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| SF_col_landscape_logo | Strategic Advisory Group |

record of SCOTTISH FORESTRY STRATEGIC ADVISORY GROUP

1. 7.10.21, Teams Meeting

**Present:**

Dave Signorini (Scottish Forestry Chief Executive)

Eleanor Ryan (Non-Executive Committee member)

Phil Taylor (Non-Executive Committee member)

Alan Hampson (Head of Standards Evidence & Expertise)

Jonathan Taylor (Head of Scottish Forestry Executive Office)

Ross MacHardie (Head of Finance and Business Support)

Doug Howieson (Head of Operational Delivery)

Helen McKay (Chief Forester for Scotland)

**Apologies:**

James Stuart (Non-Executive Committee member). Note: James did discuss the two substantive items with Dave in advance of the meeting, and his points were fed in where appropriate.

**In attendance:**

Marliese Richmond (Corporate Planning and Governance Manager): Minutes

**1.** **Welcome** from Dave Signorini, Scottish Forestry CEO

DS provided an update from June – Oct 21:

DS gave an overview to the changes in Scottish Ministers. Forestry is now in the centre of a range of overlapping policies such as biodiversity and climate change, and the agreement with the SGP may give more prominence to environmental outcomes. There is good engagement with the Minister for the Environment, Biodiversity and Land Reform. Mairi McAllan visited the Lost Woods project in Glasgow, with good footage produced. It has resulted in other visits by other Ministers being planned. There are also links being made with Patrick Harvey through the drives towards zero carbon housing. A new green special advisor has also been appointed.

Much of the Scottish Minister’s and SG’s focus is now on the preparations for COP26. SF is contributing to this, particularly on showcasing Scotland and forestry.

There is a review of staffing underway within SF, with a focus on our offer to staff. The new Head of Operational Services and Transformation has been recruited.

The following feedback was provided:

* **Lack of Diversity on SET:** What message is sent by an all-male SET? Need to create internal promotion and development opportunities for women, and send a stronger signal to more junior women. Through the forthcoming 26 new posts, hope to achieve more of a balance. In terms of addressing gender inequalities, it is not just what you do (behind the scenes) but what you are seen to do.
* **New Ministers:** With 2 relatively new ministers in post, this presents a good opportunity for SF to be more imaginative, and present a plan of what they could do. These new ministers are interested in the broader benefits of forestry, such as forestry being an asset for local communities.

**Minutes and actions from the last meeting:** Minutes to the last meeting were approved. All of the actions are completed.

**Declaration of interests:** none declared

**2.**  **SAG 7-21** **Finance Update - Aug 2021 - Ross MacHardie**

RMacH presented a paper which covers the longer term thinking of SF and a forward look. Overall, the SF spending remains in line with the revised budget with the exception of £500k savings referenced earlier in this paper. However, it is expected this position will change – this will be identified through budget monitoring during the second half of the year.

RMacH drew attention to the following points:

* **Finance overview.** SF net funding was set at £83.6m. There was an increase of £9.3M, made up of £2.7M for Cross Border Funding, £6M for Woodland Grants and an additional £600k for Salaries, Admin & running costs.
* **Savings.** Due to ongoing SG budget pressures, SF agreed to release £500k from our 2021-22 budget and return to SG exchequer. This includes £150k reduction to Tree Health budget, £150k reduction in FDP (Forest Strategy Projects) and elimination of contingency budget £200k.
* **Improved forecasting.** There is now a better understanding of Woodland Grants figures as a result of changes in casebook reporting capabilities, increased shared knowledge between Op Delivery and Finance, and more regular meetings with ARE .
* **Staffing and** **Team Planning.** The Team Business Planning process identified our current and future recruitment needs, which is underway, although recruitment staff is slower than forecast so this budget will continue to be monitored closely. There is now established monthly staffing reports which allows SET to keep track of recruitment and vacancies and salaries expenditure.
* **Update on new finance system.** Following the milestone decision to procure a finance/ERP system separate to that of FLS from 2023-24, SF has connected with the SG project team, which has been a positive experience. SF requirements are aligned or can be accommodated within their package, and SF is now a member of the SG project customer group. Tender bids from suppliers are being assessed, with the result of the tender should be announced in early October 2021, with preparations for new customer on-boarding in 2023-24.

The budget forecast was very much welcomed by the SAG members, particularly the focus on future years, as long-term financial planning has been strongly encouraged in past discussions. The SAG members gave the following feedback:

* **Additional information:** Ensure projections are not flat, and realistically capture forthcoming pressures. It was agreed that the additional information should be factored in, including the possibility of increasing woodland creation targets; inflationary costs; and new pressures such as the decarbonisation of the forestry sector as well as SF’s journey to net zero and the spend which will be required to achieve that.
* Capture assumptions and risks explicitly: Factor in assumptions being made on the future of areas such as Tree Health, Cross Border Working and Timber Transport. Highlight the risk and cost of certain scenarios, such as the spread of an invasive species.
* **Categorisation of grants:** Split the spend of grants into different areas, such as woodland creation, the sustainable management of existing forests, community based grants and so on, to emphasise the breadth and wide-ranging scope of the FGS.
* **Budget commitment:** There was a discussion on whether the grant system can be run at a ‘hotter’ level. DS clarified that the budget is run at a 10-15% overcommitment. It is not possible to extend this as there is a limited supply of applicants; and external factors such as the weather can disrupt level of planting undertaken.

***Action:*** *RMACH will take into account the feedback from SET, and make improvements to the presentation and forecasting of the budget accordingly.*

**3.**  **SAG -21** **Future Grant Support for Forestry – Alan Hampson/Doug Howieson**

DH and AH talked through the major programme of work which is underway to develop future grant support for forestry.

**Context**

The Forestry Grant Scheme (FGS) is the central mechanism to woodland creation, as well as delivering the wide range of benefits highlighted in the Scottish Forestry Strategy. With the EU exit, there is scope to move on from the structure and constraints of the Common Agricultural Policy (CAP), although within Scotland, many of the CAP rules will be retained.

The development of future grant support for forestry is taking place within a complex landscape:

* Different EU exit transition arrangements across the UK
* New subsidy control arrangements being led by Department for Business, Energy and Industrial Strategy
* Need to continue legacy EU funding commitments
* Uncertainty over ‘paying agency’ arrangements and audit requirements
* Limited flexibility of IT systems.

There is a tight deadline for issuing new grant contracts of 1st January 2024, which does not leave much time prepare our systems and external engagement.

**Governance**

SF has established a Future Grant Support for Forestry Working Group to develop initial thinking and scope out our approach. It is proposed that ‘Future Grant Support for Forestry’ becomes a formally established project, forming part of the Delivery and Implementation Programme. It will be led by Head of Operational Delivery who will work with a small project board and the existing working group. The project board will set out options and recommendations for sign-off on key developments and resource deployment to SET. The role of Scotland’s Chief Forester within this project is still being considered.

Options and recommendations will be presented for Ministerial consideration and approval. Regular Ministerial briefings will also be provided.

**Links across SG**

Land Use and Land Use Transformation is a key driver of afforestation, which means that SG policy on agriculture, land reform and environmental protections are all relevant to the future of the FGS. SF colleagues are working to identify important interdependencies with relevant parts of SG and to secure representation within development and decision making processes.

* CAP reform is led by the Cap Transition Programme Board, jointly led by ARE and RPID. SF is represented on this board, ensuring forestry objectives are an integral part of a future system of support for land managers.
* SF’s CEO is a member of both the Land Use Transformation Programme Board and the Biodiversity Strategy Board

**Opportunities**

The EU Exit does provide an opportunity to review our activities and address challenges. This includes:

* Nature and location of new woodland creation
* Community benefit and community wealth building
* Woodland biodiversity
* Improved deer management
* Climate change adaption and resilience
* Net zero
* Delivery of more trees on farms
* Tree health.

The working group has already pulled together an initial list of aspirations which are way beyond what could be delivered within the time and resources available Potential improvements have also been identified such as providing annual payments, simplified administrative processes and flexibility to vary levels of support.

The project board will prioritise what can realistically be achieved within the time and resources available by the end of 2023 and present this to SET, with a longer term vision being developed for 2027.

**Engagement**

Engagement and communication has to be developed further, but at present, external interests at a strategic level are being sought through the National Forestry Stakeholder Group and engaged over more practical matters through the Customer Representatives Group.

**Discussion points**

The SAG members were broadly in agreement with the paper. There was a wide ranging discussion by the SAG members on the following topics:

* **Build trees into farming model**. There is the opportunity to have a better alignment between farming and forestry. Many farmers are looking to diversify but some struggle to do this or to see the options available. Their actions are driven by multiple factors such as food security, employment, increasing biodiversity, and it needs to be made apparent where forestry can fit within this picture. Case studies help, such as the recent one where a farm could achieve net zero by allocating 15% of their land to forestry.
* **Clear communications.** Comms and marketing is crucial – our ‘market’ is very responsive to the signals we send. Need to make the information on forestry options easy to understand and digestible. Generate footfall through channels such as Twitter and Linked In. It was noted that there is no clear definition of what a forest is, and this may need to be articulated to potential audiences. Identify and communicate what our offer is to specific stakeholders. Consider broadening our relationships and allocating funding through targeted groups with links to stakeholders, such as Glasgow’s Green Network Clyde Climate Forest.
* **Blended Approach:** Consider the possibility of blending the financial support with other sources of private funding, such as carbon market.
* **Criteria:** Transform the outcomes identified by the Future Grant Support for Forestry Working Group into criteria. Set of principles to be developed: identify what is in scope and the rationale behind that (e.g. Climate Change Plan, Forestry and Land Management Act, Scotland’s Forestry Strategy, Deer Working Group report). It was suggested Best Value should be included into any rationale/outcome. Establish the desired outcomes. Request National Stakeholder Group to apply a hierarchy to these. Consideration should be given to what SF should stop funding and what should be expanded.
* **FLS:** It was clarified that FLS has its own woodland creation target. They need to take a long term view, with a ceiling on harvesting, regardless of market value, so they can guarantee long term timber supply.

***Action:*** *It was agreed that AH/DH should take forward the next steps as laid out in the paper in relation to project governance, setting out vision/outcomes, making recommendations to SET, and liaising with existing stakeholder groups. Take forward the ideas put forward by the SAG members around communications and user focused market segmentation; and taking a principles* *approach*.

**4.  AOB.**

* **Framework Document Review** – Jonathan Taylor. MR and JT are currently working up a plan to undertake a review of SF’s Framework Document. Intend to contact JS/ER/PT for their input on their views on how SAG has operated, as well as wider elements of the framework review.
* **Annual Business Plan** – Jonathan Taylor. Annual Business Plan with Minister for approval, publication will take place w/c 11.10.21.

**Date of Next Meeting**: 14.12.21 at 13.00h.