

**TITLE: BOARD Q1 PERFORMANCE REPORT****Date: 25<sup>th</sup> August 2021**

<b>Purpose:</b>	Decision
<b>How does this link with our corporate priorities of improving biodiversity or delivering nature-based solutions to climate change:</b>	It addresses delivery of our corporate priorities by reviewing the alignment of outcome performance against our Business Plan, Connecting People and Nature: Year 4, progress towards maximising our available budget, assessing risks for delivery and reviewing people information supporting the resourcing off our work.
<b>Summary:</b>	Performance for 9 of our 10 priorities is rated as 'on track' against the Q1 90 day plan. One corporate risk has increased from medium to high since Q4. Two new corporate risks are proposed. Both Operating and Capital budgets are expected to outturn at year end within tolerance. The Peatlands budget is forecasting full spend of £10.890m. There are concerns that due to the low number of applications at this time of year, as well as staffing pressures, committing the full 2021/22 budget will be more challenging. In the People Report, 4 out of the 10 indicators are on track, 3 have experienced minor slippage and 3 are being monitored (target not applicable).
<b>Actions:</b>	To note the recommendations below
<b>Recommendations:</b>	Board are asked to: <ul style="list-style-type: none"> <li>• Note the overall performance of the priorities and the actions being taken to recover key deliverables that are slipping (Performance Report).</li> <li>• Note the position of the operating and capital budgets (Finance Report)</li> <li>• Note the corporate risk updates and proposals</li> <li>• Note the performance of the people measures and actions (People Report)</li> </ul>
<b>Report Author(s):</b>	Authors – Directors, Deputy Directors, Outcomes Managers, Finance, Planning & Performance Team, People & OD Team
<b>Sponsor:</b>	Stuart MacQuarrie and Jane Macdonald
<b>Appendices:</b>	Annex A - Q2 90 day plan Annex B - National Performance Framework Indicators Annex C - Corporate Risks - HIGH Annex D - People Measures

## Purpose

1. This paper presents NatureScot's performance for the first quarter of 2021/22. It addresses delivery of our corporate priorities by reviewing the alignment of outcome performance against our Business Plan, Connecting People and Nature: Year 4; progress towards maximising our available budget; assessing risks for delivery; and reviewing people information supporting the resourcing of our work. These Outcomes support delivery of our Corporate Plan 2018-22, Connecting People and Nature.

## Summary

2. Q1 has seen a gradual relaxation of Covid-19 restrictions. Whilst this hasn't allowed us to fully return to new ways of working, it has not impeded our ability to deliver the work we set out in our Q1 90 day plan. As we move to re-open our offices the 16<sup>th</sup> of August is the earliest date for consideration as we adhere to Scottish Government guidance as we go. We are engaging with colleagues to assess needs and define how the office of the future will look.
3. May also saw the outcome of the Scottish elections with the SNP reconfirmed as lead party. This period sees a potential alliance with the Green Party and a significant focus for both on 'building back better' through a green recovery. The elections caused some delays to 'getting things going' which is reflected in the performance section. Additional resourcing pressures have also been evident as a result of the cyber security risks with ongoing attacks and identified system weakness' resolution diverting resource from business as usual.
4. Our grant-in-aid settlement was confirmed at the same level as 2020/21, however additional funding has been made available from Scottish Government to fund additional visitor management activity (£0.750m) and investment in the Better Places Fund (£2.750m). We have also retained the Scottish Rural Development Programme contribution (£1.5m), supporting nature-based solutions like Piloting an Outcome Based Approach Scheme (POBAS). Through piloting 'Wee Forests' (£0.250m), and a further phase of the Biodiversity Challenge Fund (£TBC), we will significantly enrich biodiversity and aid communities to host projects.

PRIORITY PERFORMANCE	NUMBER	CORPORATE RISK	NUMBER
<b>Priorities</b>	<b>10</b>	<b>Corporate Risks</b>	<b>15</b>
On Track	9	Increased Score	1
Minor Slippage	1	Decreased Score	0

FINANCIAL METRICS	STATUS	PEOPLE METRICS	STATUS
Operating	Minor Slippage	Wellbeing	On Track
Project Allocation	Minor Slippage	Capacity	On Track
Paybill	Minor Slippage	Development	On Track
Capital	On Track	Workforce Profile	Minor Slippage

5. **More People Benefitting from Nature (Nick Halfhide, Director Nature & Climate Change)**
  - **NatureScot will facilitate the role of nature in transforming places where people live –** For Phase 2 of the Green Infrastructure programme, the contract for Malls Mire (Glasgow Toryglen) was signed with Clyde Gateway, and the project is underway (£3.1m overall, with an ERDF grant of £1.2m). The Make Space for Nature Spring campaign and the Action Earth

fund were also launched. The 'Wee Forests' pilot is in progress and is currently awaiting the green light from Scottish Government to expand from 10 to 50 projects this financial year.

- **NatureScot will support and encourage access to and enjoyment of nature** – The training of employees for the Agri-environment Climate Scheme (AECS) new paths fund is on track for the assessment phase. There has been good progress on the Scottish Outdoor Access Code (SOAC) campaign. It generated 3.5m impressions/11.6k clicks through to the SOAC website, well exceeding industry standards for levels of engagement. The Better Places Fund has awarded a further 90 projects with a total of £1.73m. The National Nature Reserves (NNR) resilience strategy has brought additional employees in to post, with the plan itself now complete, delivering improved infrastructure and enhancing capacity to cope with anticipated increased visitor demands over the summer.

#### 6. **The Health & Resilience of Scotland's Nature is Improved (Nick Halfhide, Director Nature & Climate Change)**

- **NatureScot will invest in action to reverse biodiversity loss and jointly lead the Scottish Biodiversity Programme** - During Q1 we worked with Scottish Government (SG) colleagues to support the UK at the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA 24) and Subsidiary Body on Implementation (SBI 3). All of Scotland's proposals were incorporated in the UK submissions and their focus has been to influence the content of the UK Government's Global Biodiversity Monitoring Framework. We have offered support of nearly £2m in grants to 12 projects following the Biodiversity Challenge Fund (BCF) panel meeting and discussions between the funding team and grant recipients over details of grant offers is also almost complete. On the 30 x 30 protected area targets, a draft commission was received, project plan prepared and then submitted to SG. Stakeholder engagement initially programmed for late June has been delayed whilst SG consider the optimal approach. Panels to guide development of a new approach to marine monitoring, and establish new Marine Biodiversity Monitoring Group with Marine Scotland, SEPA and JNCC have been established.
- **NatureScot will support a step-change in use of Nature-based Solutions to climate change and other problems** - SG have confirmed their continued support for the Dynamic Coast project for another year with confirmed funding for a project manager. The Dynamic Coast project covers 21,000 km (20% of Scotland's coast), and focuses on understanding coastal change to protect £13bn assets protected by natural defences – of these, £340m at risk by 2050 (likely underestimate). To compare - £5bn assets are protected by engineered defences. The Blue Carbon evidence map is undergoing quality assurance prior to publication.

#### 7. **More Investment in the Management of Scotland's Natural Capital (Robbie Kernahan, Director of Sustainable Growth)**

- **NatureScot will help to transform use of land and sea so that it contributes even more to the future wellbeing economy** - Agri-environment climate scheme (AECS) applications are coming in and we have started to feed into SG plans for briefing ministers on Common Agricultural Policy (CAP) scheme plans. We have advised them to plan for full re-

instatement of AECS for 2022. For Phase 3 of Piloting an Outcome Based Approach Scheme (POBAS), Strathspey farmers signed up to agreements. SG have expressed appreciation of ongoing work on the Positive Effects for Biodiversity Working Group, supporting National Planning Framework aspirations. We contributed to the Improvement Services series of workshops, including a presentation on nature-based solutions. Outcomes of the workshops will be given to SG. We submitted our response to the National Marine Plan review consultation and met with Marine Scotland (MS) to discuss this and our input to next steps and submitted a draft ScotWind resourcing plan for initial discussions. We scoped out the workstreams and governance arrangements flowing from both grouse and deer areas of work with the first meeting of the Wild Deer National Approach (WDNA) steering group and engaged in initial discussions with stakeholders.

- **NatureScot will focus effort on mainstreaming natural capital approaches/accounting in decision-making** - The annual update of the Natural Capital Asset Index was published in May and workshops on natural capital accounting with public bodies were held. This is an essential step in progressing natural capital and green finance, to embed nature in economies and shift to a wellbeing economy.
- **NatureScot will help to grow and diversify environmental green finance** – The Facilitating Local Natural Capital Investment Pilot Project was completed, including a final webinar, which was well received. The quality assurance, publication and final report are in progress as well as a follow on contract research fund (CRF) proposal to test the concept of a carbon floor price for nature-based carbon savings. Phase 1 of the Peatlands Code report is complete and ready for discussion with SG and delivery partners. We are finalising proposals for a *'Facility for Investment Ready Nature in Scotland'* (FIRNS) as part of a broader SG Programme *'Increasing private investment in natural capital'* and we will have a seat on the Programme Board.
- **NatureScot will accelerate peatland restoration through our Peatland Action Programme and collaboration with others** – The funding round for 2021/22 launched in April, encouraging large-scale projects over multiple years. The Board discussion in May confirmed a dual NatureScot role of leadership and main public sector delivery partner. Discussions are ongoing with partners/stakeholders to realise the pipeline of projects for 5,600 ha restored in 2021/22.

#### 8. **We have transformed how we work (Jane Macdonald, Director Business Services & Transformation)**

- **NatureScot will invest in skills for a nature-rich future, especially in youth employment** – Good progress is being made following the launch of the new Programme for Youth Employment in April. Recruitment of placements, traineeships and apprenticeships is underway, with 58% of the posts either recruited or advertised already. Communication to both internal and external stakeholders is being delivered. The action plan for phase 2 of the programme has also been finalised. The liaison with key regional and sectoral stakeholders over potential collaborative actions for the nature-based jobs and skills action plan has taken place. Metric: 16-24 year olds currently make up 2.44% of our headcount (SG target 5%).
- **NatureScot will transform as an organisation to meet the demands of the future, including accelerating its transition to a net zero emissions organisation** – As part of our organisational design work, the first round of Action Learning Sets have taken place and

organisation-wide engagement is happening. Microsoft Teams launched successfully in early May, with excellent levels of take up across all our teams. Progress on our Net Zero plan is going well. We have taken delivery of 4 more electric vehicles, installed an electric vehicle charge point at Clydebank; with Golspie & Kinlochewe in progress. The estimated carbon emission figures for 2020/21 (calculated for inclusion in the Annual Accounts) indicate a reduction of 40% on the previous year (total of 571 tonnes). Whilst some of these emission reductions will undoubtedly be as a result of Covid restrictions, particularly around business travel, we have had to keep our office buildings functioning at a maintenance level. The energy usage associated with our server rooms has not experienced any decline. We will draw on the lessons we have learned from the different ways of working during the pandemic to hard wire as many of these reductions as possible into the principles for our “new normal” working practices. This includes a revised travel hierarchy and the accelerated electrification of our fleet. Renewables assessments for our entire estate have been completed and options for priority investment are being drawn up.

## PERFORMANCE

Business Plan Measures	Status
<b>NatureScot will invest in action to reverse biodiversity loss and jointly lead the Scottish Biodiversity Programme</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will develop a suite of draft biodiversity targets for Scotland following Global Biodiversity Monitoring Framework (for COP15)</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>We will fund at least £1m of Biodiversity Challenge Fund grants through Phase 3 during 2021/22</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>Advise Government on options to achieve 30x30 protected area targets</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>Take forward Protected Area Committee recommendations for enhancing our special nature sites</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>Implement priority recommendations in the surveillance and monitoring strategy to better inform management</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>Develop a new approach to delivering the Scottish Marine Protected Area monitoring strategy</li> </ul>	ON TRACK
<b>NatureScot will help to transform use of land and sea so that it contributes even more to the future wellbeing economy</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will help to deliver Agri-Environment and Climate Scheme</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>We will advise SG on Biodiversity and Climate outcomes across all future farm support schemes</li> </ul>	MINOR SLIPPAGE
<ul style="list-style-type: none"> <li>We will deliver Phase 3 of Piloting Outcomes Based Approaches in Scotland (POBAS)</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>We will secure strengthened policy and spatial direction in the Fourth NPF that delivers positive effects for biodiversity</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>We will support Marine Scotland in developing and implementing a Blue Economy Action Plan</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>We will develop and deliver actions arising from the Scottish Government responses to the Werrity and Deer Working Group reports.</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>The number of Marine Protected Areas with management measures will be increased</li> </ul>	ON TRACK
<b>NatureScot will support a step-change in use of Nature-based Solutions to climate change and other problems</b>	<b>MINOR SLIPPAGE</b>
<ul style="list-style-type: none"> <li>Implement phase 2 of the National Coastal Change Assessment to support Local Authorities planning</li> </ul>	MINOR SLIPPAGE
<ul style="list-style-type: none"> <li>We will be part of developing and delivering a strong new vision and work plan for the Scottish Blue Carbon Forum.</li> </ul>	MINOR SLIPPAGE
<b>NatureScot will focus effort on mainstreaming natural capital approaches/accounting in decision-making</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will provide evidence to support SG to embed applying a natural capital approach in policy and investment</li> </ul>	ON TRACK
<ul style="list-style-type: none"> <li>We will provide evidence and tools to enable the uptake of natural capital assessment of the public estate</li> </ul>	MINOR SLIPPAGE

<b>Business Plan Measures</b>	<b>Status</b>
<b>NatureScot will help to grow and diversify environmental green finance</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will develop new approaches to grow private investment in natural capital</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will develop a new approach to blend private investment through the Peatland Code with Peatland Action.</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will develop and launch the Scottish Marine Environmental Enhancement Fund (to support recovery and resilience of our coasts and seas)</li> </ul>	<b>MINOR SLIPPAGE</b>
<b>NatureScot will invest in skills for a nature-rich future, especially in youth employment</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will employ up to 37 posts through the Programme for Youth Employment</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will develop and secure funding for a training and employment programme for nature-based skills.</li> </ul>	<b>MINOR SLIPPAGE</b>
<b>NatureScot will facilitate the role of nature in transforming places where people live</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will fund up to £3.4m of Green Infrastructure projects using ERDF funding.</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will support up to 300 communities across Scotland to improve local green and blue spaces for people and nature as part of our Making Space for Nature campaign</li> </ul>	<b>ON TRACK</b>
<b>NatureScot will support and encourage access to and enjoyment of nature</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>Fund up to £3m of new paths through the AECS – Improving public access scheme</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will co-ordinate delivery and amplify responsible access communication as our contribution to the national visitor management strategy</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will implement a resilience strategy on our NNRs</li> </ul>	<b>ON TRACK</b>
<b>NatureScot will accelerate peatland restoration through our Peatland Action Programme and collaboration with others</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will increase Peatland Action’s delivery of restored peatland by 40%</li> </ul>	<b>ON TRACK</b>
<b>NatureScot will transform as an organisation to meet the demands of the future, including accelerating its transition to a net zero emissions organisation</b>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will deliver the Organisation Development Framework actions</li> </ul>	<b>ON TRACK</b>
<ul style="list-style-type: none"> <li>We will deliver the NatureScot Net Zero plan which will aim to deliver a 7% carbon saving in line with our stretch target (or 63.3 tonnes of CO2).</li> </ul>	<b>ON TRACK</b>

## Performance

9. Of the 30 measures that we planned to achieve over the full year, 24 (80%) are rated on track, 6 (20%) have experienced minor slippage. Only one Business Plan priority is amber, 'NatureScot will support a step-change in use of Nature-based Solutions to climate change and other problems', as a result of both measures highlighting slippage. The 6 measures with minor slippage, and the actions to recover this, are summarised below. It is anticipated that all slippage is recoverable.
- **We will advise SG on Biodiversity and Climate outcomes across all future farm support schemes** - We have progressed the drafting of a biodiversity audit template and accompanying guidance. We now expect a response to farmer-led group recommendations from SG in Q2.
  - **Implement phase 2 of the National Coastal Change Assessment to support Local Authorities planning** – The ministerial launch date was anticipated in the summer but a date is yet to be agreed for the launch of Outcomes report. SG have confirmed their continued support for this project.
  - **We will be part of developing and delivering a strong new vision and work plan for the Scottish Blue Carbon Forum** - Finalisation of the literature review has been delayed as awaiting input from key reviewers. The evidence map is also not finalised but is currently at the quality assurance stage.
  - **We will provide evidence and tools to enable the uptake of natural capital assessment of the public estate** – The draft plan to develop a shared approach/common principles with other public bodies on natural capital accounting on public land has not been developed but the workshop needed to complete this has now taken place.
  - **We will develop and launch the Scottish Marine Environmental Enhancement Fund (to support recovery and resilience of our coasts and seas)** – The development of a proposed governance structure for SMEEF has been delayed as a result of issues around multi-year funding. Discussion are ongoing with SG to resolve.
  - **We will develop and secure funding for a training and employment programme for nature-based skills** – Development of collaborative actions for the nature-based jobs and skills action plan is only in the early stages, however liaison has taken place to support completion.
10. The [Q2 90 day plan](#) for 2021/22 is now live and is detailed in Annex A. This focuses on the priorities and the milestones to be achieved by the end of Q2, which support delivery of the 2021/22 Business Plan.
11. The [National Performance Framework indicator](#) updates are available in Annex B.

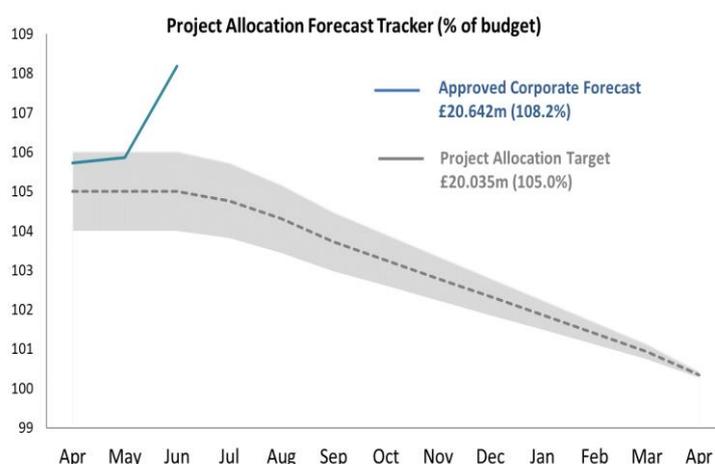
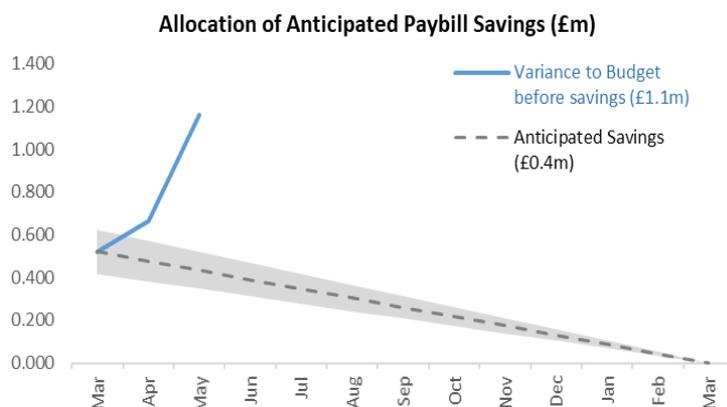
FINANCE

Financial Metrics (£m)	Measure	Budget	Forecast	Variance	Rating
Operating Budget	Outturn within 1% of final budget	65.7	68.7	3.0	MINOR SLIPPAGE
Capital	Outturn within 5% of final budget	2.5	2.5	0.0	ON TRACK

Paybill	Outturn within 1% of final budget	29.9	30.6	0.7	MINOR SLIPPAGE
Project Allocation	Outturn within target allocation range	19.1	20.6	1.5	MINOR SLIPPAGE

Peatlands	Outturn within 1% of final budget	10.9	10.9	0.0	MINOR SLIPPAGE
Biodiversity Challenge Fund	Outturn within 1% of final budget	1.0	2.5	1.5	MAJOR SLIPPAGE
Better Places Fund	Outturn within 1% of final budget	2.8	2.8	0.0	ON TRACK
Nature Recovery Fund	Outturn within 1% of final budget	3.0	3.0	0.0	MINOR SLIPPAGE

\*Operating under 1% - on track, up to 10% minor slippage, over 10% major slippage (\*\* Capital under 5% / up to 10%)



Confirmation on the budget allocation for BCF is awaited (£1.5m). The operating budget variance would then reduce to approximately £1.5m, which is below the Q1 position reported last year (£1.9m in Q1 2020/21).

To manage resourcing pressures identified in Q1, additional funding was allocated for paybill. This has reduced the budget for projects which is now above tolerance. At this early stage in the year, this is a reflection of active management rather than concern as there is considerable scope through project surrenders and further paybill savings to reduce the forecast outturn.

No variance is reported on Peatlands as forecast data is not yet available. The status of “minor slippage” reflects concerns over the ability to achieve full budget spend this year. Due to the late confirmation of the Nature Recovery Fund, delivery may also be challenging.

## Finance

### Operating Budget Performance

- An overspend of £3.022m is currently forecast on the Operating budget. This will not reflect the final year end position, as we are currently in the early stages of the financial year. It is anticipated that we will end the year within our target outturn. At the same point in 2020/21 an overspend of £1.891m was forecast.
- Budget confirmations are awaited from SG which would reduce our overspend position – most notably, an additional BCF allocation, which would reduce the overspend of £1.5m currently reported on this fund.
- The budget maximisation exercise began in early Q2, challenging uncommitted budgets and ensuring that allocations are optimised with respect to high priority work considered achievable during the remainder of the year.
- We will continue to monitor project surrenders throughout the year, using our knowledge and experience of previous slippage patterns to ensure that appropriate demand is ready to allocate when funds become available.
- The paybill outturn is currently projected to exceed budget by £0.726m. This is mainly due to the early approval of staffing requirements for 2021/22 in response to identified resourcing pressures. This proactive approach ensures that we can respond to the developing needs of the organisation in the right timeframe. It is anticipated that additional savings will be achieved during the rest of the year.

### Funding Programmes (including Peatlands)

- SG have made £10.890m available to NatureScot to fund Peatland Action restoration, conservation, management and associated employee costs for 2021/22.
- There are concerns that due to the low number of applications at this time of year as well as staffing pressures, committing the full 2021/22 budget will be more challenging.
- The impact of slippage on large value programmes such as the Biodiversity Challenge Fund (BCF) presents a risk to spend levels. The anticipated slippage is 7% of the forecast outturn for BCF grants (£0.17m) and 4% on the Better Places Fund (£0.11m)
- The Nature Recovery Fund was agreed late in Q1 with a £2m fund for direct awards and a £1m competitive fund. Due to the limited time remaining in the financial year to award grants and deliver projects, it may be challenging to deliver the full value of the fund.

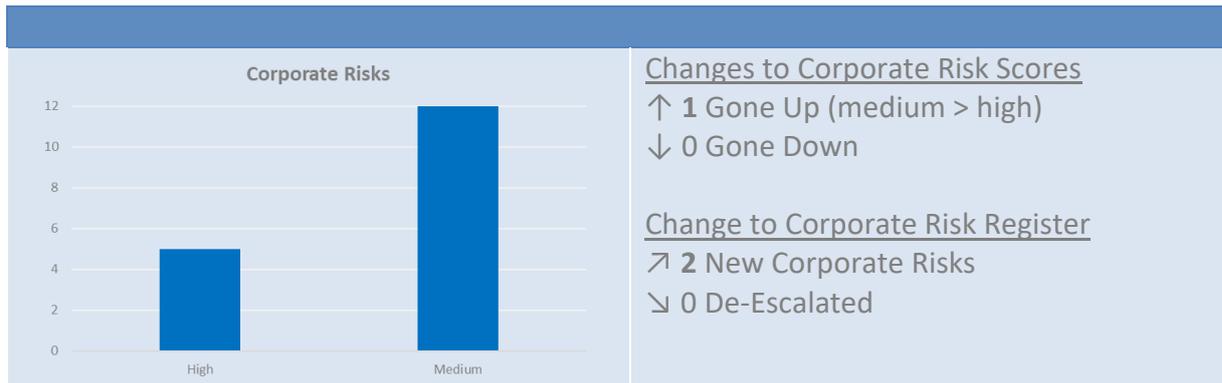
### Structural Funds Programmes

- The current ERDF claim of £0.848m remains unpaid 13 months after submission (previously £1.14m - £286k to be resubmitted in next claim). The potential NatureScot liability for advance payments is £239k (this is the maximum exposure should there be disallowance on all of the payments made). This is after writing off the recent disallowance of £31k.

### Capital Budget Performance

- An overspend of £0.046m is forecast on the capital budget – a good position for Q1.
- Funding of £0.630m has been secured from various sources towards the cost of new vehicles, charging points, NNR car parking, path work and a replacement hide.

## RISK



## Risk

12. The [Corporate Risk Register](#) in Annex C holds the current High rated corporate risks for NatureScot. Activity and project risks are managed within the risk management system, which underpins the corporate risk register. All risks are managed in line with the Risk Management policy and monitored regularly for compliance and visibility of impact.
13. There are currently 15 approved Corporate Risks, 10 medium and 5 high. A further 2 are pending escalation and are rated medium. The risk rating has increased from medium to high for 'Structural Funds – failure of programme delivery and/or funding mechanism,' in the last quarter. An update paper will go to ARC for discussion at the August ARC.
14. Two new risks have been approved for escalation to the corporate risk register. These risks are included in the register with their proposed controls.
- **646 - Weakened Reputation** - As a result of NatureScot actions being out of line with our strategic vision, purpose and goal as expressed through our Brand and Corporate Plan, there is a risk that our reputation would be weakened. If allowed to persist, it could result in the impairment of our ability to operate efficiently.
  - **645 – Biodiversity Loss** – As a result of not raising awareness, inspiring or persuading stakeholders to take the actions needed to reduce biodiversity loss that are within our influence, there is a risk that we will fail to demonstrate sufficient progress and tackle the biodiversity crisis
15. **Board are requested to note these new risks added to the corporate risk register.**
16. All risks currently active on the Corporate Risk Register are recommended to be retained.

## PEOPLE

People Metrics	Status
<b>Wellbeing</b>	<b>ON TARGET</b>
Accidents & Near Misses – target: to stay within variations around the mean. Q1: Accidents=4, Near Misses=0 (this continues the low trend of the past 16 months).	<b>ON TARGET</b>
Work-life balance – target: 75% of employees feeling that their work-life balance is good. Q1: 69% of employees who utilised Work Happy rated their work-life balance as good.	<b>MINOR SLIPPAGE</b>
<b>Capacity</b>	<b>ON TARGET</b>
Sickness – Target: under 2 days per person per quarter. Q1: 1.14 days (continuing lower than normal trend of the past 16 months)	<b>ON TARGET</b>
Holiday Leave Q1: 43% of leave has either been booked or taken.	<b>MINOR SLIPPAGE</b>
<b>Development</b>	<b>ON TARGET</b>
Formal Casework - target <=50% of informal casework Q1: 50% (14 cases), this shows a slight increase in trend on previous quarters.	<b>ON TARGET</b>
Informal Casework Q1: 28 cases, this shows a slight decrease in trend on previous quarters.	<b>MONITOR</b>
Access to L&D for role Q1: Score from People Survey: Employees agree L&D available - 6.3/10	<b>MONITOR</b>
<b>Workforce Profile</b>	<b>MINOR SLIPPAGE</b>
Turnover – target: increase Q1: last 12 months of turnover is 6.85% (slightly lower than the past, but relatively static rather than decreasing)	<b>MINOR SLIPPAGE</b>
Internal Movement – target: increase Q1: Internal Employee Moves: April 10, May 14, June 11 (consistently higher than the previous quarter)	<b>ON TARGET</b>
Retirement Profile Q1: 73 employees are aged 60 or over (10%)	<b>MONITOR</b>

**People**

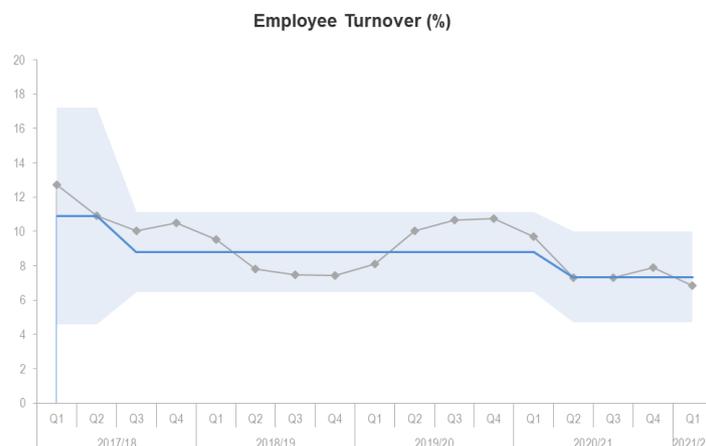
17. The information reported gives a strategic look at various measures throughout the lifecycle of an employee, focussing on wellbeing, capacity, development, and workforce profile. The performance at the end of Q1 2021/22 on some new measures and those with minor slippage are detailed below. Four out of the 10 indicators are green, 3 have minor slippage. Three are being monitored for potential further action.

18. **Work-Life Balance** – the target is 75% of employees feeling that their work-life balance is good. The current figure is 69%. This data is from our Work Happy wellbeing and coaching platform, and 234 employees have signed up and completed “journeys”. We are continuing to use a variety of means to encourage employees to use Work Happy and make commitments in the App on what they are going to do differently to address any of the things they feel unhappy about. We are also monitoring other wellbeing indicators such as our continuing low level of employee casework, low levels of issues flagged through TUS liaison, People Survey results, low absence levels and low usage of EAP services to compare our wellbeing performance across the organisation.

19. **Holiday Leave** – We would expect around 50% of leave to be booked or taken at this point in the leave year, and P&OD team will be targeting those teams with higher balance levels remaining.

20. **Access to L&D for my role** – This measure is based around survey data from the People Survey and the average is 6.3 (0=no access and 10=yes full access), with 68% of respondents at the favourable end of the range. Further data points in future quarters will enable us to ascertain whether this is normal, or whether it is unsatisfactory, and therefore help us identify what action should, can, and will be taken.

21. **Turnover** – the target is to increase turnover and movement within NatureScot. Current data show that turnover is relatively static, however internal movement continues to remain high with 35 internal moves in Q1 compared to 23 in Q4 of 2020/21. We have a larger number of new starts than normal this quarter (34; taking our headcount to 737, the highest in five years), and a smaller number of leavers (5), but this is part of a deliberate strategy to address priority work and manage paybill at this point in the year.



**22. Retirement Profile** – 73 employees are aged 60 or over (anyone working 2+ days a week and not seasonal; 57 are 60-64 and 16 are 65+), which is almost 10% of our workforce. The average retirement age in the last five years is 62, with almost all retirements between the ages of 59 and 67. Roughly half of the 60+ age range are part time. This data will form part of our analysis on people requirements in the future. This will be considered during our organisation design work over the coming 6 months. We are predicting a year on year increase in the number of retirements over the next 3-5 years given the numbers of employees in this age range. Therefore we are taking action now to counter this, through our Programme for Youth Employment, internal moves, skills development, positive exit strategies and improving resilience on key skills.

**Recommendations**

23. Board are asked to:

- Note the overall performance of the priorities and the actions being taken to recover key deliverables that are slipping (Performance Report).
- Note the position of the operating and capital budgets (Finance Report)
- Note the corporate risk updates and proposals
- Note the performance of the people measures and actions (People Report)

## Annex A - Delivering our work in Q2 – focusing on a green recovery and supporting staff

This is the second quarter of our new Business Plan '[Year 4 Connecting People and Nature](#)', the final year of our Corporate Plan 2018-2022. A lot has changed since that Corporate Plan was first published but what has become clearer than ever is the importance of our connectedness with nature.

The ongoing Covid-19 pandemic has demonstrated this, on both a global level, with clear links being identified between the degradation of nature and increasing pandemic risk; and at a local level where the nature on our doorsteps has become so important to our physical and mental wellbeing during lockdowns and restrictions.

As we move through the year we continue to pursue this vision through delivery of the four outcomes and by ensuring our resources are focussed to where they can maximise impact. Our efforts are focussed on investing in targeted action to deliver our strategic priorities. These are:

- Enriching Biodiversity
- Leading on nature-based solutions to climate change

To deliver the strategic priorities we will focus on 10 priority areas of work detailed on the next page. These are the same 10 priorities in our newly published Business Plan.

The 90 day plan for Quarter 2 sets out the key activities that will significantly advance us towards achieving the outcomes of the business plan. The quarterly plans allow us to adapt quickly to the unknown and take into account the reducing but continuing impact of Covid-19 on staff availability and wellbeing, and on our ability to deliver our priorities.

A tier system, applied through Scottish Government's 'Roadmap to Recovery' is still in place. We will continue to work within the restrictions applied. These continue to have an impact on our staff and ability to deliver our activities and NatureScot will therefore continue with its' focus on the importance of staff wellbeing. The outcome of the recent Staff Survey will be published during this quarter and the responses will help make positive changes to the workplace.

With the Conference of Parties (COP) 15 and 26 planned for October and November, now is the perfect time to raise awareness of NatureScot's role in helping to tackle the twin climate and nature crisis across a range of audiences. The role nature plays in mitigating climate change needs greater emphasis, promoting nature based solutions positive impact on climate change and everything living on our planet. To do this we will focus effort this quarter on:

- Progressing AECS applications on protected sites, new paths, peatland and deer
- Working with Scottish Government to advance key areas of work such as the 30x30 protected areas targets and COP 15
- Recruiting staff to deliver the youth employment priority, Piloting an Outcome Based Approach Scheme, Werritty, Marine and Health
- Launching campaign activity to support the Make Space for Nature Scottish Outdoor Access Code
- Establishing the pipeline for delivery of 5,600ha of peatland restoration in 2021/22

Q2 sees the further development of the contents of our 'core offers'. Internal engagement will continue during Q2 with all staff having the opportunity to feed into shaping the organisational design work, building on the Board ambition set out in May. This continues to be a significant component of effort for this 90 day plan and marks the next steps towards building our new Corporate Plan.

NatureScot Priorities	What will we achieve during Q2
<p><b>NatureScot will invest in action to reverse biodiversity loss and jointly lead the Scottish Biodiversity Programme</b></p>	<ul style="list-style-type: none"> <li>• Provide further support to the UK Government via Scottish Government in the run up to COP 15.</li> <li>• Work with Scottish Government to determine whether to progress on a Biodiversity Challenge Fund Phase 4.</li> <li>• After Scottish Government approval on 30x30 protected areas targets; organise and commence stakeholder engagement.</li> <li>• Agree principles with Area teams for taking forward Pilot Areas in our special nature sites to support recommendations from the Protected Area Committee.</li> <li>• Finalise delivery plan for surveillance and monitoring strategy recommendations and recruit ecosystem health graduate placement.</li> <li>• The Marine Monitoring Panel will sign off paper on the marine monitoring framework supporting delivery of the Marine Protected Areas monitoring strategy.</li> </ul>
<p><b>NatureScot will help to transform use of land and sea so that it contributes even more to the future wellbeing economy</b></p>	<ul style="list-style-type: none"> <li>• Assess all Agri-Environment Climate Scheme applications allocated to NatureScot focussed on protected sites, peatland and deer ready for the approval process in Q3.</li> <li>• Ensure key Scottish Government governance boards (Conservation Advice Packages replacement, Biodiversity Programme, Regional Land Use Partnership programme, Peatland Action, Green Finance, Land Use Transformation Portfolio Board) and new ministers are sufficiently briefed on the key agricultural land use transformation targets required to deliver net zero and biodiversity outcomes.</li> <li>• Complete recruitment of the new Piloting Outcome Based Approaches Scheme (POBAS) team, and achieve 1-2-1 engagement with all 70 farmer/crofters to sign them up to the POBAS pilot scheme.</li> <li>• Present and participate in 1st July Positive effects for biodiversity 3rd Working Group meeting and provide further appropriate input as Scottish Government shape their policy. Engage with the outputs from May/June Scottish Government workshops on National Performance Framework 4/International Review Social of Sciences.</li> <li>• Progress the recruitment of a marine natural capital graduate placement to provide support to Marine Scotland and NatureScot on work to underpin the National Marine Plan, Blue Economy Action Plan and future fisheries.</li> </ul>

NatureScot Priorities	What will we achieve during Q2
	<ul style="list-style-type: none"> <li>Recruit Project Manager role for Werritty and agree work programme for deer through Wild Deer National Approach Steering group.</li> </ul>
<b>NatureScot will support a step-change in use of Nature-based Solutions to climate change and other problems</b>	<ul style="list-style-type: none"> <li>Support Scottish Government in delivering the launch of the results from Phase 2 of the Dynamic Coast project.</li> <li>Publish blue carbon literature review and evidence map.</li> </ul>
<b>NatureScot will focus effort on mainstreaming natural capital approaches/accounting in decision-making</b>	<ul style="list-style-type: none"> <li>Prepare influencing plan for embedding natural capital in new Scottish Government economic strategy and prepare set of short examples of the benefits of natural capital approaches in practice - illustrative or real - in different contexts.</li> <li>Develop new evidence to improve the robustness of the Natural Capital Asset Index (NCAI) indicators, particularly on biodiversity and commission local economic impacts project.</li> </ul>
<b>NatureScot will help to grow and diversify environmental green finance</b>	<ul style="list-style-type: none"> <li>Progress CRF funded project to test the concept of a carbon floor price for nature-based carbon savings and agree key messages on conservation finance in preparation for COP26.</li> <li>Progress development of green finance platform with Dark Matter Labs to progress Glasgow's 18 Million tree project, develop guidance for land managers on green finance.</li> <li>Agree an action plan with SG to implement recommended actions in peatland finance plan. Commission legal advice on structural options to best address the funding annularity and other governance issues.</li> </ul>
<b>NatureScot will invest in skills for a nature-rich future, especially in youth employment</b>	<ul style="list-style-type: none"> <li>The programme to recruit all 37 posts through the Programme for Youth employment will complete this quarter.</li> <li>Hold an event at Dalhousie Estate for rural land managers to help them identify skills needed for future land management.</li> <li>Development of a practical skills programme for peatland restoration aimed at peatland restoration planners and contractors and a series of inspirational short films on nature based jobs for the careers advisory network.</li> </ul>
<b>NatureScot will facilitate the role of nature in transforming places where people live</b>	<ul style="list-style-type: none"> <li>Green infrastructure opening events for Melford Park (Clydebank) and Canal &amp; North Gateway (Glasgow). Contract signed for Scottish Canals – Inverness.</li> <li>Launch of the Make Space for Nature Communications activity for Summer , progress community engagement work on Marine Protected Areas, Wee Forests and Rain Gardens; and manage</li> </ul>

NatureScot Priorities	What will we achieve during Q2
	funding for Volunteer Matters, TCV, Paths for all and John Muir Trust (target 150 communities by end of Q2; 300 communities by end of Q3).
<b>NatureScot will support and encourage access to and enjoyment of nature</b>	<ul style="list-style-type: none"> <li>• New paths AECS Scheme assessment in progress with site visits to be completed.</li> <li>• Deliver summer phase of Scottish Outdoor Access Code campaign, progress management and monitor impact of Better Places Fund funds and prepare options for longer term action and governance of the Visitor Management Strategy.</li> </ul>
<b>NatureScot will accelerate peatland restoration through our Peatland Action Programme and collaboration with others</b>	<ul style="list-style-type: none"> <li>• Establish the pipeline for delivery of 5,600ha of restoration in 2021/22; confirm actions and responsibilities for shared services across all public sector delivery partners; and recruit 15 new posts to lay the foundations for expanded deliver 2021-2024.</li> </ul>
<b>NatureScot will transform as an organisation to meet the demands of the future, including accelerating its transition to a net zero emissions organisation</b>	<ul style="list-style-type: none"> <li>• The organisational design framework will be delivered including action learning set second round. This is monitored through the Transformation Steering Group.</li> <li>• The draft proposal on renewables investment will be completed by the end of Q2. This will identify a series of project bids for renewables investment on our estate that if taken forward will help reduce direct emissions from our buildings.</li> </ul>

## Annex B – National Performance Framework Indicators

NPF Indicator (NatureScot lead reporting on)	Status	Next Update Due
Improve the condition of protected nature sites	Maintaining	May 2022
Biodiversity	Maintaining	November 2021
Increase natural capital	Maintaining	April 2022

NPF Indicator (NatureScot contribute towards)	Status	Next Update Due
Increase people's use of Scotland's outdoors	Worsening	September 2021
Improve access to local green and blue space	Maintaining	September 2021
Reduce Scotland's carbon footprint	Improving	December 2021

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

### Protected nature sites

This indicator reports the percentage of natural features on protected nature sites found to be in favourable condition.

By the end of March 2021, 78.3% of natural features were assessed as being in a favourable condition, 0.5 percentage points lower than recorded in March 2020 and 2.3 percentage points higher than recorded in 2007.

### Biodiversity

This indicator is a combination of trends for three measures of Scottish species (increased from 1 previously), index of abundance of marine species (based on seabirds), index of abundance of terrestrial species and index of occupancy of terrestrial species.

All three measures were stable over the period 2015 to 2016. The index of abundance of marine species rose by 2.7%, the index of abundance of terrestrial species fell by 4.8% and the index of occupancy of terrestrial species rose by 0.8%.

Over the longer term, between 1994 and 2016, the index of abundance of marine species fell by 36%, the index of abundance of terrestrial species fell by 31% and the index of occupancy of terrestrial species rose by 24%. The marine elements of the indicator continue to be under development as new species data becomes available. Breakdowns for the three measures are available for the main taxonomic groups.

### Natural Capital

The Natural Capital Asset Index (NCAI) monitors the quality and quantity of terrestrial habitats in Scotland, and tracks their potential to deliver ecosystem services now and into the future. It is a composite index, based (i.e. equal to 100) in the year 2000. The NCAI in 2019 is the highest since detailed monitoring began in 2000.

It is recognised that at this point in time, the NCAI still requires further development and refinement to produce a fully satisfactory measure. Despite this it is seen as a valuable addition to the indicator set. We will continue to work closely with key stakeholders over time to develop the NCAI and other potential future measures.

## Annex C – Corporate Risk Register - HIGH

ID	TITLE	DESCRIPTION	CONTROLS	I	L	Latest update comment
586	Structural Funds – failure of programme delivery and/or funding mechanism	As a result of any delays/slippage/errors by the MA, SNH and/or grantees in the management of structural funds, there is a risk that grantees may be exposed to financial stress and disallowance of the funds. This may result in reputational damage to SNH, financial problems for grantees, and potentially leading to disputes between stakeholders over responsibility. This could result in incomplete projects, impact on our ability to manage future funding schemes and a failure to deliver our strategic objectives for improving green infrastructure and support to the rural economy.	<p>SNH undertakes regular liaison with the MA to ensure that the programme management is continuing in a manner consistent with the requirements of grantees and EU audit. Contracts with grantees require evidence that there systems will meet EU audit requirements. These contracts allow SNH to pursue grantees if disallowance is applied to any of their projects. Claims are checked by SF team staff to ensure that they will meet these requirements before they are submitted to the MA.</p> <p>SNH has been paying small claims submitted by GICEF applicants to protect them from cash flow issues ahead of recovering these funds from the MA. There may yet be a need to secure some funds to cover payments for smaller NGOs funded through the NCHF in advance of recovery of these costs from the MA in future financial years.</p>	3	4	<p>The risk remains HIGH: NatureScot has still not received payment of its latest Green Infrastructure claim, one year after submission, although as far as we are aware all remaining queries have been addressed. A number of actions to manage this risk have been agreed with the CEO. This includes actions identified in the GI audit, and actions to manage larger cashflow risks to vulnerable NGOs. This will form the basis of an update to the ARC.</p> <p>NatureScot has established a direct line of communication with the SG Audit team, to help us to address outstanding queries that may hold up further claim preparation. The delays that NatureScot has experienced with its claims are reflected across the Structural funds programme in Scotland. The MA has set up a working group including Lead Partners to address problems in the system. It is due to report in the early Autumn.</p>
253	Annual funding cycle	As a result of the programme having single year, annual budget allocations there is a risk	1. Changing our approach to develop a more certain, multi-year, pipeline of projects. Based on the government commitment to a 10 year, £250m	4	3	The likelihood of the risk has been reduced to reflect the controls. If these controls are successful, the risk could be reduced further at the end of Q2. 29-Jun-

ID	TITLE	DESCRIPTION	CONTROLS	I	L	Latest update comment
		that the project will not meet restoration and spend targets because of the tight site work window of Q3 & Q4. This working window is constrained by mid-year approval of projects; bird disturbance considerations; and vulnerability to disruption because of winter weather.	<p>programme of work and our indicative budget allocations for 2021-24, we have changed our approach to include: an open application system; and an indication to potential applicants that we are looking to fund large-scale projects over multiple years, for which we will, where appropriate, make multi-year offers</p> <p>2. Tolerating the risk of over commitment from acceptance of multi-year projects. We are monitoring the over-commitment to ensure it is aligned to indicative budget allocations as well as reflecting historic project slippage due to weather and other factors in entering into contracts.</p> <p>3. Monitoring the capacity of the team to cope with the changed approach.</p> <p>4. Exploring options to allow increased tolerance of risk to bird disturbance and thereby extend the working window.</p> <p>5. Exploring other models for speeding up commitments to lower risk applications and deferrals/carry-overs.</p>			
283	Wildlife Management - Our Ability to Influence Stakeholders	As a result of deeply held and polarised views amongst stakeholders there is a risk that we are unable to secure their compliance and co-operation on the	<p>1. Undertake work aimed at breaking down barriers to cooperation including through the Working for Waders project, stakeholder work around Sea Eagle scheme and strategy, stakeholder work around goose management, work on feral pigs and other non-natives, the</p>	3	4	Thinking, debate, discussion and policy development relating to how land is used and managed (including wildlife) to support climate, biodiversity and green recovery priorities is developing. Post-election, policy areas are likely to become clearer providing more certainty for stakeholders. We continue

ID	TITLE	DESCRIPTION	CONTROLS	I	L	Latest update comment
		management of wildlife. This could result in the failure to achieve planned outcomes for wildlife and nature.	<p>application of conflict management principles and our work on deer.</p> <p>2. Maintain close working relationships with key stakeholders and monitored in line with the new approach NatureScot develops for monitoring the health of its relationships with external stakeholders.</p> <p>3. Ensure all predictably contentious projects have well thought through communications plans attached to them which are implemented.</p> <p>4. Application of principles within the wildlife management framework and development of the shared approach.</p> <p>5. Through the Activity Resource Plan ensure that skills in practical wildlife management are retained in our staff complement.</p>			to engage regularly with the broad range of stakeholders through representative and sectoral organisations and do this in an open and transparent way. Issues such as Sea Eagle and lamb predation continue to illicit strong reactions which are picked up in the media. The shared approach principles provide the basis for bringing polarised views together to work through issues
72	SRDP - AECS – Outcomes for the Natural Heritage	As a result of the dependency on the funding available under SRDP, there is a risk that insufficient funding is provided to support natural heritage outcomes which may result in widespread negative impacts on biodiversity, climate mitigation and adaption and improving public access.	1. Work closely with Scottish Government to set out funding requirements to meet biodiversity, climate and access objectives; 2. Work closely with key stakeholders to set out a shared understanding of the need for funding for Scotland’s natural heritage.	3	4	No change in risk assessment since previous as AECS is open for applications, but with the reduced funding it will have a restricted impact targeted to highest priority of protected areas, vulnerable species and wading birds. We are actively engaged with SG to mitigate against future reduced AECS funding, and contributing to discussions for having a full AECS budget for 2022.

ID	TITLE	DESCRIPTION	CONTROLS	I	L	Latest update comment
47	Computer Virus/ Malware	As a result of inadequate protection, or inappropriate system use, including accidental activation of email links by that lead to malware downloads, there is a risk that NatureScot systems becoming infected with a malware or virus agent, resulting in NatureScot systems and data become unavailable, encrypted or corrupted, significant system downtime and huge operational impacts	<ul style="list-style-type: none"> <li>*All file servers are protected by Sophos anti virus protection. Upgrades are performed automatically and can also be applied in an ad-hoc manner</li> <li>*All PCs are protected by Sophos anti virus protection. Upgrades are received on a daily basis but can be applied ad-hoc</li> <li>*All incoming emails are scanned for viruses.</li> <li>*All internet access, where possible, is scanned for viruses (not https sessions).</li> <li>*Raise staff awareness of potential risks relating to email links and infected documents through regular communications.</li> <li>*Sandbox controls/ environment implemented</li> <li>*Control of USB devices</li> <li>*Awareness raising with staff via Blogs and update articles</li> <li>*Incident Management Group in place</li> <li>*Shared Service with Scottish Government that takes forward Network Scanning for unusual activity in place.</li> </ul>	4	3	We remain on "high alert" to the Virus/Malware threat and continue our efforts to configure a cloud based backup solution to protect the organisation. Further guidance is coming out from SG on the minimum set of controls to be in place for cyber security, at present we have these in place already. We are taking active part the the SG MIST project where we share the ongoing boundary attacks and malware that is stopped at the gateway, this is to be shared in a central SG repository so that intelligence can be shared and solutions put in place before issues escalate.

## Annex D - People Measures

### 1. Explanation of new measures.

- **Work-life Balance** – this is a headline measure on our wellbeing and is important to measure to track our employees' work-life balance to ensure dignity at work is maintained and enhanced. The data comes from Work Happy, the new online coaching and wellbeing platform, launched in March 2021. The target is an automatic one chosen by the Work Happy application.
- **Formal Casework** – this is one of a pair of measures, previously reported together, but now separated so that we can monitor relationships in the organisation more closely. It covers short term frequent absence, complaints, dignity at work, discipline, grievance, and unsatisfactory performance. Historical data suggests that keeping formal casework about half the rate of informal casework (or lower) is a good target/limit to aim for/keep within.
- **Informal Casework** – this is the other in the pair, and must be looked at in companion with formal casework and the wellbeing of our people. It covers long term absence, health and wellbeing, job evaluation, reasonable adjustments, secondment, redeployment, employee transfers, and terms and conditions.
- **Access to Learning & Development “for my role”** – proxy measures such as the value of L&D we invest in, or the number of days recorded are poorer at telling us what we need to know than this measure will be. Not all employees need the same L&D, but all employees should have parity of access for the role they are doing. The data comes from the People Survey and from pulse surveys.
- **Internal churn** – while not a new measure, the definition has been refined to provide a better representation of the opportunities and internal movement within the organisation, and on secondments, as a measure of our ability to put employees where we most need them to be as well as providing development opportunities.
- **Retirement Profile** – this measure allows us to track our capacity as those nearing retirement reduce their hours, and allow us to undertake succession planning.