff in a variety of occupations across Scotland. There are also volunteers who help us to manage the national forests and land. Staff are organised into four Directorates and five Regions, with support from national offices in Edinburgh and Inverness.

4. National Policy Context

We will continue to contribute to the Scottish Government's four key priorities: **Eradicating child poverty; Growing the economy; Tackling the climate emergency** and **Ensuring high quality and sustainable public services**.

We will continue to contribute to the delivery of the national outcomes set out within the National Performance Framework. We will help deliver across all eleven national outcomes and will make a particular contribution to the following: **Economy; Environment; Health; Communities; Fair Work and Business** and **Education**.

5. FLS a Strong Organisation that Needs to get Stronger

We are a strong organisation with an enduring mission *"to look after Scotland's national forests and land, for the benefit of all, now and for the future"*. We are proud of the contributions that we make to our society, environment and economy. These include supplying 40% of Scotland's timber, supporting the green energy transition as the largest UK estate of onshore windfarms, hosting 10m visitors per year and conserving and restoring iconic landscapes and nature across 9% of Scotland. We are here for good ... in the service of Scotland ...for the long term ... as One FLS.

We have achieved a great deal over 100 years, and we want to deliver even more for Scotland. But the going is getting tougher and "what got us here will not get us there". Currently we are not financially sustainable and Scottish Government (SG) public sector reform is challenging us to be a more self-reliant agency and business. We raise around 80% of our funding from commercial sources and 20% from SG. We expect to continue to get some SG funding to sustain the important public services that we provide for visitors, for communities and for nature. But it will be less certain and harder to secure than in the past.

Thus, we are challenging ourselves to be financially sustainable within the next three years to give us options for the future about what we invest in and how best to fulfil our mission. This means making a profit on all our commercial activities (timber, estates & renewables and commercial aspects of visitor services) to enable us to invest in our estate and the public services that we provide (visitor services and nature). We also want to deliver those public services as efficiently as we can with as much funding as possible from SG or other partners.

6. Our Business Change Priorities

Our vision remains *"forests and land that Scotland can be proud of"* and a thriving organisation to manage it by being better and more commercially astute in all that we do. We need leadership clarity in delivering our multiple objectives without muddling them up. To achieve this, we have established three business change priorities as described below:

6.1 To look after the estate and our people we will:

- Continue **managing our forests and land to the UK Woodland Assurance Standard** delivering commercial value together with significant environmental and social benefit.
- Continue to **invest in the skills and talents of our people**, promote a safety-first culture, improve our leadership and performance management and foster wellbeing and inclusion.
- Continue to use **workforce planning** to make sure we have enough people, with the right skills, in the right places to help us achieve our organisational priorities.
- **Work as a 'one FLS' team** with all of us here to achieve the same, shared purpose; listening and learning from each other.

6.2 To become financially sustainable we will:

- **Have better visibility and accountability for our revenues and costs** supported by better business systems including Aspen to grip, benchmark and reduce our **unit costs**. The initial focus will tackle high-cost areas of civil engineering and forest establishment.
- **Prioritise, simplify and reduce duplication of effort** by working smartly to place effort on areas we see the greatest impact and by being clear on what we must do, and what we should and could do (if resources allowed). This includes continually improving the quality and cost effectiveness of our internal support services.
- Actively **invest in our estate and assets** to deliver a future return, taking and managing calculated risks.¹

6.3 To become more commercially astute we will:

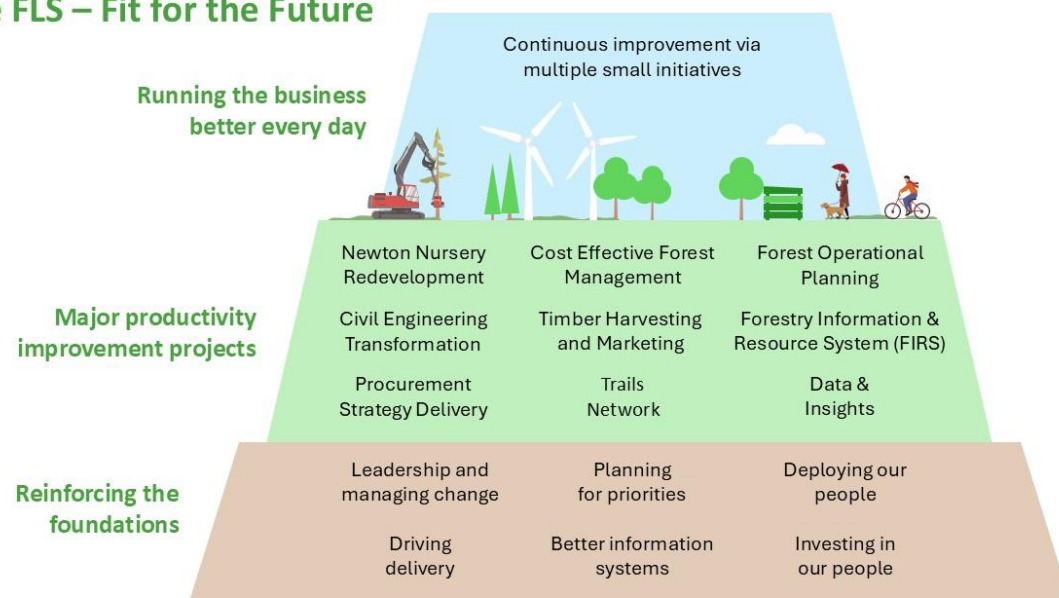
- **Drive good bargains** through: understanding our customers' needs; robust negotiation on prices, costs and contract management; and managing our spend to ensure the very best value for public money.
- **Get smarter on how we procure and manage contracts** so that we get the best results for our agency (we outsource around half of our total expenditure).
- Apply commercial disciplines to **offer as much public service delivery as we can fund** by right sizing our service offer, gripping costs, and seeking full cost recovery by service charges or grants, government funding and private investment.

7. A portfolio of change projects to make us Fit for the Future

Change is already happening with a portfolio of improvement initiatives underway and planned at three levels as set out below:

¹ For example, we invested £27.0m investment in Newton Nursery to grow more, better, cheaper trees and in 2025/26 we will invest £12.0m in new assets and restocking funded from reserves and disposal of surplus non-productive assets.

One FLS – Fit for the Future



7.1 Run the business better every day through continuous improvement.

We want to commend and reinforce ongoing **continuous improvement** through the myriad incremental improvements that FLS colleagues are making to **run the business better every day**. Examples of this include:

- We are continuing to increase and integrate our portfolio of renewable energy generation projects and income from estates.
- We have saved £900k on restocking costs by making better use of natural regeneration.
- Our harvesting programmes for FY 25/26 are all set well before the year starts, major progress on years before with more to do.
- Civil Engineering bill is down by £3.0m per year.
- We have ensured that we are recovering more overhead costs from SG on our peatland and rainforest programmes.
- c.£250k savings on our digital platforms and innovations such as Low Orbit Satellites (Starlink) as a more cost-effective way of making connections in remote locations.

7.2 Major Productivity Improvement Projects

Beyond everyday continuous improvement, we have identified a number of specific **Major Productivity Improvement Projects** to increase our productivity especially across the forest management cycle. Some of these may be transformational in time. All are designed to help us run the business better every day when delivered. These will be led by the relevant regional and national teams with some dedicated project management support and include:

Project	Objective
Newton Nursery	£27.0m investment to produce more, better, and cheaper trees and a better working environment
Cost Effective Forest Management	Achieve more cost effective, rapid, and right first-time re-establishment of the forest through restocking and natural regeneration (right tree, right place, right time).
Forest Operational Planning	Create deliverable land management plans and develop programmes (harvesting, restocking, civils etc.) in suitable time so that there is less late-stage change and increased certainty in delivery of programmes.
Civil Engineering Transformation	Deliver more cost-effective access for timber harvesting via better planning, 'good enough specifications', harder bargains with contractors etc., to save at least £3.0m each year.
Timber Harvesting, marketing, and sales	Sell and despatch agreed volume and improve margin. Maximise value from every site, be efficient and cost effective in all harvesting and sales operations, understand the market, and develop skills of staff
Forest Information & Resource System (FIRS)	Explore a new generation of digital systems across core operations (forest planning, nursery & restocking, wildlife management and harvesting, marketing and sales, estates and renewables) to replace aging systems, improve efficiency and provide management information to better inform decisions.
Procurement Strategy Delivery	Procurement & Contract Management and Delivery Teams collaborating to improve value for money, streamline administrative requirements for suppliers and staff and engage and develop the supplier base to ensure sufficient capacity to service current and future needs.
Trails Network	Reviewing our network of paths, trails and promoted sites to ensure the right provision in the right place, including considering the potential for third party delivery for selected visitor destinations.
Data and Insights	Adopting technology to enable staff with the digital tools to turn the vast amount of data we collect into genuine business intelligence to make better decisions about spending and investment.

7.3 Reinforcing the foundations that enable the business.

We are also **reinforcing the foundations** that are the essential enablers of success across FLS through a suite of initiatives including:

Initiative	Objective
Leadership & managing changing	<ul style="list-style-type: none">○ Grow our leadership culture and reinforcing dynamic leadership at all levels.○ Establish a Portfolio Management Office with skilled programme management and change staff to support delivery of our Fit for the Future change programme.
Planning for priorities	<ul style="list-style-type: none">○ Make clearer strategic choices including a new Corporate Plan 2026-30.○ Develop sector strategies where needed including Timber, Renewables and Visitor Services.○ Agree annual business plans for each business area to reconcile business priorities with the money and staff time available thus bringing more clarity and improved wellbeing for staff.
Workforce planning	<ul style="list-style-type: none">○ In conjunction with business plans, use workforce planning to make sure we have enough people, with the right skills, in the right places to help us achieve our organisational priorities.
Driving delivery	<ul style="list-style-type: none">○ Use Balanced Scorecards and Directorate Dashboards to track and improve performance.○ Hold Monthly Performance & Development conversations for all staff to monitor delivery and wellbeing.○ Reinforce our assurance and risk management systems across FLS.
Better information systems	<ul style="list-style-type: none">○ Harness all our data for better informed business decisions including Aspen, Forester Web Redevelopment, Transend and Telematics.
Investing in our people	<ul style="list-style-type: none">○ Develop the skills of our people via: Improved induction, HR Line Manager Program, Leadership and Management Skills Programme, technical and commercial training.○ Increase awareness of diversity and inclusion by continuing Reverse Mentoring, Equality Impact Assessment learning and Engaging the Bystander training.
Asset management - fleet & buildings	<ul style="list-style-type: none">○ Actively manage our fleet and building assets to support business delivery, reduce costs and carbon and maintain employee wellbeing by investing, disposing or sharing with other bodies as needed.

8. Our Value Streams

We have developed four Value Streams or business areas namely: ***Sustainable forest operations; Estates and renewables; Visitor services and communities*** and ***Natural capital***. All the value streams are reliant on each other to a greater or lesser extent, and all support the delivery of our priorities, vision and mission, and ultimately the Scottish Government's outcomes and purpose. Those business areas are supported by a range of business services.

Our purpose = Sustainable forest management in particular for...

- Economic development
- Environment services
- Social benefits

One FLS – Fit for the Future

Looking after our estate, looking after our people

Financially sustainable by end 2027/28

Commercially astute in all that we do



9. Responding to the Climate Emergency and Biodiversity Crisis

Our mission is to look after Scotland's forests and land for the benefit of all, now and for the future. Together, the twin emergencies of climate change and biodiversity loss will see us living in a very different future. By managing the national forests and land, FLS has a unique opportunity to act on a large scale to make a real difference to Scotland's response to the Climate Emergency and Biodiversity Crisis. Our aim is to adapt how we manage our land, reduce our emissions, and capture more carbon, leading the way for the land-based sector.

Scotland's climate change legislation and National Performance Framework set a target date for net-zero emissions of all greenhouse gases by 2045. We are already major contributors to efforts to capture carbon and reduce emissions: leading the way in creating new woodlands; balancing timber production and replanting programmes; improving the condition of peatlands and other degraded soils; and working with the wind and hydro sectors to realise the renewable energy potential of the national forests and land. Alongside this we have been identifying ways to reduce our own emissions and have been working with our suppliers to better understand our contract emissions.

In recent years we have been increasing our response to the climate challenge, assessing the risks this presents us, and future-proofing our forests and open land to adapt and build resilience in the changing climate. But we must go further in adapting our natural and built environments to ensure they remain reliable, resilient, and sustainable now and in the years ahead. There are more opportunities to tackle climate change and in 2025/26 we are taking some big steps to ensure that adaptation, emissions reduction, and carbon capture are embedded in our policies, processes, and the culture of the whole organisation.

10. Ensuring Best Value

As an executive agency of Scottish Government, FLS is required to demonstrate compliance around the duty of 'Best Value' as set out within the Scottish Public Finance Manual. FLS takes a mainstreaming approach to the implementation of Best Value requirements, and as such, key actions have been included within this Business Plan to ensure continuous improvement in performance whilst having regard to economy, efficiency, effectiveness, equal opportunities, and sustainable development.

11. Financial Resources

FLS is different from most other public bodies in Scotland in that we earn a substantial proportion of our income to support the management and development of Scotland's national forests and land. This is primarily through commercial trading activities such as the sale of timber, renewables, recreation, venison, and leases. We use this revenue to invest in activities such as woodland expansion but to also build a sustainable financial model to protect the national forests and land for the long term. In addition, we receive Scottish Government funding. As a public corporation, FLS is required through the FLS Framework Document to retain a financial reserve to enable essential investment to protect against trading cash flow variances and enable essential investment. Our anticipated income and expenditure for 2025/26 is as follows:²

FLS Forecast Funding 2025/26	£m
Sustainable Forest Operations	104.3
Estates and Renewables	35.9
Visitor Services and Communities	2.6
Natural Capital	20.1
Total	162.9

FLS Forecast Spend 2025/26	£m
Sustainable Forest Operations	135.7
Estates and Renewables	6.0
Visitor Services and Communities	13.7
Natural Capital	24.2
Total	179.6

² The shortfall between forecast funding and forecast spend will come from FLS Reserves.

12. Monitoring Performance

Performance on the implementation of the Business Plan is managed by the Corporate Services Directorate and monitored by the FLS Executive Leadership Team.

13. Further Information

Further information on this Business Plan and our approach to business planning across the organisation can be requested by contacting the Corporate Office Team on the following details:

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Leachkin Road
Inverness
IV3 8NW

Telephone: 0131 370 5541

Email: enquiries@forestryandland.gov.scot

Website: forestryandland.gov.scot

14. FLS Balanced Scorecard (April 2025 – March 2026)

Operational Performance			
Key Performance Indicator (KPI) Measure	FY 25/26 Target	Lead Directorate	Value Stream
Harvesting Volumes	3.3 m m ³ OBS	Land Management	Sustainable Forest Operations
Restocking Area	6,500 ha	Land Management	Sustainable Forest Operations
Deer Cull	43.5 k	Land Management	Sustainable Forest Operations
New Wind Energy Option Agreements	200 MW	Commercial Development	Estates & Renewables
New Estate Agreements	44	Commercial Development	Estates & Renewables

Stakeholder Satisfaction			
Key Performance Indicator (KPI) Measure	FY 25/26 Target	Lead Directorate	Value Stream
Visitor Site Rating	4.5 Google Rating	Commercial Development	Estates & Renewables
Community Projects	90	Commercial Development	Estates & Renewables
Woodland Created	700 ha (Gross)	Land Management	Natural Capital
Peatland Restored	1,700 ha	Land Management	Natural Capital
Rainforest Restored	1,500 ha	Land Management	Natural Capital

Financial Performance & Compliance			
Key Performance Indicator (KPI) Measure	FY 25/26 Target	Lead Directorate	Value Stream
Operating Surplus / (Deficit)	(£13.8 m)	Corporate Services	High Performing Organisation
Approved Investment Pipeline	£3.6 m	Corporate Services	High Performing Organisation
High / Medium Internal Audit Actions Closed	100%	Corporate Services	High Performing Organisation
UKWAS Certification	Retain	Land Management	Sustainable Forest Operations

Asset Management			
Key Performance Indicator (KPI) Measure	FY 25/26 Target	Lead Directorate	Value Stream
Outstanding Re-establishment Backlog	9,700 ha	Land Management	Sustainable Forest Operations
Designated Sites	94%	Land Management	Sustainable Forest Operations
Vehicle Utilisation	65%	Net Zero	High Performing Organisation

Health, Safety & Wellbeing			
Key Performance Indicator (KPI) Measure	FY 25/26 Target	Lead Directorate	Value Stream
Near Miss / Incident Ratio	40%	Corporate Services	High Performing Organisation
Accident Investigation Level Set Within Time Limit	80%	Corporate Services	High Performing Organisation

People			
Key Performance Indicator (KPI) Measure	FY 25/26 Target	Lead Directorate	Value Stream
People Survey Rating	65%	Corporate Services	High Performing Organisation
Staff Gender Balance	35% of staff being female	Corporate Services	High Performing Organisation
Mandatory Training Complete %	95%	Corporate Services	High Performing Organisation
Headcount (FTE's)	1,069	Corporate Services	High Performing Organisation