

Forestry and Land Scotland (FLS) Strategic Advisory Board

Date of Meeting: 27 November 2024

Location: Apex House, Edinburgh and MS Teams

Present:

- Kevin Quinlan, Chief Executive (Chair)
- Michael Hymers (Director of Corporate Services)
- David Leven (Director of Commercial Development)
- Donna Mortimer (Chief Financial Officer)
- Doug Knox (Head of Technical Services)
- Gavin Falconer (Head of Estates and Renewables)
- Kimberley Stewart-Hobbs (Project Accountant)
- Jo O'Hara (Non-Executive Advisor)
- Clea Warner (Non-Executive Advisor)
- Therese O'Donnell (Non-Executive Advisor)
- Lyndon Jones (Non-Executive Advisor)
- Mark Pountain (Non-Executive Advisor)

Apologies:

- Graeme Prest (Director of Land Management and Regions)

1. Welcome and Introductions

Kevin Quinlan welcomed everyone to the meeting and outlined the agenda. The board noted that this meeting of the Strategic Advisory Board was the final in which Mark Pountain would be in attendance and thanked him for his work to this point.

2. Minutes

It was agreed that the minutes for the last meeting held on 19th September 2024 were a true and accurate reflection.

2. CEO Update (inc. Organisational Transformation)

Kevin outlined Forestry and Land Scotland's current position, and its plans for the future. He observed that United Kingdom and international politics have, and will continue to have, an impact on timber markets, but that the current administration's focus on climate is welcomed by FLS. Engagement with FLS' sister agency, Forestry England, has proven to be extremely productive and has highlighted the synergies between both organisations, showing that both could benefit from an ongoing sharing of knowledge in realms such as Visitor Services and Renewables. A further meeting has been scheduled for 25 June 2025.

After meeting with customers nationwide, Kevin observed that the overarching feedback from many has indicated that they feel more valued and welcome FLS' shift in tone. In continuing in this direction, the emphasis for the organisation should be on transformation and strengthening foundations.

Lyndon Jones encouraged focus on the prioritisation of resources, and the board agreed that FLS must reassess priorities in terms of projects being delivered in parallel without compromising on either.

The SAB also discussed FLS being an organisation rich in information – less so in data – and acknowledged the need for a portfolio review of the current and ongoing eight transformation projects.

14/24: Directors to continue to make focal for their respective Directorates;

- **The reconciliation of priorities, dependencies and resources**
- **The efficient identification and use of necessary information**
- **Having a portfolio view on change projects**
- **Avoiding 'gold plating'**

3. Forestry Futures – Progress Update

Doug Knox provided an update on progress on Forestry Futures since the last Strategic Advisory Board; there has been rationalisation down to 8 projects and progress is being made on the following:

- Procurement Strategy Refresh
- Forestry Management Operations Cost Efficacy
- Newton Nursery
- Operational Planning
- Aspen
- Renewables & Pipeline
- Civil Engineering Transformation
- Business Planning

The recent assurance review has tempered FLS' understanding of resources and resource implications for each project. He noted that cost effectiveness and areas for savings were being assessed in these projects, with a focus on the foundations such as staff skills and awareness of the right times for intervention – a 'deep dive' is due to take place as part of the Senior Leadership Team agenda in December where this message can be agreed.

Kevin thanked Doug for his update and opened the topic to discussion.

Jo O'Hara advised that FLS should consider tools or approaches which may require change, and that the organisation should keep astride of the value of timber product as a means to reduce carbon emissions within construction and construction-adjacent industries. It was noted that Net Zero is an agency focus and a 'Timber In Construction' roadmap is in progress which has links to the optimisation of FLS' commercial timber strategy.

Mark Pountain observed that due to the ever-changing nature of its development goals, FLS' corporate plan should be similarly dynamic; both commercial viability and sustainability must be focal points. The Non-Executive Advisors highlighted the importance of ensuring that the entirety of the organisation understands its journey, and the complexity in the direction of travel.

4. Annual Financial Plan

Kimberley Stewart-Hobbs presented the first draft Annual Financial Plan, outlining income & funding, expenditure, and key movements within value streams. FLS' early start meant that some aspects of the Scottish Government budget could not be factored in, however that more time could be dedicated to creating an improved budget mandate. FLS have been able to absorb additional costs and have seen a reduction in direct costs, which have been offset by a reduction in income from the Scottish Government.

FLS has made great strides on being first-to-market with its timber and continues to receive steady incomes from both Land and Wildlife Management. It is also expected that Renewables will see an increase in value through income.

Newton Nursery, which was one of the causes of additional cost, is expected to see a decrease in required investment once the nursery has been fully established and while Visitor Services does not generate profit, it was acknowledged that it produces a substantial amount of non-financial value.

Kevin thanked colleagues and commended the work put into the Annual Financial Plan. The board welcomed the inclusion of the plan into this meeting, and Non-Executive Advisors encouraged the introduction of quarterly plans as a part of the agenda.

AP 15/24: David Leven to drive progress on categorisation of commercial aspects of Visitor Services, and to articulate the public benefit that FLS are creating

AP 16/24: Jo O'Hara to provide feedback of the feasibility of FLS entering natural capital markets by the next Strategic Advisory Board meeting

6. Renewables Futures

David Leven and Gavin Falconer presented a discussion paper which updated the board on the scope of estates and renewables activity, why this activity is important, and its significant potential within FLS. The organisation houses a well-established timber business with over a century of experience and is currently branching out into the renewables industry, with its next stage being repowering renewable developments in a sector that is forecast to show great opportunities over the next decade.

Mark advised that, whilst FLS should consider responding positively to new opportunities, it is important that current, major income streams are protected and it is understood how renewables affect these assets. He and Lyndon encouraged the board to consider which areas of the organisation are most viable, and how they will define upskilling and recruitment over time. Lyndon also noted that there may be difficulty in communicating FLS as a major player due to current branding, and Jo asks that FLS understand what political risks may present themselves from being involved in energy.

It was agreed that FLS must be agile, remain aware of its potential future in renewables, and must further consider whether its activities in this area should be integrated into current portfolios or separated entirely, especially with regards to Land Management.

Date of Next Meeting: 3rd June