



Forestry and
Land Scotland
Coilltearachd agus
Fearann Alba

Forestry and Land Scotland

Framework Document

July 2023 (Revised)

Foreword

I welcome this Framework Document for Forestry and Land Scotland, which sets out how the agency is accountable to Scottish Ministers. It will play a significant role in taking forward the Scottish Government's ambitions and priorities for forestry and for land management, including delivery of Scotland's new Forestry Strategy.

An exciting new era for forestry in Scotland started on 1 April 2019 with the commencement of the Forestry and Land Management (Scotland) Act 2018 ('the 2018 Act') - the first forestry Act passed by the Scottish Parliament - which secured the completion of forestry devolution. This means that forestry is now fully devolved and accountable to Scottish Ministers and the Scottish Parliament.

Forestry and Land Scotland (FLS) is responsible for managing the Scottish Ministers' land known as the national forests and land, a function previously undertaken by Forest Enterprise Scotland, an agency of the Forestry Commission. The national forests and land covers 640,000 hectares, roughly 9% of Scotland's land area. It is two-thirds forested and one-third open habitat and agricultural land. In addition to providing vital timber supplies supporting the rural economy, FLS will continue to manage the national forests and land to enhance biodiversity, support tourism and renewable energy, and increase access to green spaces that help improve Scotland's physical and mental health and wellbeing. The land management provisions of the 2018 Act also provide the potential for the expertise within FLS to be used, by agreement, to manage forested and non-forested land owned by other people. As a forest manager, FLS will be regulated by Scottish Forestry.

I look forward to working with Forestry and Land Scotland to develop the contribution of our national forests and land to Scotland's economy, environment and communities.

Fergus Ewing MSP

Cabinet Secretary for the Rural Economy

May 2019

1. About Forestry and Land Scotland

Forestry and Land Scotland (FLS) was established as an executive agency of the Scottish Government on 1 April 2019, following completion of the devolution of forestry as a result of the [Forestry and Land Management \(Scotland\) Act 2018](#). FLS is classed as a public corporation, for the purposes of its accounts, under the definition set by the Office of National Statistics.

1.1 Purpose

As part of the Scottish Government, FLS will contribute to the achievement of the Scottish Ministers' objectives and priorities, including [Scotland's National Performance Framework and its Purpose, Values and National Outcomes](#). It will contribute to the achievement of the Scottish Government's primary purpose of creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.

The purpose of FLS is to manage forests and land owned by Scottish Ministers in a way that supports and enables economically sustainable forestry; conserves and enhances the environment; and delivers benefits for people and nature. FLS may manage other forested and non-forested land by arrangement, as set out in the 2018 Act.

The primary focus of FLS, in delivering its purpose, is to support Scottish Ministers in their role as leaders of sustainable forest management and sustainable development through the stewardship of Scotland's national forests and land.¹

1.2 Vision and Mission

The Forestry Strategy 2019 - 2029 sets out the vision for forestry in Scotland:

"In 2070 Scotland will have more forests and woodlands, sustainably managed and better integrated with other land uses. These will provide a more resilient, adaptable resource, with greater natural capital value, that supports a strong economy, a thriving environment, and healthy and flourishing communities." FLS will help deliver this vision. In so doing, the vision for FLS is as follows:

"Forests and land that Scotland can be proud of."

FLS will work towards this vision by delivering its mission, which is set out as:

"To look after Scotland's forests and land, for the benefit of all, now and for the future."

¹ Scotland's national forests and land was formerly known as the National Forest Estate.

1.3 Contribution to Scotland's National Outcomes

FLS will help deliver across all 11 National Outcomes as set out in the [National Performance Framework](#), published in June 2018. However, FLS can make a particular contribution to the following:

- Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- Environment: We value, enjoy, protect and enhance our environment
- Health: We are healthy and active
- Communities: We live in communities that are inclusive, empowered, resilient and safe
- Fair Work and Business: We have thriving and innovative businesses, with quality jobs and fair work for everyone
- Education: We are well educated, skilled and able to contribute to society

1.4 Corporate Outcomes

The Corporate Outcomes for FLS are as follows:

- FLS supports a sustainable rural economy by managing the national forests and land in a way that encourages sustainable business growth, development opportunities, jobs and investments;
- Scotland's national forests and land are looked after; biodiversity is protected and enhanced and more environmental services are provided to people;
- Everyone can visit and enjoy Scotland's national forests and land to connect with nature, have fun, benefit their health and wellbeing and have the opportunity to engage in community decision making;
- FLS is a supportive, safe and inclusive organisation that provides exciting careers, professional development and strives to be an employer of choice; and
- FLS is recognised as a high performing, efficient and effective, financially sustainable organisation that continues to transform and adapt.

2. Governance - Key Roles, Responsibilities and Relationships

2.1 Scottish Ministers

Scottish Ministers are responsible for determining the overall policy and resources framework within which FLS operates. Ultimately they are accountable to the Scottish Parliament for its functions and performance. FLS will be responsible for the day-to-day management of the agency.

- Holding the Chief Executive to account for the performance of FLS;
- Setting the strategic objectives and related performance targets;
- Approving the FLS Corporate Plan and Strategic Business Plan;
- Setting the Annual Subsidy Limit for FLS;
- Receiving the annual report and audited financial accounts from the Chief Executive; and
- Approving the Framework Document and any revisions to it.

2.2 Director of Environment and Forestry

The Director General Economy has appointed the Director of Environment and Forestry to provide senior Scottish Government management oversight of the agency and of its relationship with Scottish Ministers. The Director has the following responsibilities in relation to the agency:

- Supporting Ministers in the discharge of their duties towards the agency, including approving the agency's strategic objectives and related performance targets and outcomes; agreeing the corporate and business plans; and confirming the Annual Subsidy Limit, in discussion with the agency Chief Executive;
- Ensuring the relationship between the Chief Executive and Scottish Ministers is healthy and working effectively;
- Ensuring the agency's objectives and performance contribute to and are part of the portfolio as a whole; and are aligned to the Purpose and National Outcomes set out in the National Performance Framework, while respecting the status of the agency;
- Ensuring there is a clear framework for strategic performance improvement and management of the agency's work; providing support and constructive challenge to ensure the agency is high-performing and committed to improvement; and ensuring operational accountability is being exercised properly;
- Promoting integration and organisational alignment, as appropriate, e.g. by involving the agency Chief Executive in portfolio management arrangements; holding regular meetings with the Chief Executive; ensuring the Chief Executive is aware of Scottish Government-wide strategic developments and corporate decisions impacting on the agency; and ensuring that relevant Scottish Government policy decisions take into account the role and work of the agency;
- Representing the interests of the agency within the wider Scottish Government, ensuring the Scottish Government has due regard for the advice provided by the agency and ensuring the agency Chief Executive is aware of Scottish Government-wide strategic developments and corporate decisions impacting on the management or operations of the agency;
- Line management for the Chief Executive, with responsibility for carrying out their annual appraisal, taking account of the annual performance of the agency as well as individual

performance as Chief Executive within the Scottish Government Senior Civil Service (SCS) leadership team; and

- Ensuring an appropriate Framework Document is in place and maintained.

2.3 Chief Executive

The Chief Executive is a member of the SCS and is FLS's Accountable Officer. The Chief Executive is accountable personally to Scottish Ministers and to the Scottish Parliament for the effective and efficient operation of the agency and for its effective financial management and regularity. The Chief Executive is responsible for the management of FLS as a high-performing and continuously improving Best Value organisation, and is directly accountable to the Director General Economy (as Portfolio Accountable Officer), the Principal Accountable Officer and to Scottish Ministers on a day-to-day basis.

As part of the Director General Economy and wider Scottish Government Senior Civil Service leadership team, the Chief Executive will ensure that the agency works with other parts of the Scottish Government in support of the achievement of strategic objectives and National Outcomes.

The Chief Executive and Director General Economy share a mutual responsibility to ensure an effective relationship which allows each to discharge their responsibilities. The Chief Executive will carry out their duties in a way which supports the Portfolio Accountable Officer and will routinely attend the relevant Director General Economy's portfolio management meetings.

Key responsibilities and accountabilities of the Chief Executive are:

- Being the Accountable Officer for the management of the agency's resources as appointed by the Principal Accountable Officer;
- Being personally answerable for the efficient and effective operation and financial management of the agency and for performance against key targets;
- Providing advice and evidence on delivery to inform policy and ensuring that FLS works across the Scottish Government in support of the Purpose and National Outcomes set out in the National Performance Framework;
- Providing support to the Director General Economy, including assurance on financial performance, operational effectiveness, risk management arrangements and business improvement activity;
- Ensuring that all relevant financial considerations and Scottish Government guidance, including issues of propriety, regularity or value-for-money, are taken into account in delivering the business of FLS;
- Preparing and publishing corporate and business plans subject to Ministerial approval;

- Preparing and presenting annual audited report and accounts for FLS as directed by Scottish Ministers. In signing these accounts, the Chief Executive takes personal responsibility for their proper presentation;
- Management and development of staff, ensuring they have the tools, expertise and resources required for FLS to deliver successfully;
- Setting in place appropriate operational structures, business system and procedures, including systems for financial management and control, internal control and risk management;
- Ensuring that adequate systems of protective security are maintained by FLS, including appropriate physical, personnel and cyber security controls designed to protect agency assets, information, staff, and citizens during their interactions with the agency;
- Ensuring Best Value in both frontline delivery and corporate support functions of the agency, including use of collaborative procurement and shared service arrangements where participation offers value-for-money for the agency and the public purse;
- Replying to correspondence from Members of the Scottish Parliament (MSPs) (or other elected representatives where appropriate) on operational and contractual matters within FLS's responsibilities; and otherwise supporting Scottish Ministers by preparing Ministerial briefings, responses to Freedom of Information requests, Ministerial correspondence and oral questions from MSPs in the Scottish Parliament;
- Responding to Parliamentary Committees on matters within FLS's responsibilities, whether in day-to-day support of Scottish Ministers or directly as Accountable Officer; and
- Keeping the content of the FLS Framework Document under review.

2.4 Forestry and Land Scotland Strategic Advisory Board

The Chief Executive, as Accountable Officer, is personally accountable to Scottish Ministers for the performance of FLS and delivery of its functions. In doing so they are supported by the FLS Strategic Advisory Board which comprises Executive Directors and Non-Executive Advisors, with, when appropriate, other temporary external experts who can scrutinise, explore and add subject matter expertise and knowledge to relevant risks, topics and themes in substantial depth to strengthen the strategic advisory capacity

The Board's role is to provide a scrutiny and challenge function to the Chief Executive on strategic development, organisational performance and progress made across identified and agreed strategic thematic areas.

The remit of the Strategic Advisory Board is:

- Identifying and agreeing, through consideration of strategic themes, associated risks and opportunities, the Board's annual work programme aligned to the wider FLS Governance Model as set out in this FLS Framework Document, including formation of sub-committees and working groups where required.

- Ensuring the Board achieves effectiveness of strategic governance, scrutiny and assurance, to support the Chief Executive to maintain organisational focus on delivering strategic outcomes and managing key risks.
- Utilising skills, knowledge and expertise to support the early detection and assessment of emerging and changing social, political, economic and commercial environments to inform strategic direction, scenario planning and sustainable business modelling
- Identifying and conducting, through consideration of strategic themes and associate risks and issues, bi-annual in-depth reviews.
- Identifying and inviting appropriate external subject matter experts to participate on the Board, including sub-committees, working groups and bi-annual reviews.
- Representing the SAB as appropriate, when engaging with staff, customers and stakeholders on the strategic direction and outcomes of the organisation, including relevant participation in facilitated field visits, sector networking and social media.

The Chief Executive is the Chair of the Strategic Advisory Board. The role of the Chair is to lead the Strategic Advisory Board, ensuring that it has the ability to carry out its functions effectively and in accordance with the Principles of Public Life. The Chair also has the following responsibilities:

- Ensuring that the work of the Board is subject to regular self-assessment and is operating strategically and effectively;
- Leading the Board's approach to strategic planning;
- Ensuring the Board has a balance of skills appropriate to advising the agency's business, in accordance with recognised good practice in corporate governance;
- Ensuring that Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- Ensuring that the Chair, together with the other Board members, receives appropriate induction training, including on financial management and reporting requirements; and
- Ensuring that succession planning takes place to ensure the Board is diverse and effective and that Scottish Ministers are advised when Board vacancies arise.

Appropriate FLS business leads, whilst not members of the Board, can be invited to attend:

- to provide additional context and answer any questions Board members may have to probe decisions, actions and outcomes
- to be challenged by Board members regarding information provided, the quality and documentation of decisions, progress against strategic goals and management of organisational risk
- Provide progress updates on Board recommendations, including sub-committee and working group reports and related activity, actions and outcomes.

2.5 Forestry and Land Scotland Management Board

The Management Board supports the Chief Executive with the day-to-day running of FLS and provides advice and knowledge on professional, technical and regional matters.

The Board ensures inclusive management and decision making to support and enable the effective and efficient operation of FLS to achieve its corporate responsibilities, financial sustainability and outcomes. It will advise on informing future strategic direction, organisational priorities and opportunities, impacts and delivery mechanisms.

2.6 Audit and Risk Committee

The Audit and Risk Committee (ARC) supports the FLS Chief Executive by providing advice and constructive challenge, in particular providing support in relation to their responsibilities for issues of risk management, control, and governance and associated assurance to support yearend accountability and reporting. The ARC is supported by the Corporate Services Function.

The membership of the ARC comprises all appointed Non-Executive Advisors. The Chief Executive, Director of Corporate Services and Chief Financial Officer routinely attend the ARC, along with representatives from Internal Audit and External Audit. However the terms of reference, set out in Annex C, provide for the ARC to sit privately without Executives present for all or part of a meeting if required.

2.7 Relationship with Stakeholders and Other Bodies

Forestry and Land Scotland is committed to engaging with all of its stakeholders and other public sector bodies, with a strong emphasis on stakeholder communication. This is particularly relevant to the relationship with Scottish Forestry, which regulates aspects of FLS work and for whom FLS will provide a range of shared services.

2.8 Chief Forester

Under the terms of the Forestry and Land Management (Scotland) Act 2018, the Scottish Ministers have appointed a Chief Forester who will act as the Head of Profession for forestry, with responsibility for the development, communication and promotion of professional standards among forestry staff in FLS and Scottish Forestry. The Chief Forester will also explore skills developments and opportunities with the wider forestry profession, including the Institute of Chartered Foresters, and other relevant sectors.

3. Accountability

3.1 Accountable Officer Arrangements

The Permanent Secretary is the Principal Accountable Officer for the Scottish Administration and is responsible for designating, under section 15 of the [Public Finance and Accountability \(Scotland\) Act 2000](#), the relevant Director General as the Portfolio Accountable Officer and the agency Chief Executive as the agency Accountable Officer. These Accountable Officers have

personal responsibility to the Scottish Parliament for the propriety and regularity of public finances for the part of the Scottish Administration for which such Accountable Officers have stewardship.

The roles and responsibilities of Portfolio Accountable Officers and agency Accountable Officers are set out in the Memorandum to Accountable Officers for parts of the Scottish Administration.

3.2 Parliamentary Committee Attendance

The Scottish Parliament has the power to require witnesses to attend Parliamentary Committees. The Chief Executive, as agency Accountable Officer, may be called to appear before the Public Audit and Post-legislative Scrutiny Committee of the Scottish Parliament to account for the discharge of their responsibilities under the terms of the Framework Document, or before other Committees in their capacity of Chief Executive.

The Chief Executive is responsible for implementing any relevant recommendations from the Public Audit and Post-legislative Scrutiny Committee or other Committees of the Scottish Parliament which are accepted by the Scottish Government.

3.3 Arrangements for Dealing with Parliamentary Correspondence

Scottish Ministers will encourage MSPs to communicate directly with the agency Chief Executive on operational matters within their delegated authority. Scottish Ministers will continue to be responsible for MSPs' correspondence relating to non-operational matters.

The Chief Executive will provide any necessary information and support the answer of Parliamentary Questions. They will also deal with any other Parliamentary business for which the agency is responsible.

3.4 Complaints and the Ombudsman

FLS, like all other parts of the Scottish Government, is subject to investigation by the Scottish Public Services Ombudsman (SPSO). The Chief Executive is responsible for ensuring that effective procedures for handling complaints are established, published and adhered to. The complaints procedure must be compliant with the statement of principles published by the SPSO.

Where complainants are unhappy with the outcome of their complaint, they will be informed of their right to raise it with the SPSO, who will investigate. The Chief Executive will ensure that any actions arising from these investigations are appropriately and promptly addressed.

3.5 Freedom of Information

As an agency of the Scottish Government and thereby falling under the auspices of Scottish

Ministers as a 'public authority', FLS will comply with the [Freedom of Information \(Scotland\) Act 2002](#), and the [Environmental Information Regulations \(Scotland\) 2004](#). It will provide information to members of the public in response to individual requests for information or as part of the agency's publication scheme. FLS will work with both the Scottish Information Commissioner and the Scottish Government's Freedom of Information Unit to ensure that information is appropriately provided to members of the public in a spirit of openness and transparency.

4. Financial Regime

4.1 Funding

The agency is funded primarily by revenue receipts from commercial trading activities such as the sale of timber, renewables, recreation, venison, estates and other income raised by FLS. In addition, an Annual Subsidy Limit (ASL) is agreed with the Scottish Government. This is agreed by Scottish Ministers and forms part of the budget setting and review process and is set out in the annual Budget (Scotland) Act.

FLS is classified as a public corporation, for the purposes of its accounts, by the Office of National Statistics. This classification was awarded based on the nature of activity within the business and the high proportion of business trading. The classification enables the agency to build and sustain essential financial reserves across financial years to sustain and deliver outcomes. These are essential in managing the dynamic of activity in the forestry sector.

4.2 Financial Delegations

The financial delegations for FLS are set out in Annex A. Within these, the agency can receive receipts, commit to spend (in accordance with procurement legislation and guidance) and make payments subject to the limitations set out in Annex A.

The agency maintains a system of delegated authority which aligns with the Scottish Government's Scheme of Delegation. This covers internal structures and working relationships, the delegation process, internal controls through the certificate of assurance process and areas of financial responsibility and delegated authority.

4.3 Financial Procedures

The Chief Executive is responsible for ensuring that financial procedures comply with guidance issued by Scottish Government Directorate for Financial Management and the Scottish Procurement and Commercial Directorate. FLS is expected to comply with the requirements of the SPFM and other relevant guidance. FLS will also put into effect any relevant recommendations of Scottish Parliamentary committees or other Scottish Parliamentary authority accepted by the Scottish Government.

The Chief Executive has the delegated financial authority set out in Annex A. Subject to the criteria set out in Annex B, FLS will also carry over reserves between financial years.

4.4 Financial Management Arrangements

FLS operates financial systems and management arrangements which provide assurance as to the regularity, propriety and value-for-money in the stewardship of public funds. All items of expenditure and receipts should meet the fundamental requirements of propriety and regularity, according with relevant legislation, the relevant delegated authority and the SPFM. All financial management processes are subject to appropriate control measures to mitigate the risk of fraud or inadvertent error, and these will be subject to regular review to maximise effectiveness.

The Chief Executive will ensure there is regular dialogue with Scottish Government Finance Directorate on financial matters.

The Chief Executive shall appoint a designated officer to act as the main signatory for confirmation of the quarterly VAT return. The signatory shall confirm that the agency has appropriate systems and processes in place with regards to VAT compliance to allow the agency's element within the Scottish Administration VAT return to be submitted.

FLS publishes information on expenditure as required by the SPFM and Ministers.

4.5 Fraud

FLS has a zero tolerance approach to fraud: there is no acceptable level of fraud. To support this approach, FLS ensures that opportunities for fraud are reduced to the lowest possible level of risk. FLS has a Counter-Fraud Policy and Fraud Response Plan, in accordance with the guidance set out in the SPFM. This Policy outlines the approach for prevention, detection, reporting and handling of fraud.

4.6 Arrangements for Audit

The Chief Executive is responsible for establishing internal audit mechanisms in accordance with the objectives and standards laid down by the Government Internal Audit Standards (GIAS) and Public Sector Internal Audit Standards (PSIAS) in a way that demonstrates value-for-money. Internal Audit will provide the Chief Executive, as Accountable Officer, with an independent and objective opinion on the overall adequacy of risk management, control environment and governance by measuring their effectiveness in achieving the agency's strategic priorities.

4.7 Annual Report and Accounts

The Chief Executive is required to prepare and sign an Annual Report and Accounts to Scottish Ministers, and to arrange for laying before the Scottish Parliament.

The Chief Executive is responsible for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of FLS and for regularly reviewing the effectiveness of that system. A Governance Statement is to be provided by the Accountable Officer alongside the agency's annual report and accounts.

4.8 Risk Management

The Chief Executive is responsible for implementing and monitoring appropriate risk management arrangements as part of a robust corporate governance framework in accordance with the relevant guidance in the SPFM. This involves the active monitoring and reporting of risk and risk profile changes to gain assurance that risk management is effective and to identify when further action is necessary as part of a comprehensive and coordinated approach to managing risk and the successful delivery of agency functions and projects.

5. Corporate and Business Planning

5.1 Corporate Planning

The Chief Executive will prepare and submit for approval to Scottish Ministers a Corporate Plan.

Approval of the Corporate Plan by Scottish Ministers constitutes the high level authority for the Chief Executive to conduct the operations of FLS during the Plan period, while taking account of Scottish Ministers' priorities for the agency's work. It forms the basis against which FLS's performance will be assessed during that period.

Plans will normally cover a period of three years. The Corporate Plan will set out FLS's outcomes and targets; high-level performance indicators; and give an overview of how it will deliver these over the Plan period in line with the Scottish Government's Purpose, and National Outcomes set out in the National Performance Framework. It will also contain FLS's policy statements on resource management and other corporate issues such as equality, health and safety and information management.

5.2 Annual Business Planning

By 1 April (normally) each year the Chief Executive will prepare and submit for approval to the Scottish Ministers an Annual Business Plan. It will set out:

- The year's business targets, milestones and performance indicators required for FLS to deliver the outcomes set out in the Corporate Plan
- Variations to planned activity agreed by Scottish Ministers which FLS will deliver during the Business Plan period, subsequent to publication of the Corporate Plan; or other changes which influence FLS's ability to deliver

Approval of the Annual Business Plan by Scottish Ministers constitutes the authority for the Chief Executive to conduct the operations of FLS during that year. It forms the basis against which FLS's performance will be assessed for the Annual Business Plan period.

Exceptionally, if policy or circumstances require, Scottish Ministers or the Chief Executive may propose revisions to the Annual Business Plan, including changes to key targets and financial resources.

5.3 Publication

The Corporate Plan and Annual Business Plan will be published online and copies placed in the Scottish Parliament Information Centre.

6. Organisational Security and Resilience

The Chief Executive is responsible for ensuring that adequate systems of protective security are maintained by FLS, including appropriate physical, personnel and cyber security controls designed to protect agency assets, staff and citizens during their interactions with the agency. The systems will allow the agency to identify threats and treat risks as appropriate through risk management procedures.

FLS will, as part of business continuity planning, consider the most resilient options and measures that can be invoked rapidly in the event of a serious incident or business impact to one of the agency key locations. FLS is working to address the actions set out in the Public Sector Action Plan on Cyber Resilience, where applicable and appropriate to do so.

7. Management Arrangements, Human Resources and Pay Policy

7.1 Management Arrangements

FLS staff are civil servants. The Chief Executive has the delegated authority to determine the terms and conditions of employment (excluding pensions) of agency staff, after consultation with recognised Trade Unions. The agency will be part of a joint negotiating body with Scottish Forestry for matters relating to their pay terms and conditions of employment. The terms and conditions must be appropriate to agency needs and in line with Scottish Government Public Sector Pay Policy.

7.2 Pay Policy

The agency complies with the Scottish Government's [Public Sector Pay Policy for Staff Pay Remits](#) for staff below the SCS.

SCS pay is reserved to the UK Government and operates within the UK Cabinet Office pay and performance management framework set out in the Civil Service Management Code.

7.3 Terms and Conditions of Service

All agency staff comply with the [Civil Service Code](#) which sets out the core values of the Scottish Civil Service and the standards expected of civil servants. In addition, the agency complies with the [Civil Service Management Code](#) which sets out the rules and principles that must be adhered to in civil servants' terms and conditions of service.

7.4 Employee Relations

FLS is responsible for promoting and supporting effective employee relations and, where appropriate, consulting with recognised Trade Unions in line with the agency Partnership Agreement or the overarching Partnership Agreement that exists between the Permanent Secretary and the Council of Scottish Government Unions.

7.5 Recruitment

FLS is responsible for the provision of all its resourcing requirements including the recruitment of its staff. FLS recruitment will adhere to the SG policies and guidance as reflected in the agency's Recruitment and Selection Policy and Procedure. Non-Executive Advisors are recruited by the agency and follow similar guidelines.

7.6 Employee Training and Development

The Chief Executive is responsible for the development of FLS staff. FLS will have appropriate staff development resources to ensure that all agency staff have access to appropriate learning and career development activities. All staff are eligible for promotion and level transfer opportunities within the Scottish Government.

7.7 Public and Employer Liability

Public and employer liability are carried in line with the Scottish Government's policy on insurance. The Chief Executive will keep Scottish Government Finance informed of the level of any contingent liabilities, including, where possible, an assessment of their values. Where appropriate, they will report contingent liabilities to the Scottish Parliament, seeking prior approval where appropriate in line with the SPFM.

7.8 Health and Safety

Health and Safety is a key issue for the agency due to the nature of the work carried out. FLS is committed to protecting the health and safety of its employees, its contractors, its visitors and the communities in which it operates.

The responsibility for health and safety management lies with the Chief Executive, in line with current health and safety legislation, guidance and best practice. Assurances on health and safety management may be sought by the Occupational Health and Safety Branch of the Scottish Government.

7.9 Equality and Diversity

The Chief Executive is responsible for ensuring that the agency complies with all Scottish Government Fair Work and equalities policies, and all relevant equalities legislation.

FLS fully embraces the Scottish Government's equal opportunities policy with the aim of eliminating discrimination and unfair treatment on the grounds of sex, marital/civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, caring responsibility, employment status, gender identity, or trade union membership. FLS is an equal opportunities employer.

FLS will support the Scottish Government's commitment to increasing the diversity of its staff to make it reflective of Scottish society and the diverse communities they serve. FLS will make any reasonable adjustments to support an inclusive culture and workforce and places importance on a workforce with different perspectives and skills, and values these being put to full use in the workplace.

7.10 Appointing the Chief Executive

The Chief Executive is a civil servant and is subject to the Civil Service Code. The post of Chief Executive may be filled by a managed move within the Civil Service, in the same way as any other senior management position within the Scottish Government, or it may be filled by open competition in line with the Civil Service Commission Recruitment Principles. The arrangements for appointing a Chief Executive are managed by the Senior Staff Team within the Scottish Government's People Directorate in line with the process for SCS recruitments.

7.11 Communications and Media

While FLS is responsible for its own communications and media handling, it has a close working relationship with the Scottish Government's Rural Economy and Environment Communications Team with whom it consults as a matter of routine.

7.12 Property and Other Assets

FLS will fully comply with the Property: Acquisition, Disposal & Management section of the Scottish Public Finance Manual (SPFM). This will include:

- Maintaining an accurate and up-to-date record of its current (operational) and noncurrent (surplus) assets.
- Disposal of surplus assets - stakeholders including Scottish Government Property Division and Community Groups will be notified as part of the initial disposal process.
- Acquisition (by new or extended lease or purchase) of property for accommodation, new land for planting or any other assets for forestry related purposes.

FLS is subject to the Scottish Government Management Asset Policy, including the requirement for any new commitments relating to property for accommodation to be signed off by Scottish Ministers. Information concerning surplus land and property, along with any new land acquired, will be accurately recorded and updated as necessary by FLS on the external-facing FLS website.

7.13 Delivering Best Value

The Chief Executive, with regard to the requirements of efficient government and value-for-money, will keep the provision of support services under review as part of ensuring best value in all aspects of FLS's operations. This includes the use of shared service arrangements where participation offers value-for-money for the agency or to the public purse. Opportunities to share the delivery of front-facing services should also be considered. To this end, FLS will report annually to the Audit and Risk Committee on the steps taken during each financial year to improve efficiency, effectiveness and economy (including details of shared services activity), under the terms of the Public Services Reform (Scotland) Act 2010 and the associated guidance.

7.14 Other

The Chief Executive is responsible for ensuring that FLS complies with all statutory duties and relevant Scottish Government policies to which it is subject. They are also responsible for ensuring adherence to all Scottish Government equality and diversity policies and relevant equality legislation, including relevant public sector equality and socioeconomic duties.

8. Review of the Framework Document

This Framework Document will be formally reviewed at least once every three years. As a minimum, the need for any changes should be considered each time a new corporate plan is prepared. Any changes should be agreed by Scottish Ministers, and approved by the Portfolio

Accountable Officer with advice from the Public Bodies Unit and other relevant areas within the Scottish Government.

This Framework Document, and any subsequent changes, will be published on the FLS website and will also be placed in the Scottish Parliament Information Centre.

Annex A: Financial Delegations

Within agreed overall budgetary provision the Chief Executive of Forestry and Land Scotland has delegated authority as follows:

- Commit current and capital expenditure within FLS's agreed overall budget;
- Commission external consultants up to a limit of £50,000, excluding VAT. Consultancy contracts over £50,000 must be endorsed by the Chief Executive and approved by the Cabinet Secretary for Finance, Economy and Fair Work;
- Settle claims and authorise write-offs up to £300,000;
- Authorise special payments to £5,000; and
- Give written authority for sub-delegations as per the FLS scheme of delegation.

In addition:

- In the interests of public accountability and value-for-money all approved expenditure will comply with the Scottish Public Finance Manual (SPFM) and the Scottish Procurement Legislation;
- The Scottish Government Financial Management Directorate should be consulted about any cases irrespective of the amount of money concerned, which are novel or involve important questions of principle;
- The Scottish Government Financial Management Directorate must be consulted prior to taking forward set up of LLPs or equivalent at any value; and
- The Chief Executive will make decisions based on the recommendations of the Management Board.

Annex B: Financial Reserves Policy

1. Scope

Forestry and Land Scotland (FLS) was established as an Executive Agency of the Scottish Government on 1 April 2019, following completion of the devolution of forestry as a result of the [Forestry and Land Management \(Scotland\) Act 2018](#). FLS is classed as a public corporation, for the purposes of its accounts, under the definition set by the Office of National Statistics².

The Chief Executive is accountable personally to Scottish Ministers and to the Scottish Parliament for the effective and efficient operation of FLS and for its effective financial management.

FLS has a robust system of financial and budgetary control which provides the Chief Executive and the Director General Economy with sufficient information to assure them that:

- Expenditure is being handled in a proper and prudent manner;
- It is achieving efficiency improvements and value-for-money from its resources in delivering its functions; and
- Assets that it is responsible for derive maximum value.

FLS is therefore required to have in place a reserves policy to support financial planning and objectives agreed with Scottish Ministers, taking cognisance of cyclical fluctuations in income and expenditure. The Accountable Officer must be able to provide assurance to stakeholders that reserves are used to manage uncertainty and overall aims and objectives, and that they do not in any way subsidise or compete with the sector. They will also explain when reserves are to be spent by and how it will fund future activity.

2. The need for a reserves policy

The policy is in place to ensure that the Accountable Officer can provide assurance to Scottish Ministers on the financial sustainability and continuing viability of the organisation. It will provide assurance that funds are used appropriately and for the use of the organisation to deliver its objectives.

3. Why and when reserves arise

The Agency is funded by revenue receipts from commercial trading activities such as the sale of timber, renewables, recreation, venison, estates and other income raised by FLS. FLS also receives additional funding from the Scottish Government through the setting of an annual subsidy limit (ASL). All of its trading activity is subject to cyclical fluctuations across single and

² Provisional Status – to be confirmed after one year of trading

multiple years due to the seasonal and trading nature of the business which leads to the generation of cash balances some of which will be classified as reserves.

4. Purpose of financial reserves

Financial reserves exist within an organisation to manage uncertainty and service long term needs. However not all financial reserves held may be readily available for spending.

FLS holds reserves to manage the risks that it faces and to embrace opportunities that will benefit the long term sustainability of assets.

5. Types of reserves held

The agency has two areas of reserves set out below, restricted and unrestricted:

a. Restricted reserves

These are defined as restricted funds needed for a specific purpose and that potentially span multiple years as follows:

- External/project related income tied to specific activity; and
- Funds relating to any land sale and reinvestment programmes as required by the 2018 Act.

b. Unrestricted reserves

i. Earmarked reserves

- External/project-related income tied to specific activity; and
- Earmarked reserves generated by FLS will be reinvested in the business and primarily used for protecting and enhancing what is described as the national forests and land. These funds are allocated by the Chief Executive based upon the recommendations made by the Management Board.

ii. Liquidity reserves

- These are funds that enable the agency to manage the risks it faces. The agency is at risk from trading and timber price and demand fluctuations affecting its ability to deliver essential sustainable forest management through its delivery programmes.
- These are held to service an unexpected need for funds, covering unforeseen day to day operational costs, a shortfall in income or to fulfil its obligations, legal or otherwise.
- The level of liquidity reserves has been aligned to roughly 3 times the monthly salary bill of £2.8 million which equates to £8.5 million.
- This reserve is held to ensure that the risks can be managed in a timely and effective manner and will be under continuous review.

6. Controls of reserves

a. Reporting

Reserve levels by relevant categories should be reported to the Chief Executive and Management Board as part of the normal management reporting which will be a minimum of quarterly. The Audit and Risk Committee will also receive regular reporting on the reserves position along with Scottish Ministers as appropriate.

b. Review

The policy will be reviewed in line with the review of FLS's corporate plan (and/or supporting documents). The Audit and Risk Committee will also maintain oversight of the reserves policy. As FLS long-term financial planning evolves it is expected that this will better inform our review of reserves.

7. Communications

FLS's agreed reserves policy forms part of the Framework Agreement and will be made available on the FLS website alongside its annual and corporate reporting.

8. Publication in Accounts

In accordance with the SPFM and SORP (Statement of Recommended Practice), the FLS reserves policy will be stated within its annual report. This will include:

- The level of reserves and a brief explanation of why they are held;
and
- The expected use of the funds if known.

Annex C: Audit and Risk Committee Terms of Reference

1. Purpose

1.1 The Accountable Officer has established an Audit and Risk Committee to provide them with support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

1.2 The overall risk management process will be reviewed at least once a year to deliver assurance that it remains appropriate and effective. The Committee formally reports to the Accountable Officer.

2. Membership

2.1 The Audit and Risk Committee will be independent of Forestry and Land Scotland's management. Membership will be composed of at least three non-executive advisors. A non-executive member will chair the Committee, and at least one member will have significant financial experience.

2.2 The period of non-executive member appointments to the Committee will be linked to their appointment to the Strategic Advisory Board.

2.3 Committee meetings will normally be attended by the Accountable Officer, the Chief Financial Officer and representatives from Internal Audit.

2.4 The Committee may ask any other officials from within the agency to attend to assist it with its discussions on any particular matter, or request that those who normally attend but who are not members to withdraw to facilitate open and frank discussion on particular matters.

2.5 The members of the Committee are non-executive advisors.

2.6 The Committee will be chaired by a non-executive advisor.

2.7 The Committee will be provided with regular secretarial support from a resource identified by FLS.

3. Reporting

3.1 The Committee will formally report in writing to the Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.

3.2 The Committee will provide the Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

4. Responsibilities of the Committee

4.1 The Audit and Risk Committee's responsibilities will include scrutinising the adequacy of risk management, internal control and governance arrangements and the efficient and effective use of public funds.

4.2 The Audit and Risk Committee will advise the Accountable Officer on the:

- Strategic processes for risk, control, and governance and the governance statement;
- Accounting policies, the accounts, and the annual report of the agency, including the process for review of the accounts before submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- Planned activity and results of both internal and external audit;
- The adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- The effectiveness of the internal control environment;
- Assurances relating to the corporate governance requirements for the agency;
- Proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services; and
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

4.3 In relation to risk management specifically, the Committee will support the Accountable Officer in monitoring the corporate governance and control systems by:

- Gaining assurance that risks are being monitored;
- Commenting on the appropriateness of the risk management and assurance processes which are in place;
- Receiving risk management assurance information and consequently delivering an assurance about risk management as part of the annual assurance exercise; and
- Assist the identification of emerging risks and challenging mitigating actions.

4.4 The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Accountable Officer.

4.5 The Committee may, in its annual report to the Accountable Officer, draw attention to areas where risk is appropriately managed, risk is inadequately controlled, risk is overcontrolled, or where there is a lack of evidence to support a conclusion.

4.6 The Committee is also responsible for drawing any significant matters to the attention of the Director General Economy's quarterly assurance meeting, and the Scottish Government's Audit and Risk Committee. However, the Audit and Risk Committee will not own or manage risks.

5. Rights

5.1 The Committee may:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- Procure specialist ad-hoc advice at the expense of the agency, subject to budgets agreed by the Accountable Officer.

6. Escalation and Reporting

6.1 The Committee is authorised by the Accountable Officer to undertake any activity within this Terms of Reference. However, it does not have any executive responsibilities nor is it charged with making or endorsing any decisions, although it may draw attention to strengths and weaknesses in control and make recommendations for how weaknesses should be addressed. The overarching purpose of the Audit and Risk Committee is to advise the Accountable Officer. It is then for the Accountable Officer to take the relevant decisions.

6.2 If a member fundamentally disagrees with a advice provided by the Audit and Risk Committee, they have the option of recording their disagreement in the minutes. However, ultimately, members should accept and support the collective decision of the Committee. Members will not undermine Committee decisions or distance themselves outside of Committee Meetings.

6.3 Where a disagreement between Audit and Risk Committee and agency executives cannot be resolved, or where the Committee has specific concerns about the manner in which the agency is managed, these concerns will be recorded in the minutes and brought to the attention of the Accountable Officer. The Chair of the ARC may, in turn, escalate issues to the Director of Environment and Forestry.

6.4 The Director General Economy reserves the right to have appropriate representatives (e.g. internal audit) undertake any work required to provide independent assurance of the agency's management and control if they consider it necessary.

6.5 The agency is subject to external audit by the Auditor General for Scotland (AGS) or by auditors appointed by the AGS.

7. Meeting Frequency and Operating Arrangements

7.1 The procedures for meetings are:

- The Committee will meet at least three times per year; however, the Chair of the Committee may convene additional meetings, as they deem necessary;
- The Committee may also meet, in private, with auditors immediately prior to, or after, an Audit and Risk Committee meeting;

- The Chair and Accountable Officer should be advised before the meeting of any nonattendance of members;
- Papers for the Committee meetings will be circulated to members and attending officials five working days ahead of the meeting date; and
- A minimum of three members of the Committee will be present for the meeting to be deemed quorate.

8. Information Requirements

8.1 Information management arrangements include the use of an agenda template, minute template, and covering paper template, and action point tracker.

8.2 In order to provide the secretariat with sufficient time to prepare the agenda for the Chair's approval, agenda items and accompanying papers will be submitted at least five working days in advance of the meeting. Documents received after the five day deadline will only be accepted with the approval of Chair.

8.3 The secretariat will consider if the submitted papers and agenda are fit for purpose before distributing these to members, providing members with sufficient time to read and digest the information provided. The agenda and minutes will be published on both the agency's intranet and website. Generally, the Committee will be provided with:

- A report summarising any significant changes to the agency's Risk Register
- A progress report from the internal audit detailing:
 - Work performed and a comparison with work planned;
 - Key issues emerging from internal audit work;
 - Management response to audit recommendations;
 - Any significant changes to the audit plan; and
 - Any resourcing issues affecting the delivery of internal audit objectives.
- A progress report from External Audit summarising the work done and emerging findings.

8.4 As and when appropriate, the Committee will also be provided with:

- Business update reports from the Accountable Officer;
- The Charter/Terms of Reference of the Internal Audit Directorate;
- The Internal Audit Strategy of the Scottish Government;
- The annual Internal Audit Plan;
- The Scottish Government's Head of Internal Audit Annual Opinion and Report;
- Quality assurance reports on the internal audit function;
- The unaudited draft accounts of the agency;
- The unaudited draft governance statement;
- A report on any changes to accounting policies;
- External Audit's management letter/report;

- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit;
- A report on the Counter Fraud and Bribery arrangements and performance; and
- Reports from other sources within the "three lines of assurance" integrated; assurance framework (e.g. Best Value Self-Assessment Reviews, Gateway Reviews, Health Check Reviews, ICT Assurance Reviews, Digital 1st Service Standard Reviews, Procurement Capability Reviews, Procurement Key Stage Reviews).

9. Review and Assessment of Performance of the Committee

9.1 Members and the Director of Corporate Services for the agency will be responsible for reviewing the operating arrangements and effectiveness of the Committee on an annual basis.