



Forestry and Land Scotland Strategic Board Meeting

Date of Meeting: 15 December 2021

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

Present:

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

In Attendance:

- Donna Mortimer, Head of Finance and Procurement (Item 3 & 4)
- Rebecca Carr, Community Asset Transfer Manager (Item 6)
- Helen McKay, Chief Forester for Scotland, Scottish Forestry
- Celyn Paton, Minute Taker

1. Welcome and Introductions

Simon Hodgson welcomed everyone to the meeting, noting that the meeting was being held remotely by MS Teams due to the continued COVID-19 restrictions. No apologies, the meeting was fully attended.

Minutes of the previous meeting were agreed by Board members and approved for publication.

2. FLS/Scottish Government Update

Simon gave a brief update on current political and economic climates, highlighting some complex political issues surrounding the impacts of Covid -19 and recent climate change agendas. Commitments have now been made between Scottish Government (SG) and The Scottish Green Party, increasing pressure on SG to achieve targets set in relation to climate change and biodiversity. He recognised FLS' part in working alongside SG to help achieve these targets.

Simon provided a summary of the organisational update and welcomed further discussions.

Mark Pountain commented that in light of recent political changes and new agendas, should FLS review current mission statements and corporate outcomes to align more clearly with climate change and biodiversity targets.

Simon responded, outlining that FLS have made its organisational aims and objectives more visible, in particular, identifying exactly what it is that FLS needs to do to become a net zero organisation.

Highlighting that FLS' core mission remains the same but the context surrounding achieving our mission is evolving alongside political agendas.

Michael Hymers reflected on the notion that FLS benefits from meeting multiple SG objectives, and indicated the importance that FLS remain in this 'sphere'. However, agreeing that FLS could consider amending their corporate outcomes to ensure a clear link is made to climate change and biodiversity.

Trefor Owen commented on the 5 year business plans and their narratives and ambitions in relation to climate change and biodiversity targets. Concluding that the recent restructuring of FLS national functions team, is to include the addition of a new climate change manager, who will lead specifically on FLS climate change and biodiversity targets.

Michael Hymers presented a brief overview of the budget and spending reviews, reporting that for FY 22/23 FLS has been allocated £16.7m by SG – 8.8% increase on the previous year, adding that budgets are subject to change in light of the new Covid-19 variant, Omnicron.

In relation to Storm Arwen and its impacts, Mark Pountain suggested a 'lessons learnt' exercise to enable future contingency planning. Trefor Owen commented that FLS have already undertaken this exercise with a particular focus on coordination between National and Regional Teams. Outcomes of this are still to be analyzed.

3. Finance Update

Donna Mortimer presented an update on the financial position for Quarter 2 (Q2) of FY21/22 – reporting the key points as follows:

- Executive Team (ET) approved budget of £109m in January 2021
- Forecast deficit of £5.4m – however this figure is distorted by the impact of the Strategic Acquisitions Programme, when this is adjusted for, forecast deficit of £0.4m for FY21/22
- Reserves - Liquidity at £11.6m, 3 x paybill
- FLS will focus on improving forecasting to help build appropriate financial reserves for the future

4. 5 Year Business Planning – Update

Donna Mortimer summarized FLS' current position in relation to the 5 year Business Plan as follows:

- The Business Plan for FY22/23 has now been finalised.
- Advanced Subsidy Limit (ASL) of £16.7m for FY22/23 has been agreed from SG.
- FLS have committed to a £6.7m deficit budget for FY22/23 – this deficit will be drawn down from the ASL, leaving £10m set aside for protecting future income in 22/23 and any unknown financial implications from Storm Arwen.
- Further work is still needed on years 2 – 5. With ASL not guaranteed beyond FY22/23, FLS is currently forecasting a £50m deficit.
- Significant ask from regions for more staff – FLS are considering requests for each post in detail in relation to budget, recognising the wider impact increased staffing can have on the organisation as a whole.
- Main priority of years 2 - 5 is centralised around driving the profitability of income areas within the 5 regions and building an overall sustainable business trajectory.
- Financially, FLS is currently not in a position to commit to years 2 – 5 of the Business Plan.

5. Community Strategy (Draft)

Rebecca Carr presented a draft paper on developing a framework to engage with key stakeholders on the development of FLS' Communities Strategy.

She provided a brief background on current community engagement and the various projects FLS is involved with and the benefits these have on the communities FLS operates within. Highlighting that the recent evolving political agendas have created new government legislation surrounding community strategy and this proposed framework is focused on ensuring FLS can help deliver on these new government objectives.

Rebecca welcomed any feedback or input from the strategic board. The board discussed the draft strategy presented and provided the following suggestions:

- Set out clear strategic context for FLS' current community engagement and present any quantitative data to support this.
- Encourage further engagement with education establishments.
- Further clarity needed between how much resources FLS can put into this strategy and how much resources FLS should put into this strategy.
- Can FLS meet community strategy objectives using existing partners, who already demonstrate successful community engagement?
- Highlight within the framework any mandatory government requirements.
- Framework needs to be referenced back to FLS' overall strategy and mission.

AP 01/12: ET to discuss Communities Strategy Framework further and set an overall FLS ambition on what this framework needs to incorporate. Clearer direction needed before Rebecca and Team can move this framework to a consultation phase.

6. Target Operating Model – High Level Development

Simon updated the board on developments regarding the Target Operating Model (TOM), summarizing that the objective of the TOM is to provide a clear and concise reference point for staff and stakeholders to understand the future aims and objectives of FLS and how FLS will achieve these.

Simon opened up the discussion for input from the Strategic Board regarding the TOM and FLS' journey towards business sustainability.

Discussions were had around what the exact aim of the TOM is and whether or not it is necessary. General consensus that the presentation of the TOM needs to be simplified and more concise. Non-executive advisors recommended that FLS needs to be clearer on their overall vision and strategy before further developing the TOM.

Rhondda Salmond advised that the TOM is still in its early development stage and that the purpose of presenting the model to the non-executives at this meeting was to help identify areas of development.

Simon summarized on feedback and thanked the non-executives for their input.

7. AOB

There were no AOB arising.

8. Close

Pamela Zielinski announced this would be her last Strategic Board meeting and confirmed her resignation as a Non-Executive Advisor for FLS. Board members thanked Pamela for her efforts and contributions.

Date of Next Meeting: Thursday 24th February, 2022.