

Title: **Q3 Performance Report to Board**

Date: **29th January 2020**

Purpose:	For Decision
Summary:	<p>This paper presents our Quarter 3 performance against delivery of our Business Plan <i>It's in our Nature: Year Two</i>.</p> <p>Overall, good progress is being made against our Business Plan Highlights of <i>Biodiversity, Wildlife Management, Place-based approaches</i> and <i>Harnessing new technologies</i>.</p> <p>Most Activities are broadly on track but some are reporting some slippage across the range of their work. Slippage in our Protected Areas work is starting to be recovered.</p>
Last discussed:	Q2 Report – October 2019
Next update:	Q4 Report – April 2020
Relevant to Corporate Priorities:	Provides progress on delivery of our corporate priorities.
Fits with Government Priorities:	Provides progress on our support with government priorities
Risks/Opportunities:	See accompanying risk report.
Resource/Staffing:	The resourcing and staffing implications are covered in this report.
Implications	
Recommendations:	The Board is asked to note the Quarter 3 report and confirm it is content with overall progress to date, the headline achievements and the opportunities & issues identified.
Report Author(s): Sponsor:	<p>Authors - Directors & Outcome Managers</p> <p>Sponsor – Alan Hampson</p>

Purpose

1. This paper presents SNH's performance for the second quarter of 2019/20. It addresses progress towards achieving our business plan priorities and delivering on the Outcomes and Activities set out in *It's in our Nature: Year Two*, SNH's Business Plan for 2019/20. These Activities support delivery of our Corporate Plan 2018-22 *Connecting People and Nature* and its four long-term Outcomes.

Summary

2. We are making good progress towards delivering our Business Plan priorities, with 11 Activities on-track and rated Green (73%), and 4 reporting minor slippage (27%).
3. Progress remains relatively good on the 64 key deliverables which support the 15 Activities. 48 (75%) are on-track and rated Green. 13 (20%) are showing some minor slippage and rated Amber, with 3 (5%) rated Red and showing significant slippage against planned progress.

Significant events and headlines from Quarter 3

- An additional £1m of funding from Scottish Government for the Biodiversity Challenge Fund enabled further funding offers to Round 1 projects to be made during Q3. We have opened a second round for new applications with a closing date in early Feb. The focus of this second round are climate change and the drivers of biodiversity loss especially those that connect habitats, address hydrological change, urbanisation, invasive non-native species and marine nature
- Phase 1 Green Infrastructure Projects on target to complete in Q4.
- Tentsmuir Pavilion won the Outdoor Education Building of the Year Award.
- SNH was a lead partner in the Future Planning event, organised by Ecosystems Knowledge Network on October 8, and we contributed to Glasgow City Council's Healthy Streets events and the NHS's Healthy Cities conference in November.
- We refreshed and reframed our 'People, Places and Climate Change' leaflet for Community Planning Partnerships, emphasising the connections between people, nature, health, wellbeing, climate and place.
- On NNRs, we held a successful Parliamentary Event in Nov, were featured in Landward and Winter Watch and published Natural Capital accounts for our NNRs/land holdings – a key first step in aiding the transition to a net zero, nature-rich future.
- Successful SBS Science Conference in November; governance arrangements for the Scottish Biodiversity Strategy project board with SG are now in place, with project leads identified and projects getting underway.
- Ross Johnson represented Peatland Action at the climate CoP in Madrid.
- SG received our Review of Deer Management positively. We are currently working through next steps with ADMG and Scottish Environment Link to agree priorities and maintain momentum. This work is critical to a nature-rich future for Scotland's uplands.
- We provided evidence to ECCLR on the Animals and Wildlife (Penalties, Protections and Powers) (Scotland) Bill on 03 December. The Bill will provide an opportunity for us to develop Fixed Penalty Notices to improve the suite of options for dealing with Wildlife Crime offences.

SNH BOARD/183/07

- Our work on developing the Beaver management framework, implementing the Sea Eagle management scheme and finding longer term sustainable solutions for addressing the conflict between geese and agriculture are all helping to ensure our native populations thrive.
- Full implementation of Payroll functionality within Fusion - further significant milestone on journey to Cloud
- Streamlined approach to vacancy management – reducing process time and empowering managers
- Initiated Innovative Technologies Programme with appointment of Programme Manager - allowing us to take forward our ambition to harness technology to benefit nature
- Announced organisational rebranding to NatureScot - placing nature at the heart of our corporate identity

'It's in our Nature: Year 2' Performance Dashboard - Quarter 3 2019/20

Outcomes	Activities		Progress				Key Deliverables				Risks
			Q1	Q2	Q3	Q4	Blue	Green	Amber	Red	
More People Enjoying & Benefiting from Nature	1	People and Places	●	●	●		0	3	0	1	Corporate: High – 0 Medium – 1 Activity: High - 2
	2	Nature Reserves	●	●	●		0	2	0	0	
The Health & Resilience of Scotland's Nature is improved	3	Biodiversity & Geodiversity	●	●	●		0	5	1	0	Corporate: High – 0 Medium – 3 Activity: High - 0
	4	Marine Ecosystems	●	●	●		0	4	2	0	
	5	Protected Areas & Surveillance	●	●	●		0	2	3	0	
More investment in the Management of Scotland's Natural Capital	6	Wildlife Management	●	●	●		0	4	1	0	Corporate: High – 2 Medium – 2 Activity: High -1
	7	Supporting Good Development	●	●	●		0	2	1	1	
	8	Sustainable Coasts & Seas	●	●	●		0	5	0	0	
	9	Natural Resource Management	●	●	●		0	5	0	0	
We have transformed how we work	10	Workplace Facilities and Services	●	●	●		0	3	1	0	Corporate: High – 2 Medium –7 Activity: High - 3
	11	People and Organisational Development	●	●	●		0	3	0	0	
	12	Finance, Planning & Performance	●	●	●		0	3	1	0	
	13	Information and Cyber Security	●	●	●		0	3	0	0	
	14	Technology and Digital Services	●	●	●		0	1	2	1	
	15	Communications	●	●	●		0	3	1	0	



Outcome 1 – More People Enjoying & Benefiting from Nature

Corporate Plan Indicators

More people are getting outdoors, feeling healthier as a result of their experience of nature, volunteering and championing nature.

29% of people agreed that their outdoor visits help them de-stress, relax and unwind

8% of all volunteering in Scotland was in support of nature.

54% of people agree that nature matters to them.

52% of adults visited the outdoors in 2017.

Director Summary

Increasing awareness of the health benefits of getting outdoors

We celebrated reaching the 100 schools target at an event at the RBGS attended by the DFM and the CEO. There are now 115 schools with over 3,500 pupils involved and training and support provided for over 250 teachers across 12 local authorities. SNH's teaching in nature programme was re-accredited by the General Teaching Council for Scotland, described as "sector leading" providing "invaluable and inspiring" training for teachers. The 4 Green Health Partnerships continue to make good progress and are starting to populate the qualitative evidence base.

Increasing the number of people volunteering for nature

Much of our activity on this is through large grants to Volunteering Matters, The Conservation Volunteers which we'll report on in Q4. Summer volunteering on our NNRs included 800 people giving over 4000 days of effort.

Increasing the number of people who say that nature matters to them

We have refreshed and renamed our "People, Places and Climate Change" leaflet for community planning partnerships, we contributed to masterplans (e.g. East Lothian Climate Change Park)
Strategic interventions on place-making are progressing well by influencing masterplans and landscape partnership projects

Increasing the number of people visiting the outdoors

The latest survey findings of awareness of the Scottish Outdoor Access Code (SOAC) show an increase in SOAC awareness from 34% of adults aware in May 2019 to 51% aware in November 2019, the highest level since 2011. Visits to our NNR's remain relatively static with around 750,000 annual visitors.

Risks & Issues and Forward Look

Overall, progress has been good, but with three main concerns.

- Progress on place-making has been constrained by competing priorities but this will ease towards the end of Q4 as the new vacancy management approach takes effect.

- Progress on NWCN has been significantly curtailed as a result of having to divert resources to the Biodiversity Challenge Fund in 2019/20, and this is likely to be repeated in 2020/21, the final year of this 5-year initiative arising from the 3rd National Planning Framework.
- More generally, much of the delivery of the activities in this Outcome rely on project spend which has been, and remains vulnerable to changes in the external funding climate – funding for NNRs and grants are both subjects of ‘deep dive’ papers which will help to inform our new operating models and how we tackle these areas of our work.

Activity

People & Places	<i>Evidence</i>	<p>Place-making - Progress on strategic work and spatial priorities and projects is good. This quarter the refreshed and reframed ‘People, Places and Climate Change’ leaflet for Community Planning Partnerships was published.</p> <p>Green Health Partnerships – All 4 continue to make good progress as evidenced by the award-winning poster at annual public health conference for contribution of GHPs to public health.</p> <p>Working with schools in disadvantaged areas – We are engaging with a total of 115 schools across 12 LAs. 3,500 pupils are now involved and we have trained 250 teachers.</p> <p>Green Infrastructure Strategic Intervention – Most Phase 1 projects are now close to completion.</p>
	<i>Impact</i>	<p>Working with schools in disadvantaged areas – The Deputy First Minister attended our very successful schools event at the Royal Botanic Garden in Edinburgh, accompanied by SNH’s CEO and 60 pupils from 8 schools. This received widespread press coverage.</p> <p>Landscape Partnerships - Inner Forth Landscape Initiative (IFLI) won a 2019 Scottish Award for Quality for Planning.</p> <p>Green Infrastructure – An opening event to celebrate the completion of the Greater Easterhouse project was attended by SNH’s Chairman and the Cabinet Secretary for Infrastructure, increasing the profile and benefits of GI.</p> <p>NWCN – We are unlikely to meet the 2020 NWCN target because of the need to divert resources to the Biodiversity Challenge Fund in 19/20 and 20/21.</p>
	<i>Next steps</i>	<p>Place-making – There continues to be constraints in our capacity to deliver this work but this is expected to ease towards the end of Q4 as the new approach to vacancy management starts to take effect.</p> <p>Ranger Services – consultation on new policy statement; event with COSLA in Jan.</p>

Nature Reserves	<i>Evidence</i>	<p>Communications – Promoting key messages via social media channels and nationally (e.g. landward and Winter Watch). Successful Parliamentary Event in Nov; published Natural Capital accounts for our NNRs/land holdings</p> <p>Alternative delivery models – Completed work on structural models, now exploring income generation options. Together, these will inform the most appropriate model to support our outcomes</p>
	<i>Impact</i>	<p>Communications – Confidence and willingness of NNR staff to join up and contribute towards corporate actions is increasing as witnessed in the excellent Parliamentary Event, reaching around 10% of MSPs.</p> <p>Young People – We are supporting the work of the Board in implementing their focus on Youth with student and graduate placements now active on our Reserves and a significant focus during the quarter on offering volunteer opportunities to our staff.</p> <p>Natural Capital – The Natural capital Accounts will help to develop our leadership in climate change impacts and mitigation through our own land holding.</p> <p>Tentsmuir – Finally, award success in the quarter for our Tentsmuir Pavillon structure demonstrates increased confidence in our role leading and celebrating the importance of our NNRs.</p>
	<i>Next steps</i>	<p>Alternative delivery models – depending on funding, we hope to have a clear picture of economic potential and priority investment options to improve return on investment by end Q4 – this will inform our report back to board later in Q3 2020.</p> <p>Communication - launch NNR Year of Coasts and Waters national music competition; continue to build out wider social media profile with a new suite of podcasts and blog pieces for our main corporate channels.</p>



Outcome 2 – The Health & Resilience of Scotland's Nature is Improved

Director Summary

Overall we are making good progress to deliver this outcome. Highlights include:

- Additional SG funds have increased the Biodiversity Challenge Fund from £2m to £4m over two years. We have made additional offers to Round 1 projects, and invited new applications with a closing date in early Feb. The focus of this second round are climate change and the drivers of biodiversity loss especially those that connect habitats, address hydrological change, urbanisation, invasive non-native species and marine nature.
- Leadership on biodiversity: governance arrangements for the Scottish Biodiversity Strategy project board with Scottish Government are now in place and we held a successful, over-subscribed, SBS annual Science Conference in November.
- We have offered £8.571m funds for Peatland Action, covering 7109ha.
- Successful recruitment to a post to maximise the opportunities and benefits of innovative technologies, joining up our approach to monitoring from genes to satellites.
- Our dive team successfully mapped the large flame shell bed in Scapa Flow. These rare habitats give structural diversity to the sea bed, fostering biodiverse communities. This is the first bed of this Priority Marine Feature that we've mapped outside the west coast.

Risks & Issues and Forward Look

- Biodiversity Challenge Fund – a new funding round will close in February – attracting more projects to tackle climate change and the drivers of biodiversity loss.
- Marine Scotland has started the process of developing the next Scottish Marine Science Strategy. SNH is represented on the Steering Group.

Biodiversity & Geodiversity	<p>Biodiversity Challenge Fund</p> <ul style="list-style-type: none"> Additional SG funds have enabled us to make additional offers to Round 1 projects, and we have opened a second round for new applications with a closing date in early Feb, focusing on IPBES drivers of biodiversity loss and climate change. <p>Peatland Restoration</p> <ul style="list-style-type: none"> About £8.571m funds now offered, covering 7109ha. <p>SBS Route Map</p> <ul style="list-style-type: none"> Governance arrangements for the joint SBS project board with SG are bedding down with project leads identified, projects established with completed PiDs. Wildcats – initial meetings to get the saving Wildcats project underway; seeking an extension to the older SWA project to address staffing departures and complete outputs. <p>Scottish Pollinator Strategy</p> <ul style="list-style-type: none"> Progressing well - annual report complete and will be published now elections to the UK Parliament are over. <p>eDNA Genetic Strategy</p> <ul style="list-style-type: none"> Staff involved in setting up a Scottish Centre of Excellence. <p>Scottish Invasive Species Initiative</p> <ul style="list-style-type: none"> Volunteer work reduces over the winter period. An SNH project commitment to develop a volunteer database has been delayed, and we are working to secure the resources required for this.
Marine Ecosystems	<p>Dolphin/Porpoise Strategy & Seabird Conservation Strategy</p> <ul style="list-style-type: none"> Both progressing well – the dolphin and porpoise strategy should be out to consultation in Q4. <p>Marine Recorder 2020</p> <ul style="list-style-type: none"> SNH funding secured for this business-critical project to manage marine data - MoA signed with JNCC <p>Scottish Marine Protected Area network</p> <ul style="list-style-type: none"> We submitted post-consultation advice on four MPAs for mobile species to Marine Scotland, delivered an MPA workshop as part of the Marine Protected Areas Monitoring & Management (MarPAMM) Annual Meeting and carried out a review of the illustrative fisheries management areas for Priority Marine Features for Marine Scotland <p>Marine Biodiversity assessment and reporting</p> <ul style="list-style-type: none"> Input to habitat and species assessments for Scotland's Marine Atlas is ongoing; species assessments are behind schedule <p>Scottish MPA monitoring strategy</p> <ul style="list-style-type: none"> Dive team mapped the large flame shell bed in Scapa Flow. We are liaising with SEPA to collaborate on survey work in 2020 on west coast, Orkney and Shetland and have submitted a Scottish Government vessel time request. <p>Restoration of Scotland's marine ecosystems</p> <ul style="list-style-type: none"> SNH/MASTS (Marine Alliance for Science and Technology in Scotland) sponsored PhD on native oysters has been successfully completed. We have started discussions with MS about the development of a consenting process for native oyster collection. These will inform restoration projects, including DEEP, in the Dornoch Firth.
Protected Areas & Surveillance	<p>Engagement with farming and land management community</p> <ul style="list-style-type: none"> Low level, productive, engagement continues across Areas aimed at securing site condition. The low level has enabled resources to be focussed on other key deliverables, particularly the Conservation Advice Packages. A more targeted approach may follow recommendations from the Protected Areas Committee and Scientific Advisory Committee sub-group. <p>Programme of monitoring for Scotland's nature</p>

- Significant progress has been made to design a monitoring protocol based on a tiered approach to Site Condition Monitoring (SCM), to allow more effective targeting of survey effort in future years, to be tested in 2020.

Improve the condition of features on Protected Areas

- We have continued to target improvement of features during the year where we are confident that these will improve the condition of the protected area – amounting to c. £800k of targeted management agreements. This year's programme was adjusted downwards at the start of the year, in light of competing pressures to support Agri-environment schemes and Peatland Action activity to fit available staff resource.

Natura Conservation Advice Packages (CAPs)

- Areas are leading on the suite of CAPs with some areas sharing resource to spread the load (South Highland has a significantly greater task than some other Areas), the central team are quality assuring the final products. Nevertheless, there may be some slippage on the end of year target.

Scottish Biodiversity Information Forum (SBIF) Review

- The investment case was submitted to SNH and passed on to SG on 19 December, with a recommendation from SNH that the scope and shape of the infrastructure work should be progressed within Project 4 of the Scottish Biodiversity Programme in 2020/21. Future development will be dependent on decisions by Scottish Government on the way forward.



Outcome 3 – More Investment in the Management of Scotland's Natural Capital

Director Summary

We continue to see great interest in natural capital, a nature-rich future, and nature-based solutions to the climate emergency, for instance at the Natural Capital Roundtable hosted by our CEO and through the SCDI's Clean Growth Initiative. We are reaching the end of an exploratory phase to this work and look to move on to prioritising and focussing our contributions where we can have the most impact, as described to the Board in December. Our challenge now is to find and back the right winners in a fast moving and crowded field. It is important for us to be clear what we can do with the capacity and skills we have, and to understand what we can contribute that will make a difference and see nature fully integrated in initiatives such as the SG's Green Finance Initiative.

Whilst increasing investment in nature is our central goal, we continue to devote considerable efforts to maintaining and effectively deploying existing public sector investment. Tight constraints on public funding look likely to place limitations on existing schemes, for example agri-environment funding is likely to be challenging for the next 2 years and funds for Peatland Action for next year are currently uncertain.

We are investing considerable effort in influencing existing and future delivery mechanisms, including through rural policy and city/regional growth deals. Our ideas for future rural policy based around natural capital and outcomes-based approaches are gaining traction with SG and others. For example, a presentation to the Future Food & Farming Group was well received. We would expect this influencing work to reap rewards in the medium to long term.

The quarter saw several major reports on wildlife and upland land use. This includes our own Review of Deer Management, which SG received positively, along with the Werrity report from the Grouse Moor Management Group. The report from the government's independent Deer Working Group should be published in the next few months. We will also publish a revised set of General Licences following completion our consultation. All of these will provoke considerable discussion and we need to turn that to our advantage to deliver a nature-rich future.

Risks & Issues and Forward Look

The key current strategic/political risk is:

- The low level of funding for AECS in 2019, and in 2020 when we now know that there will be no open round for AECS and only one year extensions offered to expiring contracts, presents a high risk to outcomes for nature but reflects wider demands on SG budget.

This outcome currently faces 3 specific challenges around resources:

- As a result of unfilled vacancies and a lack of staff resources our Development Planning service is limited to reacting to formal consultations and we are unable to meet the ambition of our service statement to be an active, valued and inclusive partner in development planning. The new vacancy management process should help us to begin to get back on target in 2020/21, though how quickly depends on decisions and the skills and experience of any new staff.
- We are making only slow progress with streamlining our Development Advice work. This is largely due to the size of the service, the limited management capacity to effect change, the wide distribution of contributing staff and the general lack of staff resources as a result of unfilled vacancies. We have started a trial across the 3 northern and western Areas to share resources and streamline internal casework processes. The landscape team is also significantly diminished and we are having to pay for call-off services to ensure that we can provide adequate landscape advice to SG on S.36 wind farms.
- In Peatland Action we continue to have problems securing contractors for approved projects. We are now working to a revised budget of £10m following slippage.

The opportunities and challenges summarised in this report suggest a greater need to use senior staff and Board Members to maximise our influence and to mitigate strategic risks that are holding back our goal of a nature-rich future. We will look for further opportunities to deploy members of the Board and SLT to engage around the city/regional deals, the debate on upland land use, future rural policy, the green investment portfolio and development of the Scottish National Investment Bank, and the 4th National Planning Framework.

- We will publish the revised set of General Licences in combination with associated stakeholder liaison. This has implications for perceptions of SNH and for demand on our licensing team.
- We are on track for publishing the Wildlife Management principles in quarter 4. This work is critical to growing consensus on wildlife management in future and developing a positive agenda.
- We will develop our contributions to the 4th National Planning Framework (NPF4) including around biodiversity net gain and wild land. NPF4 is a critical opportunity to make nature and natural capital central to development and land-use decisions.
- In quarter 4 we will determine the terms of reference for our partnership with Enterprise Companies and SEPA as set out in the Programme for Government. This partnership has the potential to break new ground and take a nature-rich future and natural capital to new audiences and partners.
- We expect to have further discussions with Crown Estate Scotland, Marine Scotland, RSPB and offshore wind operators over investment in marine nature. The Marine Enhancement Fund is a major opportunity to raise investment in coastal and marine nature.
- We will launch and run 'Plunge In' – our YCW Community Challenge Fund and input to Celtic Connections' Coastal Connections day at with 'Message in a Bottle'. 'Plunge In' is the centrepiece of our contribution to YCW and will provide opportunities for the Board to highlight a range of important work and issues
- We will publish 'Evidence base for post Brexit Agriculture - Case Studies into Payments for Natural Capital'. This will continue to build the case for a different approach to agricultural support and payments for public goods post 2024.



Outcome 3 – More investment in the Management of Scotland's Natural Capital

Wildlife Management	<p>Licensing Service & Support for PAWS</p> <ul style="list-style-type: none"> Licensing performance has dropped due to pressure on the team arising from increasing demand, work on the General Licences and commitments to the new licensing system build. We will keep this under review in Q4, but are content to tolerate this in the short term We have restricted use of the General Licence at Leadhills Estate. We provided evidence to ECCLR on the Animals and Wildlife (Penalties, Protections and Powers)(Scotland) Bill on 03 December. The Bill will provide an opportunity for us to develop Fixed Penalty Notices to improve the suite of options for dealing with Wildlife Crime offences. <p>Geese Management</p> <ul style="list-style-type: none"> We attended an AEWA meeting in Reykjavik where all the range states agreed the process for developing adaptive flyway plans for barnacle goose. <p>Deer Management</p> <ul style="list-style-type: none"> Whilst progress is generally good we face a number of challenges with individual DMGs across the country over our positions on DMG performance in the 2019 deer review, Habitat Impact Assessments and cull targets and a potential Section 8 recommendation. <p>Orkney Native Wildlife Project</p> <ul style="list-style-type: none"> Whilst over 700 landowners have given access this is not sufficient to achieve eradication. We are therefore meeting with key stakeholders in early Jan to consider other measures to unlock the remaining land.
Supporting Good Development	<p>Influencing City & Regional Growth Strategies and Deals and the 4th National Planning Framework</p> <ul style="list-style-type: none"> Board paper setting out our plans for contributing to and influencing the 4th National Planning Framework Good initial discussions with Upper Forth Regional Economic Partnership, City Growth Deal delivery team and NPF3 Falkirk/Grangemouth Group Collaborating with partners on river front regeneration in Irvine that presents a great opportunity to get climate change and nature included with opportunities for people to learn and enjoy the environment Natural Capital Innovation Zones are incorporated into the Borderlands Inclusive Growth Deal Heads of Terms – at £5million of value <p>Helping Industry</p> <ul style="list-style-type: none"> We launched new webpages on Good Practice in Construction and are developing standing advice so that customers are less reliant on consulting us. We are supporting SCDI's Clean Growth Initiative. We partnered the VIBES award, judging entries and raising our profile with businesses from across a number of sectors. We are exploring the scope for a stronger nature focused award in the future. <p>Development Planning (Red)</p> <ul style="list-style-type: none"> We have offered 16 responses on Development Plan related consultations, started early engagement with the Highland-wide LDP and contributed to the SEA of proposals for Cnockenzie/Blindwells <p>Targeted & Streamlined Advice (Development Advice) (Amber)</p> <ul style="list-style-type: none"> Ministers/Reporters issued refusals consistent with our advice for 3 wind farms at Navidale (Caithness), Harryburn (South Lanarkshire) and Ardtaraig (Argyll). We participated in the inquiry into the North Lowther Energy Initiative wind farm,

	<p>adjacent to Harryburn. We continue to see a significant number of wind farm proposals that raise issues of national interest as well as 2 spaceport proposals in Sutherland and North Uist.</p> <ul style="list-style-type: none"> • The loss of SPA habitat from the Grangemouth Flood Protection Scheme has reduced significantly following refinements to the scheme but we still expect adverse effects on site integrity and anticipate a public interest case to allow this strategically important national development to proceed
<p>Sustainable Coasts and Seas</p>	<p>Input to Strategic Plans and Marine Plans</p> <ul style="list-style-type: none"> • We contributed significantly to the new offshore Wind Sectoral Plan, launched for consultation in December • We presented a paper to Marine Scotland, RSPB and offshore wind developers in connection with the proposed 'Marine Enhancement Fund' <p>Advice on major development and aquaculture applications</p> <ul style="list-style-type: none"> • We have made progress in the Environmental Liability Regulation investigation in Loch Roag, with an Emergency Action Plan in development to safeguard wild salmonids from potential risks associated with sea lice and low river flow conditions. <p>Year of Coasts and Waters</p> <ul style="list-style-type: none"> • We have a fully developed plan for a range of actions and events. This provides a significant opportunity to highlight the role of rivers, lochs, coasts and seas in a nature-rich future for Scotland.
<p>Natural Resource Management</p>	<p>Delivery of AECS.</p> <ul style="list-style-type: none"> • Audit continues to show that the terms of the SLA are being met, with a satisfactory Annual Assurance Certificate signed off <p>Natural Capital</p> <ul style="list-style-type: none"> • The publication of Natural Capital Accounts for SNH land attracted good media attention and interest from some key stakeholders. This is an important milestone on the way to placing natural capital at the centre of land-use decisions • We are engaged with 2 potential proposals for Landscape Enterprise Networks (LENs) - the "Yearnstone Project" seeking to manage/restore peatland in a large area of the Clyde Muirshiel / Renfrewshire Heights area as a means of mitigating downstream flood risks and a proposal led by Nestle and 3Keel in southern Ayrshire and North West Galloway • The Chairman hosted an influencers' dinner with 20 leading estates <p>Natural & Cultural Heritage Fund</p> <ul style="list-style-type: none"> • Scottish Tourism & Culture Secretary Fiona Hyslop announced on 28 December that nine projects in the Highlands and Islands will share £5 million. <p>Peatland Action</p> <ul style="list-style-type: none"> • We have offered or approved over £8.5M of Peatland Action funding and continue to generate additional work and monitoring projects to provide more surety of full spend. • We attended COP25 in Madrid and Edinburgh, presenting Peatland Action, beginning a campaign of activity leading up to COP26 in Glasgow in 2020. This generated good interest and communication activity e.g. 500 followers on Twitter. <p>Influence future land use policies</p> <ul style="list-style-type: none"> • We are contributing to 2021-2024 CAP scheme policy by chairing 2021 - 2024 Rural Policy sub-group on Environment for SG, developing proposals for the next few years' priorities <p>Flow Country World Heritage Site bid</p> <ul style="list-style-type: none"> • The technical Evaluation for the proposed WHS was submitted in mid-December to UK Government. This document has been prepared on behalf of the Peatlands Partnership led by Highland Council, with high quality technical input from the SNH. Work is underway to secure funds and support for the inscription process, if government approves the Partnership moving to the next stage.



Outcome 4 – We have transformed how we Work

Director Summary

This quarter has seen excellent progress across the range of our Activities:

We are moving forward with the strategic development of our workplace and facilities services to underpin our transformation journey and meet our climate commitments.

Within the OD framework, we have seen further streamlining of our HR policies. Engaging the extended leadership team in resource mapping has allowed us to move to a new vacancy management approach which empowers Area and Activity Managers. This is further underpinned by the roll-out of our personal leadership programme.

We continue to deploy considerable effort in bringing the final stages of Fusion implementation to a successful conclusion. The benefits are further reinforced by the evolution of our Business Planning approach and increased organisational maturity in embedding a stronger risk culture. We have also made significant progress on Green Finance with the Board's agreement of priority actions in December 2019.

Our 2019/20 IM programme, to make information holdings more accessible, remains on track and continuing efforts to maintain cyber standards have been recognised by the retention of our certificated status.

Whilst resource pressures continue to be particularly felt within our Technology and Digital Services team excellent progress has been made on the roll-out of Windows 10 and the development of the underlying architecture to support a future move to more collaborative productivity tools. It is also particularly pleasing to see the Innovative Technologies Programme up and running.

Risks & Issues and Forward Look

We continue to plan for a number of budget scenarios, but the delay in the UK budget until March 11th will mean continuing uncertainty over the affordability of proposed 2020/21 work programmes until very close to the start of the new financial year. We are currently undertaking robust prioritisation of commissioned bids to allow us to respond to the final settlement at short notice.

Budgetary pressures continue to increase with estates fixed costs likely to rise by £250k as a result of rent changes and the loss of key tenants from our own properties. Mitigating action is unlikely to fully bridge the gap and this increases the pressure on next year's budget.



Outcome 4 – We have transformed how we Work

Workplace Facilities & Services	<p>Revision of SNH Property Strategy</p> <p>Our approach is fully aligned with the SG estates strategy. Following Board consideration of the deep dive paper on Fixed Costs we have begun the commissioning of work on building condition and renewable technologies across our estate to inform the development of a 10 year plan. We have also secured £35k funding from SG to cover the set-up costs of a new property management tool which will give us improved control over property data. Our status as an early adopter to this shared initiative is further enhancing our reputation as championing collaboration with our public sector property partners.</p> <p>Transforming Workplaces Programme</p> <p>We have now successfully concluded the agreed work programme for 2019/20 with the completion of Cupar and Silvan House. Funding to complete the remaining properties did not become available this financial year. This leaves half a dozen offices which have not fully moved over to smarter working. They have laptops for mobile working but the other principles of TWP have not been adopted. This risks inconsistency of approach, a matter highlighted at the recent TUS Partnership meeting.</p> <p>Deliver Low Carbon Vision</p> <p>This has now been integrated within our overall climate change commitments. We have made excellent progress in the roll out of electric vehicles and charge points, securing significant external funding. The move to a leasing model is making the roll out more affordable.</p> <p>The renewable technology reports which we are commissioning will inform a reassessment of buildings with a view to delivering carbon emissions reductions towards a zero emissions target across the estate by 2040.</p> <p>Asset Management Plan for NNR Infrastructure</p> <p>Asset management plans for NNRs have been deliberately paused this financial year. This is pending Board consideration of the NNR Deep Dive paper which will inform future direction for NNRs and the outputs of the above commissioned reports to inform investment priorities.</p>
People and Organisational Development	<p>Organisational Development Framework</p> <p>Work to embed the OD Framework continues apace with all relevant strategies and work programmes mapped to the framework. We have established a Transformation Steering Group to provide robust governance and scrutiny of relevant work programmes. This will ensure strategic alignment. It will also ensure we pursue the right initiatives in the right order to deliver the transformational change needed. This includes progress towards a new operating model, a more resilient and happy workforce and improved leadership capability.</p> <p>We have identified five Action Learning Sets with visible leadership from SLT and full engagement from the extended leadership team, change partners, TUS and young employee panel to tackle some of our strategic dilemmas.</p> <p>Diverse and Inclusive Workforce</p>

	<p>We conducted our Wellbeing Survey during Q3 and had a 61% response rate. SLT has agreed that the change partner network will be used to engage teams in the results. The results are positive in terms of our strengthened approach to mental health however the areas suggested for further exploration by the Change Partners are: The Performance Management Approach; Dignity at Work; Smarter Working; and Workload Management. (further information is included in the People Report)</p> <p>Refresh of People Policies</p> <p>We continue to make excellent progress in partnership with our Trade Union colleagues to review and streamline policies. ELT have completed resource mapping work and this has allowed us to implement a more streamlined approach to vacancy management from mid-December.</p>
<p>Finance, Planning & Performance</p>	<p>Embed Fusion</p> <p>Further excellent progress with overall implementation has been made with Payroll functionality now live and operating to expected standards. Reporting functionality and integration with the Business Planning database is also now fully embedded. All Finance functionality has therefore now transferred to business as usual. Only MyCSP pension integration and recruitment modules are still outstanding and are expected to be delivered in January.</p> <p>Analysis of approach to business planning</p> <p>Phase 1 of the Business Planning analysis has now concluded with the production of an interim report including some quick wins eg simplifying project bidding which have been implemented within the current application in-time for the project commissioning round. Phase 2 will be taken forward in line with the developing target operating model emerging through the OD framework.</p> <p>Embed a risk culture</p> <p>Activity Managers have used their new risk appetite statements as part of the development of their 2020/21 Activity Summaries. Work has also commenced on reviewing the description of corporate risks to better articulate their strategic significance (as requested by ARC). Preparations have also been finalised for holding team awareness sessions on risk appetite/barriers to risk taking during Q4.</p> <p>Diversification of funding</p> <p>Following Board consideration of the priorities for Green Finance, next steps include reviewing governance of this area of work and preparing an action plan based on the proposed priorities which will identify resource requirements for inclusion in the 2020/21 business plan.</p>
<p>Information & Cyber Security</p>	<p>Deliver Year 3 of Information Management Programme</p> <p>Overall progress with the 2019/20 IM programme is on track. Excellent progress has been made on making our data holdings more accessible both internally and externally. We now have over 171k images in the Digital Asset Management System (DAM), with more to follow and are working with the Marine team & contractor to develop a bulk upload facility which will be complete by Jan 2020. Work continues to improve our overall records management position with 187k documents moved from home folders into the corporate file plan or deleted.</p> <p>Comply with all Information Management legislation</p> <p>We continue to exceed our FOI target of 90% compliance with target response deadlines. Long term staff absence has led to increasing risk in our GDPR work and has meant a delay in taking forward Information Asset Register work.</p>

	<p>Align with ISO27001 Information Security Standard</p> <p>We continue to align with the standard and certification has been regained for Cyber Essentials and Cyber Plus. Website and external network interfaces are tested every month. Cyber training for all staff has been launched. This covers not only cyber security but also GDPR and information management. A third round of phishing testing has been completed, with only 8 people in the organisation clicking on the links, an excellent result. Good progress is being made on Building Security Assessments and we remain on track to review all offices by the end of financial year.</p>
<p>Technology & Digital Services</p>	<p>Deliver Information Technology Implementation Programme</p> <p>We have made excellent progress with the Windows 10 rollout, but Q3 saw significant delays to Telephony/Unified Comms (Telephone, Mobile, Instant Message & Video) plus Office 365 work. Underlying architecture work has progressed, but work on O365 front end technologies has stalled due to staff absences in Technology and Digital Services Infrastructure Team. Progress rating will be reviewed in Q4 following recommendations to the Transformation Steering Group on O365 & future Telephony/Comms.</p> <p>Deliver Software Development priorities</p> <p>Rebuilds continue to make slow but steady progress due to overall workload/ capacity issues and the challenges of moving to Agile methodologies, hence the amber rating. As familiarity increases we are confident of pace increasing and will review this rating in Q4 once work on Licencing begins in earnest.</p> <p>Deliver Geographic Information/Spatial Systems</p> <p>GIS work has continued to be impacted by vacancies in the Geographic Information Group (GIG) team throughout Q3. We expect the situation to improve in Q4 following recruitment to Peatland Action funded GIG post in January. We are working to build capacity in GIS skills within the wider organisation</p> <p>Utilise new Earth Observation and remote sensing technologies</p> <p>Excellent progress has been made following the successful recruitment of our Innovative Technologies Programme Manager. Programme governance now in place and a bid for external funding (through partnership with Space Intelligence) is being progressed.</p>
<p>Comms</p>	<p>We announced the rebranding of the organisation to NatureScot from 1 May 2020. The new brand allows us to put nature at the heart of our corporate identity in a way we have never been able to do before. It will allow us to use this identity as a catalyst to raise the importance of nature in a wider policy dialogue from health to the economy in a way that people will be able to understand and respond to.</p> <p>Reach and engage audiences across all channels</p> <p>Media reach continued to increase over the quarter. We have seen an increase in broadcast coverage, especially national radio. We are also continuing to see increased Ministerial engagement with media events. The number of people reached through our stories during Q3 was 38.6m compared with 36.9m in the same period last year and 23.2m in 2017/18 Social media reach and impact continues to increase. Engagement rates (the number of people who interact vs the number of followers) are especially high for Instagram and Facebook against industry standard of 1%.</p> <p>Twitter followers up 6% on Q2, with an engagement rate of 1%.</p> <p>Facebook followers up 2% on Q2 with an engagement rate of 4%. Our top post in Q3 for both reach and engagement was our NatureScot brand change announcement.</p> <p>Instagram followers up 17.6% on Q2 with an engagement rate of 2.64%.</p> <p>Strategic events and stakeholder engagement</p>

This quarter we held a successful Parliamentary reception to celebrate our National Nature Reserves. This was attended by 300 stakeholders including Ministers.

Our involvement as strategic partners to the VIBES (Scottish Environment Business) Awards provides a useful platform for us to further our engagement and collaboration with business and industry and to raise the profile of the benefits healthy and resilient nature can bring. The Awards recognise and showcase businesses in Scotland that have taken steps to improve or reduce their impact on the environment. Nick Halfhide and Ian Gillies attended the ceremony with around 500 other delegates in November.

We also co-sponsored the RSPB's Nature of Scotland Awards. The awards celebrate excellence, innovation and outstanding achievement in nature conservation. We have our own sponsored award category: the SNH Business Award, which recognises some of the excellent work being done by Scottish businesses to conserve and enhance nature, reduce their environmental impacts, and mitigate and adapt to climate change. It was won this year by Comrie Croft and our Chairman attended the dinner to present the award in December.

Internal Communications

Of particular note this quarter has been the running of two "Showcase your Work" events attended by 60 staff. This follows on from the positive feedback received from this approach at the Staff Conferences.

Our Leadership Hub section of the Intranet is also proving to be effective in ensuring colleagues are able to access decisions and key messages more simply and received more than 11,000 views this quarter.

Appendix A – Supplementary Information

National Performance Framework Indicators

NPF Indicator	Status	Next Update Due
Lead reporting on:		
Improve the condition of protected nature sites	Maintaining	May 2020
Increase the abundance of terrestrial breeding birds: biodiversity	Improving	January 2020
Increase natural capital	Improving	April 2020
Contribute towards:		
Increase people's use of Scotland's outdoors	Improving	September 2020
Improve access to local green and blue space	Maintaining	September 2020
Reduce Scotland's carbon footprint	Maintaining	Overdue (Dec 18)

1. Progress on each Indicator is undertaken annually and where an update occurs we shall provide a report here:

Increase the abundance of terrestrial breeding birds: biodiversity

The status of this indicator will be updated in January 2020

Progress on Customer Care Performance

2. Performance on customer care standards:

Complaints Handling

We received 7 complaints in Q3, with 6 (86%) handled within standards.

Responses to FOI Requests

We received 32 FOI requests in Q3, and were late on 4 occasions. Request numbers themselves don't highlight the full complexity of the casework - many of the FOI/EIR requests that we respond to involve large amounts of documents and cover contentious topics.

Title: **Q3 Budget and Paybill Report to Board**

Date: **29th January 2020**

Purpose:	For Decision. To present the current financial position and proposed actions as at 6 January 2020 to Board and seek confirmation they are content with management of SNH's budget.
Summary:	At this stage of the 2019/20 financial year we are forecasting an overall overspend position of £0.410m on the operating budget. Allocations Group are continuing to manage the overspend position down. Close monitoring of financial performance will continue throughout the year to ensure full budget outturn is achieved. We are currently forecasting an underspend of £0.051m on our £1.256m Capital budget (5%). A verbal update will be provided at the meeting relating to the position at Monday 27 January 2020.
Last discussed:	The financial position is discussed weekly at SLT catch up meetings and was last discussed by the Board on 29 October 2019.
Agreed outcomes:	N/A.
Next update:	SLT will be provided with regular monthly updates. Board will receive a year end update, ad hoc updates will also be provided in exceptional circumstances.
Relevant to Corporate Priorities:	To ensure sound financial / budgetary management – delivery of a high quality public service.
Fits with Government Priorities:	Grant in Aid conditions as set out in Scottish Government's Budget Allocation and Monitoring letter, Framework Agreement and the Scottish Public Finance Manual.
Risks/Opportunities:	Year-end underspend reduces funds available for spend on Natural Heritage. Overspend is not permitted by Scottish Government. Corporate Risk 21 – Budget Management.
Resource/Staffing:	N/A.
Implications:	N/A.
Equalities:	N/A.
Recommendations:	Board to note the financial position as at 6 January 2020 and confirm it is content with the management of the operating and capital budget during 2019/20.
Report Author(s): Sponsor:	Elaine Ward Alan Hampson
Appendices:	N/A.

Purpose

17. This monthly finance report provides details on the current position for 2019/20 using financial ledger information from 6 January 2020.

2019/20 Operating Budget

18. The agreed operating budget as detailed within the draft 2019/20 Budget Allocation letter from Scottish Government is £45.500m. We are anticipating adjustments of £13.376m at the Autumn and Spring Budget Reviews and a £2m reduction in the Peatland budget, resulting in a full year budget of £56.876m. An additional £1m has been made available for the Biodiversity Challenge Fund for each year 2019/20 and 2020/21, doubling the initial funding. We have confirmed that SNH will make a contribution of £1.200m in respect of SRDP and have reflected this in the figures. This budget is monitored and managed closely by the Finance, Planning & Performance team (FPP). Regular updating of forecasts by project managers, with input from FPP, allows a flexible approach to be used for allocating funding, taking into account in year surrenders of project budgets. This helps ensure corporate plan outcomes are delivered in line with a full budget outturn by 31 March 2020.

19. The operating budget position is monitored against a number of measures to ensure full utilisation by the financial year end.

20. The measures reported are:

- **Allocations Trackers** – we set a target allocation of funds against projects, based on a percentage of the project budget, with a tolerance level above and below this target. To ensure high levels of early commitment we initially over allocate budget to projects up to a percentage approved by SLT (currently 5%) at the start of the year and then manage this down through the year by closely monitoring budget allocations, budget surrenders and re-allocation of funds. As the year progresses the tolerance level and target allocation reduces to arrive at full allocation at the end of the financial year. The allocation tracker is shown below at paragraph 7.
- **Actual Spend Profile** – monitors the actual spend for the year to date and compares it against the previous financial year. This highlights any potential issues with the spend profile and allows follow up action to be taken if necessary.
- **Hard Commitment Profile** – measures the hard commitment levels (orders placed) as a percentage of forecast project spend and compares it to the previous financial year. This highlights any potential issues with project delivery by the financial year end if spend commitments are not being progressed. We actively encourage early commitment as this enables a clearer forecast of the year end position.
- **Paybill Outturn Trajectory** – the forecast of paybill spend based on a number of scenarios relating to the number of leavers and the fill rate of vacant posts.

Headlines

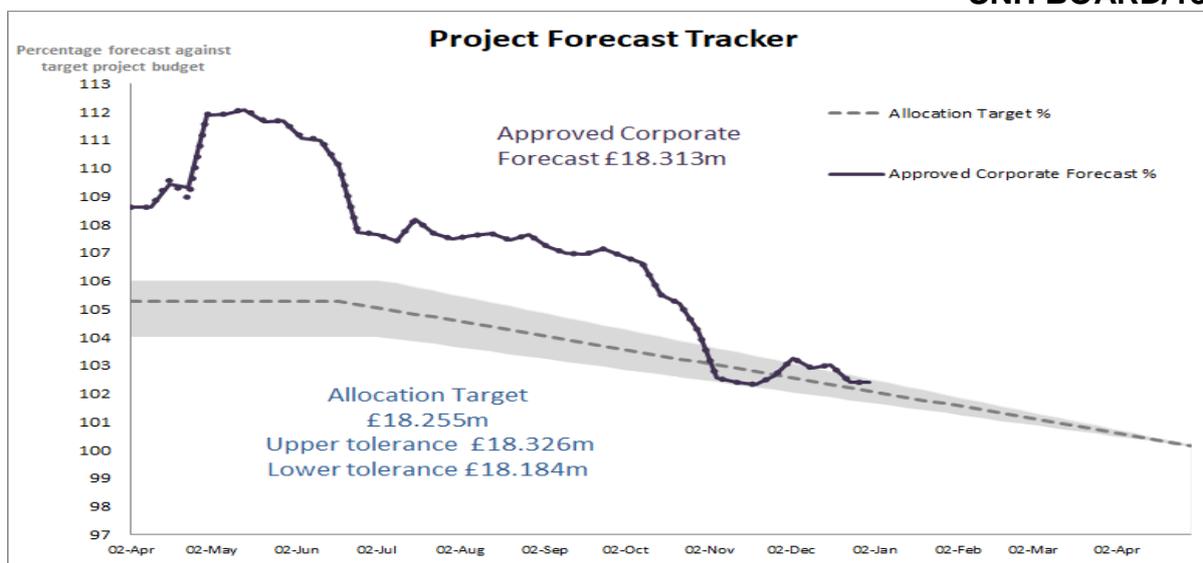
21. As at 6 January 2020, of the 6 performance measures reported in the table below, all are rated green. Board can be assured that current budget management actions have operated well throughout previous years and are expected to continue to do so in 2019/20, providing the necessary control and oversight to ensure we use our available budget as effectively as possible.

	Performance Measures	RAG
Operating	<ul style="list-style-type: none"> Allocation tracker Actual Spend Profile % Hard Commitment Profile % 	● ● ●
Paybill	<ul style="list-style-type: none"> Paybill Trajectory 	●
Capital	<ul style="list-style-type: none"> Actual Spend Profile % Hard Commitment Profile % 	● ●

22. The summary operating budget financial position at 6 January 2020 is:

	Actual Spend	Total Committed	Forecast Outturn	Current Budget	Variance	Uncommitted Funds
Projects	8.664	15.636	16.656	16.002	(0.654)	1.019
JNCC	1.019	1.019	1.019	1.019	-	-
Non Cash	1.190	1.900	1.900	1.900	-	-
Total Paybill	21.031	27.941	27.941	27.961	0.020	-
Provisions	-	-	-	-	-	-
Slippage	-	-	(0.224)	-	0.224	(0.224)
Total Operating - excluding Peatlands	31.904	46.496	47.292	46.882	(0.410)	0.796
Peatlands	3.939	9.485	9.994	9.994	-	0.509
Total Operating including Peatlands	35.843	55.981	57.286	56.876	(0.410)	1.305

23. The project allocation level is £18.313m, £0.058m above our £18.255m target. Allocations group will meet weekly during Q4 to ensure actions are taken swiftly to maximise spend against the available budget.



(Excludes Peatland Action)	Budget & Allocation					Over (Under) Allocation	
	Budget	Forecast	Committed	Project Allocation	Target Allocation	£M	%
May	44.651	46.938	35.899	17.908	16.799	1.109	6.6%
June	44.651	46.715	37.683	17.763	16.799	0.964	5.7%
July	45.659	46.868	40.624	17.533	17.130	0.403	2.4%
August	45.642	46.893	41.289	17.754	17.241	0.513	3.0%
September	45.642	46.848	42.835	17.712	17.189	0.523	3.0%
October	45.681	46.776	44.489	17.565	17.023	0.542	3.2%
November	47.231	47.659	45.185	18.559	18.643	-0.084	-0.5%
December	47.231	47.829	45.852	18.784	18.653	0.131	0.7%
January	46.882	47.292	46.496	18.313	18.255	0.058	0.3%

24. The graph above shows that the allocation level is £18.313m, £0.058m above the target of £18.255m but £0.013m below the upper tolerance of £18.326m.

25. The forecast paybill overspend has reduced by £0.070m to £0.020m following the pause on recruitment approvals and the internal filling of a number of vacant posts. This forecast includes an assumption of a further 10 FTE leavers over the remaining four months of the year (the most recent paybill forecast included leavers to November only). Fewer leavers would increase the year end forecast.

2019/20 Capital Budget

26. The agreed capital budget as detailed within the draft 2019/20 Budget Allocation letter from Scottish Government is £1.256m. This is made up of an initial allocation of £1.000m, £0.250m in respect of GovTech Catalyst funding and £0.006m transferred from the Peatlands operating budget.

27. Capital budgets have been allocated across a number of project types and the current position is detailed below:

28. We are anticipating capital income of £0.345m and Net Book Value adjustments from asset disposals of £0.020m. We therefore have £1.621m available to allocate to capital

projects. A £0.020m reduction in budget for vehicle charging points (to ensure full completion by year end) and the inclusion of £0.020m of asset disposal income have resulted in a forecast underspend of £0.051m (5%).

Project Type	Actual Spend £m	Total Committed £m	Forecast Outturn £m	Current Budget £m	Variance £m	Uncommitted Funds £m	Forecast Capital Spend	1.570
Vehicles	0.238	0.425	0.465	0.465	-	0.040	Grant in Aid Capital DEL	1.000
Operational Equipment	-	0.001	0.002	0.002	-	0.001	Peatland GiA	0.006
IS Projects	0.305	0.361	0.409	0.409	-	0.048	GovTech Income	0.250
NNRs	0.096	0.096	0.133	0.133	-	0.037		1.256
Property Projects	0.111	0.111	0.111	0.111	-	-	Income from Capital Projects	0.345
TWP	0.045	0.045	0.046	0.046	-	-	Asset Disposal Proceeds	0.020
Can do Challenge	0.173	0.210	0.223	0.223	-	0.013		0.365
Muir of Dinnet	0.123	0.123	0.176	0.176	-	0.052		1.621
Newburgh	-	-	-	-	-	-		
Peatlands	-	-	0.006	0.006	-	0.006	Available to Allocate	0.051
Total	1.092	1.373	1.570	1.570	-	0.197		

29. We are currently forecasting full spend on all allocated budgets.

Corporate Position

30. There is a forecast overspend of £0.410m (net of Peatlands). This takes account of a deduction for SRDP of £1.200m. The paybill forecast indicates that we will underspend against our paybill allocation by £0.020m by 31 March 2020. This assumes the leaver savings already included in the forecast are achieved. This forecast is reviewed in detail on a monthly basis.

31. The project allocation level is slightly above target, by £0.058m.

32. The paybill position has been reviewed in detail following November's pay run. This ensures that any variation in leaver numbers from the forecast projections is reflected in updated forecasts and allows the paybill savings target to be managed over the remainder of the year. The lower December paybill forecast will likely reduce the likelihood of a budget transfer being required from projects to paybill before the end of the year – assuming that the leavers estimate for Q4 is achieved.

33. On capital we are currently forecasting an underspend of £0.051m but are seeking to identify areas where spend could be brought forward from 2020/21.

Peatlands

34. Peatland funding for 2019/20 is £10m following a £2m surrender to SG. A spend of £9.994m is forecast at this stage. Issues with contractor availability together with demand not progressing to applications are significant factors in the surrender and forecast position. SG have been made aware of this position and we are continuing to work with them to maximise spend and delivery over an extended timeframe. We will continue to provide updates in future Finance reports.

Recommendations

Board is asked to:

- Note the financial position and proposed action as at 6 January 2020 and confirm it is content with the management of the Operating and Capital budget during 2019/20.

Finance, Planning & Performance
6 January 2020.

Title: **Q3 Risk Report to Board**

Date: **29th January 2020**

Purpose:	For information (full Corporate Risk Register reviewed by ARC)
Summary:	<p>There are 17 risks on the Corporate Risk Register of which 4 risks are rated High. Details of these are included in the accompanying Annex.</p> <p>One risk has seen its rating increase this Quarter concerning the level of SRDP funding for 2020/21 as there is a likelihood of reduced funding. This will mean fewer AECS applications and potentially impacting on the management of protected nature sites.</p> <p>Two risks have reduced their previous High rating. The first concerns our partner role in delivering SRDP which is back at a Medium rating. This follows steps that have been taken to help manage the supporting IT systems which had failed for a period in Q2. The risk of a no-deal with the EU has also been reduced to a Medium rating following the outcome of the UK election and the clarity that there will now be a transition period after the UK's departure on the 31st Jan.</p> <p>Board are requested to note that ARC members have asked that the Board are given the opportunity to review the Corporate Risk Register to ensure it sufficiently covered risks to delivery of our corporate priorities. It is proposed that we provide this to the Board in March as part of the presentation of our Business Plan for 2020/21.</p>
Last discussed:	Q2 Review in October 2019
Next update:	Review entire Corporate Risk Register At March Board, and, Q4 Review in April 2020.
Relevant to Corporate Priorities:	Provides progress on the management of the threats and opportunities for delivery of our corporate priorities.
Fits with Government Priorities:	Aligns with governance requirements for public sector bodies to implement an effective risk management process
Resource/Staffing:	Risk owners appointed to manage the risks and supported by staff to implement the necessary control measures
Implications:	Control measures are being implemented to ensure that the risks to delivery of our Corporate Plan or have a corporate significance are being satisfactorily managed.
Recommendations:	The Board is asked to note progress in the management of corporate risks and confirm it is content with the actions taken.
Report Author(s): Sponsor:	Risk Manager with support from Outcome Managers Alan Hampson

Purpose

1. This paper provides the Board with an update on actions to manage corporate risks and any changes to the Corporate Risk Register. A full report will be provided to the Audit & Risk Committee at their forthcoming meeting.

Risks to delivery of Outcomes

2. Outcome 1 – There remains one corporate risk for this Outcome related to our management of the Green Infrastructure Fund. Capital claims are now starting to be submitted to the Managing Authority from Phase 1 grantees and we are incorporating learning from their feedback in our advice to Phase 2 grantees. This will help mitigate the risk over any non-compliance with the rules governing the Fund. Overall, the risk remains rated at Medium.
3. Outcome 2 – There are three corporate risks for this Outcome. All of these are rated Medium including the most recent one on the Climate Emergency and the opportunity to position nature front and centre in climate change action. We have identified a number of controls to achieve this including our advice to Government on the role of nature in tackling climate change. So far we have provided advice on corporate emission targets although there has been less liaison so far on emissions-reduction through land use and on adaptation. However, other actions to seek this opportunity continues including the establishment of cross-Activity groups to oversee the various strands of work, the implementation of pro-active comms for specific local projects, and work to access green finance.
4. The second risk concerns the provision of our Natura advice and the threat that this is too precautionary or insufficiently precautionary. All controls are in place and work continues to transfer site data from the EU Natura database to the European Bern Emerald network database as part of our preparations for EU Exit. The third risk relates to the threat from our role in the establishment and management of the Marine Protected Area (MPA) network. We continue to work closely with Marine Scotland in this area and they have recently agreed to re-start joint Programme Boards to help reinforce this relationship. In addition, following feedback from stakeholders, Marine Scotland have agreed to a series of stakeholder meetings to get more detailed input to the design of the MPA (and Priority Marine Features) management measures.
5. Outcome 3 – There are four corporate risks for this Outcome. The first of these relates to the Peatland Action Project and the risk from the annualised funding cycle. This remains rated High and we are now forecasting £2m underspend on the £12m budget. More details about this are provided overleaf. The second risk concerns the threat on our ability to influence stakeholders over our planned outcomes for wildlife management. The risk remains significant although the identified controls are seen as adequate, focussing on managing the key relationships for our high profile project work. Recent publications of the [Deer Review](#) and the [Werrity Report](#) continue to illustrate upland land-use conflicts and our role in resolving them.
6. The other two risks relate to SRDP, one concerning our role as a delivery partner and the other on our reliance on the scheme as a funding mechanism to support delivery of a number of our priorities. The first of these had its rating increase to High in the previous Quarter as a result of the loss of access to key work systems due to the ageing federated servers. However, this has now reduced back to Medium as the threat to the systems are now better managed through agreed mitigation action. This includes agreement with SG for a joint project to start this month

to establish a more durable replacement system. Whilst the likelihood of this risk materialising has reduced the other related risk regarding funding has conversely seen its likelihood increase, resulting in the risk rating changing from Medium to High. More details about this are contained overleaf.

7. Outcome 4 – There are nine corporate risks identified against this Outcome. Two of these are on-going High-rated risks (Paybill Management and Computer Virus). More details on the High-rated risks are contained overleaf. One risk concerning the threat of a no-deal EU Exit has seen its rating reduced from High to Medium following the outcome of the UK Election and a transition period now in place for the remainder of the year. Whilst the threat of a no-deal remains we continue to have plans in place to deal with this situation if it arrives.
8. No changes have occurred with the ratings or scores of the remaining risks. The Budget Management risk continues to be closely controlled and details on the latest financial position are contained in the accompanying Finance Report. On the Future Funding risk, whilst there is now a delay on notification on our budget settlement for 2020/21, we have built in scenario planning for delivery of our new Business Plan and the rating of Medium is still considered appropriate.
9. The Staff Resource Management risk also continues to be closely monitored with work progressing as part of the Organisational Development Framework to deliver the development requirements for staff resource management. The risk on Adapting to Strategic Change continues to be actively managed utilising the four themes identified last year for our strategic development. Finally, we continue to seek shared services to help realise the opportunity for Joint Working, particularly within EELG where we are seeking a more joined up approach with partners on addressing the Climate Emergency, especially on peatland restoration.

Outcome 3 – More investment in Management of Scotland’s Natural Capital

No	Description	Impact	Likelihood	Rating	Comments
253	<p>Peatland Action - Annual Funding Cycle</p> <p>As a result of the programme having single year budget allocations there is a risk that the project will not meet restoration and specific targets due to the tight window of site work during Q3 & Q4 and its vulnerability to winter weather and the impact this may have on stakeholder confidence and capacity. This may result in a lower contribution to tackling the Climate Change Emergency.</p>	4	4	High ↔	<p>Risk remains high as we are now forecasting £2m underspend on the £12m budget, largely due to restrictions in contractor capacity and confidence as a result of the annual funding cycle.</p> <p>Mitigation within year has included running a targeted second round of applications, discussions with the most important applicants on additional effort and spend (EELG partners, larger eNGOs) and accelerated progression of applications.</p> <p>Despite these interventions we are forecasting a lower hectare restored and lower spend than planned at the start of the year. Earlier application round and approvals were added as controls following Protected Area Board meeting in Oct 19.</p>
72	<p>SRDP – Outcomes for the Natural Heritage</p> <p>As a result of SNH’s dependency on the SRDP Programme 2014-19 as a funding mechanism, there is a risk that the overall level of funding available, the options (including their targeting), financial incentives, as well as the transaction costs for smaller applications may not be sufficient. This may result in the limited delivery of some of SNH’s corporate priorities, notably those that influence the NPF Indicators for Protected Nature Sites and Biodiversity, and for the wider outcomes we are helping to deliver.</p>	3	4	High ↑	<p>Risk rating increased to High from previous Medium rating on basis of likelihood of reduced funding for AECS in 2019.</p> <p>We also now know that there will be no new AECS round in 2020 and only expiring contracts will be offered one additional year's contract. These risks are out of our control.</p>

Outcome 4

83	<p>Paybill Management</p> <p>As a result of weak implementation of corporate controls on vacancy management, there is a risk that SNH fails to deliver the required savings in paybill with the consequence that we overspend or create an unsustainable paybill in future years.</p>	3	4	High ↔	<p>We have implemented our new approach to vacancy management, which focuses on increasing internal movement of resources, that will produce savings as a result of us taking a more strategic and planned approach to vacancies over the remainder of the corporate plan period. As implementation was only delivered in December we will retain the current high risk rating until we are able to assess the efficacy of this approach.</p>
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<p>47</p>	<p>Computer Virus</p> <p>As a result of inadequate protection or inappropriate system use, including staff actioning email links that lead to malware downloads, there is a risk that SNH systems becoming infected with a virus, resulting in systems and data becoming unavailable or corrupted, significant system downtime and huge operational impacts</p>	<p>3</p>	<p>4</p>	<p>High ↔</p>	<p>November's phishing training has been a success, with only 8 people in the organisation clicking on the links. Two of these staff are "re-offenders" and will be given further advice on their email / online behaviours.</p> <p>We are about to start our on-line e-learning this quarter too. It covers not only cyber security but also GDPR and information management. Other controls continue to be commensurate with the risk. We are also contributing to the DNS service that central government hosts. By directing our traffic through a central portal, we increase our protection and contribute to the wider safety of the government sector.</p>
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Title: **Q3 – People Report to Board**

Date: **29th January 2020**

For Information, Decision or Discussion	For Information.
Summary:	<p>This report provides the Board with the People Report for Quarter 3 - 2019/20. At this point in the year, 6 out of the 11 indicators are rated green, with 5 indicators rated amber.</p> <p>Good progress continues to be made on the priority actions in the OD framework – including policy refresh work, roll out of initial elements of the leadership development programme, launch of the action learning sets and consolidation of the Performance Management approach.</p> <p>A key focus in Q3 has been the Wellbeing Survey and follow up action is underway in teams and with Change Partners. A summary is provided at the end of this Report.</p>
Recommendations:	The Board are asked to note the progress and performance in Q3, and work being taken forward during Q4 2019/20.
Relevant to Corporate Priorities:	Provides information in support of Health, Safety & Wellbeing, Workforce diversity and development, in the context of enabling delivery of the new OD framework, and our Corporate Plan: Connecting People & Nature.
Fits with Government Priorities:	Ensuring that SNH's people are delivering against the expectations and priorities of government.
Risks:	<p>There are 2 corporate risks related to people management:</p> <p>Risk 137 - Staff Resource Management</p> <p>Risk 83 - Paybill Management</p>
Resource/Staffing:	These are covered within the report.
Implications:	There are no particular areas for concern at present.
Report Author(s): Sponsor:	<p>Laura Myring, Functional Analyst, Alison MacDonald, People and OD Manager,</p> <p>Lynda Thomson, Head of People and OD,</p> <p>Jane Macdonald, Director Business Services & Transformation</p>

Purpose

The purpose of this paper is to provide the Board with a snapshot of progress and performance at the end of Q3 2019/20. This includes information on health, safety and wellbeing, workforce demographics and workforce development.

Recommendations

Board are asked to note the progress and delivery in Q3 2019/20, and work being taken forward during Q4 2019/20 to support delivery of the current Corporate Plan and support the implementation of the OD framework.

Points to Note

Work is ongoing to deliver the new Fusion reports which will allow us to fully report on the required people data going forward. The Q4 report will provide a full update on sickness, youth employment and learning and development.

A detailed update on the Wellbeing survey, which was issued in October, can be found at the end of this paper.

Key actions for amber ratings:

Stress/Anxiety/Depression related absence: We don't currently have the full range of reports available due to the move to Fusion. However we have looked at other data sources and there is no suggestion that sickness levels have changed significantly since the previous report.

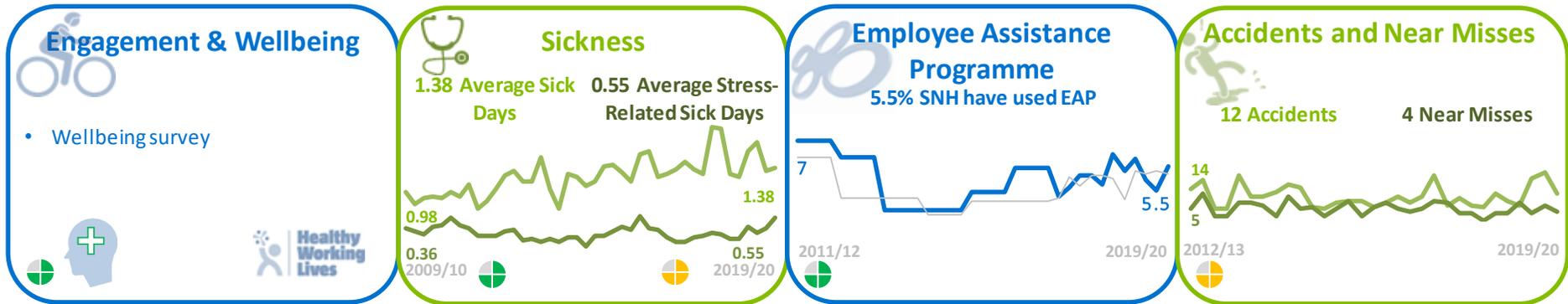
Accidents and Near Misses: We have procured a new H&S online training package. The plan is for this to be rolled out during Q4.

Youth Employment: Work continues with Scottish Government and other public bodies to increase the number of young employees within SNH.

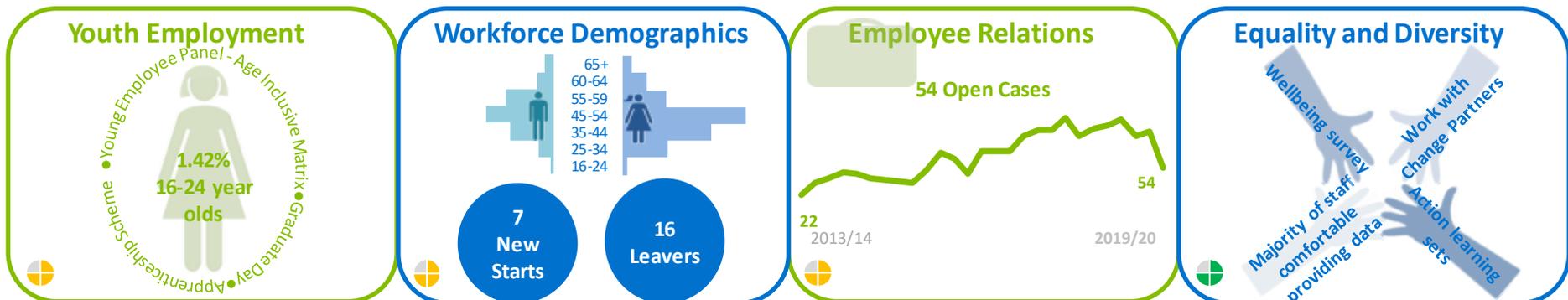
Workforce Demographics: Work to be carried out to map potential retirement times at activity / area level and analysis on skill requirements.

Employee Relations: More targeted work with managers on cases, along with more in depth analysis of our current ER issues and resolutions.

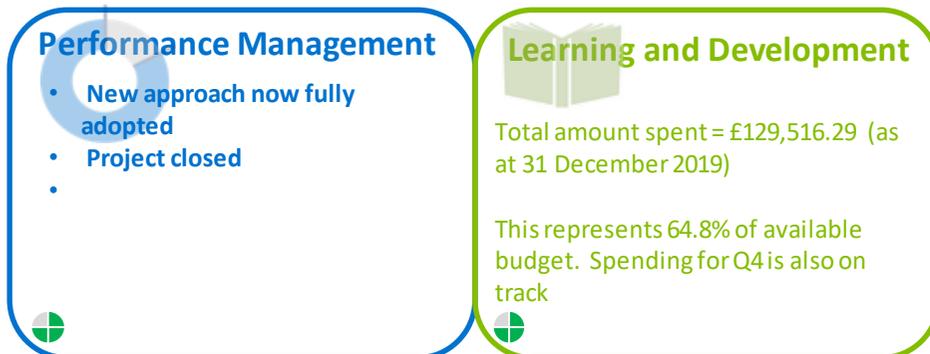
Health, Safety & Wellbeing



Workforce Diversity



Workforce Development



Rating System

● Green ● Yellow ● Red

Yearly Summary Tog: Q4 Q1 Q3 Q2

Health Safety & Wellbeing

Engagement & Wellbeing

- Wellbeing Survey 2019 was issued in October.
- The survey headlines are:
Looking after your mental health
- Results are predominantly positive, particularly confidence of staff in knowing how to stay mentally healthy and in managers talking about mental health
 - 29% of staff are not comfortable talking to their managers about mental health
 - 19% of respondents said they don't feel that wellbeing at work is good
 - Low scores around SNH supporting employees with mental health
 - Managers are aware of and using our Employee Assistance Programme (EAP) and are using these services to help support their teams with complex issues
 - The most utilised and useful EAP service was the confidential counselling service, other services scored very low in terms of usage and usefulness
 - There was low levels of awareness of who our Mental Health Champions are and their role

New Ways of working

We want to make it easier for people to talk about their experiences and to reinforce the importance of our values and consequences when they are not met. We want a larger number of people experiencing the benefits and supporting continued development of team relationships and collaboration associated with new ways of working. We want to ensure that all staff are having regular conversations with their managers, that they take some personal responsibility for ensuring that these conversations happen and for managers to be equipped with the tools and skills to encourage staff to manage their workload proactively.

We will work with our Change Partners to review the currently planned actions within the OD framework to see whether they remain sufficient to tackle the issues arising, or whether additional actions need to be identified.

- The introduction of Smarter Working has improved wellbeing, work/ life balance and enjoyment at work for more than it has not.
- Most people are making the most of the opportunities and facilities that have been introduced. The comments received support the statistics and show most people are benefiting from the introduction of Smarter Working
- The majority of managers have a positive attitude to Smarter Working

Improving Our Resilience - More than half of us feel that at times stress has caused us to do our job less well.

- The two main sources of pressure are reported to come from external sources (38%/ 147 people) and ourselves (37%/ 144 people)
- Stress at work has resulted in 41 people being absent
- 76% of respondents (256 people) said they feel able to prioritise their workload when required

Dignity at work

- The vast majority of people have not experienced a dignity at work issue in the last two years, however 14% of staff had

experienced bullying from an SNH employee

- 20% of respondents said they feel that dignity at work has improved but 13% disagreed. The remainder provided a neutral response
- SNH employees are cited as the main cause of most Dignity at Work issues
- Grade was the main reason given where a person feels they have experienced an issue
- Unlike previous surveys we are seeing an increase in Dignity at Work reasons around gender, age, disability and caring responsibilities

New Performance Management Approach

- 24% of respondents said they are not having Performance Development Conversations (PDCs)
- Of those who do have them, 74% said they are constructive
- The percentage of people who feel the performance management approach has improved (31%) is equal to the percentage who feel it is has not. The majority of people (38%) provided a neutral response

Employee Assistance Programme	<ul style="list-style-type: none"> • EAP usage in SNH has increased to 5.5% of employees, slightly above the public sector average of 5.1%. • Mental health remains the most common reason for contacting the EAP. The most common work related reasons were relations, role issues, other work related stress and bullying. 	EAP usage in SNH has slightly increased since last quarter. This could be due to the time of year e.g. the pressures that can come with the festive season.
Accidents and Near Misses	<p>We have seen a reduction in both accidents – down from 22 to 12 and near-misses – down from 7 to 4 in Q3. Although not consistently the case, we usually see more incidents reported in Q1 and Q2 than we do in Q3 and Q4 so this reduction is in line with our expectations. Cuts were the most common injury type, which again is not unusual. There was no common cause noted for these so there are no proposed remedial actions at present. A couple of slips/falls were noted linked to the short spell of colder weather in December. Although both locations have winter maintenance arrangements in place a general reminder will be beneficial as part of the quarterly safety conversation communications.</p>	General reminder of winter maintenance arrangements.
Workforce Diversity		
Youth Employment	<ul style="list-style-type: none"> • As predicted, youth employment levels have risen this quarter as we welcome more new graduates for placements, totalling 9. 	Continue to work with other public bodies and also Public Sector Network (PSN) to influence Scottish Government. Continue to work with Young Scot and Re-Route to address wider issues affecting young

	<ul style="list-style-type: none"> Q3 saw the Year of Young People legacy event in December, starting with a session looking at the legacy from the Year of Young People and the work of the Young Employee panel over the last year. 	<p>people across Scotland and consider how this influences future youth employment initiatives and career prospects.</p>
Workforce Demographics	<ul style="list-style-type: none"> Leavers and new starts decreased 	<p>Work to be carried out to map potential retirement profiles at Activity/Area level and complete analysis on skill requirements. We are seeing more permanent employees in temporary assignments nearing the end of these arrangements. As the OD framework is developed, these redeployments will be made more visible and will hopefully help to balance the loss of specialised skills lost due to retirement and to reduce the skills gap.</p>
Employee Relations	<p>Of the 54 open cases, 23 are classed as formal. This is where they have reached the formal stage of the policy or process. There is one each of the following categories – unsatisfactory performance, staff transfers, secondment and grievance, and 18 redeployment. There is 1 case being handled for Bòrd na Gàidhlig.</p>	<p>Work continues to develop our approach to casework to ensure resource is deployed effectively.</p>
Equality & Diversity	<p>The key focus for equality and diversity has been engagement through our wellbeing survey over the last quarter.</p> <p>An analysis of the survey has identified the following:</p> <ul style="list-style-type: none"> The majority of staff are comfortable providing their equality information to SNH, 	<p>We have set up action learning sets to tackle some of our strategic dilemmas including how we can increase engagement with longer serving employees and young people.</p> <p>We will work with our Change Partners to review the currently planned actions within the OD</p>

the small numbers that commented on why uncomfortable was primarily due to a lack of awareness of how the data is used

Looking after your mental health

- Men less likely to engage in mental health activities and support as an employee than women
- Men more likely to be engaged with wellbeing activities that involve a physical activity

New Ways of Working

- Positivity towards new ways of working decreases as age increases
- Men more likely to experience the benefits of new ways of working across all areas (wellbeing, office environment, productivity, positive use of workplaces, team relationships, collaboration and work enjoyment) apart from work life balance

New Performance Management Approach

- Men were generally more negative about the new approach
- Older staff (45-54) are having a more negative experience of the approach than the rest of the organisation. They are less likely to have personal development conversations

framework to see whether they remain sufficient to tackle the issues arising, or whether additional actions need to be identified.

	<p>and less likely to discuss wellbeing as part of this conversation</p> <ul style="list-style-type: none"> • Employee perceptions around managers' interest in their development decreases with age • More females than males felt their manager was genuinely interested in their development <p>Improving Our Resilience</p> <ul style="list-style-type: none"> • Younger employees are more likely to take time off work due to stress <p>Dignity at work</p> <ul style="list-style-type: none"> • Younger employees are less likely to know how to report dignity at work issues • Older staff more likely to have experienced a dignity at work issue 	
Workforce Development		
<p>Performance Management</p>	<ul style="list-style-type: none"> • The recent Wellbeing survey included questions to help review our new Performance Management approach. The survey results showed that 74% of respondents feel that their PDC's are constructive, only 8% disagreed/strongly disagreed with this statement. SLT discussed 	<p>This Performance Management approach has now been fully adopted and is business as usual.</p>

the approach to performance management as part of their response to the wellbeing survey and support the evolution of the approach