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# TWO HUNDREDTH and SEVENTH MEETING OF THE BOARD OF NATURESCOT

## HYBRID – MEADOWBANK HOUSE - EDINBURGH, GREAT GLEN HOUSE - INVERNESS, ONLINE VIA MS TEAMS – 23 AUGUST 2023

## CONFIRMED MINUTES

## MEMBERS PRESENT

Colin Galbraith Chair

Aoife Martin Deputy Chair

Margaret Davidson Member

Ian Gambles Member

Jaboury Ghazoul Member

Peter Higgins 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)

Sue Haysom Biodiversity Strategy Manager (item 8)

Mairi Cole Species Advice Manager (item 10)

Des Thompson Principal Adviser on Science and Biodiversity (item 12)

Amy Kidd Licencing Officer (Young Employee Panel Rep)

## APOLOGIES

None

# AGENDA ITEM 1: OPENING REMARKS AND APOLOGIES

1. The Chair opened the meeting by welcoming everyone to the two hundred and seventh meeting of the Board of NatureScot, especially Amy Kidd the Young Employee Panel rep.

2. There were no apologies.

3. Chair updated that he had completed the majority of 1-1 sessions with Board members and Senior Leadership Team. On the basis of feedback from those sessions, he will submit a meeting paper for discussion at a future meeting. Themes will include how the Board engages, and the usefulness of online topic specific sessions. Chair further updated that he had met with several organisations since the last meeting who all gave positive feedback about support received from NatureScot. Staff knowledge and enthusiasm had been evident when he met colleagues recently in Great Glen House.

# AGENDA ITEM 2: DECLARATIONS OF INTEREST

4. Colin MacPhail declared an interest in agenda item 10 (Species Prioritisation and Proposals for Revising the Scottish Biodiversity List) with respect to his farming on the Isle of Mull (specifically claiming Agri -Environment Climate Scheme funding, and recent wildfires on Mull). Nikki Yoxall declared interests in any agenda items relating to finance, due to being a claimant of NatureScot funding via Pastures for Life, and funding via the Nature Recovery Fund through her work with Highlands Rewilding. Wayne Powell declared that he had recently become Chair of Interface (a central hub connecting organisations from a wide variety of national and international industries to all of Scotland’s universities, research institutes and colleges) which receives Scottish Government funding via the Scottish Funding Council.

# AGENDA ITEM 3 – CHIEF EXECUTIVE’S REPORT

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

* Laying the ground for the consultation on the Scottish Biodiversity Strategy (SBS) Delivery Plan, alongside 30x30, statutory targets, and next steps on a new National Park or parks in Scotland.
* Positive engagement with National Trust Scotland, eNGOs, Scottish Water, Scottish Council for Development and Industry, Scotland the Big Picture and others on the SBS delivery plan.
* Move of Edinburgh office to Meadowbank House.

# AGENDA ITEM 4 – AUDIT AND RISK COMMITTEE (ARC) UPDATE

6. Ian Gambles, Chair of ARC, gave members an update on the previous committee meeting. The following highlights were covered:

* Financial update, including discussion on income generation and pressure on paybill. Concerns were noted on the escalation of spending controls by Scottish Government (SG), which are impacting on delivery work.
* Health, Safety and Wellbeing – less office-based health and safety incidents with increasing staff working from home. Wellbeing pressures were of concern. Lone working risks were discussed, as well ask the risk of tick bites. Appropriate responses were being made. Members noted that Margaret Davidson is the appointed Health, Safety and Wellbeing Board champion.
* Draft Annual Report and Accounts were considered.
* Cyber-security and the increasing cyber-risk.
* Structural Funds Update and the financial/reputational risk to NatureScot of any decommitment by the Managing Authority.

7. Ian highlighted to members the opportunity for them to suggest areas for deep dives should they feel that assurance is needed in a particular area.

8. Chair asked whether there was any assurance on the final financial outturn in the draft annual accounts. Ian informed that there were no indicators from the external auditors to suggest any areas of material concern.

# AGENDA ITEM 5: MINUTES AND ACTION POINTS

9. Board members were content to **approve** the minutes of the Board of NatureScot Meeting on the 10 May 2023 subject to a minor amendment. The amendment concerned agenda item 13, ‘Kinloch Castle Update’, which was requested to read:

38. Members recognise the importance of community engagement on this complex issue, but voiced concern that the inevitable diversity of views in the community should not become a barrier to the positive action necessary to identify an appropriate way forward. It was however acknowledged that this, along with the high level of resources being dedicated to the castle and future of the island, reflects the importance of the island as a NatureScot-owned National Nature Reserve (NNR).

## Action Points

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

**Action Point** (01/203) (More Detail to the Board on Land and Sea Use Priority Action) Members noted that this action point regarding the consultation on the priority actions from the draft delivery plan for the Scottish Biodiversity Strategy was an agenda item at this meeting. It was therefore agreed to **discharge** the action point.

**Action Point** (01/204) (Strengthening of Business Plan Measures) Members noted that final changes to measures had now been incorporated into the Q1 Performance paper following sign off by directors. It was therefore agreed to **discharge** the action point.

**Action Point (01/206)** (Provide an Update on the Development of a Biodiversity Metric for Scotland)Members noted that a paper would be brought to the Board during Q4 2023/24, and therefore the action is **ongoing**.

**Action Point (02/206)** (Update on Contentious Casework to be sent to Board Members) Members noted that they had been provided with the update on planning application contentious casework and were content to **discharge** the action point. It was confirmed that there would be regular future updates made.

**Action Point (03/206)** (Board Members to be Consulted on Advice to Scottish Government on Recommended Statutory Nature Targets) Members noted that a paper will be tabled for the October 2023 Board meeting. Therefore this action is **ongoing**.

**Action Point (04/206)** (Greater Interaction of Audit and Risk Committee with the Board) Members noted that the Chair, and Chair of ARC had agreed to a verbal update on ARC business at each Board meeting. Therefore it was agreed to **discharge** this action point.

**Action Point (05/206)** (Scientific Advisory Committee to Update Board on Completion of Report on Muirburn) Members noted that this had been scheduled into the agenda items for future Board meetings, with a date to be confirmed. Therefore this action point is **ongoing**. It was requested that an interim briefing be sent to members ahead of receiving the full report in December.

**Action Point 01/207**

**Action Point (06/206)** (Next Steps/Draft Plan for Kinloch Castle to be Presented to the Board) Members noted that this agenda item had been scheduled for Q4 2023/24, with a date to be confirmed. Therefore this action point is **ongoing**.

# AGENDA ITEM 6: MATTERS ARISING

11. There were no matters arising.

# AGENDA ITEM 7: 2024/25 NATURESCOT YEAR 3 – PRIORITISATION AND BUDGET SCENARIOS

12. This paper presented the first step in the development of the NatureScot Business Plan for 2024/25, the third under the current Corporate Plan ‘A Nature-Rich Future for All’. Specifically, the paper laid out the approach to prioritisation based corporate objective delivery plans and prioritisation hierarchy. It included various budget scenarios to consider in light of an indicative 3 year planned budget settlement provided by the Scottish Government. The current challenging financial situation within the public sector was acknowledged.

13. Stuart MacQuarrie highlighted the financial modelling within the paper, explaining that the financial situation that Scottish Government had asked NatureScot to model did not equate to what the organisation is being asked to deliver, particularly regarding specific areas of the Bute House Agreement. Stuart highlighted the other organisations which were used for benchmarking purposes in the paper.

14. The Board were asked to confirm that initial assumptions under option 1 (paragraph 19) form the basis for progressing towards drafting the next business plan.

15. During discussion, it was clear to the Board that the indicative budget settlement provided by the Scottish Government would not finance their full ‘ask’ of NatureScot. They discussed the options described in the paper, and made the following key points:

* Ministers need to be aware of the limitations on what can be achieved via the indicative budget settlements, specifically the potential impact on 2030 targets.
* It was confirmed that discussions are ongoing with Scottish Government to determine whether there will be any additional funding to cover the costs of the increasing amount of NatureScot delivery due to emerging environmental-based legislation.
* Project work which could be delivered/deferred/delayed with the current indicative budget settlement figures would be decided in activity plans.
* It was confirmed that the current agreement for no compulsory redundancies was active until March 2025. Presently, any voluntary redundancy scheme agreed would be funded through existing NatureScot budgets.
* More radical options were being addressed via the Public Service Reform exercise, which also considers where functions may overlap between public bodies.
* The potential impact of reducing budgets on opportunities such as apprenticeships, traditionally undertaken by young employees was acknowledged.
* Work is ongoing to look at income generation opportunities, however the implications of any income generated on grant-in-aid still needs to be confirmed with the Scottish Government. The innovation and optimism which could result if the organisation were able to retain full grant-in-aid and generated income was recognised. Members requested a more detailed update on the income generation work.

**Action Point 02/207**

* Members commented on the pros and cons of cost recovery, and encouraged consideration of the wider knock-on effects of private investment and/or reduced investment by the Scottish Government.
* It was confirmed that staff are being kept fully informed with regard to the budget situation and prioritisation, and that delivery leads will be involving their teams when preparing delivery plans.

16. The Board confirmed their approval that initial assumptions under option 1 (paragraph 19) form the basis for progressing towards drafting the next business plan.

# AGENDA ITEM 8: CURRENT LEGISLATIVE PROGRAMME – IMPLICATIONS FOR NATURESCOT

17. This agenda item considered the current legislative programme and the possible implications for NatureScot. The programme provides opportunities to make changes in the legislative framework to support achievement of NatureScot priorities around improving biodiversity and addressing climate change. The programme will also have implications for how NatureScot organises work and resourcing decisions in the future.

18. The Board were asked to note and confirm the possible implications for NatureScot of the current legislative programme, and to suggest ways to maximise the opportunities and mitigate the risks.

19. Nick Halfhide introduced the agenda item, highlighting the risks and opportunities of the many pieces of environmental legislation (both primary and secondary) currently being considered by the Scottish Government. A major risk to NatureScot was the financial cost resulting from the proposed legislation, particularly through subsequent years.

20. During discussion, the following points were made:

* Balance between stressing the importance of environmental concerns with other equally concerning issues in the public eye was required.
* Risk that resourcing needs may not be enough to achieve statutory targets.
* Opportunity to recognise the action that needs to happen to create links between the various legislative programmes.

21. There was a desire from Board members to understand how their expertise can be used in inputting to, and in some cases, approving consultations to Scottish Government, particularly regarding land reform for example. The Chief Executive confirmed that the role of the Board in these matters is to form the organisation’s position on matters of policy, and that the Executive would continue to seek this from the Board at an early stage on consultations of particular importance. It was requested that should the Senior Leadership Team find the organisation moving away from the Board’s position, that the Board is again consulted.

22. Members voiced the concern that it would be possible to overlook the unintended consequences of the legislative programme, in terms of how those affected by it may react. The Board also recognised the impact of programme slippage on staff morale, and stress, as pressure to meet deadlines increases.

23. Members approved the recommendations, stating that there should be sensitivity over balancing NatureScot’s responses to environmental legislation with other legislation of public concern, and that evidence is used to form the basis of those responses.

# AGENDA ITEM 9 – NATURESCOT LEGISTLATION – PURPOSE AND POWER

24. This paper presented to the Board the opportunity to respond to whether the Natural Heritage Act 1991 and other associated legislation sufficiently set out the aims and purposes of NatureScot in light of the climate emergency.

25. Members discussed whether NatureScot was impeded in its activity because of the legislative framework in place. It was agreed that the legislation did not cause any impediment. It was also agreed that rather than amending the founding legislation all resource should be concentrated on addressing the climate emergency directly, and that there may be an opportunity in the future to consider this further.

# AGENDA ITEM 10 – SPECIES PRIORITIATSATION AND PROPOSALS FOR REVISING THE SCOTTISH BIODIVERSITY LIST

26. This agenda item presented to the Board the opportunity to discuss and influence a prioritisation of species that is yet to be agreed with Scottish Government. The paper highlighted that species recovery, restoration and regeneration is a stated component of the Scottish Biodiversity Strategy (SBS) to halt and reverse biodiversity loss by 2030. The approach set out in the paper identified the conservation imperative for key species most at risk in Scotland, and set out an approach which will support the SBS delivery and revision of the underpinning Scottish Biodiversity List (SBL).

27. The Board were asked to:

* Review and endorse the process of prioritisation developed under the Species at Risk initiative and confirm that this should be developed further to underpin the new SBS List.
* Comment on the steps set out in the Scottish Biodiversity Strategy Delivery Plan to revise the Scottish Biodiversity List, and confirm that they wish to sign off the revised SBS List, given its significance for future prioritisation of action and resources.

28. Eileen Stuart introduced the agenda item by explaining that the standard approach to tackling biodiversity loss is through a habitat restoration and ecosystems approach. However there were certain species which required a more bespoke approach, which would be evidence based and need to be prioritised in terms of resources.

29. Mairi Cole gave a presentation which illustrated how this approach would work in practice.

30. Members queried how any conflict between cultural/keystone species and other species which lack scientific evidence for prioritisation would be addressed. Eileen responded that it the conservation needs of both species should be addressed in a way that allow both to be priorities but tackled in different ways.

31. The Board questioned how this method would be integrated into the current reform of legislation. Eileen informed that one of the outputs of using the SBL would, through the agri-environment scheme, identifying species that should be secured within wider habitat restoration, making sure to include as many of the different species within it as possible. Those decisions will then shape other areas of legislation.

32. It was acknowledged that the data within the paper was not only based on species in Scotland, and it was questioned how this could relate to Scottish data deficient species. Mairi Cole responded by explaining that the proposed model is purely a basis on which to build. The longer term aspiration is to fill the knowledge gaps by collaborating with other environmental government organisations, and that scientific judgement will be used.

33. Members commented that there was the opportunity to work alongside planning officers who can ensure that conservation work is part of the planning process. Environmental Impact Assessments could also consider a wider number of species as part of their reviews. It was confirmed that these opportunities were at the heart of NatureScot’s response.

34. The Board were content to agree the recommendations and will await the final list to consider at a future meeting.

**AGENDA ITEM 11 – Q1 PERFORMANCE REPORTS 2023/24**

35. This agenda item presented to the Board the Q1 progress towards delivery of corporate priorities as laid out in NatureScot’s Business Plan, A Nature-Rich future for all: Year 2.

36. The paper informed that 14 of 15 corporate plan priorities were rated as ‘on track’, and that Resource and Indirect Capital budgets were expected to outturn within tolerance at year end. An over-allocation approach was being used to ensure that full budget spend is achieved on the Nature Restoration Fund and Peatland Action. Direct Capital was forecasting at above tolerance due to forecast for a systems build but it was expected to adjust as the financial year progresses. There had been two changes to the corporate risk scores during the quarter and one corporate risk was proposed for de-escalation. In the People Report, eight of the nine indicators were green and one remained at amber.

37. The Board were asked to approve:

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

38. Stuart MacQuarrie gave a brief summary of the positive performance noted in the quarter as including work on the Scottish Biodiversity Strategy (SBS), deer management, funding, and the legislative programme.

39. Directors were invited to give an overview of performance within their directorates over quarter 1:

Nick Halfhide – Nature and Climate Change directorate

* Highlights included work on the SBS, statutory targets, large scale work approved through the Nature Restoration Fund, development of 30x30 and nature networks, and the conclusion of various green infrastructure projects.
* Concern regarding level of engagement on Highly Protected Marine Areas since the proposal had been declined by Scottish Government.
* Concern over the possibility of the results of UK/Scottish elections impacting on the commitment made to address climate change, net zero targets and biodiversity loss.

Robbie Kernahan – Green Economy directorate

* Good progress on deer management work, with Ministerial appetite being explored regarding possible primary legislation which focuses on the enhancement of nature rather than preventing damage to it.
* Proposal for secondary legislation to make changes to the stag culling season has received a motion to annul. Alongside ongoing external concerns about the direction of travel on the management of sea eagles, beavers, geese, and the proposal to ban the use of snares for grouse hunting as part of the Natural Environment Bill, traditional practitioners of land management are feeling the impact.
* Work ongoing to increase the positive impact on nature through onshore wind projects.
* Positive direction of travel noted for transforming land use, including the Ministerial announcement at the Royal Highland Show regarding peatland and wetland protection.
* On green finance and natural capital, several strong applications for investment readiness had been received and were being progressed.

Jane Macdonald – Business Services and Transformation directorate

* Organisational design work now complete and is being embedded into the organisation via the People Strategy.
* Good progress in removing the data centre from Silvan House, and moving the electronic records management system to the Cloud.
* Successful staff conferences, and consideration of how to build on them.
* Continuing concern over risk of cyber-attack, as well as the uncertainty regarding the pay remit for 2023/24.
* Ongoing work on future skills development.

40. Stuart MacQuarrie updated members on the Perth office move from Battleby House to Strathearn House. Staff meetings were being led by members of the Senior Leadership Team and Extended Leadership Team to support affected staff and included clear rationalisation for the decision made by the Sponsor department in Scottish Government.

41. Jason Ormiston updated the Board on the Edinburgh office move from Silvan House to Meadowbank House, which had gone smoothly. He then went on to highlight work during the quarter, including the declined proposal by Scottish Government on Highly Protected Marine Areas designations, successful campaigns on the Scottish Outdoor Access Code and Make Space for Nature. Concerns included how the SBS will be received by stakeholders. There was a forward look to the joint NatureScot/JNCC parliamentary reception in September 2023, the RSPB sponsored Nature of Scotland Awards, as well as a reception for the National Lottery Heritage Fund.

42. Members queried whether cyber-security based scenario testing was undertaken in the organisation. It was confirmed that the Senior Leadership Team regularly take part in scenario testing, and it was highlighted that the Audit and Risk Committee advocated the Board undertaking a similar exercise. It was agreed that this would be arranged.

**Action Point 03/207**

43. Members further queried the current position on progress with green finance and natural capital, specifically on the development of credit-based systems. Robbie Kernahan agreed to bring a paper to a future Board meeting by way of an update.

**Action Point 04/207**

Finance Report – David Johnston

44. David provided an overview of the financial position for Q1 which included the following key points:

* The current and future financial situations are challenging, with no easing of Scottish Government spending controls during the current financial year.
* Currently 3 outstanding AO templates with the Scottish Government awaiting spending approval.
* Confirmation of the Farming with Nature (FwN) and Facility for Investment Ready Nature in Scotland (FIRNS) budgets received.
* Scottish Government have requested budget monitoring returns, and it is anticipated that there will be a request to make savings.
* The end of August saw an improving financial position, with resources on track. An overspend on the Capital budget was acknowledged, however this was expected to balance out by the end of the financial year.

45. The forecasted overspend on the paybill budget was queried, particularly whether it was possible to recover that position during the year through vacancy gaps and staff leaving the organisation. David confirmed that recovery was likely due to those reasons, however that would not allow for any increase in demand on paybill budget due to ongoing pay remit discussions.

Risk Report – Stuart MacQuarrie

* 1 likelihood score had increased for Risk 21 – Budget Management, due to the late approval of ringfenced funds, and lack of clarity on budget figures for future years.
* 1 risk had been removed from the Corporate Risk Register – Risk 691 (Lack of Support for Fusion) as a result of the recruitment and embedding of new Fusion team members.

People Report – Jane Macdonald

* A slight upward turn was noted in staff turnover which will be monitored.
* Presentation of metrics are currently being refreshed in time for the Q2 performance report.

Information Papers

**AGENDA ITEM 12 – SCOTTISH BIODIVERSITY STRATEGY – DRAFT DELIVERY PLAN**

46. This information paper included the draft SBS Delivery Plan that the Scottish Government intends to issue for public consultation at the end of August. Board members were asked to note its contents.

47. Nick Halfhide informed that the 3 month consultation on the SBS draft deliver plan would be launched on the 07 September 2023. The agenda item would return to the Board in October. Eileen Stuart added that the State of Nature report would be published on the 29 September 2023 and included a chapter on Scotland.

48. Board members offered their support in encouraging stakeholders to participate in the consultation.

**AGENDA ITEM 13 – FORWARD PROGRAMME OF BUSINESS**

49. The Board Forward Programme of Business was presented to members. Members had no further updates to make to the programme

**AGENDA ITEM 14 – NATURESCOT BOARD MEMBER ENGAGEMENT**

50. This paper gave a short summary of Board members’ internal and external engagements with NatureScot related work since the last Board meeting. In addition to the engagement recorded, members updated as follows:

* Heather Reid – engagement with Minister Slater at the Loch Lomond and the Trossachs National Park.

AOB

51. Robbie Kernahan updated on a recent workshop held with Community Land Scotland (CLS) in relation to NatureScot’s partnership with Hampden, Palladium and Lombard Odier. The partnership is a private finance investment pilot to unlock private investment in natural capital. CLS were concerned that private investment may make community ownership less attainable, and discussed the opportunities and risks related to the initiative. Further engagement with CLS is planned, particularly on the standards for community engagement and community benefit which could be achieved through private investment.

Date of Next Meeting

52. The next Board of NatureScot meeting is planned to take place on 4 October 2023, via MS Teams.

53. The Chair thanked all those in attendance, particularly Amy Kidd. The meeting was closed.

# END