**A report on the operation of the administrative arrangements that the Scottish Ministers made for the carrying out of their functions under the Forestry and Land Management (Scotland) Act 2018.**

**Laid before the Scottish Parliament by the Scottish Ministers under section 75 of the Forestry and Land Management (Scotland) Act 2018, June 2024.**



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**SECTION A**

**Introduction**

1. The devolution of forestry to Scotland was completed on commencement of the Forestry and Land Management (Scotland) Act 2018 (“the 2018 Act”) on 1 April 2019. Following this, the Forestry Commission, a UK Non-Ministerial Department, was no longer responsible for managing forestry in Scotland.
2. Two parts of the Forestry Commission – Forestry Commission Scotland (FCS) and Forest Enterprise Scotland (FES) – operated solely in Scotland. FCS and FES were replaced by two Scottish Government executive agencies: Scottish Forestry and Forestry and Land Scotland. The Scottish Ministers established the agencies at the same time as commencing the 2018 Act. These agencies are responsible for carrying out the Scottish Ministers’ functions under the 2018 Act and for carrying out such other functions relating to or in connection with forestry and land management as the Scottish Ministers may determine.
3. Section 75 of the 2018 Act, places a requirement on Scottish Ministers to report on the operation of administrative arrangements of the agencies. Section 75 provides:

(1)The Scottish Ministers must, as soon as practicable after the end of the 5 year period, lay before the Scottish Parliament a report on the operation of the administrative arrangements for the carrying out of relevant functions during that period.

(2)In this section—

“relevant functions” means the Scottish Ministers’ functions under Parts 2 to 4 and sections 69 to 72,

“the 5 year period” means the period of 5 years beginning with the day on which section 2 comes into force.

(3)The report must, in particular, set out how the administrative arrangements have operated in relation to—

(a) the governance of any agency,

(b) the roles and responsibilities of senior officers of any such agency,

(c) the financial reporting and accountability of any such agency,

(d) the establishment of any advisory groups to assist the Scottish Ministers in carrying out relevant functions,

(e) the exercise of the powers in section 70.

(4) The report must also contain information about any significant change to the administrative arrangements during the 5 year period.

1. This report sets out these administrative arrangements. It covers the operation of the specific arrangements listed in section 75(3) of the 2018 Act, namely:

(a) the establishment of any agency or similar body,

(b) the governance of any such agency or body,

(c) the roles and responsibilities of senior officers of any such agency or body,

(d) the financial reporting and accountability of any such agency or body,

(e) the establishment of any advisory groups to assist them in carrying out their

functions,

(f) the exercise of the powers in section 70 (power to form companies etc.).

**Establishment of two agencies**

1. Scottish Forestry (SF) and Forestry and Land Scotland (FLS) are the two agencies that the Scottish Ministers created to deliver their forestry and land management functions. SF and FLS have set out their programmes of work in corporate and business plans, which are subject, where appropriate, to public consultation. A number of services are provided to Scottish Forestry from Forestry and Land Scotland under a Service Level Agreement.
2. The agencies have their own brands, making clear their distinct roles and identities within the overall Scottish Government family.
3. A summary of the governance arrangements is set out below, and with further details of each agency in subsequent sections. SF and FLS each have the following key internal governance structures:
* An executive team (the Chief Executive and the most senior staff of the agency) to oversee corporate responsibilities, services, policy, financial and workforce planning and to implement and monitor delivery against policy and organisational targets.
* An agency advisory body, which provides advice and support to the Chief Executive. The body is chaired by the Chief Executive and is composed of members of the executive team alongside non-executive advisers. The non-executive advisers are appointed following an open, competitive process and perform an important role in offering constructive challenge and advice to the Chief Executive on the management of risk and delivery of core functions and priorities.
* An Audit and Assurance committee, comprised of non-executive advisers, provides an independent and objective view of the agency’s activity in line with the Scottish Government’s guidance to such committees.
* Each agency has a Framework Document, approved by the Scottish Ministers, which defines key roles and responsibilities between the agency and the core Scottish Government. The Framework Documents of both agencies have been reviewed and republished in 2023.

**SECTION B**

**Scottish Forestry**

1. SF has responsibility for delivering the Scottish Ministers’ policy, regulatory and support functions as they relate to forestry. SF’s functions also include the cross-border arrangements that the Scottish Government takes the lead for co-ordinating, on behalf of Scotland, England and Wales. These arrangements cover co-ordination of the UK Forestry Standard, which has been reviewed and finalised by Ministers from across the UK and will be implemented from October 2024; and the Woodland Carbon Code, as well as the provision of economic advice on forestry.
2. To ensure that its policy functions are delivered as an integral part of wider Scottish Government policy making, SF has a close relationship to other parts of the Scottish Government and with Ministers, whereby SF forestry policy officials work closely with relevant policy colleagues elsewhere in the core Scottish Government and policy makers across the UK.
3. The national office of Scottish Forestry is in Edinburgh. SF has also retained regional offices, which are known as conservancies. The senior manager of each regional office has the title of conservator.
4. Scottish Forestry promotes the sustainable management and expansion of forests and woodlands to deliver more for Scotland. Scottish Forestry undertakes public tasks, in line the Scottish Government’s Programme for Government, the 2018 Act and other relevant legislation. These include:
* Promotion of sustainable forest management of existing and new woodlands. This is laid out in Scotland’s Forestry Strategy, describing Scottish Ministers' objectives, priorities and policies in relation to the creation of woodland; the economic development of forestry; targets for the planting of trees; the conservation and enhancement of the environment by means of sustainable forest management; the realisation of the social benefits of forestry.
* Administering grants mainly for the creation of new woodlands in line with Scottish Government’s targets and priorities, as well as the sustainable management of existing woodlands and providing support to land managers.

## Regulating the management of forests across Scotland, including the planting and felling of trees (parts 3 and 4 of 2018 Act), and measures related to tree health (chapter 2, sections 9 and 10, part 2, 2018 Act) and the Forestry (Environmental Impact Assessment) (Scotland) Regulations 2017.

## Providing policy and evidence input and advice. SF support Scottish Minister’s duty to promote sustainable forest management. Scottish Forestry prepares and reports on the Forestry Strategy (part 2, sections 3 to 7 of the 2018 Act).

* Delivery of cross-border forestry functions. Under the Forestry and Land Management (Scotland) Act 2018 (Consequential Provisions and Modifications) Order 2019, cross-border forestry arrangements were strengthened and revised on a range of functions through a Memorandum of Understanding (MoU). The MoU sets out the details of the governance, commissioning and funding arrangements agreed between the Scottish, Welsh and UK Governments and the Forestry Commission. Scotland has responsibility for the UK Forestry Standard, the Woodland Carbon Code and forestry economics advice – all functions which are co-ordinated by Scottish Forestry. These functions have been, and continue to be, delivered.
* Scotland’s Forestry Strategy was published in February 2019, by Scottish Forestry, on behalf of Scottish Ministers. Scottish Forestry prepares, publishes and lays before the Scottish Parliament a 3-yearly progress report on the implementation of the strategy. The first report was laid before Parliament in December 2022.

## SF supports the arrangements to appoint a Chief Forester for Scotland, to assist Scottish Ministers and advise them in carrying out specific functions (section 73 of the 2018 Act). Further details are set in Section E.

## Governance and Accountability

1. Its status as an Executive Agency means that Scottish Forestry has autonomy in carrying out its executive functions within the terms of the established framework, whilst remaining directly accountable to the Scottish Ministers for the standards of its work.
2. Scottish Forestry also has responsibility for providing honest, impartial and objective advice to the Scottish Ministers on policy in relation to forestry, and connected issues such as biodiversity, land use and climate change.
3. The current Chief Executive is Paul Lowe, a senior civil servant who is personally accountable to the Scottish Ministers for the economic, effective and efficient operation of Scottish Forestry. Paul Lowe was appointed as interim CEO in July 2023 and the appointment was confirmed as permanent in December 2023.
4. The Chief Executive is also appointed by the Principal Accountable Officer for the Scottish Administration (the Permanent Secretary) as the Accountable Officer for the agency, and the responsibilities of that role are set out below. The Chief Executive has overall responsibility for the delivery of the functions of Scottish Forestry, in accordance with the aims, policies and priorities of the Scottish Ministers.
5. In fulfilling this responsibility, the Chief Executive leads the agency and:
	* + - 1. is personally answerable for the efficient and effective operation and financial management of the agency and for performance against key targets;
				2. Provides advice and evidence on delivery to inform policy and ensures that SF works across the Scottish Government in support of the Purpose and National Outcomes set out in the National Performance Framework;
				3. Provides support to the DG Net Zero, including assurance on financial performance, operational effectiveness, risk management arrangements and business improvement activity;
				4. Manages relationships with the Portfolio Accountable Officer and the key Directorates within the Scottish Government with responsibility for the environment, nature, land use, agriculture and other policy areas which impact on forestry, working together to deliver the collective interests of Scottish Ministers;
				5. Ensures 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 SF;
				6. Prepares and publishes corporate and business plans subject to Ministerial approval;
				7. Prepares and presents annual audited report and accounts for SF as directed by Scottish Ministers. In signing these accounts, the Chief Executive takes personal responsibility for their proper presentation;
				8. Oversees the development of staff, ensuring they have the tools, expertise and resources required for SF to deliver successfully;
				9. Promotes the wellbeing, learning and development of staff and ensures that Scottish Forestry meets the agency’s management responsibilities;
				10. Put in place appropriate corporate and operational structures, business system and procedures, including systems for financial management and control, internal control and risk management;
				11. Ensures that adequate systems of protective security are maintained by SF, including appropriate physical, personnel and cyber security controls designed to protect agency assets, information, staff, and citizens during their interactions with the agency;
				12. Ensures Best Value in both frontline delivery and corporate 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;
				13. Ensures replies are made to correspondence from Members of the Scottish Parliament (MSPs) (or other elected representatives where appropriate) on matters within SF’s responsibilities; and otherwise supports Scottish Ministers by preparing Ministerial briefings, responses to Freedom of Information requests, Ministerial correspondence and parliamentary questions from MSPs in the Scottish Parliament;
				14. Keeps the content of the SF Framework Document under review.
6. The Chief Executive in both their overall leadership role and the specific responsibilities of the Accountable Officer role pays particular attention to key governance issues.

**Financial Reporting Accounting**

1. Scottish Forestry publishes an annual report of its activities together with its audited accounts after the end of each financial year. The annual report and accounts cover the activities of any corporate, subsidiary or joint ventures under the control of Scottish Forestry. SF complies with the Government Financial Reporting Manual (FReM) and outlines the Agency’s main activities and performance against agreed objectives and targets for the previous financial year.
2. The accounts are prepared in accordance with relevant statutes and the specific accounts direction (including compliance with the FReM) and other relevant guidance issued by the Scottish Ministers. Any financial objectives or targets set by the Scottish Ministers are reported on in the accounts.

1. Scottish Forestry’s Accountable Officer is responsible for the laying of the annual report and accounts in the Scottish Parliament. Whilst the statutory deadline for laying and publishing accounts audited by the Auditor General for Scotland (AGS) is 31 December after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published well before this date, to support the wider consolidation of the SG accounts.

1. As a body which is part of the Scottish administration, SF has a duty to provide an annual governance statement to the Scottish Government via the Governance and Risk Branch to support and inform the SG Consolidated Annual Accounts.

**The establishment of any advisory groups by SF to assist the Scottish Ministers in carrying out relevant functions**

**Strategic Advisory Group**

1. The Chief Executive, as Accountable Officer, is personally accountable to Scottish Ministers for the performance of SF and delivery of its functions. In doing so they are supported by the Scottish Forestry Strategic Advisory Group, which comprises function leads, the Chief Forester 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.

1. The Strategic Advisory Group has, as a sub-committee, an Audit and Assurance Committee which also exists to support the Chief Executive as Accountable Officer in relation to issues of risk, control and governance and associated assurances.

**Other advisory groups**

1. In addition under *Scotland’s Forestry Strategy* (2019-29) a commitment was made to establish a National Forestry Stakeholder Group to advise on and support the implementation of the forestry strategy. This commitment was re-iterated in the Ministerial Statement to the Scottish Parliament announcing the publication of the strategy in February 2019. The commitment was partially delivered through establishing a reference group to advise on the production of the Strategy’s Implementation Plan (2020-22). That group delivered its objectives and was wound-up in February 2020.

1. Scottish Forestry established a National Forestry Stakeholder Group in July 2021. This provides a forum for the main forestry stakeholders to discuss more strategic and cross-cutting issues. This regular and structured stakeholder engagement on strategic policy issues, helps to inform and advise, through Scottish Forestry, Scottish Ministers on meeting commitments, and monitoring and reporting on the implementation of the Forestry Strategy and SG forestry targets.
2. Scottish Forestry has also established regional stakeholder groups in each conservancy area to discuss regional issues related to the delivery of the SG targets, priorities and Scotland’s Forestry Strategy.

1. Furthermore, Scottish Forestry has developed a more structured approach to engaging specific stakeholders’ interests. This includes the formation of liaison groups with Scottish Environment Link, Scottish Forestry’s statutory consultees (SEPA, NatureScot and Historic Environment Scotland), and the forest and nursery sector.
2. This complements established stakeholder groups which provide advice to SF to support Scottish Ministers. These include the Scottish Tree Health Advisory Group, the Customer Representatives Group (focused on Forestry Grant Scheme delivery), and support for the timber processing sector through the Forestry and Timber Technologies Industry Leadership Group.

**SECTION C**

**Forestry and Land Scotland**

1. FLS has responsibility for managing Scottish Ministers’ land known as National Forests and Land, which covers 650,000 hectares, approx. 9% of Scotland’s land area. The National Forests and Land are two-thirds forested and one-third open habitat and agricultural land.
2. The purpose of FLS is to manage forests and land owned by Scottish Minsters in a way that supports and enables economically sustainable forestry; conserves and enhances the environment; and delivers benefits for people and nature.
3. 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 is regulated by SF.
4. As an operationally-focused organisation, FLS is involved in commercial trading activities, including the sale and supply of timber.
5. The majority of FLS’s annual income is derived from commercial trading activities, such as the sale of timber. This allows it to be classified as a public corporation, for the purposes of its accounts, by the Office of National Statistics. This classification gives the agency flexibility across financial years and the ability to hold reserves, both of which are essential in managing the dynamic of commercial activity in the forestry sector. Levels of income will be stated in the agency’s annual accounts.
6. FLS’s registered office is in Inverness. The Inverness and Edinburgh offices continue to be the main hubs for national and support functions. Like SF, FLS has maintained a network of local offices and facilities.

**Governance and Accountability**

1. Its status as an Executive Agency means that FLS carries out its executive functions within the terms of its Framework Document, whilst remaining directly accountable to the Scottish Ministers for the standards of its work.
2. The current Chief Executive is Kevin Quinlan, a senior civil servant who is personally accountable to the Scottish Ministers for the economic, effective and efficient operation of FLS. Kevin Quinlan took up the position of CEO in April 2024.
3. The Chief Executive is also appointed by the Principal Accountable Officer for the Scottish Administration (the Permanent Secretary) as the Accountable Officer for the agency, and the responsibilities of that role are set out below. The Chief Executive has overall responsibility for the delivery of the functions of FLS, in accordance with the aims, policies and priorities of the Scottish Ministers.

In fulfilling this responsibility, the Chief Executive leads the agency and:

* + - * 1. Is personally answerable for the efficient and effective operation and financial management of the agency and for performance against key targets;
				2. Provides advice and evidence on delivery to inform policy and ensures that FLS works across the Scottish Government in support of the Purpose and National Outcomes set out in the National Performance Framework;
				3. Provides support to the DG Net Zero, including assurance on financial performance, operational effectiveness, risk management arrangements and business improvement activity;
				4. Manages relationships with the Portfolio Accountable Officer and the key Directorates within the Scottish Government with responsibility for the environment, nature, land use, agriculture and other policy areas which impact on forestry, working together to deliver the collective interests of Scottish Ministers;
				5. Ensures 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;
				6. Prepares and publishes corporate and business plans subject to Ministerial approval;
				7. Prepares and presents 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;
				8. Oversees the development of staff, ensuring they have the tools, expertise and resources required for FLS to deliver successfully;
				9. Promotes the wellbeing, learning and development of staff and ensures that Scottish Forestry meets the agency’s management responsibilities;
				10. Put in place appropriate operational structures, business system and procedures, including systems for financial management and control, internal control and risk management;
				11. Ensures 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;
				12. Ensures Best Value in both frontline delivery and corporate 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;
				13. Ensures replies are made to correspondence from Members of the Scottish Parliament (MSPs) (or other elected representatives where appropriate) on matters within FLS’s responsibilities; and otherwise supports Scottish Ministers by preparing Ministerial briefings, responses to Freedom of Information requests, Ministerial correspondence and parliamentary questions from MSPs in the Scottish Parliament;
				14. Keeps the content of the FLS Framework Document under review.
1. The Chief Executive in both their overall leadership role and the specific responsibilities of the Accountable Officer role pays particular attention to key governance issues.

**Financial Reporting Accounting**

1. FLS publishes an annual report of its activities together with its audited accounts after the end of each financial year. The annual report and accounts will cover the activities of any corporate, subsidiary or joint ventures under the control of FLS.
2. FLS complies with the Government Financial Reporting Manual (FReM) and outlines the Agency’s main activities and performance against agreed objectives and targets for the previous financial year.
3. The accounts are prepared in accordance with relevant statutes and the specific accounts direction (including compliance with the FReM) and other relevant guidance issued by the Scottish Ministers. Any financial objectives or targets set by the Scottish Ministers are reported in the accounts.
4. FLS’s Accountable Officer is responsible for the laying of the annual report and accounts in the Scottish Parliament. Whilst the statutory deadline for laying and publishing accounts audited by the Auditor General for Scotland (AGS) is 31 December after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published well before this date, to support the wider consolidation of the SG accounts.
5. As a body which is part of the Scottish administration FLS has a duty to provide its annual governance statement to the Scottish Government via the Governance and Risk Branch to support and inform the SG Consolidated Annual Accounts.

**The establishment of any advisory groups by FLS to assist the Scottish Ministers in carrying out relevant functions.**

**Strategic Advisory Board**

1. 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.
2. 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.

**Audit and Risk Committee**

1. 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.
2. 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 Scottish Government Internal Audit and the agency’s External Auditors.

**SECTION D**

**Staff**

1. As of March 2024, Scottish Forestry employs c.230 people, an increase of 35% since 2019. The SF employees work across five regional conservancies and an office in Edinburgh. Over half of the SF workforce (53%) are female and 47% are male. All their work is underpinned by our core values of professionalism, respect, honesty and integrity, teamwork and collaboration and innovation and creativity.
2. As of March 2024 FLS employs 1,142 people, an increase of 21.7% since 2019. Of the FLS workforce, 34% are female and 66% male. As with SF, all FLS work is underpinned by our core values of professionalism, respect, honesty and integrity, teamwork and collaboration and innovation and creativity.
3. From 1 April 2019, SF and FLS staff have been removed from UK Government Public Sector Pay Policy and brought under the remit of the Scottish Government’s Public Sector Pay Policy. Both SF and FLS formally engage with Trade Unions representatives.

**SECTION E**

**Chief Forester**

1. A Chief Forester has been appointed since devolution was completed by the Scottish Ministers. The role of Chief Forester is to assist and advise Scottish Ministers in carrying out their functions (section 73 of the 2018 Act).
2. Scottish Ministers have recently re-appointed, in March 2024, Dr Helen McKay OBE as the Chief Forester, who will start her new term in July 2024. The Chief Forester has responsibility for the development, communication and promotion of professional standards amongst forestry staff in SF and FLS and will also explore skills developments and opportunities with the wider forestry profession and other relevant sectors.

**SECTION F**

**Exercise of section 70 powers (power to form companies)**

1. Section 70 (power to form companies etc.) Part 5 of the 2018 Act provides general powers to support the Scottish Ministers in connection with carrying out their forestry and land management functions.

1. Section 70 in particular enables the Scottish Ministers to form, or participate in the forming of companies. This power has been exercised, for example through joint ventures for the development of renewable energy schemes on Scotland’s national forests and land.
2. This provision replicates the incidental powers that already exist for the Forestry Commissioners in section 7A of the Forestry Act 1967.

**SECTION G**

**Conclusion**

1. The Scottish Ministers have established two agencies, Scottish Forestry and Forestry and Land Scotland, to undertake the functions set out in the Forestry and Land Management (Scotland) Act 2018.
2. The agencies have been set up according to the usual arrangements for establishing Scottish Government executive agencies[[1]](#footnote-1).
1. <https://www.gov.scot/policies/public-bodies/> [↑](#footnote-ref-1)