****

# TWO HUNDREDTH and THIRD MEETING OF THE BOARD OF NATURESCOT

## MS TEAMS VIRTUAL MEETING

## CONFIRMED MINUTES

## MEMBERS PRESENT

Mike Cantlay Chair

Aoife Martin Deputy Chair

Margaret Davidson Member

Ian Gambles Member

Jaboury Ghazoul Member

David Johnstone Member

Colin McPhail Member

Wayne Powell Member

Heather Reid Member

Jill Robbie Member

Nikki Yoxall Member

## IN ATTENDANCE

Francesca Osowska Chief Executive

Nick Halfhide Director of Nature and Climate Change

Robbie Kernahan Director of Green Economy

Jane Macdonald Director of Business Services & Transformation

Stuart MacQuarrie Deputy Director of Business Services & Transformation

Claudia Rowse Deputy Director of Green Economy

Eileen Stuart Deputy Director of Nature and Climate Change

Jason Ormiston Head of External Affairs

Graham Boyle Chief of Staff

Sara Lewis Governance Support Manager (minutes)

Yvonne McIntosh Finance, Planning and Performance Manager (item 5)

Des Thompson Principal Adviser on Science, Biodiversity & Geodiversity (item 6)

Sue Haysom Biodiversity Strategy Manager (item 6)

Bethia Pearson Young Employee Panel (Operations Officer (Central Highlands))

## APOLOGIES

Peter Higgins Member

# AGENDA ITEM 1: OPENING REMARKS AND APOLOGIES

1. The Chair opened the meeting by welcoming everyone to the two hundred and third meeting of the Board of NatureScot, particularly Bethia Pearson from the Young Employee Panel.

2. Apologies were noted from Peter Higgins. It was noted that Peter had sent in comments for agenda items prior to the meeting.

3. The Chair highlighted the recent news that Heather Reid had been appointed to the role of Convenor for Loch Lomond and the Trossachs National Park. He also updated on his and Heather Reid’s attendance at the official opening of the Cuningar Loop Woodland Park.

# AGENDA ITEM 2: DECLARATIONS OF INTEREST

4. There were no declarations of interest.

# AGENDA ITEM 3: MINUTES AND ACTION POINTS FROM 05 october 2022

5. Board members were content to **approve** the minutes of the Board of NatureScot Meeting on the 07 December 2022, subject to a minor amendment. The minutes were proposed by David Johnstone and seconded by Nikki Yoxall.

## Action Points

6. The **actions points** were noted:

**Action Point** (AP13/181) (Future Options for Kinloch Castle) Board members acknowledged that this action remains **ongoing.** Robbie Kernahan advised that he would send Members a written update on how the sale of Kinloch Castle is progressing. The prospective buyer had submitted updated Heads of Terms, which stated that an agreement on the sale should be reached by the end of March 2023. There would be no change to current access arrangements around the castle. It had been agreed that the powerhouse would remain the property of NatureScot until it was no longer reasonably required for the generation and distribution of power. Also agreed was that an island resident would be appointed to the castle trust’s Board.

**Action Point** (01/202) (Potential Support of Peatland Restoration on the Isle of Barra) Members noted that recruitment was planned for two Peatland Action Officers for Uist, and that work with stakeholders to expand peatland restoration across the isles continues. It was therefore agreed to **discharge** this action point.

# AGENDA ITEM 4: MATTERS ARISING

7. There were no matters arising.

# AGENDA ITEM 5: BUSINESS PLAN PRIORITIES, BUDGET SCENARIOS AND REPRIORITISATION

8. This paper confirmed the draft Business Plan, the budget settlement for 2023/24, and progress on confirmation of work which will be dropped, deferred or delayed due to budgetary constraints. The Board were asked to:

* Note progress towards finalising a Business Plan (Annex A), the associated measures of success and the revised budget allocation process for 2023/24.
* Note the outline shift in resourcing between 2022/23 and 2023/24 in line with the recommendations from the objective delivery plans as guided by the Corporate Plan
* Note progress of confirming work to be dropped, deferred or delayed for 2023/24.

9. Stuart MacQuarrie updated Members that consultation was underway with the Scottish Government (SG) to agree which areas of work will fall under the ‘drop, defer, delay’ categories as a result of reprioritisation. Although the 2023/24 budget was confirmed in December 2022, levels of funding for peatland restoration, the Farming with Nature fund, avian influenza response and ScotWind were currently unknown. It was anticipated that in order to meet the requirements of the Bute House Agreement, NatureScot’s resources would have a shortfall in the next year.

10. The following areas were discussed:

* Engagement with the CivTech initiative to help reduce the amount of staff time on casework.
* How the Farming with Nature project is supporting farmers and crofters with improving biodiversity on their land.
* Involvement of Internal Audit on agreeing measures of success for the business plan.
* The impacts of ‘drop, defer, delay’ will be highlighted to the Minister in March.
* Members requested an update on the impact, lessons learned and way ahead for the Nature Restoration Fund.

11. The Board were content to agree the recommendations.

# AGENDA ITEM 6: SCOTTISH BIODIVERSITY STRATEGY (SBS) – DELIVERY PLAN PRESENTATION

12. This presentation, given by Des Thompson, gave an update on the SBS delivery plan, and highlighted the links between this and the Natural Environment Bill. The Board were asked to advise on the following:

* The balance of effort on species, ecosystems and land uses/scapes.
* Should work be focused on a place-based approach which would ensure community engagement, or on working across Ministerial portfolios?
* Views on securing transformation in farming.
* How Board members can use their networks to support biodiversity delivery.

13. In response to the 4 questions posed, Board provided the following advice:

* An ecosystem approach was favoured, however the value of using a landscape approach in particular situations was recognised. Citizen Science was suggested as a way of monitoring particular species.
* SG need to provide clarity on investment frameworks to give confidence in investing in natural capital. Private finance was seen as critical in addressing the climate change emergency.
* Members requested more detail on land and sea use priority actions, to enable them to use their networks to best effect.

**Action Point 01/203**

14. Members commented that the role that Highly Protected Marine Areas could play in improving biodiversity is often overlooked. The Chair agreed to discuss this point with the Chief Executive.

15. Nick Halfhide informed the Board that a consultation on the delivery plan will take place in the spring. Members’ contacts could be influential in providing confidence to Ministers in encouraging markets to invest in natural capital.

16. The Board thanked Des Thompson for the presentation.

# AGENDA ITEM 7 – PROTECTED AREAS COMMITTEE TERMS OF REFERENCE – APPROVAL OF CHANGES

17. This agenda item sought the approval of Members to change the wording regarding the number of Board members who can serve on the Protected Areas Committee.

18. Members were content to approve a change of wording on the Committee structure from ‘a Chair and 3 members’ to ‘a Chair and at least 3 members’. Following this change, Nikki Yoxall was accepted onto the Protected Areas Committee.

# AGENDA ITEM 8 – Q3 PERFORMANCE REPORTS

19. This paper presented Q3 progress towards delivery of NatureScot’s corporate priorities as laid out in the Business Plan, A Nature-rich Future for All: Year 1.

20. Stuart MacQuarrie updated members that at the end of Q3, performance for 14 of the 15 corporate plan objectives were rated as ‘on track’. It was confirmed that there were no corporate risks for escalation or de-escalation.

21. The Resource budget was forecasting an underspend due to unexpected but welcome funds received from SG in Q3. An underspend was also forecasted on the Capital budget due to supply issues on a Net Zero renewable installation project. It was hoped that by bringing forward demand, outturn within tolerance will have been achieved by the end of the financial year. The People report was showing eight out of nine indicators at green, with one at amber.

22. The Board were asked to:

* Note the overall performance of the Corporate Plan objectives (Performance Report).
* Note the position of the operating and capital budgets (Finance Report).
* Note the performance of the corporate risks.
* Note the overall performance of the People Measures (People Report).

23. Directors gave a brief update of key highlights from their directorates, along with any areas of concern:

Nature and Climate – Nick Halfhide:

24. Highlights included:

* SBS progressing.
* Nature Restoration Fund projects ongoing.
* 30x30 and Nature Networks workshops completed.
* Advice provided to SG on the new National Parks.
* Lead role in coordinating the response to Avian Influenza.
* Work on Berwick Bank wind farm, and how it can be supported alongside encouraging sea bird number recovery.

25. Areas of concern included how to maintain the ambition across government to achieve agricultural reform, how to join the various strands of legislation to ensure that loss of biodiversity is addressed, and the importance of having the right resources and skills in future years to achieve 30x30 work and increasing wind farm applications.

Green Economy – Robbie Kernahan

26. Highlights included:

* Targeted regulation on deer management, as well as advice on secondary legislation to Ministers.
* Consultation had concluded on the Hunting with Dogs bill, with NatureScot being responsible for issuing licences. Also concluded was the consultation on Wildlife Management, which covered grouse, muirburn and trapping.
* Publication of National Performance Framework 4, and how to manage the demand for advice against NatureScot resources.
* Good progress on green finance work, with the imminent launch of the Investment Readiness Fund.

27. Areas of concern included insufficient progress with the peatland restoration action plan, and the governance of agri-reform work.

28. Claudia Rowse updated on peatland restoration, commenting that although behind schedule, the restoration plan is robust, and has held up against scrutiny and challenge by stakeholders. Budgetary resource is needed from SG in order to have staff to support building up the restoration industry. It is expected that targets will escalate towards the last 5 years of the decade.

29. The Board directed that as a matter of urgency, a strategic discussion should take place between the Director/deputy Director of Environment and Forestry, and Robbie Kernahan on the issues affecting peatland restoration, as well as the Peatland Code.

**Action Point 02/203**

30. Members queried whether NatureScot would receive any additional resource as a result of the licencing work generated by the Hunting with Dogs bill. Robbie Kernahan informed that at present the expected demand in this area of work is unknown, and that there is no guarantee of additional budget to fund the service. Resources will be discussed with SG.

31. The Board also questioned how the National Performance Framework 4 can be implemented with insufficient resource. Robbie referred back to the Business Plan for 2023/24, and the difficult decisions on prioritisation which lie ahead once the absolute budget settlement is confirmed.

Business Services and Transformation – Jane Macdonald

32. Highlights included:

* Organisational development and design work moving into the implementation phase.
* Continued focus on staff wellbeing through the recent Road to Wellbeing programme.
* New People Strategy signed off by the Senior Leadership Team in December, delivery plan currently being developed.

33. Jane updated that progressing with the transformation plan at the same time as staff are working on business as usual is challenging, and that there is pressure on staff capacity. The ambitious workload for the next quarter will include the move of the Silvan House data centre, and staff engagement on the Estate Strategy, and net-zero plans. The main area of concern was the threat of cyber-attack, and how NatureScot can strengthen its resilience to protect against this.

34. On the Estate Strategy, Stuart informed that work to agree the preferred location for a new NatureScot office in Edinburgh is near conclusion, and that the business case for the Perth office will be presented to the Board in May.

Finance – David Johnston

35. David provided the Board with an update on the financial position at the end of Q3. This included the following key points:

* On track for core grant-in-aid spend, with a minor underspend forecast on the ring-fenced funds resource.
* Capital budget forecasting an underspend due to procurement delays on some larger projects.
* While additional late funds from SG were welcomed, this has increased the risk of underspend, although mitigating actions are being taken. These include bringing forward expenditure from the next financial year, as well as considering funding additional projects through the Nature Restoration Fund, engagement business partnering, and regular forecasting.
* Continuation of monitoring Structural Funds claims, cash drawdown from the Managing Authority, and decommitment risks.

Risk – Stuart MacQuarrie

36. Stuart highlighted to members that there was an error in the meeting paper on page 55, and clarified that the Board were not being asked to de-escalate risk 646. This risk was also missing from the appendix. There were no risks for escalation or de-escalation.

People – Jane Macdonald

37. Jane Macdonald updated on the key areas of this work during Q3:

* More information had been provided within the report on the retirement profile, and mitigations against any potential issues.
* The People Strategy was about to be refreshed in terms of recruitment and retention, and this was to be an agenda item at the Senior Leadership Team meeting the following week.
* A winter wellbeing programme had recently been launched for staff which will continue into the New Year.
* A review into the Employee Assistance Programme will take place during Q4.
* A review of the performance management approach is also scheduled to take place.
* Learning and development opportunities being highlighted.
* Embedding exit surveys into leaving processes.

38. Areas of concern included recruitment and retention, particularly in light of competitive job markets. An internal audit is planned to review this in Q1 2023/24.

39. The Board noted that although they welcome increased opportunities to move to different roles in the organisation, they are also concerned about workload pressures/management. They will welcome greater clarity on the prioritisation of work exercise currently being worked through with the Senior Leadership Team and SG.

40. The Board was happy to agree the recommendations.

# AGENDA ITEM 9 – CHIEF EXECUTIVE’S REPORT

41. Board members noted the contents of the Chief Executive’s report, in particular the following key themes:

* Prioritisation of work, in light of the recent budget announcement.
* Ongoing Organisational Development work.
* Scottish Biodiversity Strategy.
* Ecological scale nature restoration.
* Public body reform.
* Site visit engagement with The Conservation Volunteers, and Loch Lomond and the Trossachs National Park.

42. The Chief Executive commented that the recruitment process for the next Chair was expected to go live on 06 February, with interviews expected to conclude by the end of March. Members were encouraged to highlight the vacancy to anyone who may be suitable to apply.

**AGENDA ITEM 11 – FORWARD PROGRAMME OF BUSINESS**

43. The Board Forward Programme of Business was presented to members, who were asked to make any comment on forward agenda items, or to inform of items they would like to see included.

44. Members had no updates to make to the Forward Programme of Business.

AOB

45. There were no AOB items.

## Date of Next Meeting

46. The next Board of NatureScot meeting is planned to take place on 15 March 2023, in Great Glen House, Inverness. This will follow a site visit to Highlands Rewilding on 14 March.

47. The Chair thanked all those in attendance, particularly Bethia Pearson from the Young Employee Panel. The meeting was closed.

# END