Forestry and Land Scotland
Coilltearachd agus Fearann Alba

Forestry and Land Scotland (FLS) Strategic Advisory Board

Date of Meeting: 19 September 2024
Location: Apex House, Edinburgh and MS Teams

Present:
- Kevin Quinlan, Chief Executive (Chair)
- Alan Hampson (Director of Policy and Practice)
- David Leven (Director of Commercial Development)
- Graeme Hutton (Director of Business Services)
- Graeme Prest (Director of Land Management and Regions)
- Douglas Knox (Head of Technical Services)
- Jo Ellis (Head of Planning and Environment)
- Clea Warner (Non-Executive Advisor)
- Jo O'Hara (Non-Executive Advisor)
- Lyndon Jones (Non-Executive Advisor)
- Therese O'Donnell (Non-Executive Advisor)

Others:
- Jason Hubert (Head of Forest Sector Development, Scottish Forestry)
- Alan Hampson (Director of Policy and Practice, Scottish Forestry)
- Helen McKay (Chief Forester for Scotland, Scottish Forestry)
- Kate Moffat (Senior Internal Audit Manager)

Apologies:
- Michael Hymers (Director of Corporate Services)
- Mark Pountain (Non-Executive Advisor)

1. Welcome and Introductions

Kevin Quinlan welcomed everyone to the meeting and outlined the focus of the meeting which was on Strategic Futures. Kevin framed the session in the context of the FLS corporate plan being due for review and that it would be published in spring 2025.

Kevin stated that the wider transformation programme over the next 3 years will seek to ensure FLS is financially sustainable and ensures that it is fully funded through commercial activities and much clearly defined public outcomes with ringfenced funded attached from government and partners. The purpose of this session of the strategic Advisory Board (SAB) was to help identify the major strategic issues which need to be considered as FLS shapes its corporate plan whilst delivering organisational best value and financial sustainability.

2. Strategic Challenges Facing FLS

Jo Ellis led a discussion on an analysis of issues that has been circulated in the paper for this meeting. She stated that FLS have the subject matter expertise to deal with many of the challenges however it was the challenges that need broader insight and strategic thinking that the SAB were asked to use their expertise to assist FLS today.

A 'gallery walk' occurred which allowed all present to review each others' PESTLE table suggestions that had been shared in advance of the meeting. This provided an opportunity to provide additional insights with a focus on the following statements:

a) FLS needs a sustainable and skilled supplier base for forestry operations, otherwise it cannot deliver anything. *What can FLS (and the sector) do to address this lack of capacity?*
b) FLS needs to position itself to navigate shifting political priorities (globally and in Scotland). *How is the landscape changing and what are the threats and opportunities this brings?*
c) FLS needs to develop commercial models for funding woodland creation and habitat management. *How can we do this?*

Attendees highlighted their top three opportunities and threats which they considered vital to the success of FLS as an organisation and which should be carried forward for discussion into this and the subsequent SAB meetings.

A. Sustainable and Skilled Supplier Base

The SAB noted that that a supply of sustainable and skilled workers is a cross-sector issue, and that the forestry industry as a whole are looking towards apprenticeship schemes. Within FLS 'growing our own' has seen success and ideally FLS would like to see apprentices promoted into the organisation but currently that there is considerable loss of apprentices to the private sector. The SAB agreed that FLS should aim for a return on investment in apprenticeships by offering permanent positions at end of the apprenticeship term.

AP 7/24: FLS to consider what contribution is most appropriate in its role as a national organisation that has a major dependency on access to a larger and more resilient skills base in Scotland. Also consider how FLS and SF can stimulate the wider sector to engage and support skills capacity building with reference to apprentices.

FLS has identified the shortage in machine operators and timber transport as a specific challenge to be addressed by focussing on these roles and ensuring training is in place.

SAB also noted that there may be benefit to FLS if staff are made available to provide input on higher education courses (for example, as guest lecturers) as FLS may have very specific expertise in certain areas.

In England there is a successful graduate training scheme underpinned by levy money (money spent within sector retained within sector) whereas this does not happen in Scotland.

AP 8/24: Helen McKay, Jason Hubert and David Leven to discuss with Skills Development Scotland and look at whether levy funding / budget relief is available for apprenticeships and how ICF might assist as a verifying body similar to their role in England.

B. Political priorities –

The SAB noted that there is some uncertainty regarding Net Zero and that political views on this may be changing and the hard reality is that nature is being deprioritised; FLS may receive reduced resources from the Scottish Government whist increased demands are made. SAB also noted that **political instability** is likely over the next 3-4 years and that FLS will need to navigate this whilst recognising a more influential Labour party seeks to reset cross-border relationships and with Europe including a keenness for alignment with the continent which would have implications re EU Nature Restoration policy. Thinking about implications for FLS of potential different 'colours' of governments in Scotland and who the influencers are for each party will be important.

SAB recognised that FLS needs to have the confidence to set out it's **direction of travel in the interests of sustainable forest management on public land**. SAB recognised that a great deal of energy and resources are required to engage in the political scene, however a considerable amount may be learned from Forestry England – and their investigations into alternative and more effective uses of wood.

Political priorities in England and Scotland around housing could be helpful re stimulating demand for wood but this would be a slow burn over a couple of years for FLS. However, a small increase in house construction would have big impact and may create knock-on effects.

In summary regarding Scottish Government priorities on social housing it will be important for FLS to understand the land available and if there is a role for FLS to facilitate. FLS to also consider where there is a role that FLS needs to play in buying/selling land for housing.

Energy policy from UK and Scottish governments has notable consequences for FLS as a threat and opportunity – e.g. renewable energy and establishment of Great British Energy. Within this space there is much that is good for business with regards to windfarms, pumps, hydro storage, timber substitution, planning, among other things.

AP 9/24: Maintain vigilance regarding political circumstances both in Scotland and the United Kingdom, engage with influencers and consider doing so jointly with Forestry England on cross border matters.

AP 10/24: Consider if FLS can assist the government's housing agenda and whether to proactively position the organisation on this.

C. **Commercial models and partnerships with contractors/charities/investors –**

The SAB recognised the need to **allocate time for networking and building potential investment relationships** which is essential is FLS is to be ready to strike when opportunities arise because this area is fast paced and resource intensive.

SAB noted FLS should not be 'blinkered' on partnerships and take a broad view on what investment funding could be accessed whilst being clear about **principles and tolerances for dealing with private companies and individuals who would like to invest** i,e. work with good economic, social and governance (ESG) investment principles in mind to guard against reputational damage to FLS. FLS should seek to learn from others EUSTAFOR members about how these established ethical investment partnerships and the impact of 'green hushing' on this market. There is also a possibility to do partnerships at a local level e.g. Boeing at RAF Lossiemouth might be interested in skills partnerships associated with machinery at the new FLS glasshouse at Newton.

There is a need for FLS to **be proactive to understand what investors can offer and present FLS accordingly** e.g. developing a narrative that FLS is not simply 'bank rolled' by government but rather we are self-funding and are the largest land manager in Scotland with opportunities to get stuff done at scale and add value. Part of the narrative should also be that that our USP for attracting investment is the long-term thinking and management that we practice i.e. we are safe hands and here for the long term. The European project SUPERB is looking at monetising forest management improvements and selling these to investors so there is a lead to follow up here.

SAB also noted the potential to secure 'budget relief' through investment partnerships e.g. companies sponsoring car parks and trails on a multi-year basis like a ten-year time horizon.

Such approaches to 'budget relief' could yield extra funds e.g. for tree planting and environmental involvement and badged by investors as contributions to saving the planet so creating stories may be useful to drive this. Generating new narratives to sell investment in visitor experience and engagement with outdoors could also generate budget relief.

AP 11/24: Consider new perspectives and ways to shift to preferential narratives on current FLS operations, and how investment frameworks can be developed to approach investors and create partnerships or generate budget relief.

AP 12/24: Investigate which areas of operational activity FLS is currently undertaking that could be candidates for investment that creates 'budget relief'

AP 13/24: Assess feasibility of partnerships (where/why/how) with publicly prominent companies and learn from other to develop framework(s) for investment and assurance.

Date of Next Meeting: 27th November 2024

Annex 1 – Gallery notes