

Title: **Q4 Performance Report for Board**Date: **06 May 2020**




















Purpose:	For Decision
How does this link with our corporate priorities of improving biodiversity or delivering nature-based solutions to climate change	This paper provides evidence on the progress made across the extent of SNH's work that collectively contributes towards our corporate priorities for improving biodiversity and delivering nature-based solutions to climate change.
Summary:	<p>This paper provides Board with a Q4 update on performance towards delivering the 2019/20 Business Plan. It provides a Dashboard and Outcome Summary addressing Performance, Finance, Risk, People metrics and an update on National Performance Framework indicators and customer care measures.</p> <p>This last performance report of the 2019/20 business plan is shorter and sharper, partly due to current working practices but also in response to tightening up our evidence of performance</p>
Recommendations:	The Board is asked to note the Quarter 4 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, Deputy Directors, Outcomes Managers, Finance, P&P Team & People & OD Team</p> <p>Sponsor – Stuart MacQuarrie</p>
Appendices:	Annex A – NPF indicator updates and Customer Care

Purpose

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

Summary

2. This report evidences strong delivery during the last quarter of the year with all Outcomes overall rated as Green. The management and control of our Corporate Risks are also rated green for Q4. Any adjustments identified as necessary during the year, have been addressed through Activity reprioritisation and where possible, appropriate action taken to ensure Key Deliverables are achieved.
3. As a result of COVID-19, from the 23rd of March, the majority of staff moved to working from home. The relative ease of that transition, and ongoing success of novel ways of working is testament to the work already undertaken in delivering technologies to facilitate smarter working and the underpinning infrastructure and security to support it; with staff safety and wellbeing at the forefront of our approach.
4. The Operational impacts of COVID-19 range from an inability to access sites, deliver goods or ongoing works and a move for most staff to remote working. In light of this, Outcomes have adapted where possible, by taking an alternative approach to engagement with stakeholders, focussing on essential tasks which can be delivered remotely and supporting the continuity work of the Strategic Business Recovery Group.
5. The Strategic Business Recovery Group (SBRG) is chaired by the Chief Executive and includes the lead Directors from each of our Outcomes. The Group will provide structure and direction on our immediate priority work and plan for our longer term recovery so that we emerge from this crisis stronger and more resilient than before.
6. Whilst this report is a Q4 summary, the forward look extracts are inevitably longer given the circumstances noted above. The main impact of COVID-19 will be during Q1 2020/21 with an emergency Plan for Q1 already compiled by the Resourcing Group. The Key Issues and Forward Look highlighted are as follows:
 - COVID-19 will impact delivery of tasks across all Outcomes and the impact on delivery and possible alternative arrangements are tied to Scottish Government restrictions
 - A review of all site based delivery will take place relating to areas such as Peatlands, Biodiversity Challenge Fund Grants, National Nature Reserves, Management Agreements and Deer Counts to address essential work and to take a more flexible approach to claims
 - There will be delays in areas where delivery must take place within a specific period such as our work on Pollinators or tree planting
 - Priority is being given to maintaining our core infrastructure, including security and server administration underpinning home-working technologies.

Quarterly Performance Dashboard					
Outcomes					
		Performance	Risk		
	Enjoying and Benefitting from Nature	 ↔			Investing in Natural Capital
	Healthy, Resilient Nature	 ↑			Transforming How we Work
Finance			People		
					
		Performance			Performance
	Operating	 ↔			Health, Safety and Wellbeing
	Paybill	 ↔			Workforce Diversity
	Capital	 ↔			Workforce Development

*Risks have not been previously assessed at an Outcome level. Each quarter will be provided during 2020/21 for comparison. Details of Amber rated quarter in People Report.



Director's Report

Sally Thomas

Outcome 1 – More People Enjoying & Benefiting from Nature

Director Summary

- Good progress on delivery of Green Infrastructure Intervention: phase 1 projects continue to be completed and finalising contracts for phase 2, commencing delivery in 2020.
- Good progress on some spatial, place-based projects (e.g. River Leven Programme and positive discussion with Sustrans on future funding for Inverclyde green network connections) and strategies (e.g. draft masterplan for East Lothian Climate Change Landscape). Some capacity challenges in Strathclyde and Ayrshire and People and Places.
- Green Health Partnerships: pilot evaluation successfully completed; animations for the public produced for 3 partnerships.
- National Walking and Cycling Network: completed Speyside Way extension (priority national development in National Planning Framework 3) and we contributed c.£100k to project delivery in Q4 as a result of unexpected budget arising from SG contribution to Biodiversity Challenge Fund (BCF) projects in Q3 and slippage on BCF projects in Q4.
- ReRoute: 2nd Round award made to 15 projects
- Communications: continued high profile promotion of National Nature Reserves (NNR) content and events; *In Tune with Nature* (music writing competition) remains on track.
- Alternative delivery models for our NNR suite: initial appraisal and 'SWOT' analysis of options but will need to re-tender for external economic appraisal. Progressing with 'commercial filming on SNH lands' and exploring how other options could be further assessed using our own rural surveyors.
- Dunnet Forest transfer approved by Board and formal offer signed

Issues and Forward Look

- COVID-19 is likely to impact delivery of tasks in this outcome including Green Infrastructure Fund projects (phase 2); project delivery for major funding partners (e.g. Paths for All, TCV, Green Health Partnerships, Ranger Services, Outdoor Learning in Nature) and our work with schools, the health sector and local authorities.
- We are working with funding partners to explore the impact of restrictions on delivery and alternative arrangements
- We are working with Scottish Government (SG) on a statement/guidance on access rights & responsibilities during the COVID-19 restrictions
- National Nature Reserves – we are reviewing the delivery of the NNR programme



Director's Report

Sally Thomas

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

Director Summary

- We have delayed targeted engagement with owners and managers of Protected Areas due to competing pressures and are awaiting the findings of the Scientific Advisory Committee sub-group and Protected Areas Committee review.
- We are ready to launch an interim risk-based approach to Site Condition Monitoring.
- Despite good progress on Management Agreements this year, the Delivering Favourable Condition is still marginally below the 80% target due to offsite/complex issues and staff being diverted to other priority work, including Peatland Action. Natura Conservation Advice Packages for terrestrial Special Areas of Conservation (SACs) will be completed in Q1 or 2, depending on COVID-19 adjustments to priorities.
- The total £4m Biodiversity Challenge Fund has now been allocated to projects (further 16 in round 2), with discussions ongoing for Phase 2 project delivery arising from COVID-19 restrictions.
- Peatland Action is forecasting a final spend of c.£9.86m delivering c.5,500ha of restoration following late slippage due to COVID-19. Detailed planning in support of the Convention on Biological Diversity (CBD) cities and regions subnational workshop through the SBS Programme Board, currently planned as an e-Consultation.
- On delivery of the next Scottish Biodiversity Strategy (SBS) – PESTLE workshop held with Programme Board members on developing the 2020+ 'Strategy'; Ministers will be asked for views on options; workshop held on connecting the IPBES drivers to State of Nature (involving SG, Scottish agencies, other UK conservation agencies and researchers).
- With Royal Scottish Geographical Society (RSGS), jointly published a nature-based solutions-themed edition of [The Geographer](#).
- The LIFE-funded wildcat project has begun, and Species on the Edge (potential National Lottery Heritage Fund (NLHF) project has been awarded its development phase funding.
- Good engagement with stakeholders (e.g. Scottish Seabird Conservation Strategy national workshop) including some sensitive issues (e.g. local meetings with fishing interests on proposed Marine Protected Area (MPA) and Priority Marine Feature management measures; Argyll and the Outer Hebrides on Management Plans for Regional MPAs), agreeing the re-build specification for Marine Recorder 2020.
- Continuing challenges in progressing the strategic development of our marine monitoring programme, and on the species assessments to support Scotland's 2nd Marine Atlas.

Issues and Forward Look

- We are supporting applicants in contingency planning for all BCF and Peatland Action projects for the impact of COVID-19, and will re-profile budgets and change delivery timescales accordingly.
- Pollinators work will also be subject to delays as planting during the growing season will be difficult. Communications on gardening for pollinators will be a priority
- Similarly, we are discussing other project delivery with partners and funders (e.g. Scottish Invasive Species Initiative, grants for species-NGOs, records centres, community engagement on MPAs)
- Detailed planning in support of the CBD cities and regions subnational workshop through the SBS Programme Board, currently planned as an e-Consultation as a result of COVID-19 restrictions.
- We are considering the role of nature and our leadership for biodiversity and how this might assist with recovery post-COVID-19



Director's Report

Robbie Kernahan

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

Director Summary

- We have significantly strengthened our working relationships with SG's Agriculture and Rural Delivery Directorate and gained greater confidence in our role in support of developing future rural policy and the design of future agri-environment schemes. In our delivery role in Agri-Environment Climate Scheme (AECS), we contributed to £34m awarded to 472 land managers, with SNH processing 158 of these.
- We have increased our engagement on investment in nature. We contributed significantly to work with the Scottish National Investment Bank on new markets in natural assets. We will continue to explore how to accelerate progress in Scotland and to establish Scotland as a lead market. In parallel we are leading work with Environment and Economy Leaders Group (EELG) partners to run a pilot to produce a natural capital investment plan. We have also made good progress in discussions with partners on development of Scottish Marine Environmental Enhancement Fund.
- We launched the Year of Coasts & Waters Plunge In! Community grant fund in January and it was greatly oversubscribed by the closing date. We are delaying the announcement of successful bids due to coronavirus constraints. This has also impacted on wider Year of Coasts and Waters event plans.
- Our contribution to Local Development Plans remains red-rated. We are continuing to meet statutory requirements but have very limited capacity to be active partners, due to resource constraints in both Activity and Area teams.

Issues and Forward Look

- As a result of COVID-19, and Scottish Government policy on what constitutes 'essential work', work on farms and crofts funded by AECS, and wildlife management activity including deer counts and culls will be disrupted, and some may not be delivered this year.
- Peatland restoration work will also be curtailed for some time. We have adopted a more flexible, higher-risk approach to the processing of claims and prioritised keeping people in posts to allow activity to restart as soon as possible. The government's position on a further round in 2020/21 is understandably delayed but we continue to work with others to ensure a pipeline of projects so that critical peatland restoration can restart as early as possible and support economic recovery.



Director's Report

Jane Macdonald

Outcome 4 – We have transformed how we Work

Director Summary

- Successful rollout of Windows 10 concluded – this is an essential building block for the implementation of collaborative working solutions.
- The recruitment module of Fusion was successfully launched in mid-March, along with a new careers page; resource was secured to deal with HR reporting issues. This work has been able to conclude despite the profound change in operating environment towards the end of March. Automated pension integration work is ongoing into Q1 but manual interventions have been successfully addressed data requirements for year end.
- We have continued our excellent progress on the transition to electric vehicle fleet in line with our carbon and climate change commitments, this includes further upgrading and installation of charging points across our estate.
- Our first public facing biodiversity campaign 'Make Space for Nature' began during Q4. Phase 1 was a digital based campaign targeting urban gardeners. The campaign messaging was 'split' for the work to also act as an audience testing phase for a larger campaign planned later in the year.
- We have successfully launched our first digital licencing product (for trap registration).
- Monthly cyber security testing again found a very low fail rate on phishing testing against staff. Further cyber training has been rolled out across organisation and is being progressed / completed.

Issues and Forward Look

- The nature of Outcome 4 work means that effort from within our teams has been primarily directed to business continuity and business resilience since mid-March and will be the for the bulk of Q1 .
- Priority is given to maintaining our core infrastructure, including security and server administration underpinning home-working technologies.
- Building security is also paramount and key risks include loss of assets which are more vulnerable in some locations where security cover is not available. Mitigations including site inspections by local staff, within mandated social distancing measures are being implemented as far as possible but the risk cannot be entirely eliminated.
- People and Organisational Development (POD) focus is on health, safety and wellbeing with revised special leave and sickness absence policies in place to support those staff juggling caring responsibilities; and on continuing to ensure payroll function is maintained.
- The Finance team is focussed on ensuring payments can be made to suppliers including a shift to email invoicing; and on closing our own 2019/20 out-turn. There has been no revision to date to the statutory deadlines for the production of our Annual Report and Accounts.
- Business Planning for 2020/21 is being revisited with an emergency plan for Q1 delivered through 90 day time-boxing thereafter, reflecting available resource and capacity during each Quarter. This work will be co-ordinated by the strategic business recovery group.
- This has necessitated a scaling down of our OD Framework implementation plans for 2020/21 and Transformation Steering Group is working through a prioritisation exercise to determine where effort is best deployed and the wider organisational impacts of these choices.
- Lessons learnt and wider opportunities have been identified. With all SNH staff now on home working we can expect this to impact on our ways of working in the future and our office portfolio.
- Work is also ongoing to see if satellite imagery and other remote sensing can be made more widely available to support monitoring of sites where it is not currently possible for staff to visit in person.

Finance Report

Purpose







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

2019/20 Operating Budget

2. The agreed operating budget as detailed within the draft 2019/20 Budget Allocation letter from Scottish Government is £45.500m. Adjustments of £13.382m at the Autumn and Spring Budget Reviews and a £2m reduction in the Peatland budget have resulted 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.
3. The operating budget position is monitored against a number of measures to ensure full utilisation by the financial year end.
4. 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

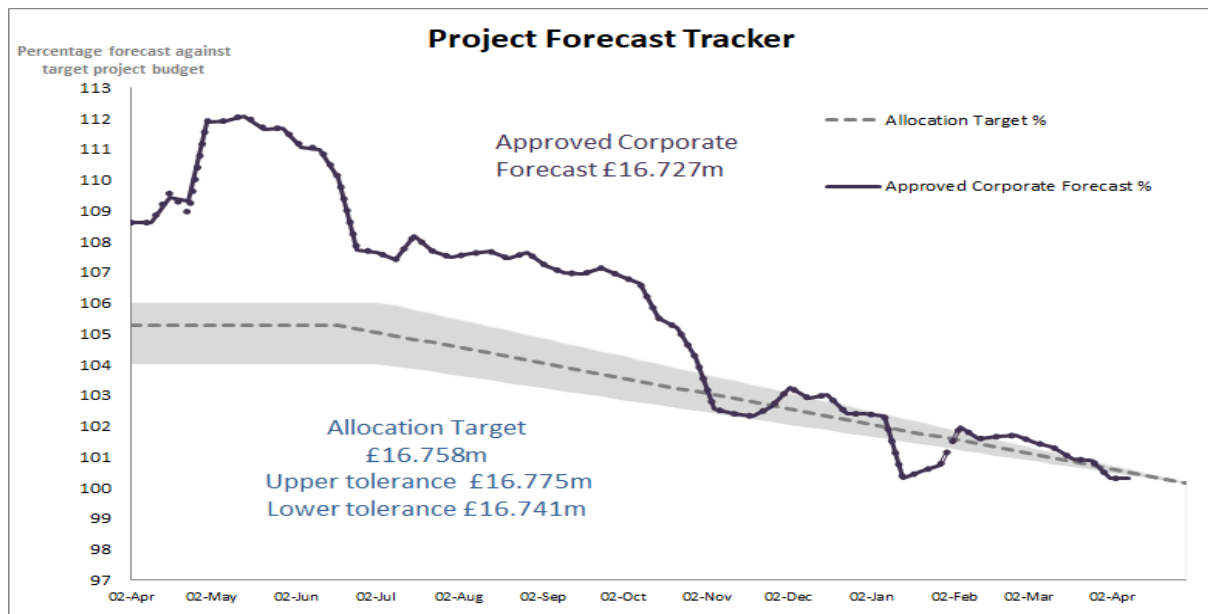
5. As at 6 April 2020 the 6 performance measures reported are all rated green. Board can be assured that current budget management actions have operated well throughout previous years and are expected to continue to do so as we approach the end of the 2019/20 financial year. This does not reflect a year end position as we are currently in the adjustment period where technical accounting adjustments will be processed. We should also be mindful of last minute slippage emerging in the systems as a result of the Covid-19 situation.

	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 % 	 

6. The summary operating budget financial position at 6th April 2020 is:

	Actual Spend	Total Committed	Forecast Outturn	Current Budget	Variance	Uncommitted Funds
Projects	14.376	15.773	14.879	14.635	(0.244)	(0.894)
JNCC	1.019	1.019	1.019	1.019	-	-
Non Cash	1.652	1.900	1.900	1.900	-	-
Total Paybill	27.677	27.677	27.747	27.849	0.102	0.070
Provisions	-	-	-	-	-	-
Slippage	-	-	(0.095)	-	0.095	(0.095)
Total Operating - excluding Ring-Fenced	44.725	46.369	45.450	45.403	(0.047)	(0.919)
Peatlands	7.627	11.673	9.857	10.000	0.143	(1.816)
BCF	0.613	1.279	1.199	1.480	0.280	(0.080)
Total Operating - including Ring-Fenced	52.964	59.321	56.506	56.882	0.376	(2.814)

7. The project allocation level is £16.727m, £0.031m below our £16.758m target and £0.014m below the lower tolerance of £16.741m.



(Excludes Peatland Action)	Budget & Allocation					Over (Under) Allocation	
Finance Report Date	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%
February	46.882	47.360	47.738	16.859	16.785	0.074	0.4%
March	46.882	46.899	45.501	16.799	16.737	0.062	0.4%
April	46.882	46.649	47.648	16.727	16.758	-0.031	-0.2%

8. An underspend of £0.102m is forecast within paybill at this time. This forecast reflects the recent pause on recruitment approvals and increased internal filling of vacant posts. 2020/2021 will begin with a paybill allocation which covers all current posts and posts currently being recruited into. Funds made available by leaver savings over the year will be allocated against demand for staff replacement or new post approvals.

2019/20 Capital Budget

9. The agreed capital budget is £1.250m. This is made up of an initial allocation of £1.000m and £0.250m in respect of GovTech Catalyst funding.
10. Capital budgets have been allocated across a number of project types and the current position is detailed below:
11. We are anticipating capital income of £0.332m and Net Book Value adjustments from asset disposals of £0.034m. We therefore have £1.616m available to allocate to capital projects. There is currently a forecast underspend of £0.008m (1%).

Project Type	Actual Spend £m	Total Committed £m	Forecast Outturn £m	Current Budget £m	Variance £m	Uncommitted Funds £m	Forecast Capital Spend	1.608
							Capital Funding	
Vehicles	0.393	0.458	0.407	0.407	-	(0.051)	Grant in Aid Capital DEL	1.000
Operational Equipment	0.006	0.006	0.004	0.004	-	(0.001)	Peatland GiA	0.000
IS Projects	0.408	0.408	0.421	0.421	-	0.012	GovTech Income	0.250
NNRs	0.131	0.131	0.183	0.183	-	0.052		1.250
Property Projects	0.163	0.163	0.162	0.162	-	(0.001)	Income from Capital Projects	0.332
TWP	0.045	0.045	0.046	0.046	-	0.000	Asset Disposal Proceeds	0.034
Can do Challenge	0.204	0.210	0.210	0.210	0.000	(0.000)		0.366
Muir of Dinnet	0.123	0.123	0.176	0.176	-	0.052		1.616
Finance adjustments	0.679	0.679	-	-	-	-		
Peatlands	0.006	0.006	-	-			Available to Allocate	0.008
Total	2.158	2.229	1.608	1.608	0.000	0.064		

12. We are currently forecasting full spend on all allocated budgets, however, there has been some impact which we have yet to see flowing through to these figures as a result of COVID-19 restrictions.

Corporate Position

13. There is a forecast overspend of £0.047m (net of Peatlands and Biodiversity Challenge ring-fenced funding). This takes account of a deduction for SRDP of £1.200m. The paybill forecast indicates that we will underspend against our paybill allocation by £0.102m by 31 March 2020.

14. There will likely be a further impact of COVID-19 restrictions, which is expected to increase underspend in both Operating and Capital. The impact is currently being assessed. We need to fully analyse such slippage to ensure that any knock on impacts for 2020/2021 are identified and built into financial planning.

15. The figures currently reported do not represent the final outturn for 2019/20. Updates will be provided to Senior Leadership team during the Annual Accounts process and the final year end position will become clearer during April and early May.

Peatlands

16. Peatland funding for 2019/20 is £10m following a £2m surrender to SG. The impact of the Covid-19 lockdown has prevented full delivery of the remaining budget. As assessment of the operational and financial impact is underway with the current estimated outturn at £9.857m, an underspend of £0.143m. We expect further slippage to occur and the final position will only be known following completion of the Annual Accounts process.

Recommendations

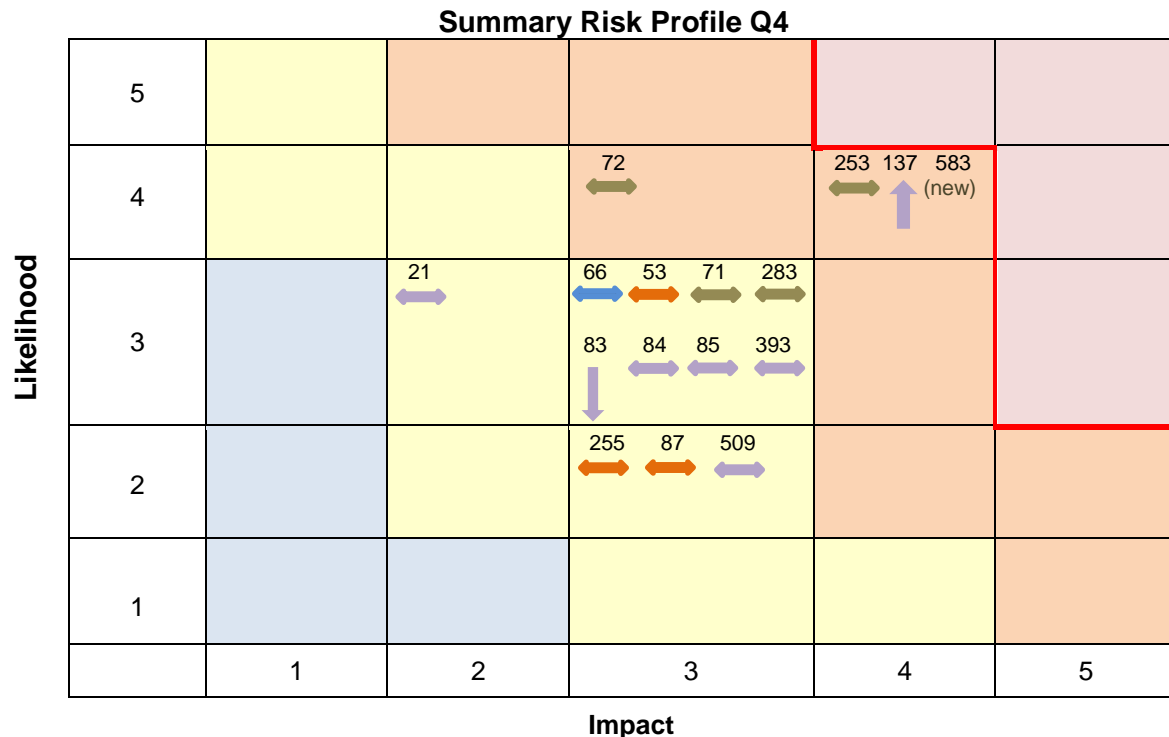
Board is asked to:

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

Finance, Planning & Performance
6 April 2020.

Q4 Risk Report

17. This part of the report provides 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 May Mtg. SLT can view the full Corporate Risk Register at [A3208418](#).



- ↑ Risk score has increased in the last quarter
 ↓ Risk score has decreased in the last quarter
 ↔ Risk score has remained the same in the last quarter
- Blue – ‘People & Nature’
 Orange – ‘Caring for Nature’
 Brown – ‘Sustainable Growth’
 Violet – ‘Business Transformation’
- | | | | |
|-----|--------|------|---------|
| Low | Medium | High | V. High |
|-----|--------|------|---------|

18. The summary risk profile above provides an overview of corporate risks and any shifts in their ratings. Of most significance is the escalation to the corporate risk register of Risk No 583 ‘Coronavirus Pandemic – Business Impact’. Following the unprecedented global impact caused by COVID-19 including restrictions to the normal working environment, there is high-risk that we will be unable to maintain or complete progress on a range of existing and planned work. This risk is being managed through a series of controls which are being implemented as part of our business response model. The related Board Information Paper provides an update on how we are responding to COVID-19.
19. **Outcome 1** – there remains one corporate risk identified against this Outcome (No 66). This relates to the financial and reputational risk of disallowance from our role in managing structural funds for the Green Infrastructure Project. This continues to be successfully managed with capital claims now starting to be submitted, thereby allowing us to incorporate learning from feedback from the Managing Authority in SG.

20. **Outcome 2** – there are three corporate risks identified against this Outcome. The first of these is the opportunity to demonstrate the key role that nature plays in addressing climate change (No 255). Progress during Q4 including the joint-hosting online of the third Royal Scottish Geographical Society Climate Summit on Nature based solutions and the development of some key facts about carbon storage and capture. This latter element is now with the James Hutton Institute for checking before being used for communication purposes. Further work to realise this opportunity will continue during Q1, subject to the current operating environment.
21. The second risk concerns our Natura advice being insufficient or too precautionary which may result in the potential for infractions and/or having reputational consequences (No 87). To manage this risk work continues to prepare for EU Exit. This includes plans for the ‘road testing’ of new arrangements in the operability regulations across the UK’s Statutory Nature Conservation Bodies. The final risk (No 53) concerns the threat to the successful management of the Marine Protected Area (MPA) Network. During Q4, we supported Marine Scotland with holding local meetings with fishing interests in order to develop a set of measures that can be supported by the industry. Post-COVID-19 we expect to be able to continue these meetings prior to launching a public consultation that will help lead to achieving our overall goal of a well-managed MPA Network.
22. **Outcome 3** – there are four corporate risks to this Outcome. The first of these concerns the annualised funding cycle for Peatland Restoration projects (No 253). At the time of writing this report this risk remains rated High as we are awaiting to hear SG’s position on a further round in 2020/21 and what this will mean for the current way in which this work is funded.
23. Two of this Outcome’s risks relate to the SRDP programme with the first of these concerning our reliance on the scheme to support delivery of a number of our strategic priorities (No 72). This risk remains rated High as concerns remain over the future of this scheme. For 2020 there will be no new Agri-Environment & Climate Scheme (AECS) agreements with only one-year extensions being eligible to land managers whose contracts are due to expire. We continue to work closely with SG over mitigating this risk. The other related risk (No 71) concerns the financial and reputational threat from any non-compliance in our role in managing the scheme. Recent events with COVID-19 have required a number of interim arrangements to be introduced in order to continue to provide a service. This includes contingency arrangements with RPID to undertake each other’s responsibilities in case of any significant staff absences by either organisation.
24. The final risk concerns the reputational risk over our ability to influence stakeholders in developing agreed solutions to wildlife management. Controls continue to focus on managing key relationships for high profile project work but there remains significant challenges, particularly in upland wildlife management.
25. **Outcome 4** - including the new COVID-19 related risk, there are a total of 8 risks against this Outcome. Two of these have seen their risk ratings changed this Quarter. One of these concerns Staff Resource Management (No 137) which, due to COVID-19, has been increased to a High rating as there is considerable uncertainty around our capacity and availability of staff to deliver our priorities over the coming weeks. The Paybill Management risk (No 87) however has reduced to a Medium rating following the decision to fully fund the existing staff complement for 2020/21. Any resulting savings

from vacant posts not being filled will now be directed either back into paybill to support other posts or redirected to projects.

26. The remaining corporate risks for this Outcome all continue to be rated Medium. This includes our Budget Management risk (No 21) which will continue to be managed during 2020/21 through the Allocation's Group. The risk of a no-deal following EU Exit (No 509) and its implications for our work will continue to be monitored with contingencies in place in case of this eventuality. The remaining risks focus on our ability to adapt to strategic change (No 85), our ability to obtain sufficient funding (No 393), and the opportunities that exit from greater joint working (no 84). We remain sensitive to the drivers for strategic chain, particularly in light of current events and are seeking to ensure that we can come out of this stronger than when we went in. We will also continue to seek to diversify our funding to facilitate our Grant-in-Aid and will continue to work through EELG in enabling greater joint working.

High Rated Risks

No	Description	Impact	Likelihood	Rating	Comments
72	SRDP – Outcomes for the Natural Heritage As a result of SNH's dependency on the SRDP Programme as a funding mechanism, there is a risk that the overall level of funding available, the options, 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.	3	4	High ↔	This risk was previously increased to a High-rating in Q3 as a result of the likelihood of reduced funding for AECS in 2019. Figures now reveal that £34m has been approved to 472 land managers (compared with £47m to 700 land managers in 2018). There remains a risk of no new application round in 2020 with only one year extensions being offered for contracts due to expire this year. Whilst SG are leading on managing this risk we continue to engage in all governance arrangements to influence the desired outcome.
253	Annual funding cycle As a result of the programme having single year budget allocations, there is a risk that the project will not meet restoration and spend targets, given the tight site work window of Q3 & Q4, the vulnerability to winter weather and the impact on stakeholder confidence and capacity, which may result in a lower contribution to tackling the Climate Change Emergency.	4	4	High ↔	The risk continues to be rated High as there remains a significant threat to achieving restoration targets due to the annualised funding cycle. At the time of writing this report we are still awaiting to hear the government's position on a further round in 2020/21 and what this will mean for the current way in which this work is funded.
583	Coronavirus Pandemic - Business Impact As a result of the current Coronavirus/COVID-19 pandemic, there is a risk that planned business activities and outputs will be significantly impacted due to reduced productivity levels (move to working from home and the potential for significant staff absences) and wider impacts on the delivery of work by stakeholders, partners and suppliers. This could result in a failure to complete or maintain progress on a range of existing and planned work activities and consequently limit delivery of our business plan priorities.	4	4	High *new*	The unprecedented restrictions and disruption following the global pandemic caused by COVID-19 will significantly impact on SNH's ability to deliver its work for the foreseeable future. This risk has therefore been created to help manage the consequences with delivery of our 2020/21 priorities. A number of controls have been identified that will be implemented by the three governance groups that form our business response model. Firstly, are those being managed by the Business Continuity Group to ensure that the organisation can continue to operate and function. Secondly, the Resourcing Group has been repurposed in order to oversee and provide direction for our organisational priorities, implications for delivery and how resources are deployed. Finally, a new Strategic Business Recovery Group has been established to ensure the organisation is best prepared for the return to a normal working environment.
137	Staff resource management As a result of the need to match demands for staff time with available capacity and skills, there is a risk that SNH does not make effective use of its staff resources to deliver its Corporate Plan outcomes.	4	4	High ↑	There is considerable uncertainty around capacity and the availability of resources as the COVID-19 epidemic develops. Activity and Area Managers are undertaking impact assessments based on staff absence scenarios which will inevitably impact on our delivery of outcomes. This work is being reviewed and co-ordinated by resourcing group to match available resources to priorities.

Q4 2019/20 People Report

Purpose

The purpose of this paper is to provide Board with a snapshot of progress and performance at the end of Q4 2019/20, along with an annual update on longer term metrics. This includes information on health, safety and wellbeing, workforce demographics and workforce development, and the impact they have had on the delivery of SNH priorities. This is shown in a dashboard format, with more detail given in the narrative and graphs.

Background

The People Report forms part of our corporate performance report. This report includes a brief annual summary on progress and provides information on our priority strategic actions for the next period.

Recommendations

Board are asked to note performance and actions for quarter four and across 2019/20 as illustrated in the People Report. A summary of progress and priorities is provided below.

Summary of Progress

Our organisation has stability, with relatively low rates of employee turnover, absence and accidents. The majority of our workforce are experienced, long-serving, knowledgeable professionals putting us in a strong position to meet expectations on providing advice, influencing policy and delivering our services professionally. This stability also provides us with a challenge in terms of organisational development, including delivering behavioural and cultural change.

Our gender pay gap has reduced and is low. Our policies, technological solutions and workplace design make it possible for our workforce to work flexibly across the country.

Our organisation is not without challenges. Our employee relations casework is relatively high for an organisation of our size, with a high proportion of the interventions from the People and OD team involving relationship issues between managers and direct reports. Dignity at work is an area of concern for some employees, with opportunities for development being an issue for many others.

Our 2018 People Survey results reflected the above. It was followed up in 2019 by activities and through staff conferences, development of our Change Partners network, and the work of the Extended Leadership Team to design and begin delivery of our organisational development framework.

In addition to maintaining performance, we identified priority challenges to improve the way we interact with each other, how we prioritise and manage resources and how we provide increased opportunities for people to move around and beyond our organisation to take up other opportunities.

We also wanted to bring in more young people to try and meet the Scottish Government target of 5% of the workforce being under 25 years old. Our low turnover and limited resources have meant that, although we continue to engage the young people we have in the organisation and increase their influence, we have not yet achieved the target.

During the 2019/20 period we have achieved most of what we set out to, adapting quickly to different circumstances and demonstrating the strength and resilience of our approach to looking after our people, their development and that of the organisation.

Our sickness rating was red for Q4 2019/20, this is due in the main to seasonal reasons (such as cold, flue etc) and the trend is consistent with previous years, however for this quarter the average days lost hit our upper tolerance of 2 days, hence the red rating.

At the end of March 2020 we had our first coronavirus crisis wellbeing check-in. Just under 50% of employees (350 people) completed the survey. Of those who did, the results showed:

- 74% said they are satisfied with their current work set up at home
- 78% said that compared to last week they are feeling optimistic about working from home
- 87% said they are able to maintain a manageable workload
- 77% said they have had a conversation with their manager about what they can realistically do during this period
- 70% said they have the equipment they need to work from home.

We are not being complacent, there is a lot to do to maintain wellbeing and productivity at this time, however these results are encouraging, and provide a strong basis to build on.

A few other highlights from the last year include:

- The review and implementation of a new approach to resource and vacancy management, tackling previous issues raised around lack of access to internal opportunities for growth and identification of priority areas of work
- The review of the wider suite of resourcing policies to simplify them in order to prevent confusion and aid constructive conversations
- The 2019 Wellbeing Survey showed that we are doing well but still have more to do around dignity at work in particular
- The roll out of 'Understanding Self' sessions to teams encouraging a better understanding of how we each prefer to work and the impact that can have on our relationships. This forms part of a wider leadership development programme that is also being designed
- We have implemented, and continue to develop, the new Fusion (HR & Finance) system to improve the way we can use data to inform our strategies for people and organisational development

Actions

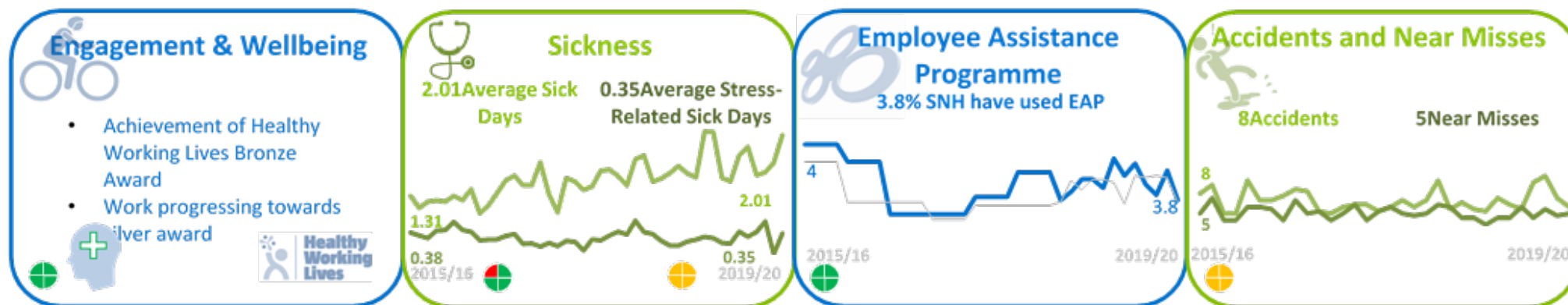
We are in a strong position to move forward and achieve our ambitions for our people and the organisation overall. We are continuously reviewing our priorities in response to the organisational context. In light of the Covid-19 crisis, we are currently accelerating much of what was initially planned to happen later in the year or next year, so that we can respond positively to the current coronavirus crisis, and build for a strong recovery.

Our first priority is to maintain a safe, healthy workplace that promotes the wellbeing of our people through policy and procedural review, provision of support and guidance for managers and all employees.

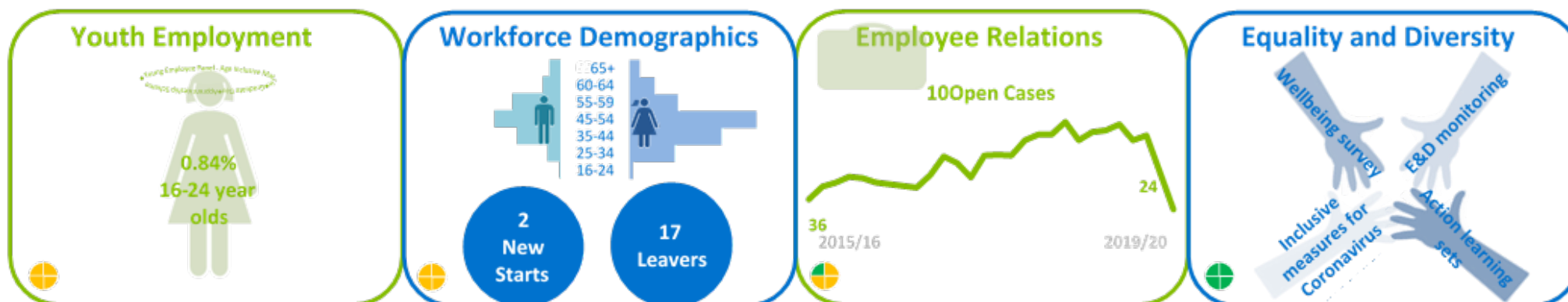
Operational actions are included in the People Report per section. Our priority strategic actions for the next 3 months are:

- Introduction of collaboration and communication tools to enhance productivity in a dispersed workforce. These will fundamentally change the way we work with each other and stakeholders and influence other organisational requirements e.g. our office network. It will also address concerns around workload management and should have a positive impact on wellbeing and therefore absence. We are currently investigating options and developing implementation plans.
- Design sessions for employees on 'team leadership' to follow on from the 'personal leadership (understanding self)' sessions delivered and support the move towards our new operating model of networked, agile teams. This will include a focus on intergenerational work and help us continue to tackle dignity at work issues.
- Begin employee engagement in the design and evolution of our new operating model.
- Continued focus on developing the quality of reports and access to people data in order for managers and the organisation as a whole to be able to identify and respond to issues more proactively.

Health, Safety & Wellbeing



Workforce Diversity



Workforce Development



Rating System



Yearly Summary Tog: Q4 Q3 Q1 Q2

Health, Safety and Wellbeing	Actions
Employee Engagement and Wellbeing	<ul style="list-style-type: none"> Wellbeing remains high in general as identified in our Wellbeing Survey and the recent Coronavirus Crisis Check in Survey. The focus is on coping with the current situation and recovery. We are implementing what we can to alleviate pressure and support others to prioritise work in order to minimise negative impacts. We expect this focus to continue for some time after lockdown ends. In Q4 active employee engagement was ongoing, including a 2 day change partner event in March, which considered response actions to the 2019 wellbeing survey and recommendations from the Action Learning Sets which ran during Q4.
Sickness	<ul style="list-style-type: none"> Trend is consistent with previous years with a higher absence over the winter months. Average sick days per headcount was 2 days, which is our upper tolerance level for Q4 2019/20, with a cost for Q4 of £113k. Therefore has been rated red for this quarter. We will continue to work with managers during the lockdown period and continue to support employees who are absent through coronavirus or other reasons. Workload pressures are being monitored to ensure business critical priorities continue to be met during this period.
Employee Assistance Programme	<ul style="list-style-type: none"> We continue to be consistent in terms of usage (3.8 days) and presenting issues with the public sector across Scotland (3.7 days). There has been a significant focus on exploring further the issues around wellbeing, workload and

	understanding others and this may have contributed to the reduction in EAP contact.	
Accidents and Near Misses	<ul style="list-style-type: none"> The number of accidents and near misses reported has increased over the last year. The pattern (higher Q1 and Q2 is typical). There is no obvious reason for the increase. Levels still remain low overall. The current situation has substantially limited fieldwork, travel and activities that may be more likely to generate accidents and near misses, therefore we may see a buck in the trend this year. 	<ul style="list-style-type: none"> Support employees to make reasonable adjustments to the way they work in order to maintain as healthy and safe a working environment as possible. Designing engagement and learning opportunities to promote health, safety and wellbeing at work. We have improved information available on ticks and Lymes Disease and have reviewed our learning and development package to provide a broader offer around health and safety.
Workforce Diversity		Actions
Youth Employment	<ul style="list-style-type: none"> Engagement remains consistent with previous years. Employment levels are still below the SG target of 5%. Coronavirus has also had an impact on progressing with wider public sector activity as a number of organisations have suspended their youth employment initiatives to concentrate efforts on their coronavirus response. 	<ul style="list-style-type: none"> Continue to work with other public bodies and public sector network to influence SG. A strategic paper to go to Resourcing Group during Q1 on actions to increase the number of young people in SNH.
Workforce Demographics	<ul style="list-style-type: none"> SNH has a very stable workforce, with relatively low rates of employee turnover and very little change in our overall demographics. Reasons for leaving remain consistent over the past 3-5 years. Future challenges include addressing the number of our D grade employees approaching retirement in the next 5-10 years. 	<ul style="list-style-type: none"> Continue to progress implementation of our organisational development framework activities to further promote career development, positive exit strategies and provide development opportunities such as increasing resilience and leadership capability. Review our exit interview approach and implement during Q1. We have seen an increase in project funded posts within SNH, with 46.1 FTE project posts currently, so we are considering the strategic options on how to best deploy these skills to future priorities.
Employee Relations	<ul style="list-style-type: none"> Number of cases have decreased significantly, compared to previous years, in part due to how cases are recorded and partly due to the results of the work undertaken to increase our leadership capability and understanding self and others. Dignity at work remains an area for concern for some, along with opportunities for development. 	<ul style="list-style-type: none"> We will continue to develop our approach to casework to ensure resource is deployed effectively and any dignity at work issues resolved promptly. Continue to develop our leadership capability and resilience across and within teams. Monitor and provide appropriate support for any casework arising from the implications of the coronavirus crisis.

Equality and Diversity

- We have reduced our gender pay gap (11% as of April 2019, which is below the Scottish average of 15%).
 - Worked to increase visits to the outdoors by under-represented groups.
 - The trend in our equalities data shows very little movement.
 - We will continue to focus on the delivery of actions as set out in the equalities framework over the year ahead.
- Continue to investigate ways to create more opportunities for young people to come into the organisation.
 - Increase our flexible working practices to promote more partial retirement and generate more opportunities for people to move across SNH and for new people to join.
 - We are committed to further reduce our gender pay gap and this will include policy reviews around career progression and also encouraging more women into SNH.

Annex A - 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	Worsening	January 2021
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

This is shown on the SG website as performance worsening. The latest figures show a significant change in the index of abundance of terrestrial breeding birds between 2017 and 2018. In 2018, the index was 110.3 compared to 119.0 in 2017 (against a value of 100 in 1994).

Progress on Customer Care Performance

2. Performance on customer care standards:

Complaints Handling

We resolved 5 complaints in Q4. 3 cases were handled within standards, 1 case was outwith standards, and 1 case remains ongoing due to the COVID-19 lockdown (and is excluded from the quarterly statistics. A green performance rating of 75% (3 out of 4) is reported. 46 complaints were received in 2019/20, with 40 (87%) handled within standards.

Responses to FOI Requests

We received 33 FOI requests in Q4, and were late on 3 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 topic.