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| SF_col_landscape_logo | Senior Executive Team Minutes |

**19 December 2023**

**Saughton House, E1 Meeting Room and Microsoft Teams**

***Draft for approval***

**Present:**

Paul Lowe, Interim Chief Executive (PL) – Chair

Brendan Callaghan, Head of Operational Delivery (BC)

Zahid Deen, Head of Operational Services and Transformation (ZD)

Alan Hampson, Head of Policy and Practice (AH)

Jonathan Taylor, Head of SF Executive Office (JT)

James Aldred, Corporate Support Manager (JA) – minutes

**In Attendance:**

Helen McKay, Chief Forester (HM)

Pat Snowdon, Head of Economics & Woodland Carbon Code (PS) – for item 3

Gary Henderson, Senior Finance Manager (GH) – for item 5, AOB

Eleanor Ryan, Non-Executive Advisor (ER) – for item 6

**Apologies:**

Ross Machardie, Head of Finance & Business Support (RM)

1. **Welcome and declarations of interest**

The Chair welcomed everyone to the meeting. No new declarations of interest were made.

1. **Minutes and actions of previous meeting**

The minutes of the previous meeting were approved.

On actions arising from previous meetings:

* Interaction between SF and the Agriculture Reform Programme: BC noted that SET input would be needed on i) the handling of future forestry grant development and how this would be linked to the Agriculture Reform programme, and ii) options for future IT support and relationship. This input would be required ahead of the January ARP Board, so would be sought ahead of the next formal SET meeting. Noted as closed as action impending.
* Proposals for identifying capacity and resource for Estates support: SET noted the need to explore options for the provision of call-off expertise on land agent support, etc. when estates issues came forward. Agreed to transfer responsibility to the Future Working & Corporate Sustainability Manager.
* Woodland creation route map development: Noted as complete and closed.
* Career Progression for Woodland Officers – post-approval work: Noted as open and awaiting update.
* Timber production forecast discussion: AH noted that this would align with the planned summer National Stakeholder Group meeting; noted as closed accordingly.
* Unacceptable behaviours policy: SET noted a suggestion to include on the agenda for the next Confor/ICF liaison meeting, for awareness and potential use as a basis for a sectoral policy.
1. **Woodland carbon code and interaction with forestry grants – AH (Sponsor), PS (presenting)**

PS presented a briefing on the Woodland Carbon Code, its current governance, funding and processes.

On governance, PS noted that a Senior Managers’ Board was being established, which was to be responsible for guiding the strategic and operational development of the WCC, meeting around 2-3 times per year as required. SET recommended that Scottish Ministers be advised of the Board’s creation, noting that the governance change was being implemented by senior Forestry managers on the basis of the delegation from Ministers to oversee arrangements.

On funding, PS noted that attracting private finance relied on passing the additionality test, which aims to show that a project would not be financially viable without revenues from carbon credits. The calculation used was that if a woodland creation project was more profitable than the existing land-use (typically pasture, arable), then it would not need carbon finance and would fail the test.

Similarly, woodland creation projects that generated revenues through timber or through donations might not need carbon finance to be viable and might therefore fail the test. In this case, there were two options for projects to still pass the test: (a) claim less public funding so that carbon revenues are then needed to make up the shortfall and/or (b) alter the species mix and/or management regime to reduce revenues from timber, thereby justifying the use of carbon revenues to make up the shortfall.

Figures showed a trend of increasing private investment generated by the Woodland Carbon Code, and reducing public funding requirements, since 2018/19. PS noted the potential tightening of the WCC budget, and the associated opportunity to look at maximising the benefit from public funding. A budget note to Ministers was planned in the new year.

PS noted that most WCC schemes were relatively small, with over two-thirds of Scottish schemes under 50 hectares in size. There was the functionality for small schemes to ‘group’ together to share costs, with a typical 40% cost reduction for applicants.

On process, Scottish Forestry carried out ‘regulator checks’ in the Woodland Carbon Code process (e.g. checking that maps and documentation are accurate, managing the registry and issuance of credits, and liaison with grants teams across UKA surge in project registrations since net zero targets came into legislation in 2019 had led to a large backlog of projects. DEFRA had provided funding for 6 temporary one-year posts to help to clear the backlog, enable swifter processing, and improve the efficiency of WCC processes.

Discussions were also underway with DEFRA about a potential investment in an integrated validation/verification workflow system to allow all parties to operate on the same system. Further financial planning was also in train, including a potential increase to the levies that Scottish Forestry received from validated credits, and a possible review of the cross-border Memorandum of Understanding under which SF administers the WCC scheme across the UK.

SET noted the briefing and thanked PS for the update. Actions were agreed as:

* **Action: PS to draft and submit Ministerial note advising of the creation of the WCC Senior Managers’ Board**
* **Action: BC/AH to review discussion and feed in to future advice to Ministers as to WCC funding options**
* **Action: SET to consider a possible follow-up conversation around WCC governance arrangements, possible future tariff approach, etc., potentially at March 2024 meeting**
1. **Standing item: woodland creation update (BC)**

BC noted a record level of woodland creation approvals in 2023/24 to date, with a possible additional 2,000ha of approvals before the end of the financial year.

* In response to requests from Scottish Government Finance for estimates of expected woodland creation scheme slippage, BC proposed that the aim be to maximise 2023/24 approvals.
* Noting the expected tight budget settlement, BC proposed a more restrictive approach on variations to woodland creation proposals, and the pushing back of the claims window to April/May to maximise the use of the available 2023/24 budget.
* BC noted that the approval of 2024/25 schemes during December clearing would reduce the available budget headroom, and proposed a cautious approach with limited acceptance of clearing schemes.

**SET approved** these proposed approaches, noting that these would be within the existing flexibility of grant schemes, and noting the need to notify the Audit and Assurance Committee of the changes. PL requested a cross-check against Scottish Government fiscal rules on accruals.

* **Action: BC to implement Audit and Assurance Committee notification and cross-check accrual rules**

SET noted their thanks to all officers involved in supporting the Woodland Creation Summit and the positive feedback from the sector. AH noted that Policy and Practice were seeking follow-up meetings with the Cabinet Secretary and sector representatives.

1. **24/25 budget planning (RM sponsor, GH presenting)**

GH introduced the report, which provided a high level summary of SF’s 2024-25 budget allocations, pressures and potential options to manage these going forward.

SET noted the significant drop in the Strategic Timber Transport Fund due to the withdrawal of funding from Transport Scotland from 2024/25, and the postponement of the Ministerial meeting that had been planned to discuss the likely implications. Given the potential impact of the upcoming budget settlement on woodland creation efforts, **SET agreed** to consider limiting future STTF funding to existing contractual commitments and a possible limited fund for new projects.

* **Action: AH to advise Ministers of SF intentions and seek rescheduled discussion meeting.**

SET noted the disproportionate impact from the budget settlement on capital budgets against revenue budgets and supported exploring what costs could potentially be funded from revenue budgets. GH noted some earmarked funds within the Agriculture budget for training which SF could be able to draw down.

On woodland creation, SET noted the agreed approach to maximise use of the 2023/24 budget and the expectation of slippage in woodland creation schemes, and **accordingly** **approved** an approach of allocating up to 10% over the agreed budget to balance out the expected slippage.

On staffing, it was proposed to return to a pipeline model, with all posts – including those previously approved but not yet advertised, any new posts coming forward, and any agency posts to be paid from 2024/25 budgets – having to come to SET for approval. This would allow clear prioritisation and budget management. **SET approved this approach.**

1. **Follow-up from Women in Leadership event (HM sponsor, ER presenting)**

ER spoke to the report, which presented key points from the recent Women in Leadership event, which had been attended by over 50% of women staff in SF. Key findings included:

* A perception of a “boys’ club” culture in SF, leading to feelings of exclusion and discomfort.
* Challenges in balancing caring responsibilities – including caring for children, but also for parents or others – with job responsibilities, and inconsistency in the application of policies meant to mitigate these.
* Availability and advertising of training, secondment and other development opportunities.
* The need for a support network to help connect women across different offices and teams.
* The need to seek input from SF staff of other or multiple protected characteristics as to their views and experiences.

ER noted one suggestion that women with young families or who might be expected to go on maternity leave were discriminated against in selection for posts, and that this constituted a serious allegation.

Additionally, there had been feedback of similar issues in the wider forestry industry, and that junior female staff may experience poor treatment from sector contacts.

SET was recommended to:

* provide administrative support for a Women’s Network;
* identify someone to support management on tackling behaviour, concerns around recruitment/promotion and scoping a full action plan, and
* nominate a SET lead to oversee and champion the work to tackle the concerns of women in SF.

**SET approved the recommendations, agreeing PL as SET lead.**

* **Action: JT and ZD to work with HR and comms to craft a) an SF-wide declaration noting PL taking up this role and b) a targeted post-event message to SF women staff.**
* **Action: ZD to seek assurance from SF People team around messaging, guidance and training to recruitment managers regarding discrimination and gender equality.**
* **Action: ZD to seek input from People team around awareness raising and culture change, and scope possible actions.**

Regarding the Women’s Network recommendation, it was noted that SF staff could additionally access SG Core networks via Viva Engage, including an SG-wide women’s network as well as networks for other protected characteristics.

1. **AOB:**

GH presented a paper notifying SET of proposed process changes resulting from the new Finance and Expenses System. The highlighted changes were:

* Requiring a purchase order number to be raised for the purchase of all supplies, services and non-FGS grants, and requiring all invoices to quote a valid purchase order number before payment.
* Moving from self-certification of expenses up to £300, to line manager certification of all expenses, with the aim of improving internal controls and fraud checks.
* Increasing the number of cost centres and accounts headings to improve reporting and management information.

Training would be provided to relevant staff and all staff would be notified of the changes via the staff newsletter and cascades from management.

SET noted the paper and resolved to defer a decision on the proposed changes until the January meeting, noting concerns around a potential bottleneck of managerial approvals of expenses.

* **Action: GH to arrange demonstration of new expenses system with SET members at request.**

SET noted the Forestry Strategy Implementation Plan (2022-25) monitoring report, which had been circulated by correspondence prior to the meeting.

PL noted that the current appointment to the post of Chief Forester was due to end in June 2024, and that Ministers were shortly to be briefed on the process for the new appointment to the post.

SET requested that the approach to publication of SET meeting minutes be reviewed.

* **Action: JT to review current approach to minute publication and make recommendations to a future meeting.**

1. **Date of Next Meeting**

24th January 2024, 10am, Saughton House E1 Large Meeting Room & Microsoft Teams.

**SET Action List**

| **Ref** | **Meeting** | **Action** | **Lead / Staff Member** | **Target Date** | **Status** |
| --- | --- | --- | --- | --- | --- |
| 23/1 | Dec 23 | PS to draft and submit Ministerial note advising of the creation of the WCC Senior Managers’ Board | AH/PS | TBC | Open |
| 23/2 | Dec 23 | BC/AH to review SET discussion and feed in to future advice to Ministers as to WCC funding options | BC/AH | TBC | Open |
| 23/3 | Dec 23 | SET to consider a possible follow-up conversation around WCC governance arrangements, possible future tariff approach, etc., potentially at March 2024 meeting | JT/AH | March SET | Open |
| 23/4 | Dec 23 | Woodland creation: BC to implement Audit and Assurance Committee notification of revised approaches and cross-check accrual rules | BC | March AAC | Open |
| 23/5 | Dec 23 | Strategic Timber Transport Fund: AH to advise Ministers of SF intentions and seek rescheduled discussion meeting. | AH | March SET | Open |
| 23/6 | Dec 23 | JT and ZD to work with HR and comms to craft a) an SF-wide declaration noting PL taking up role as champion for tackling women’s concerns in SF and b) a targeted post-event message to SF women staff. | JT/ZD | TBC | Open |
| 23/7 | Dec 23 | ZD to seek assurance from SF People team around messaging, guidance and training to recruitment managers regarding discrimination and gender equality. | ZD | TBC | Open |
| 23/8 | Dec 23 | ZD to seek input from People team around awareness raising and culture change, and scope possible actions. | ZD | TBC | Open |
| 23/9 | Dec 23 | GH to arrange demonstration of new expenses system with SET members at request. | GH | January SET | Open |
| 23/10 | Dec 23 | JT to review current approach to minute publication and make recommendations to a future meeting. | JT | TBC | Open |