

ONE HUNDRED AND EIGHTY-EIGHTH MEETING OF THE BOARD OF NATURESCOT

BOARD VIRTUAL MEETING SPACE, 09 DECEMBER 2020

OPEN SESSION CONFIRMED MINUTES

MEMBERS PRESENT

Mike Cantlay	Chair
Angus Campbell	Deputy Chair
Cath Denholm	Deputy Chair
Kate Broughton	Member
Bob Furness	Member
Ian Gillies	Member
Jackie Hyland	Member
Aoife Martin	Member
Susan Murray	Member

IN ATTENDANCE

Francesca Osowska	Chief Executive
Robbie Kernahan	Director of Sustainable Growth
Jane Macdonald	Director of Business Services & Transformation
Eileen Stuart	Director of Nature and Climate Change
Stuart MacQuarrie	Deputy Director of Business Services & Transformation
Graham Neville	Deputy Director of Nature and Climate Change
Claudia Rowse	Deputy Director of Sustainable Growth
Jason Ormiston	Head of External Affairs
Graham Boyle	Chief of Staff
Sara Lewis	Governance Support Manager (minutes)
Jen Graham	Operations Officer (Young Employee Panel)
John Uttley	Outcome Manager: Sustainable Growth (item 9)

APOLOGIES

None

AGENDA ITEM 1: OPENING REMARKS AND APOLOGIES

1. The Chair opened the meeting by welcoming everyone to the one hundred and eighty-eighth meeting of NatureScot. Particular welcome was given to Graham Neville, newly appointed as Deputy Director of Nature and Climate Change, Eileen Stuart, newly appointed as Director of Nature and Climate Change and Jen Graham from NatureScot's Young Employee Panel.
2. There were no apologies.

3. The Chair updated the Board on his recent activities including work on the Board member recruitment campaign which was now open for applications. Chair also informed that he had been working on the positioning of NatureScot in 2021 in light of post Covid-19, post-Brexit, Scottish Government budget announcement, elections, and the UN Climate Change Conference taking place in Glasgow in November 2021.
4. Chair further advised of their attendance at the recent Nature of Scotland Awards, along with colleagues.

AGENDA ITEM 2: DECLARATIONS OF INTEREST

5. There were no declarations of interest.

AGENDA ITEM 3: MINUTES AND ACTION POINTS

6. Board members were content to **approve** the minutes of the Board of NatureScot Meeting on the 28 October 2020 subject to minor corrections, after being proposed by Ian Gillies and seconded by Cath Denholm.

Action Points

7. The **actions points** were discussed and the following updates were provided:

Action Point (AP01/181) It was noted that the Board commissioned paper on the review of Protected Areas was delayed until March 2021, and that Aoife Martin would provide an update on the work later in the meeting.

Ongoing.

Action Point (AP13/181) (Future Options for Kinloch Castle) Board members acknowledged that this action remains **ongoing**.

8. Members agreed to **discharge AP01/187** (Provide Guidance to the next Chair of Scientific Advisory Committee), as induction will be provided for the new Chair of SAC, with more detailed support given by the CE and CoS as necessary. **AP02/187** (Promotion to the General Public Regarding NatureScot Work to Address Wildlife Crime) was also **discharged** as the action will be included in medium and longer term communications planning in conjunction with colleagues in the relevant NatureScot activities.

AGENDA ITEM 4: MATTERS ARISING

9. Francesca Osowska informed the Board that following on from the green recovery work discussed at the previous meeting, a Green Recovery fund was to be made available to

local organisations which among other things would support projects address visitor management pressures experienced during 2020, in preparation for easing these during 2021.

Angus Campbell joins the meeting.

10. Graham Boyle updated on the Board recruitment campaign which was now open for applications. The opportunities to become a NatureScot Board member were being publicised through the NatureScot website, Appointment Scotland, S1 Jobs website as well as through social media. Potential applicants identified by current Board members were also being contacted directly by Graham. Promotion to underrepresented groups was being done in a bid to achieve a more diverse Board. Interviews would take place in February with successful candidates being presented to the Minister in March 2021.

AGENDA ITEM 5: DEPUTY CHAIRS' REPORT

11. Angus Campbell updated on his involvement in the following:

- Protected Areas Committee report work.
- Participation in a NatureScot Winter Carnival event concerning protected areas and behavioural science.
- Work on the Board recruitment campaign.
- Liaison with Deer Management Round Table members in light of the Scottish Government response to the Werritty report on Grouse Moor Management.

12. Cath Denholm updated on her involvement in the following:

- Attendance at Joint Nature Conservation Committee (JNCC) session on species and habitat monitoring developments, and formal meeting. Cath noted the opportunity for NatureScot to lead in some of the areas discussed, as well as to encourage a coordinated response to the biodiversity loss and climate change agenda. She also mentioned the possibility of a second NatureScot Board member being invited to join JNCC.
- Highlighting the Board recruitment campaign to networks.
- Facilitating a NatureScot Winter Carnival discussion regarding the right to a healthy environment.

AGENDA ITEM 6: COVID-19 UPDATE

13. Board members received an update on Covid-19, which featured the following key points:

- Time would be required for the effectiveness of the recently approved vaccine to become apparent.

- Clusters of new cases and breakouts of infection were expected to continue for some time, therefore sites should continue to use the Test and Protect procedures.
- Importance of maintaining efforts to provide support to staff regarding mental health, ensuring that those needing information have access to it.

AGENDA ITEM 7: CHIEF EXECUTIVE'S REPORT

14. The Board noted the contents of the CE Report, including the following highlights:

- Scottish Government climate change update and Biodiversity Statement of Intent to be published next week, these will provide the opportunity for renewed engagement on a nature-rich future and NatureScot's role in relation to their strategic objectives.
- NatureScot are working alongside SG to develop an operating licencing model as a result of the Scottish Government (SG) response to the Werritty report.
- SG response to the Deer Working Group report expected in March 2021.
- NatureScot is prepared in terms of their statutory responsibilities in light of UK withdrawal from the European Union. Challenges are expected in relation to the perceived governance gap. Environmental Non-Governmental Organisations (eNGOs) currently considering the role of Environmental Standards Scotland, and their ambition for statutory nature targets.

15. Claudia Rowse updated that NatureScot are working with Scottish Government to advise on biodiversity supporting solutions to the Suckler Beef Climate Group report. Finance to support these solutions are not yet finalised by Scottish Government. Members were concerned that a reduction in beef numbers would have an impact on nature outcomes and ground nesting birds areas of nature deprivation. Claudia informed that the report had not recommended reducing herd numbers, but rather that inefficient cattle could be removed from the Scottish beef sector without affecting productivity.

AGENDA ITEM 8: A NATURE-RICH FUTURE – BUILDING BLOCK REFRESHER

16. Stuart MacQuarrie provided members with a paper which showed the process for developing the next Corporate Plan, to cover 2022-26. He described how the last year of the current Corporate Plan uses 10 agreed priorities on which NatureScot will concentrate. Key points of the paper covered:

- Building Block 1: What will a nature-rich future look like and what will drive its development? This was considered by the Board in March 2020.
- Building Block 2: How to evolve NatureScot's current statutory focus on protected areas into wider landscape / catchment approaches to enhancing nature. This is expected to be considered by the Board in March 2021.

- Building Block 3: How will NatureScot balance its influencing and its delivery roles? This was considered by the Board in May 2020.
- Building Block 4: From where will the investment in a nature-rich future come? This is to be considered by the Board at this meeting.
- Winter Carnival events will involve staff in the implications of the NatureScot offer to stakeholders, and encourage engagement between them.
- Green recovery actions have been built into business planning priorities, to be considered by the Board in February 2021, and will inform the 2022-26 Corporate Plan.

John Uttley joins the meeting.

AGENDA ITEM 9: INVESTMENT IN A NATURE RICH FUTURE (BUILDING BLOCK 4)

17. Robbie Kernahan presented this paper to the Board, which followed up on 'Green Finance – SNH Priorities' considered by the Board in December 2019. The paper updated the Board on the development of environmental green finance in Scotland, including NatureScot's role, current activity and future priorities.
18. Members heard that there needs to be a sustainable approach to the nature recovery, and that although historically funded in Scotland via public finance and philanthropy, there is increasing interest from the private sector in investing in a nature-rich future. The scale of investment required gives an opportunity to capitalise on private sector interest in this area. Challenges include being able to identify revenue streams, and certainty on the impact of investment.
19. NatureScot will continue to work with Scottish Government in establishing the structure for this investment, through developing policy, standards, and regulatory framework, while advising on projects for both public and private financial investment opportunities. The UN Climate Change Conference in Glasgow in November 2021 provides a platform to showcase such opportunities, and provide local leadership.
20. John Uttley said that a collaborative approach is required in order to inform systemic change, and that progress in this area is being made alongside Scottish Government with several organisations including the Scottish National Investment Bank, and areas of international trade and investment. NatureScot are collaborating with the Scottish Conservation Finance Pioneers, as well as different areas of government including Scottish Exchequer, in order to define and develop the systemic change needed, and the action required by both government and NatureScot to enable that.
21. In discussion, Board members made the following key points:
 - The current difficulty in demonstrating the benefit of investment, namely in peatland restoration - there is a need to show tangible evidence of the difference this work is making to biodiversity loss and climate change.
 - Existing contacts available through the VIBES network.
 - Queried the types of investment opportunities emerging in addition to those relating to carbon. These included water quality and supply, nutrient loads and pollution, and

natural flood risk management. In addition, the work currently being completed with Nestle on the benefits derived from ecosystem services, and how investment can be translated into revenue streams.

- Opportunity to engage and network outside of Scotland, recognising that investment in nature is a global market.
- How milestones, measures and successes can be communicated to Board to show evidential progress in this area.
- ‘Green washing’ and the potential to negatively affect green investment.

22. Francesca Osowska responded to the challenges currently associated with peatland restoration, and the potential concern that nature and climate may not be receiving maximum benefit from the financial investment. The rigorous analysis of how these types of projects contribute to addressing the twin priorities of biodiversity loss and climate change was confirmed, and it was acknowledged that a clear dashboard style tool would enable evidential checks on progress made against financial investment made.

23. In responding to Board member comments, John Uttley stated that the central issue to green investment is how ecosystem services and benefits to biodiversity can be monetised. He also commented on the difficulties in measuring the impacts of non-carbon nature-based solutions on biodiversity loss and climate change, as well as attributing that impact to any specific interventions. John also made mention of the global initiative Taskforce on Climate Related Financial Disclosure, which is working to increase transparency of climate risks and exposure to climate factors, and the Taskforce on Nature Related Financial Disclosure for biodiversity related risks and impacts.

24. Robbie Kernahan informed the Board that NatureScot were hoping to secure additional resources in order to more efficiently manage peatland restoration, aware that the Scottish Government Climate Change Action Plan will require more to be done in terms of expanding the programme and ensuring that appropriate controls are in place to monitor delivery against investment. He also said that net gain for biodiversity was also being worked on alongside Scottish Renewables, and that an update could be given to Board if helpful. Robbie agreed to reflect on how best to keep members updated on green finance, potentially through the set-up of a green finance Board sub-group.

Action Point 02/188

25. In concluding the discussion, Robbie added that contacts had been made outside of Scotland, in England through the Department of Environment, Food and Rural Affairs. Staff resource had been identified to examine how funding from offshore renewables can be tailored to some marine projects through the Scottish Marine Enhancement Fund.

26. Chair encouraged the Senior Leadership Team to use any Board member expertise as required. Board members were happy to agree the recommendation that members are asked to support and endorse the role that NatureScot are playing in this area of work.

AGENDA ITEM 10: STRATEGIC PROTECTED AREAS REVIEW – REPORT FROM PROTECTED AREAS COMMITTEE – PROGRESS REPORT

27. Aoife Martin reported on progress made towards completion of the Protected Areas Committee's Strategic Protected Areas Review. Members noted that for a variety of reasons the review had been delayed, and was expected to be presented to Board at the March 2021 meeting.
28. Aoife recapped that the review is to consider the shaping of future policy for protected areas, and had stemmed from a deep dive into this. The 6 work streams covered by the review would give direction on how to get maximum value from protected areas, while considering NatureScot's statutory responsibilities, links between protected areas and wellbeing, and the constraints of public finance.
29. The review also involves expert workshops which will consider the condition of protected areas, engagement with the public and landowners, and the future use of delegations.
30. Aoife concluded by updating that while it is hoped the review will be presented to the Board at the March 2021 meeting, some members of the expert panel are due to end their terms with NatureScot in March, which may result in a further progress report being given in place of the full review.

AGENDA ITEM 11: AUDIT AND RISK COMMITTEE QUARTERLY REPORT

31. The Chair of the Audit and Risk Committee (ARC) Kate Broughton offered an oral report to the Board on the work of the ARC during the last quarter. The following key points were made:
 - 1 meeting of ARC since last quarterly report to Board, in November. The meeting featured the mid-year financial report, and members agreed that controls in place were proportionate to the risks, particularly around delays to work due to Covid-19.
 - Annual audit programme progressing as planned.
 - Use of Audit Scotland's Covid-19 Guide for Audit and Risk Committees as a benchmark, with NatureScot commended by Audit Scotland.
 - ARC Chair contributed to Azets' (formerly Scott-Moncrieff) external audit assessment of NatureScot's internal audit function. The formal report will reach the ARC next year, and will record that all 57 audit standards had been met by the internal audit function.
 - 2 deep dives were considered at the November ARC meeting, on the Peatland Action annualised funding cycle risk, and the risk of a no-deal EU exit.
32. Kate updated further on peatland restoration issues, informing Board that a recent audit follow up report, resulting from the original audit two years previous, also had given a limited assurance. The limited assurance covered the controls in place for monitoring

peatland restoration, getting timely progress reports from Peatland Action grant recipients, and checking compliance with procurement requirements.

33. Kate recorded the committee's concern particularly in light of previous discussion at this meeting regarding the need to attract investment in restoring peatland as a carbon sequester. The report will therefore feature as a discussion paper at the next ARC meeting in February 2021.

34. Francesca Osowska responded to the concerns of the ARC regarding the peatland restoration follow up report, and made the following key points:

- Important to separate out the issues for which NatureScot is responsible, from wider Scottish Government interaction. NatureScot is responsible for the delivery of peatland restoration through Peatland Action. While grant reporting to Scottish Government could be improved upon, NatureScot are reliant on receiving information from third parties, which has been challenging. Action will be taken to look at ways of improving the project arrangements for Peatland Action.
- Regarding wider issues, Scottish Government are looking to establish a new model of governance for peatland restoration, which involves NatureScot, Forestry Land Scotland, Cairngorms National Park and Loch Lomond and the Trossachs National Park. This would give the opportunity to directly fund partners, as well as to raise the profile of this work. NatureScot has offered their leadership in developing the governance arrangements which have yet to be established. Scottish Government will begin work in this area in the New Year, and in the meantime will state the importance of peatland restoration in a peatland summit to take place next week.

35. Claudia Rowse added the following pertinent points:

- Additional resource has been requested to allow for a Peatland Action Project Manager, with the request being considered at the next Vacancy Panel meeting in January 2021.
- Peatland Action staff will work alongside the internal audit team in order to identify where current processes can be simplified, to remove parallel reporting inefficiencies, and use corporate systems more efficiently.

36. Board members noted that the risk register entry regarding Peatland Action only considers the annualised funding cycle however there was also a reputational risk. It was noted however that Scottish Government were confident in NatureScot's delivery on peatland highlighted by the cross programme role for NatureScot, advocated in the new approach.

37. The Board requested that this issue be updated on at the next Board meeting in February 2021.

INFORMATION PAPERS

Young Employee Panel Board Protocol Update

38. This information paper updated Board members on the reviewed and renewed Young Employee Panel (YEP) Board Protocol, detailing the process the YEP representative will follow in order to become an active member of Board discussions. The Board noted the contents of the paper.

ANY OTHER BUSINESS

39. Aoife Martin wished to record her thanks to the Protected Areas Committee, Sarah Hutcheon, John Kerr and Sally Thomas for their work on the partial denotification of Foveran Links Site of Special Scientific Interest.

40. The Chair was asked for clarity over whether potential new Board members must reside in Scotland. Chair clarified that they did not need to reside in Scotland.

41. Board members requested an update on how NatureScot are using new sources of Government funding to progress youth employment within the organisation.

Post meeting note: Jane Macdonald sent an update to Board members following the meeting.

42. Members wished to congratulate Bob Furness, on being named as the world's leading ornithologist based on Stamford University's assessment of citation numbers.

Forward Agenda – 03 February 2021

43. The Board noted the forward agenda for 03 February 2021, particularly the earlier start time of 10:00.

Date of Next Meeting

44. The next Board of NatureScot meeting is planned to take place on 03 February 2021, via video conferencing.

45. The Chair thanked all those in attendance, particularly Jen Graham of the Young Employee Panel. Chair then closed the meeting.

END