**SCOTTISH FORESTRY EXECUTIVE TEAM**

**Minutes (Draft - Official)**

**19 May 2023, Silvan House, Central Meeting Room 1 and Teams Meeting**

**SET Attendees:**

Dave Signorini (DS)

Zahid Deen (ZD)

Jonathan Taylor (JT)

Brendan Callaghan (BC)

Ross MacHardie (RM)

Alan Hampson (AH)

James Aldred (JA) – minutes

**In Attendance:**

Helen McKay (HM)

**Apologies:**

Alan Hampson (partial attendance)

1. **Budget planning & allocation 2023-24**

RM presented the paper, noting that while feedback from cost centres had been incorporated, team plans and Service Level Agreements were still outstanding as inputs.

From the previous financial year, RM noted that outwith woodland grants, a total underspend of £1 million had been realised overall due to underspends in project budgets and despite overspends in salary and agency staff budgets. £500k of dilapidation costs relating to Silvan House had been accrued to 2022/23 budgets based on the latest information available.

AH noted delays to the electric lorries project as the primary reason for underspend in the Strategic Timber Transport Fund and offered the release of £150k from the Forestry Strategy Implementation Fund to go towards costs elsewhere. The increased ask for tree health was due to ongoing costs associated with the use of helicopters and incoming costs from the use of drones, with some overlap of different surveillance modes needed to allow comparison.

BC noted procurement timetables as a key challenge to forecasting and timely spend, with procurement delays often pushing back spend.

DS noted that 2022/23 staffing figures were on the basis of the original pay award, and that the updated award was likely to average an additional 1% across the whole pay bill. DS queried whether this backdated increase could be accrued to 2022/23 budgets.

* **Action: RM to investigate.**

SET discussed the 10% vacancy assumption and noted that recent management information indicated a vacancy level around this figure.

On the 2023/24 budget, RM confirmed that the consolidated budget represented all expected running costs and transition costs, and noted salaries as a main component, with estimated headcount and costs based on cost centre returns. DS noted that the organisation had moved from a position of using agency staff to cover permanent roles, to agency staff performing specific time-limited roles. ZD noted that upcoming decisions on organisational priorities might result in resource shifting within the existing headcount.

RM noted that the Corporate Planning workshops had raised the apparent disjoint between the budget process and team planning, with the opportunity for proposing new initiatives in team plans being unclear if budgets were already set. JT noted that the aim was to shift the focus of team planning from bidding to delivery and prioritisation, and DS stated that the budget process set overall functional envelopes, while team planning was the process of allocating resources within those envelopes, with proposals for new funding needing to be taken from underspends or reductions elsewhere. BC noted the need to communicate this more clearly to budget holders, particularly with regard to the handling of staffing vacancies.

DS noted the need for a clear narrative to support investment to realise woodland creation targets, focusing on the need for temporary support to invest in future delivery and the expectation of longer term savings from current investments in process change and transformation.

SET discussed the potential for revenue generation opportunities, noting the potential to incentivise a move from felling permissions to Forest Plans, but that returns were likely to be low and there would be additional costs to administer.

SET reviewed the budget figures and noted that with the release of funding from the Forestry Strategy Implementation Fund, an unfunded pressure of £444k was expected with a proposed contingency of £200k.

**SET agreed to sign off the proposed budget on this basis.**