

TITLE: Q2 PERFORMANCE REPORT 2021/22**Date: 01 December 2021**

Purpose:	Decision
How does this link with our corporate priorities of improving biodiversity or delivering nature-based solutions to climate change:	This paper presents progress towards delivery of our corporate priorities as laid out in our Business Plan, Connecting People and Nature: Year 4.
Summary:	Performance for 9 of our 10 priorities is rated as 'on track' against the Q2 90 day plan. One corporate risk has increased from medium to high since Q1 and one reduced to medium. A new corporate risk has been added to the Corporate Risk Register. Both Operating and Capital budgets are expected to outturn at year end within tolerance. For large additional in-year budget allocations (Peatlands, BCF, NRF, BPF), there are emerging challenges in committing the full 2021/22 budget. In the People Report, 6 out of the 10 indicators are on track, 3 have experienced minor slippage, and 1 will be updated in Q3.
Actions:	To note the recommendations below
Recommendations:	<p>Board are asked to:</p> <ul style="list-style-type: none"> • Note the overall performance of the priorities and the anticipated recovery of any slippage (Performance Report). • Note the position of the operating and capital budgets (Finance Report) • Note the corporate risk updates and proposals • Note the overall performance of the People Measures and the actions being taken to address slippage (People Report).
Report Author(s):	Authors – Directors, Deputy Directors, Outcomes Managers, Finance, Planning & Performance Team, People & OD Team
Sponsor:	Stuart MacQuarrie, Jane Macdonald
Annex:	Annex A - Q3 90 Day Plan Annex B -

Purpose

1. This paper presents NatureScot's performance for the second 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 to 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. The last quarter has seen the removal of nearly all Covid-19 restrictions but the message to 'work from home if you can' still remains the default. Although this has allowed the majority of work to almost return to normal, the re-opening of the offices has been delayed until Q3 with the focus on a smaller number of 'permitted' staff who have returned to the small number of open offices.
3. We had anticipated funding of £1m for a Nature Restoration Fund at the end of Q1, however we have now received a total of £5m split between a £3m challenge fund to both make space for nature and to help nature recover and £2m to marine and coastal projects which will facilitate grants to enhance the natural capital by investing in the health and biodiversity of our seas.

PRIORITY PERFORMANCE	NUMBER	CORPORATE RISK	NUMBER
Priorities	10	Corporate Risks	17
On Track	9	Increased Score	1
Minor Slippage	1	Decreased Score	1

FINANCIAL METRICS	STATUS	PEOPLE METRICS	STATUS
Operating	ON TRACK	Wellbeing	ON TRACK
Project Allocation	ON TRACK	Capacity	ON TRACK
Paybill	ON TRACK	Development	ONTRACK
Capital	ON TRACK	Workforce Profile	Minor Slippage

4. **More People Benefitting from Nature (Nick Halfhide, Director Nature & Climate Change)**
 - **NatureScot will facilitate the role of nature in transforming places where people live –**
There was a successful launch of Claypits Local Nature Reserve part of our Green Infrastructure project which will deliver our objectives for green infrastructure and urban nature based solutions. A new contract is in place for Scottish Canals' tree house project in Inverness, with construction underway which will bring multiple benefits to the local community in Inverness. Supporting 300 communities across Scotland to improve our local green and blue spaces for people and nature saw the summer phase of the Make Space for

Nature (MSFN) campaign completed, outperforming previous bursts of campaign activity and engagement with over 200 communities. 10 wee forests are being established in communities in Glasgow, Edinburgh and Dundee with others planned, and a Ministerial launch as part of climate week. A further 20 coastal communities are involved in monitoring of marine sites and the species on the edge project is developing plans to engage over 80 communities across at 40 different sites.

- **NatureScot will support and encourage access to and enjoyment of nature** –The Agri-environment climate scheme (AECS) is underway to deliver new paths to improve public access (circa 150 cases at value approaching £8m). The national visitor management strategy communications summer campaign was delivered successfully. Close working with partners has enabled greater reach and the evolution of campaigning messages to focus on emerging issues such as water safety. The Better Places Fund (BPF) is supporting over 75 seasonal ranger posts as well as small infrastructure improvements across Scotland with fieldwork for the third Scottish People and Nature (SPANS) Covid-19 survey and the 3rd visitor management summit underway. These will provide us with feedback and action to further develop our support for the public to engage and enjoy nature responsibly. Our National Nature Reserves (NNRs) have come under significant pressure over the last 18 months and a resilience plan is now in place and is undergoing review against pressures.

5. **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** – To support the UK government via Scottish Government in the run up to the Climate of Parties 15 (COP) we have provided input into the development of biodiversity targets which will provide a basis for measuring progress of the targets set out in the Global Biodiversity Monitoring Framework. We have engaged with Scottish Government on a fourth phase of the Biodiversity Challenge Fund, which supports projects to improve biodiversity, and address the impact of climate change, and we are waiting for a commission on a potential multi-year Nature Restoration Fund (NRF) next year. The Protected Areas Committee (PAC) recommendations for enhancing our special nature sites, highlighted interdependencies with the 30x30 protected areas targets. The surveillance and monitoring strategy recommendations have been delayed until Q3 due to resourcing pressures supporting GovTech, however the Site Condition Monitoring approaches and the development of the internal date review and plans already contribute to delivering the recommendations. The Marine Monitoring Panel have reviewed the paper on the marine monitoring framework and there is now a better shared understanding which provides a sound basis for the next phase of developing our approach to delivering the Scottish Marine Protected Area strategy.
- **NatureScot will support a step-change in use of Nature-based Solutions to climate change and other problems** – To support local authority planning, the second phase of the Dynamic Coast project was publically launched in August. This will improve the evidence

base of coastal change in Scotland, improve awareness of it and help adapt Scotland's coastal assets. The publication of blue carbon literature review and the evidence map were deliberately postponed during Q2 to coincide with COP 26 for maximum focus.

6. **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** - All AECS applications allocated according to NatureScot's Service Level Agreement with Rural Payments and Inspections Division (RPID) and assessments now underway. This is a critical milestone on the way to delivering £27m of payments for environmental outcomes. Piloting Outcomes Based Approaches in Scotland (POBAS) engagement with scheme participants has started focussed on Skye and Strathspey. This influencing work reflects our role as trusted advisor on future agricultural policy and its contribution to nature positive crofting and farming. Scottish Government commissioned us to draft an initial piece of national Guidance on Appropriate Measures to be deployed as part of the positive effects for biodiversity (PEfB) approach to local developments. Advising on this important element of NPF4 could direct substantial investment in nature. The Wild Deer National Approach (WDNA) strategic priorities have been agreed with the Steering group, with the action plan well developed, and the Werritty commission is being developed with SG. These will deliver significant change to upland management, creating more alignment to net zero and biodiversity goals. Phase 2 of Dynamic Coast was launched, publically, in August which is a major initiative that will improve awareness of coastal change in local authorities and elsewhere through open access to critical data on coastal change.
- **NatureScot will focus effort on mainstreaming natural capital approaches/accounting in decision-making** – The influencing plan for embedding natural capital in new SG economic strategy has been prepared and actions ongoing. We drafted and submitted comments to the SG consultation on the National Strategy for Economic Transformation and NatureScot influence (and impact of Dasgupta Review) is already evident in the internal papers produced by SG Agriculture and Rural Economy and EnFor. This is possibly the opportunity for setting the foundations of a nature-rich future driven by an economy that respects, invests in and benefits from nature (embedded in nature). Work on Natural Capital Asset Index (NCAI) indicators is ongoing, with a review completed of woodland indicators for NCAI, including use of National Forest Inventory. Improving the NCAI will make it more influential on public policy.
- **NatureScot will help to grow and diversify environmental green finance** – The invitation to tender is being finalised with SG for commissioning the research on the concept of a Scottish Carbon Fund and associated carbon floor price for peatland restoration and other nature-based solutions to climate change. The green finance guidance for land managers' contract now let and development underway, which aims to fill a gap in knowledge

amongst the land management community. The action plan to increase private investment in peatland restoration was presented to SG in June with and a detailed internal action plan agreed in August. Implementing these actions will remove/reduce some of the key barriers to private investment in peatland restoration.

- **NatureScot will accelerate peatland restoration through our Peatland Action Programme and collaboration with others** – The initial pipeline was established, identifying over 7000 ha in potential projects. However, many of these contain risks and the pipeline is being refined to reflect these. The first stage in the radical scaling up required to reach targets for peatland restoration. Discussion with Partners on horizontal functions (shared services) held and next steps being clarified.

7. **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** – The recruitment for this year's Programme for Youth Employment has been completed during this quarter and guidance is being developed for both the new cohort and line managers. Also a coaching protocol has been developed to support the new cohort into NatureScot, with an Insights profile given to each new employee and coaching sessions organised for them and their line managers. A Peatland Skills Strategy is being developed by the Crichton Carbon Centre (joint work with Peatland Action and Nature-based Skills project). Training and skills development work will flow from this.
- **NatureScot will transform as an organisation to meet the demands of the future, including accelerating its transition to a net zero emissions organisation** – Q2 saw organisational design work move on at pace with phase 2 of the ALS' set up to consider the ambitions of SLT and Board. This quarter has seen the launch of our DAWNN (Disability, Ability, Wellbeing and Neurodiversity Network) and further increased interest in LGBT Networks, with a series of online events especially during Pride Month. Microsoft Teams implementation has been successfully achieved with quick uptake and positive adoption across NatureScot. NatureScot has worked with Icen Earth to develop a mobile app and website platform to assess and enhance biodiversity. Approximately 100 farmers across Scotland use the app to score and improve biodiversity across five habitat types. In partnership with Space Intelligence, NatureScot is also helping to measure and protect our Natural Capital by developing the first-ever nation-wide high-resolution habitat maps of Scotland. Land use is an important consideration in our efforts to reach net zero by 2045. The Cairngorms National Park Authority, with the assistance of Atmos Consulting, are using the land cover data generated by NatureScot and Space Intelligence to inform multiple projects and also quantify key trends such as afforestation or loss of specific habitats. We have also completed the setup of our Cloud backup which is a vital tool in our resilience armoury against cybercrime. It will enable data recovery in the event of a ransomware attack. On Net Zero, we have completed a draft proposal for renewables investment which will be worked up into an initial 2-3yr project plan aligned to our Estate Strategy.

PERFORMANCE

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

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

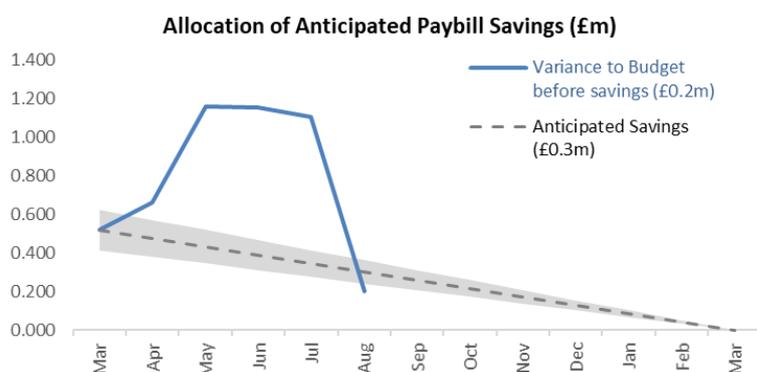
Performance

8. Of the 30 measures that we planned to achieve over the full year, 26 (87%) are rated on track, 4 (23%) have experienced minor slippage. Only one Business Plan priority is amber, 'NatureScot will accelerate peatland restoration through our Peatland Action Programme and collaboration with others'. The 4 measures with minor slippage, and the actions to recover this, are summarised below. It is anticipated that all slippage is recoverable.
- **We will advise Government on options to achieve 30x30 protected area targets** – We received formal commission from SG on 24th September to commence this work. This was pending SG developing an overarching policy 'picture' to make linkages with merging commitments in PfG which was published on the 7th of September.
 - **We will deliver Phase 3 of Piloting Outcomes Based Approaches in Scotland (POBAS)** – 1-2-1 engagement with POBAS scheme participants was planned to be completed by the end of September. This has started and is currently focused on Skye and Strathspey. Other clusters are being contacted by new POBAS officers and we expect full engagement and sign up by early Q3.
 - **We will develop and secure funding for a training and employment programme for nature-based skills** – The Dalhousie event planned to engage with land managers has been pushed back into spring 2022. The development of films on nature based jobs has been held up by lack of capacity and internal move of staff member who was working on this.
 - **We will increase Peatland Action's delivery of restored peatland by 40%** – Projects for more than required 5600 ha have been identified but assessment of the risks to those projects delivering is underway. We had hoped to have 15 staff recruited to support this however there are 4 in place, 7 out to recruitment at the end of September which means we're slightly behind our recruitment plan but this is anticipated to be recoverable once in post.
9. The [Q3 90 day plan](#) for 2021/22 is now live. This focuses on the priorities and the milestones to be achieved by the end of Q3, which support delivery of the 2021/22 Business Plan.

FINANCE

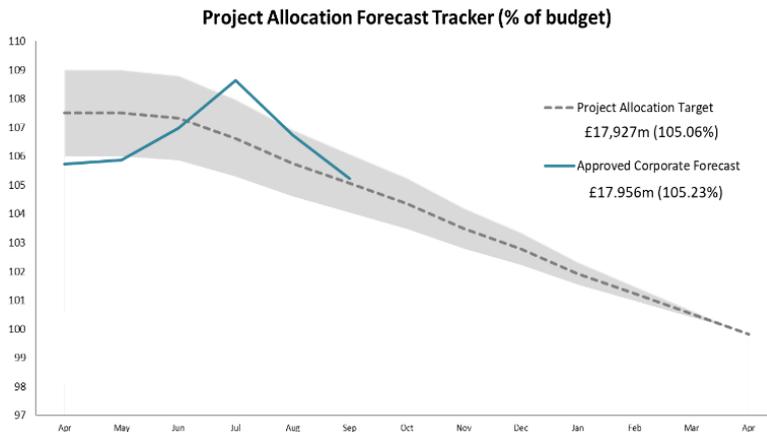
Financial Metrics (£m)	Measure	Budget	Forecast	Variance	Rating
Operating Budget	Outturn within 1% of final budget	69.7	70.1	0.4	ON TRACK
Capital	Outturn within 5% of final budget	2.5	2.5	0.0	ON TRACK
Paybill	Outturn within 1% of final budget	30.4	30.3	(0.1)	ON TRACK
Project Allocation	Outturn within target allocation range	17.1	18.0	0.9	ON TRACK
Peatlands	Outturn within 1% of final budget	10.9	10.9	0.0	MINOR SLIPPAGE
Biodiversity Challenge Fund (BCF)	Outturn within 1% of final budget	2.4	2.3	(0.1)	MINOR SLIPPAGE
Better Places Fund (BPF)	Outturn within 1% of final budget	2.8	2.7	(0.1)	MINOR SLIPPAGE
Nature Recovery Fund (NRF)	Outturn within 1% of final budget	5.0	4.8	(0.2)	MINOR SLIPPAGE

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



Confirmation was received in early September of funding for BCF (£2m), NRF (£5m), BPF (£2.75m) and other activities (0.6m). The additional investment is welcome although the status of “minor slippage” reflects concerns over the ability to achieve full budget spend this year due to the late confirmation of NRF in particular. The same status is shown for Peatlands due to lower applications to date and recruitment challenges.

To manage resourcing pressures identified in Q1, additional funding was allocated to paybill (£0.6m), which has returned the forecast to narrowly below budget (£0.1m). Forecast project expenditure is within tolerance. Based on project surrenders experienced in previous years, further project allocation demand to



deliver the business plan is being brought forward.

Operating Budget Performance

- At this midway point through the financial year, an overspend of £0.338m is forecast on the Operating budget. (2020/21, an overspend of £0.144m was forecast).
- Confirmation of the budget for BCF (£2m) has reduced the overspend position. Along with Peatlands (£10.9m), NRF (£5m), BPF (£2.75m) and other additional allocations, the budget has increased by £22.2m above the original Grant In Aid (GiA) advised.
- In response to resourcing pressures identified earlier in the year, an increase to the paybill budget of £0.6m was approved by Resourcing Group. The latest forecast for paybill is narrowly below (£0.1m) the budget for the year.
- Based on experience in recent years, the project allocation forecast target has been increased to encourage additional demand and commitment early in the year. The forecast expenditure is in line with the revised target at this mid-year point.
- 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.
- In response to a savings exercise from SG, £0.7m of savings were identified and communicated to SG (£0.2m additional 2021/22 visitor management funding and £0.5m Peatlands staffing costs). No budget adjustment has been made, as yet.

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 recruitment challenges and the low number of applications at this time of year, committing the full budget may be challenging.
- The impact of slippage on large value programmes (BCF, BPF, NRF) also presents a heightened risk of underspend given the size of the funds, their capital nature and late confirmation during the year. Estimated slippage has been reflected in the forecast but is likely to be revised in the coming months.

- The Nature Recovery Fund was initially advised late in Q1 (£2m direct fund and a £1m competitive fund) with a further £2m agreed in September for direct funding of marine and coastal projects. All of this funding is capital for this financial year.

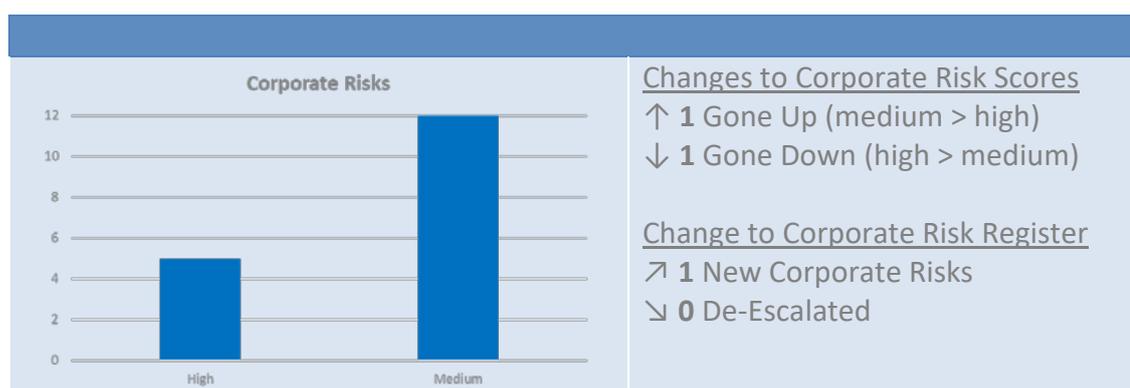
Structural Funds Programmes

- The current Green Infrastructure claim of £0.848m remains unpaid 19 months after submission (previously £1.14m - £286k to be resubmitted in next claim). An NCHF claim for £214k has been submitted with payment due by 11 November. The potential NatureScot liability for advance payments is £239k (this is the maximum exposure should there be disallowance on all of the payments made).

Capital Budget Performance

- An overspend of £0.014m is forecast on the capital budget – a good position for Q2.
- Funding of £0.643m 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

10. The [Corporate Risk Register](#) holds the current 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. All risks currently active on the Corporate Risk Register are recommended to be retained.
11. There are currently 17 approved Corporate Risks, 12 medium and 5 high. A new risk has been approved by SLT for escalation and is rated High. The risk rating has increased from medium to high for 'NatureScot's responsibilities for delivery of AECS under the SLA with Scottish Government,' in the last quarter. The demand for staff resource next year, when government is indicating there will be a 'full round' of AECS, may exceed our capacity. This increases the likelihood that we will fail to meet our responsibilities for delivery. The heightened risk rating is indirectly linked to the reduced rating of the risk

‘SRDP - AECS – Outcomes for the Natural Heritage’ from high to medium as our ability to deliver our wider natural heritage outcomes would be increased through a ‘full round’.

12. The risk approved for escalation is included in the register with the proposed controls pending confirmation of their escalation:

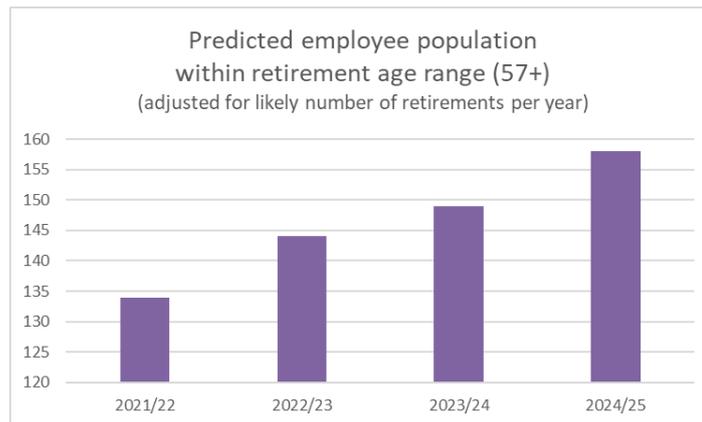
- **679 - Land Parcel Ownership/ Management Contact Data** - As a result of the lack of a single point of oversight and ownership of land parcel ownership/management data in NatureScot, there is a risk that the quality of this data is not adequate for our purposes. This may result in the failure to meet the legal requirements of data protection law and limit NatureScot's ability to leverage this data and associated data for partnership working and innovative digital technology solutions.

PEOPLE

People Metrics	Status
Wellbeing	ON TRACK
Accidents & Near Misses – target: to stay within variations around the mean. Q2: Accidents=8, Near Misses=5 (these continue the low trend of the past 16 months).	Green
Work-life balance – target: 75% of employees feeling that their work-life balance is good. Q2: 70% of employees who utilised Work Happy rated their work-life balance as good.	Amber
Capacity	ON TRACK
Sickness – Target: under 2 days per person per quarter. Q2: 0.98 days (continuing lower than normal trend of the past 16 months)	Green
Holiday Leave Q2: data delayed following a change to the leave year being implemented – next update in Q3.	na
Development	ON TRACK
Formal Casework - target <=50% of informal casework Q2: 47.4% (9 cases), well within normal range for this type of casework	Green
Informal Casework Q2: 19 cases, right on average for this type of casework.	Green
Access to L&D for role Q2: 69% agree	Amber
Workforce Profile	Minor Slippage
Turnover – target: increase Q2: last 12 months of turnover is 9.91% (a rise from last quarter, though a rise at this time of year is common)	Green
Internal Movement – target: increase Q2: Internal Employee Moves: July 16, August 22, September 7 (Jul/Aug rises due to promotion/reassignment; the trend in general is rising from a mean of 9.4 last year to 14 this year)	Green
Retirement Profile Q2: 71 employees are aged 60 or over (9.3%), with a further 78 aged 57-59	Amber

People

13. 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 Q2 2021/22 on those with minor slippage are detailed below. Six out of the 10 indicators are green, 3 have minor slippage. One will be updated in Q3 when data is available, so is not scored this quarter.
14. **Work-Life Balance** – the figure has remained relatively static over the last five months, although the number of employees using Work Happy is rising. There are a number of areas in which work-life balance can be addressed from the work perspective (the only part NatureScot has influence over). Workloads are often cited in other survey commentary, so the prioritisation and refocusing of the type of work we do (as is being designed for the next corporate plan) may start to address this. Many aspects of our Transformation portfolio will tackle any imbalance, but will take time to impact this measure's data.
15. **Holiday Leave** – because of the change in the leave year, as per a recent policy change, the report we rely on to provide this measure needs to be reconfigured. We will provide an update in Q3.
16. **Access to L&D for my role** – In a Pulse Survey run in September, 69% of respondents (of which there were 296) agreed that they had access to the learning and development they need for their role. Although a lower number of respondents than the People Survey (493), the response then was similar at 68%. With only two data points it is not yet possible to tell whether these two figures represent something normal, something poor, or something good. We would like to see the figure closer to 100%, so are therefore rating this as amber. We have recently launched the new Learning Framework, and a post-pandemic return-to-the-workplace learning pack to support our people.
17. **Retirement Profile** – As previously highlighted, we have an aging employee population, and this is likely to increase in number over the three years following this one. The average number of retirements per year is 15 (based on four years of data; on track to be similar this year). Taking this into account, the forecast number of employees within retirement age ranges (57-59, 60-64, 65+) will rise to nearly 21% of our employee population by 2024/25. While this represents a potentially significant loss of knowledge, it also represents a potentially significant gain of new people, including through our Programme for Youth Employment. Investment in skills/learning and development for all our people will help address the loss of knowledge & expertise. Skills will be a key component of the organisational design work (the NatureScot Way). Whilst we have progressed in terms of young employees from a 1.3% to a 3.2% of under 25s within NatureScot, our Programme for Youth Employment has increased our numbers of under 30s from 6.7% to 10.5%.



Recommendations

18. Board are asked to:

- **Note overall performance of the priorities and the anticipated recovery of any slippage (Performance Report).**
- **Note the positive position of the operating and capital budgets (Finance Report)**
- **Note the corporate risk updates and proposals**
- **Note the overall performance of the People Measures and the actions being taken to address slippage (People Report).**

Annex A – Q3 90 Day Plan



2021/22 Q3 90 day plan
Year Four of Connecting
People and Nature

Delivering our work in Q3 – The COP Quarter.

This is the third 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 published Business Plan.

The 90 day plan for Quarter 3 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.

On the 9th of August Scotland moved beyond 'Level 0'. Although this removed the majority of restrictions, the message remained to 'work from home if you can'. This has reduced the impact on our staff's ability to deliver our activities but NatureScot will continue with its' focus on the importance of staff wellbeing. The staff survey results published in Q2 reflect a more positive and supported position for staff.

The Programme for Government was also published during September and this will frame some of the work in Q3 around the Net Zero and Just Transition Committee recommendations which will end Scotland's contribution to climate change in a just and fair way, marine protection, deer management, nature based solutions, renewables and the Scottish Biodiversity Strategy. NatureScot successfully secured significant additional funding (c£11m) during Q2 across a number of areas. A key feature of Q3 will be the delivery of these funds to maximise the benefits for nature.

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 crises 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.

The Corporate Plan and the content of the core offers will be finalised towards the end of Q3. This has been as a result of engagement internally with colleagues and externally with stakeholder groups. Q3 will begin translating our ambitions into results and then working with colleagues to confirm measures to evidence their delivery.

NatureScot Priorities	What will we achieve during Q3
NatureScot will invest in action to reverse biodiversity loss and jointly lead the Scottish Biodiversity Programme	<ul style="list-style-type: none">• We will support Scottish Government (SG) in responding to the online part of COP 15 in October.• We will respond to a commission from SG on scoping the NRF which we hope will be multi-year and multi-strand (encompassing the Biodiversity Challenge Fund (BCF) as a challenge fund strand)• We will support SG in clarifying Policy context and opportunities. Expect commission and commencement of initial discussions with stakeholders• We will develop a timeline for Protected Areas Committee (noting dependencies on 30x30 and Nature Networks), develop draft Protected Areas principles.• We will commence the Ecosystem Health working group and finalise the implementation plan• We will hold the first Marine Monitoring Panel meeting to review what we can tell from our current monitoring work, including identification of gaps.

<p>NatureScot will help to transform use of land and sea so that it contributes even more to the future wellbeing economy</p>	<ul style="list-style-type: none"> • We will confirm approvals/rejections for all AECS applications handled by NatureScot assessed and National Project Assessment Committee (NPAC). Ministerial approvals for AECS 2022 obtained and scheme launch details confirmed and in place. • We will agree the biodiversity metrics to be used in new suckler beef climate scheme and for development of Pillar 1 policy by the end of the quarter. We will also identify and agree the climate actions these schemes will support that will have synergies with biodiversity actions in the form of nature based solutions (NbS) measures and seek to use our advice to ensure any non-nature based emission reduction actions do not conflict with our proposed NbS measures. • We will engage with all Piloting Outcome Based Approach Scheme (POBAS) participants wishing to participate in Phase 3 will have signed up to a management agreement with NatureScot and taken part in scoring designated habitats on their farms/crofts. These will include agreement on supported management actions with at least 25% of them implemented before the end of the quarter. • We will submit the final Guidance on Appropriate Measures for local development to SG week commencing 4 October. We will consider and prepare comments on Draft National Planning Framework (NPF) 4 during October and participate in Parliamentary Evidence sessions as required. • We will discuss and agree with Marine Scotland the priorities and resourcing required to deliver all marine Programme for Government commitments on blue economy (marine energy, planning, fisheries, aquaculture, marine resource use). • We will set out and publish deer action plan which aligns with Scottish Biodiversity Strategy development. Firearms projects underway. Deer Management Round Table meet in November. For Grouse we will agree commission with SG, agree project plan, governance and deliver work on the key workstreams and utilise Moor land Forum as sounding board.
<p>NatureScot will support a step-change in use of Nature-based Solutions to climate change and other problems</p>	<ul style="list-style-type: none"> • We will work with SG and SEPA on developing a coastal monitoring strategy for Scotland, lead the development of guidance to accompany the SG funding for coastal change (£12m) and work with SG colleagues on developing a mechanism for distributing the funds. • We will plan and deliver blue carbon outputs and communications alongside COP26 and Scottish Blue Carbon Forum (SBCF) conference in November
<p>NatureScot will focus effort on mainstreaming natural capital approaches/accounting in decision-making</p>	<ul style="list-style-type: none"> • We will start work on alignment of biodiversity metrics to support natural capital assessment • We will hold a work group meeting in October and draft principles ready to be adopted by natural capital roundtable on 2 December

<p>NatureScot will help to grow and diversify environmental green finance</p>	<ul style="list-style-type: none"> • We will push forward the Facility for Investment Ready Nature in Scotland (FIRNS) proposal with SG. • We will deliver conservation finance event at Ross Priory for COP26 • We will undertake the majority of actions from the influencing plan for embedding natural capital in new SG economic strategy agreed in August implemented by end Q3 • We will launch the Scottish Marine Environmental Enhancement Fund (SMEEF) fundraising campaign in October. Progress the resourcing plan to ensure staff capacity in place to run the fund.
<p>NatureScot will invest in skills for a nature-rich future, especially in youth employment</p>	<ul style="list-style-type: none"> • We have completed the Youth Employment Programme recruitment with the majority of roles due to commence 27 September. Top line number recruited across the programme so far is: 37 (awaiting numbers for foundation apprenticeships). Focus on development and training. • We will deliver a pilot project for enhancing ethnic diversity in nature-based employment underway. Learning from this to shape bigger project in next financial year. Peatland skills training developed for potential National Transition Training Fund (NTTF) funding.
<p>NatureScot will facilitate the role of nature in transforming places where people live</p>	<ul style="list-style-type: none"> • We will deliver the Green infrastructure programme - Launch of Malls Mire (first Phase 2 project to be completed) • We will launch the Make Space for Nature Communications activity for Autumn , progress community engagement work on Marine Protected Areas, Wee Forests and Rain Gardens; and manage funding for Volunteer Matters, TCV, Paths for all and John Muir Trust (target 300 communities by end of Q3).
<p>NatureScot will support and encourage access to and enjoyment of nature</p>	<ul style="list-style-type: none"> • We will conclude £3m AECS paths scheme assessment and make decisions on awards • We will review lessons from the season and take forward longer term work to improve visitor management, including work on Scottish Outdoor Access Code education • We will undertake continuous review of the National Nature Reserve (NNR) resilience strategy. Prepare paper to resourcing group for future NNR staffing needs.
<p>NatureScot will accelerate peatland restoration through our Peatland Action Programme and collaboration with others</p>	<ul style="list-style-type: none"> • We will confirm the pipeline for delivery of 5,600ha of restoration in 2021/22 and next step actions and responsibilities for horizontal functions/shared services across all public sector delivery partners. Recruit a further 7 new NatureScot posts to lay the foundations for expanded deliver 2021-2024.

NatureScot will transform as an organisation to meet the demands of the future, including accelerating its transition to a net zero emissions organisation

- We will focus on the development of a new operating model (organisation design) which will be reported through the Transformation Steering Group. The strands from the Organisational Design framework are underway, and are at different stage of completion. We have engaged over the what (presented to SLT for decision) and work will focus on the how (The NatureScot Way) for this quarter.
- We will deliver our Net Zero Plan actions - Electric Vehicle Charge points at Golspie & Kinlochewe to be completed. Annual Climate Change Duties report to be submitted.

Annex B – Corporate Risk Register

Risk Title	DESCRIPTION	CONTROLS	IMPACT	LIKLE-HOOD	RISK LEVEL	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"> *All file servers are protected by Sophos anti virus protection. Upgrades are performed automatically and can also be applied in an ad-hoc manner *All PCs are protected by Sophos anti virus protection. Upgrades are received on a daily basis but can be applied ad-hoc *All incoming emails are scanned for viruses. *All internet access, where possible, is scanned for viruses (not https sessions). *Raise staff awareness of potential risks relating to email links and infected documents through regular communications. *Sandbox controls/ environment implemented *Control of USB devices *Awareness raising with staff via Blogs and update articles *Incident Management Group in place *Shared Service with Scottish Government that takes forward Network Scanning for unusual activity in place. 	4	3	High	<p>Re Run of phishing campaign to take place in October to gauge the impact of training. Overall our scores are very good, and we are looking to take forward additional training on the individuals who are repeat offenders. Patch levels for Sophos are good (but some catching up to do for staff who have been off on holiday in Aug/early sept). We continue to look for additional products and services to enhance and protect the infrastructure and our data estate.</p>
71 NatureScot's responsibilities for delivery of AECS under the SLA with Scottish Government	As a result of failure to meet requirements under the SLA, NatureScot opens itself to significant financial risk consequent to audit findings and, as a result, reputational risk relating to its competence	<ol style="list-style-type: none"> 1. Business planning to ensure that SLA delivery is adequately resourced, with in year adjustment where necessary to account for planning uncertainties; 2. Work closely with Scottish Government in its governance of the delivery of the AECS programme to actively management of delivery management and associated risks; 3. Secure support of internal audit to provide early warning of weakness in business procedures linked to delivery of the SLA; 4. Deliver training to staff with respect to scheme requirements and guidance; and, have management systems in place to deliver adequate support and quality assurance on a case by case basis – this management to be led through clear delegated authority and overseen through the SRDP Delivery Team 5. Regular (at least quarterly) meetings with Scottish Government to review progress and issues around delivery of the SLA 6. Keep under review key issues that relate to the delivery of the SLA, in particular (but not limited to) the relative Government IS, NatureScot's reliance on it and any surrounding risk – and take such action as required utilising our engagement in governance and in the scheduled SLA meetings to address concerns 7. Regular reports within NatureScot to the Agriculture, Land Use and Rural Economy Group with escalation to SLT. 	4	4	High	<p>Meeting the staff demands for delivery of the current round of AECS has proved more difficult to achieve than in previous years due to an unexpectedly high demand for IPA projects. All cases have been allocated and though there is some risk that assessments might not be completed against target dates, the risk of significant delay leading to contractual difficulties is small. Had it only been this (hard but manageable) issue around the current AECS round, the risk score would have continued to be MEDIUM as the controls continue to prove adequate and audit still gives good assurance. However, there is growing concern around next year's AECS round. Expressions of intent from government indicate this is likely to be a "full round". On top of that, there is a need to address demand from the one year extensions made to contracts this year, and also latent demand because of the restricted round being assessed this year. And on top of that, we should be anticipating a further increase in IPA applications. Taken in the round, this suggests potential for a very large round for assessment next year. Given that our staff capacity has barely coped in the current year, there is therefore a heightened risk that we will not have the requisite resource to administer that increase and meet commitments in our SLA. Furthermore, it is possible announcements to be made at that time of COP26 will also add to need for our staff to make increased progress in piloting new agri-environment schemes adding to the problems for the limited numbers of staff with the necessary skills who also need to be deployed in any standard AECS round. The difficult spending round anticipated for this winter together with the very limited time for these resourcing problems to be solved between October and next April completes the scale of challenge to be addressed... hence the elevation to HIGH and a need for urgent action to address these problems in our own business planning and resourcing bids to Scottish Government.</p>

Risk Title	DESCRIPTION	CONTROLS	IMPACT	LIKELIHOOD	RISK LEVEL	Comment
253 Risk of reduced delivery as a result of annual funding cycle	As a result of the programme having single year, annual budget allocations there is a risk 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 bird disturbance considerations and vulnerable to disruption because of winter weather.	<ol style="list-style-type: none"> 1. Changing our approach to develop a more certain, multi-year, pipeline of projects. Based on the government commitment to a 10 year, £250m 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 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. 3. Monitoring the capacity of the team to cope with the changed approach. 4. Exploring options to allow increased tolerance of risk to bird disturbance and thereby extend the working window. 5. Exploring other models for speeding up commitments to lower risk applications and deferrals/carry-overs. 	4	2	High	<p>The likelihood of this risk has been reduced. 1. We have changed our approach to develop/consider more multi-year, pipeline of projects. Based on the government commitment to a 10 year, £250m programme of work and our indicative budget allocations for 2021-24, we: have 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. 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. 3. Exploring options to allow increased tolerance of risk to bird disturbance and thereby extend the working window.</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 management of wildlife. This could result in the failure to achieve planned outcomes for wildlife and nature.	<ol style="list-style-type: none"> 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 application of conflict management principles and our work on deer. Communications and engagement plans developed for key species issues on deer, beaver, sea eagle, Geese, with broader comms around our approach to licensing and the shared approach underpinning our work. 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 3. Ensure all predictably contentious projects have well thought through communications plans attached to them which are implemented. 4. Application of principles within the wildlife management framework and development of the shared approach. 5. Through the Activity Resource Plan ensure that skills in practical wildlife management are retained in our staff complement. 	3	4	High	<p>Significant time and efforts have been directed to engaging with stakeholders on the range of species issues, the shared approach principles and discussions on the developing work particularly on deer and grouse. This has been in the context of new Ministerial responsibilities, the co-operation agreement and PFG which has led to joint stakeholder meetings with SG policy colleagues. The SG response to the just transition report and wider approaches to transformational land use change mean that wildlife management issues have to be viewed within the wider context with a range of issues affecting stakeholder engagement and co-operation. The climate, biodiversity and net zero priorities are well understood and accepted by most stakeholders - Important that work is framed in contributing positively to challenges through effecting change rather than focus on change required to address negative impacts. Controls for this risk still appropriate but are developing in terms of also being relevant to the broader land use discussion.</p>
586 Structural Funds – failure of programme delivery and/or funding mechanism	As a result of any delays/slippage/errors by the MA, NatureScot 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 NatureScot, 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>NatureScot 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 their systems will meet EU audit requirements. These contracts allow NatureScot 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>NatureScot 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	High	<p>The risk remains High - the MA have not paid our GI claim 8. There is now one outstanding item relating to a separate audit, requiring information from one grantee to release the funds. We are chasing that up so that the claim can be paid, but until it is we cannot submit the next claim, and the time for the bulk of GI payments becomes further compressed. This claim is one of 3 ERDF that has been unpaid for a year by the MA; one of the others (Transport Scotland) has taken nearly 2 years. We have escalated this to Deputy Director Level. The Programme Monitoring Committee Working Group has reported and there will be some improvements in the system, but the systemic problem relating to the IT system cannot be changed, and the MA seem slow to understand the implications of this for the Lead partners. This was discussed at the Lead Partners meeting last week. NCHF claim 1 has been submitted and subjected to</p>

Risk Title	DESCRIPTION	CONTROLS	IMPACT	LIKLE-HOOD	RISK LEVEL	Comment
679 Land Parcel Ownership/ Management Contact Data	As a result of the lack of a single point of oversight and ownership of land parcel ownership/management data in NatureScot, there is a risk that the quality of this data is not adequate for our purposes. This may result in the failure to meet the legal requirements of data protection law and limit NatureScot's ability to leverage this data and associated data for partnership working and innovative digital technology solutions.	Controls will be proposed following an investigation of the current management, storage and use of this data.	3	4	High	<p>verification checks which the NCHF team responded to very effectively. So far we have no feedback to suggest that there will be any delays to the payment of this claim. Arrangements are being made to prepare a financial mechanism to protect vulnerable NGOs from cash flow issues if there are delays to NCHF payments; we have estimated that this will need c£1m next fy, and perhaps £4.8m the year after. However, we would envisage that the risk of any advance payments being subsequently disallowed would be shared with Scottish Government for such a mechanism to be acceptable to NatureScot. Construction costs have increased, and there are delays in the supply chain which creates risk of some Phase 2 GI projects failing to proceed. NatureScot will be prepared to bid for more funds if we are confident that projects will deliver, but there may be limited funds available in the programme (which of course has the same pressures across ERDF). Some of our grantees are undergoing value engineering to scale their projects within budget and timescale, but we will be prepared to withdraw our intention to award if we determine that a project is undeliverable, to avoid the risk of projects starting but failing to complete.</p> <p>Core to many of our applications and workflows is a confirmed address of property/land and the related land owner (particularly important for uses such as MIDAS and Casework/Grants etc.). We have discovered that staff are not updating the core customer contact database because they assume it is out of date. This is leading them to use external data sources, which we have no guarantee are any more accurate than NatureScot resources. We need to ensure that staff take responsibility for the updating of changed addresses of landowners as they have done previously. We also need to investigate the possibility of a shared data set of address information with RPID. There are a few high level projects being discussed at Gov level which many help us, but no confirmation of timescale.</p>