AGENDA ITEM 1: OPENING REMARKS AND APOLOGIES

1. The Chair opened the meeting by welcoming Members to the one hundred and seventy-fifth Scottish Natural Heritage (SNH) Board meeting. The Chair recorded his thanks to all those in attendance at the SNH Board development session and the informal dinner on the 28 January 2019.

2. The Board noted that this meeting is scheduled to close at 1.00pm. An informal staff engagement session will follow and provides an opportunity for the Board and the Senior Leadership Team to engage with SNH staff.

3. Apologies were noted from Cath Denholm, Nick Halfhide, Eileen Stuart and Alison Shields.

4. The Chair recorded that comments have been received from Cath Denholm on the Board papers presented and will be considered at appropriate points during Board discussions.
AGENDA ITEM 2: DECLARATIONS OF INTEREST

5. Jackie Hyland declared an interest in the item on the Natural Health Service in the Quarter 3 Performance Report 2018/19. The Chair recorded that Jackie Hyland would withdraw from any discussions relating to this item.

AGENDA ITEM 3: MINUTES, ACTION POINTS AND MATTERS ARISING

6. The minutes of the SNH Board meeting on 11 December 2018, subject to corrections in terms of accuracy, were confirmed as a true record of the previous meeting.

Action Points

7. The following updates were provided in relation to the outstanding action points:

   **AP02/173** Ian Gillies reported that he will attend the next Crofting and Highlands and Islands Committee (CHIC) meeting on the 1 February 2019 which is to be held in Great Glen House, Inverness. Angus Campbell will also attend this meeting with Claudia Rowse in support. Ian Gillies will report back to the Board following the meeting with CHIC.
   **Ongoing.**

   **AP01/174** Ross Johnston informed that a paper will be presented to the Board on the National Economic Action Plan on 8th May 2019. Ross Johnston reported that there are unlikely to be any policy related changes over the coming months and that the focus will be on the means for delivery of the National Economic Action Plan.
   **Ongoing.**

   **AP02/174** Ross Johnston to provide a short briefing to the Board on the Scottish Forestry Strategy and to include a copy of SNH’s response to the consultation.
   **Ongoing.**

Matters Arising

**People Survey**

8. The Chief Executive (CE) provided a verbal update on the progress of the actions arising from the recent People Survey, this follows previous Board discussions on 11 December 2018 and a subsequent update circulated by the Chief Executive on 21 December 2018.

9. In terms of addressing some of the issues arising from the People Survey - a change partner network has been established. So far, two change partner events have taken place with a number of issues coming to the fore, specifically around organisational change and purpose. SNH are currently working up a **Statement of Purpose** for use on various platforms.
10. SNH will hold a number of staff conferences during April 2019 with the view to strengthening key messages, which are not new but a restatement of the existing position.

11. Some of the sentiment reflected through the change partner network is the need to ‘celebrate good news’ and SNH are looking at a number of ways in which this can be achieved.

12. Board and Senior Leadership Team engagement amongst staff has been another issue raised through the change partner events. Although there is a programme in place for 2019 to increase both Board and SLT engagement, this needs to be communicated more strongly to staff across the organisation.

Communications Review

13. The CE reported that a review of the restructuring of the Communications team was undertaken and led by the Head of Internal Audit, this was not a formal audit but a detailed report on the lessons learnt was produced. The report sets out seventeen recommendations, which to date includes ten of the recommendations being implemented, one on schedule and the remaining six recommendations are delayed but remedial action is being taken to deliver these within year. Regular progress has been reported through the Senior Leadership Team and the Trade Union Partnership.

14. The CE informed that there are plans to publish an internal progress report to update staff on the implementation of the recommendations; this report will also be circulated to the Board.

15. The Chair requested that the CE provides the Board with an interim update summarising the current position including the progress in implementing the recommendations, with a copy of the full Communications Review report.

Action Point 01/175

16. The Board agreed that progress of the Communications review including the monitoring of the recommendations should be reported to the Audit and Risk Committee.

AGENDA ITEM 4: CHAIR’S (ORAL) REPORT

17. The Chair acknowledged the Board’s session with the Scientific Advisory Committee (SAC) on 28 January 2019. The Board welcomed the session with the SAC, and suggested that the next annual meeting of the Board and SAC could include a field visit to look at a specific theme such as Site Condition Monitoring (SCM).

18. The Chair reflected on the SNH Board development session on the afternoon of the 28 January 2019 where discussions focused on consolidating the role of the Board and the Senior Leadership Team. A further informal session was held on the evening of the 28 January with both the Board and SLT in attendance, this
session focused more on a longer-term perspective working from 2020 up to 2030. This process could take up to two years to complete but should start at the May meeting of the Board.

19. The Chief Executive noted that the staff conferences in April 2019 could provide the platform to explore the 2030 vision with SNH staff, without compromising the theme of the staff conferences which is to provide and reinforce organisational purpose. The exploration piece could then be developed further by the Board in May 2019. The Chief Executive advised that a consolidated note with actions on the Board Development Session will be circulated prior to the Board meeting on the 12 March 2019.

Action Point 02/175

20. The Chair provided an update on the recent meeting of the Statutory Nature Conservation Bodies on the 21 & 22 January, this meeting included representatives from across the UK and was the second meeting of this forum. The Chair reported that this was a welcomed event with good discussions on key topics including; EU Exit, Biodiversity and Wildlife Management.

21. The Chair reported on his recent meeting (24 January 2019) with the Deputy Chair of Natural England, Lord Blencathra. The Board noted that the former Chair of Natural England, Andrew Sells stood down on 19 January 2019 and the appointment of a new Chair is underway. SNH will continue to strengthen its engagement with Natural England and seek opportunities as they arise.

22. The Board noted that SNH’s submission on the Board re-appointments is currently with the Scottish Government (SG) for consideration. SNH will continue to keep the Board informed on progress.

AGENDA ITEM 5: CHIEF EXECUTIVE’S (ORAL) REPORT

23. The Chief Executive provided an update on her recent meeting (22 January 2019) with the Chair and Cabinet Secretary. Discussions focused on prioritisation and the ‘hard choices’ that will need to be made as a result of the 2019/20 budget settlement and beyond. Discussions with Scottish Government will continue on the main areas of SNH Spend but considering this through a more prioritised approach.

24. The Chief Executive informed that discussions with the Cabinet Secretary on organisational change proved positive. There are a few areas which still need to be worked through including timescales and the role of the Scottish Government. SNH are exploring a range of options in terms of organisational change and corporate branding.

25. Following the recent Statutory Nature Conservation Bodies meeting, our Chief Executive plans to advance discussions with Natural England on future collaboration.

26. The Board noted that the Chief Executive has agreed to Chair an independent short-life working group to develop a UNESCO National Trail in Scotland. The
Chief Executive provided assurance that she will act in accordance of an independent Chair.

AGENDA ITEM 6: DEPUTY CHAIR’S (ORAL) REPORT

27. Angus Campbell reported on his attendance at the Scottish Rural Parliament in November 2018, he recommended that a formal SNH presence would be valuable at future events. This event included a series of workshops covering planning, funding support, and engaging young people in the rural economy.

28. The Deputy Chair reported on that good progress is being made on SNH’s work with the Deer Management Groups.

AGENDA ITEM 7: BOARD ENGAGEMENT (ORAL) UPDATES

29. Bob Furness updated on the work of the Strathbraan Scientific Group and subsequent discussions with Strathbraan Community. From visiting the area, it is evident that good land management practices are underway. The Board acknowledged the challenges this case presents, specifically the issues around the scientific evidence and the most appropriate licences to consider.

30. Ian Gillies updated on his attendance at the VIBES Annual Awards Ceremony on the 14 November 2018. The Board acknowledged the opportunities in terms of SNH engaging more broadly with business and industry.

31. Ian Gillies reported that good progress has been made in the appointment of a young person to attend future SNH Board meetings. Whilst this is not a formal Board appointment, the Board will invite a young representative from the Youth Panel to engage on Board related matters at their next meeting on the 12 March 2019. Support will be offered by Ian Gillies and Alison Macdonald in preparation for their attendance.

32. The Board raised concerns over the Young Person being an SNH member of staff and this may restrict discussion. The Board encouraged that future attendance of a Young Person needs to be meaningful and sufficient guidance should be drawn up in order to support the aims and objectives from having a young representative attend future Board meetings.

Action Point 03/175

AGENDA ITEM 8: QUARTER 3 PERFORMANCE REPORT 2018/19

33. Alan Hampson introduced this paper which presents SNH’s performance for the third quarter of 2018/19. Overall good progress has been made towards achieving the 21 Commitments with seventeen on track and rated green. There is slippage in the delivery of the four remaining commitments.

OUTCOME 1 – MORE PEOPLE ENJOYING & BENEFITING FROM NATURE

34. Sally Thomas reported good progress across Outcome 1 with all commitments rated Green and on track for delivery. Sally Thomas provided assurance that
good progress is being made on our ambitions to develop our work around Green Health Partnerships and Placemaking. SNH are currently developing a narrative on Placemaking and Placebased approaches to show the connections between these two areas of work.

35. Sally Thomas highlighted that the current means of reporting on Green Health Partnerships implies that these two strands of work are separate, which is not the case. The future of reporting on this area will need to be reviewed so that we can demonstrate stronger connections between the different strands of work.

36. The Board raised strong concerns over how SNH is reporting on the subject of Green Health Partnerships. The Board would like to see further resilience and capacity building in the space of Green Health Partnerships and Placemaking.

Action Point 04/175

OUTCOME 2 – THE HEALTH AND RESILIENCE OF SCOTLAND’S NATURE IS IMPROVED

37. Sally Thomas reported good progress on the Marine Protected Areas (MPA) work with our advice submitted to Scottish Government, the timings from SG are unclear in terms of taking this advice forward. SNH have finalised the next Aichi Report which has been formally submitted to the UK Government as Scotland’s contribution to the UK report on the Biodiversity Assessment. SNH are also in the process of finalising the next Route Map report.

38. Sally Thomas reported a further decline in the Delivering Favourable Condition (DFC) target. Sally Thomas raised further concerns over the progress on Natura Plans which reflects the Red rating. The drafting of the plans are underway and depending on progress we may need to prioritise more staff time in this area of work.

39. Ross Johnston reported on the challenges associated with contractor capacity to deliver PeatlandACTION. Progress with spend during 2018/19 has been good and should the wintering weather remain benign – SNH are on track to spend the remaining budget.

40. The Scottish Government have provided an early steer in terms of the PeatlandACTION budget for 2019/20 which allows SNH to start planning for 2019/20 and further strengthens our ability to spend the 2019/20 budget.

41. The Board sought assurance on SNH’s engagement in the Marine Protection Areas (MPAs) consultation process. Sally Thomas informed that SNH have fulfilled the requirement to provide advice to the Scottish Government on MPAs. The Scottish Government are leading on the MPA consultation process and they will determine the level of engagement. The Board acknowledged the wider reputational risks associated with any proposed changes. Sally Thomas to report back to the Board on the Scottish Government’s plans for engagement in the MPA consultation process.

Action Point 05/175
42. The Board queried whether SNH have considered implementing a monitoring programme to assess the biodiversity gains arising from the current Peatland Action projects. Ross Johnston informed that the data management team are reviewing a process for undertaking a future monitoring programme looking at the biodiversity gains.

OUTCOME 3 – MORE INVESTMENT IN THE MANAGEMENT OF SCOTLAND’S NATURAL CAPITAL

43. Ross Johnston reported steady progress across Outcome 4 despite continued pressure on resources. All Commitments are on track for delivery with four of the five Commitments rated Green.

44. The Board noted that good progress has been made on the refocusing of resources in the areas of Deer and Wildlife Management. However, continuing pressures on resources is proving challenging in terms of maintaining standards.

45. SNH will enhance its communications around deer management over the next quarter to manage expectations in exercising SNH’s Statutory Duties.

46. A proposed change in approach to licensing will prove challenging - SNH to explore the implications on SNH’s role as a licensing authority.

OUTCOME 4 – WE HAVE TRANSFORMED HOW WE WORK

47. Jane Macdonald reported overall good progress has been made across Outcome 4, with five of the Commitments rated as Green. Slippage in SNH’s Workforce Plan reflects the one Amber rating.

48. Jane Macdonald informed that there are significant challenges around the Organisational Development (OD) Framework – a deliberate pause has been taken on our Skills Development in order to ensure alignment with how we develop and implement our OD Framework. Greater engagement across the organisation has helped to co-design the OD Framework following the recent People Survey results.

49. The Board noted the significant challenges around the implementation of the eBusiness Cloud project which is having some impact on ‘business as usual’.

QUARTER 3 (Q3) BUDGET AND PAYBILL REPORT 2018/19

50. Alan Hampson introduced the Q3 Budget and Paybill report for 2018/19 which provides a detailed view on the current financial position. The Board noted that the level of allocation is currently above target and reflects the current Amber rating. Paybill is also reporting as Amber resulting from fewer numbers of leavers during 2018/19 and the recruitment of new posts.

51. The Board queried SNH’s process for appointing new posts to the organisation. The Board noted that vacancies are considered by the Resourcing Group. The
decision to fill any vacant posts is weighted against organisational needs and skill requirements. The Board noted that currently only 1 vacancy in every 5 is approved.

52. The Board noted the Quarter 3 Budget and Paybill Report for 2018/19. The Board were content with the overall budgetary position and the actions being taken to mitigate against an overspend.

QUARTER 3 (Q3) RISK REPORT 2018/19

53. This paper provides an update on the actions to manage corporate risks and any changes to the Corporate Risk Register during Q3. There are eighteen risks currently on the Corporate Risk Register with four of the risks rated High. There have been no changes to risk ratings during Q3 and there are controls in place to reduce risks ratings to the residual level where possible. The Board noted that a full report will be provided to the Audit and Risk Committee at their February meeting.

54. The Board noted progress in the management of corporate risks and were content with the actions taken to reduce risk.

QUARTER 3 (Q3) PEOPLE REPORT 2018/19

55. This paper provides the Board with an update on the progress and performance on SNH’s workforce at the end of Q3 2018/19.

56. The Board queried the increased number of Employee Relation cases during Quarter 3. Jane Macdonald reported that nearly 50% of the casework is coming from two teams which will require some targeted support.

57. The Board noted the progress and performance in Q3, and the work being taken forward during Q4 2018/19.

AGENDA ITEM 9: BUDGET ALLOCATIONS 2019/20

58. Alan Hampson introduced this paper which provides the Board with an overview of SNH’s draft budget settlement for 2019/20 and the implications arising from this on SNH Paybill and Project budgets.

59. Despite a flat cash budget settlement the demand for project spend to deliver our priorities for 2019/20 is unaffordable, this is mainly due to the pressures created by the 2019/20 Public Sector Pay Policy and the Biodiversity Challenge Fund which effectively reducing project spend by 17%.

60. Given the pressures on SNH’s Paybill budget during 2018/19, the Senior Leadership Team took the decision to retain the current Paybill policy for 2019/20. As a result the Project budget for 2019/20 will be reduced.

61. The Board noted the additional pressure arising from Employer Contributions; this will need to be factored into the budget allocation for 2019/20 once this has been confirmed.
62. The Board noted that the Senior Leadership Team considered an early paper on the 23 January 2019 and agreed on the initial budget allocations as outlined in this paper to the Board.

63. The Board noted the assessment of the implications of the draft Scottish Budget on the SNH Budget for 2019/20. The Board were content to approve the initial allocation of £27.8m to Paybill and £14.8m to Projects that will support the delivery of SNH’s four Outcomes.

64. The next steps will be to present a further paper to the Board on 12 March 2019 highlighting the broader strategic issues along with the draft Business Plan for 2019/20.

AGENDA ITEM 10: DIVERSIFICATION OF FUNDING – UPDATE

65. This paper provides an update to the Board on SNH’s Diversification of Funding Programme, this covers four main work streams which includes; funding sources, investment in Natural Capital, Income Generation and Cost Reduction.

66. Alan Hampson outlined SNH’s approach which was initially to explore opportunities around securing investment in Natural Capital post EU Exit. Throughout the course of 2018/19 SNH has developed its approach which recognises the wider opportunities around influencing others to invest in Natural Capital as opposed to income generation.

67. Investing in Natural Capital – SNH are developing two main strands to this workstream; ‘investing in nature’ and the ‘Conservation Finance Initiative’.

68. The Board welcomed the wider approach to SNH’s Diversification of Funding Programme but recognise the investment in staff time could be consuming. Alan Hampson informed that there is a full-time funding officer dedicated to take this work forward.

69. The Board discussed potential opportunities around charging for our planning advice on large-scale planning applications and SNH becoming a membership organisation.

AGENDA ITEMS 11: ANY OTHER BUSINESS

Rum Deer Management Habitat Plan

70. Sally Thomas informed that a new habitat management plan was adopted in autumn 2018 which is consistent with the approach SNH look for from other land managers. Discussions are ongoing with the University research programme to address their concerns.

Date of next SNH Board meeting
71. The Chair recorded that the next SNH Board meeting is scheduled for the 12 March 2019 with the Cabinet Secretary in attendance. The meeting will be held at the Scottish Funding Council, Apex 1, 99 Haymarket Terrace, Edinburgh.

72. The Chair thanked all those in attendance and invited the Board and the Senior Leadership Team to join the informal staff engagement session planned for 1.30 pm.

END.