Forestry and Land Scotland (FLS) Strategic Advisory Board

Date of Meeting: 14 April 2026

Location: Apex House, Edinburgh and MS Teams

Present:
Jo O'Hara (JO'H), Chair, Non-Exec
Lyndon Jones (LJ), Non-Exec
Therese O'Donnell (TO'D), Non-Exec
Gio D'Alessio (GD'A), Non-Exec
Maf Smith (MS), Non-Exec
Kevin Quinlan (KQ) Chief Executive FLS
Graeme Prest (GP), Director of Land Management & Regions FLS
David Leven (DL), Director of Commercial Development FLS
Graeme Hutton (GH), Director of Net Zero FLS
David Craig (GC), Transformation Programme & Planning Manager
Michael Hymers (MH), Head of Corporate Office
Adam Dearnley (AD), Head of Finance
Julie Fitzpatrick (JF), Head of People & OD

Apologies:
Nicola Gordon (NG), Non-Exec
Nicola McBain (NMc), Director of Corporate Services & Transformation FLS

1. Minutes & Action Points
Jo O'Hara thanked attendees and outlined the focus of the meeting. It was agreed that the minutes of the SAB meeting on 22 January 2026 were a true and accurate reflection.

J'OH reviewed the action log; all actions have been completed with the exception of 01/25 which will be addressed at forthcoming June 2026 away-day SAB. No conflicts of interest were declared and no additional AOB items were raised.

In light of this, **AP 01/25 due date revised** such that it can be closed at the next SAB meeting (8 June 2026).

2. CEO update
Kevin Quinlan (KQ) provided an overview of a highly uncertain and deteriorating external operating environment.

Key points highlighted included:

- **Political context:** The forthcoming Scottish Parliamentary elections introduce uncertainty around future policy priorities, particularly in relation to agriculture, land use and forestry.
- **Economic and market conditions:** The outlook for the timber market is weakening, reflecting a slowdown in housing, interest rate impacts and wider cost pressures. The principal commercial risk is shifting from price to demand and volume risk.

Fuel risk was discussed in depth as a specific operational and strategic concern:

- Haulage contractors are under acute financial pressure due to fuel costs, with early signs of service delivery risk.
- While FLS's direct financial exposure is limited in isolation, Members noted the precedent risk associated with conceding fuel uplifts, particularly the potential to trigger wider claims across harvesting contracts.
- Physical fuel shortages were identified as a live operational risk, with limited national contingency arrangements.

The Executive team emphasised the implications of organisational cost rigidity, noting the high fixed and semi-fixed cost base which constrains agility. Increased selective outsourcing (e.g. in deer management and harvesting) is therefore likely, balanced against industrial relations considerations.

3. Insights / Reflections

The Board reaffirmed FLS's role as the largest supplier in the timber market, and the strategic importance of long-term contracts in providing customer certainty and supporting downstream investment.

Non-Executive members challenged the Executive Leadership Team (ELT) on the sensitivity of the business plan to market change. The Board were clear that they were seeking simple, intelligible scenario thinking rather than complex modelling.

Operationally, discussion focused on the importance of speed to market. It was acknowledged that improving the timeliness of harvesting and sales represents the strongest commercial leverage and that under-performance in this area had contributed to difficulties in the previous year.

4. Organisational Change & Improvement – "Challenge Session"

4a. Fit for the Future Portfolio

The ELT revisited the three-year business plan assumptions, including:

- An assumed £18m improvement in net operating position over the period, largely driven by Sustainable Forest Management.

- Reliance on Fit for the Future (FFF) initiatives, alongside an expected improvement in business-as-usual performance.

Members noted that many FFF initiatives were not fully defined when the plan was developed, necessitating a top-down benefits assessment. This was reported as indicating broad plausibility, while requiring further validation as projects mature.

Non-Executive Members questioned the balance between the scale of organisational disruption and the visibility of short-term financial gain, noting the risk of appearing to undertake extensive change for relatively modest near-term returns. Executives acknowledged this, highlighting that:

- A significant proportion of activity is required to maintain organisational viability in a tougher market.
- Some returns (e.g. renewables and estate development) are structurally long-term and therefore prudently under-forecast.

A consistent theme was capacity and prioritisation. There was strong recognition that FLS cannot do everything simultaneously, and that some initiatives may need to be paused, sequenced or stopped.

The FFF portfolio was described as currently dominated by a set of large, discrete projects. Members and Executives alike recognised a risk that FFF is perceived as project-heavy and top-down, rather than as a whole-organisation improvement programme.

There was strong consensus that the narrative must broaden to include:

- Everyday improvements that simplify processes;
- Removal of friction in systems and ways of working; and
- Tangible changes that make it easier for staff to do their jobs.

The absence of a single, organisation-wide Change Management Framework was acknowledged. Work is underway to design and implement such a framework, with early and sustained trade union engagement built into the approach.

4b. Workforce Management

The Executive team outlined the outcome of a recent structural review, prompted by strategic misalignment and anticipated senior retirements.

The central diagnosis was that FLS has been attempting to run the business and transform the business through the same leadership structures, resulting in slowed delivery and diluted focus.

The emerging direction of travel includes:

- A clearer separation between:
    - Operational delivery (regional and day-to-day execution), and
    - Strategic, professional and transformation leadership (forestry policy, capability, and change).

- Consolidation of corporate services and stronger matrix working across regions and value streams.

5. BREAK

6. Organisational Change and Improvement (Cont.)
Recruitment constraints were highlighted, with approval currently limited to interim senior appointments and restricted to Scottish Government bodies. This presents particular risk in securing forestry professional leadership.

Advisory feedback supported the overall direction but emphasised risks around delivery bottlenecks, operational overload, and the need for strong people leadership to underpin a more matrix-driven model.

As the workshop crystallised, Members articulated a number of consistent advisory messages:

- Do less, but do it well.
- Prioritise and sequence ruthlessly.
- Explicitly factor in organisational capacity and readiness for change.
- Assess initiatives not only on ROI, but also on their contribution to resilience and adaptability in uncertain conditions.
- Ensure *Fit for the Future* is clearly experienced as improving people's working lives, not solely balancing the books.

7. Standing Agenda Item – FLS Corporate Balanced Scorecard FY 25/26
Non-Executive Advisors commented on the Period 11 Performance and expected end-of-year delivery. The Chair made some suggested changes to the report.

AP 03/26: The Head of Corporate Affairs, Performance and Engagement will liaise with the Chair to review the format of the Performance Report.

7. AOB

Forward Look

The next SAB meeting will be part of an away day in Dunkeld. KQ and JO'H will meet ahead of the next SAB to shape the agenda.

Date of Next Meeting: 08 June 2026