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| SF_col_landscape_logo | Strategic Advisory Group |

record of SCOTTISH FORESTRY STRATEGIC ADVISORY GROUP

1. 21 March 2021, Teams Meeting

**Present:**

Dave Signorini (Scottish Forestry Chief Executive)

James Stuart (Non-Executive Committee member)

Eleanor Ryan (Non-Executive Committee member)

Phil Taylor (Non-Executive Committee member)

Brendan Callaghan (Head of Operational Delivery)

John Dougan (Head of Operational Development)

Alan Hampson (Head of Standards Evidence & Expertise)

Jonathan Taylor (Head of Scottish Forestry Executive Office)

Helen McKay (Chief Forester for Scotland)

**Apologies:**

Ross MacHardie (Head of Finance and Business Support)

**In Attendance:**

Marliese Richmond (Corporate Planning and Governance Manager)

1. **Welcome** from Dave Signorini, Scottish Forestry CEO

DS passed on everyone’s congratulations to BC as the new (interim) Chief Exec of Environmental Standards Scotland.

It was also clarified that the post of Head of Policy will not be filled and that AH will undertake these duties, particularly as links with policy teams across SG/DEFRA are now well established. Standards, Evidence and Expertise will become Policy and Practice.

JT taking some parental leave in April/May.

Actions: JT to circulate the 5 year achievements document shared with Mr Ewing.

Minutes and actions from the last meeting. Minutes to the last meeting were approved. All of the actions are in hand. JS shared 10.02 info/format to assist with all staff events being organised by JT’s Team.

2. **Update on launch of values**

DS introduced the booklet on values and acknowledged what an important milestone this is. Merchandise (eg mug, mouse mat) is being sent out alongside a booklet of the values. The following feedback was provided.

* Simple, direct language. Pitched at right level. Clear plan on roll out.
* Good visuals, and like the playful language.
* Look at description around ‘change’ and take care to ensure this does not alienate staff . Consider how to message this so it is not misunderstood – do not want this to tip into people feeling unable to speak up about proposed change or programme.
* Useful vehicle for discussion between managers/staff– helps ‘call out’ negative behaviours - and assists conversations about what managers want to see more or less of. Helps articulate and surface issues.
* Values will be embedded into performance management and supporting staff on an ongoing basis– already actively working on this eg Engaging the Bystander training.
* Once box is issued, encourage discussions within teams – including how the wording lands with staff and whether anything needs to be revised.
* Publicise with other stakeholders and customers to be clear about our expectations.
* Some typos picked up by ER who will share these – ensure these are corrected prior to sharing with external shareholders.

**3.  Future and development of the Woodland Carbon Code (WCC)** – Pat Snowdon/Alan Hampson

Pat Snowdon (PS) joined the meeting.  He described the purpose of the WCC:  to create market trust in the capacity of UK woodland creation to generate high-quality carbon credits.  The management, promotion and development of the WCC is a GB function, which Scottish Forestry leads on behalf of the four countries in the UK.

The WCC is now in its tenth year, and now the focus must shift from establishing the UK woodland carbon market to maturing it – and identifying what SF’s future role is to be.

He highlighted the key points detailed in the paper, including:

* The integrity of the WCC, especially ‘additionality’:  that it is role of CO2 removal in enabling woodland planting that would not otherwise have taken place.
* It is expected that the carbon market will grow significantly in the future – with Net Zero targets being a game changer.  The number of projects registered with the WCC has more than doubled in the last 12 months.
* There is a lot of interest in developing other nature-based market-based mechanisms.  The Peatland Code was launched in 2015 for example, and a range of other ecosystems are now being considered.  The WCC may be extended to cover other carbon pools, such as harvested wood products.
* Scottish Forestry is in a position to play a central role as other carbon markets develop, using the knowledge they have gained in establishing the WCC.  SF is currently collaborating with stakeholders across government and the private sectors as well as NGOs, at a national and international level, on a range of initiatives.
* PS drew attention to some of the risks and challenges which have been identified including the need to have a supply of woodland creation projects; differing views on offsetting; and the demands the increasing interest in this area are placing on the staff team within SF.

The SAG were then asked to comment on the challenges identified and to discuss futureopportunities.  The discussion covered the following points.

* **Financial model** – PS was asked about the funding arrangements at present.  It is funded through joint cross border funding for the WCC team.  Scottish Forestry also receives a 3 pence levy for every validated carbon unit when issued on WCC carbon registry - as the market grows, this is providing more income towards running the programme. New funding programmes are currently being made available through UK Government, notably DEFRA’s Investment Readiness Fund.  Ideally, the WCC will become self-funding over time.
* **Governance working** – There are good relationships across the 3 countries, with agreement having been secured for additional staff capacity. Arrangements for the WCC have worked well, notwithstanding challenges in other areas such as research commissioning.
* **Fraud** – The potential for fraud was queried.  This is one of the main purposes of the WCC – to ensure that carbon credit sales/exchanges are valid.  Comprehensive customer/client checks are made, and there are anti-fraud mechanisms in place through the IHS Markit carbon registry (eg use of Unique Identifiers for each carbon credit).  These are monitored on an ongoing basis with improvements undertaken regularly.
* **Offsetting** – Offsetting has had a positive impact on the profiles and the finances of the WCC, and it is anticipated this will develop exponentially.  There are a range of views on offsetting – it is seen by some as ‘green washing’.  There has to be a ‘mitigation hierarchy’ but offsetting is essential to address stubborn emissions of carbon that cannot be reduced through different practices/technologies.  There is the potential for the WCC to enable ethical offsetting products which will also generate other (social) benefits.
* **Generating income for different land owners** – There is the potential for land owners to earn a significant income via the WCC.  Again, additionality is central – there is a working group considering the WCC’s additionality rules at present, and how this sits with other woodland creation incentives.
* **Knowledge Transfer** – SF, and in particular, the staff within the WCC team, are viewed as the leading experts in this field, and there is a demand for their input to different projects, committees and initiatives.  As this approach is applied to and integrated with other nature services, the demand for their input is increasing.  As a valuable asset, consideration should be given as to how this knowledge transfer should be managed, and whether there should be an income generation aspect to this.
* **Other areas of expansion** – there is the potential to expand into hardwood products and/or products with a longer life span which sequester the carbon for longer.  It was noted that commercial conifer forests offer some of the same services eg flood prevention – and that we should not lose sight of these.

*PS will take the feedback provided by the to refine the options for the future development of the WCC.*

**4. UK Forestry Standard Review (UKFS)** – discussion on the issues arising out of UKFS review and our policy position –/Alan Hampson

The responsibility for leading the review of the UKFS is devolved to Scotland, and is undertaken every 5 years. It is viewed as the bedrock of Sustainable Foest Management for the forestry sector, and is strongly supported by Confor (Confederation of Forest Industries). It overlaps with a whole range of policy areas (such as climate change and soil management).

Different issues were talked through with the SAG members, summarised below.

* **Different views on key topics in UKFS** – There are different policy approaches towards key topics across the UK. They have different drivers influencing their approach towards land management uses – such as deer management, woodland creation, re-wilding and timber supply. One example flagged was planting on peat. At present, the UKFS states that trees cannot be planted on peat exceeding 50 cm in depth. Viewpoints on revising this part of the UKFS vary, and range from banning planting on peat to increasing the 50cm threshold. It was agreed that it is critically important that the UKFS is informed by good practice and not politics.
* **Maintaining UK wide consensus and approach** – The importance of having a positive outcome in reviewing the UKFS was emphasised. Not only should there be a revised, updated UKFS, but that the process should result in good relations between the stakeholders being nurtured. There were various suggestions on how to achieve this. The MOU, which guides the coordination of the review, should be strengthened, with effective constitutional governance in place. Make it clear how issues should be escalated with options to reach a resolution. Existing commonality between officials should be used as a platform to build on. Keep Ministers in the loop and updated.
* **Woodland creation** – Woodland creation is only a small part of forest management, yet with a policy shift of emphasis to woodland creation, the UKFS needs to be reviewed to ensure it is fit for purpose.
* **Importance of engagement** – It is important that stakeholders are aware that this review is taking place, and to know how/where/when they will be able to have input to the review. Challenging, controversial topics need to be discussed, and tensions acknowledged and managed. Transparency on how the UKFS has been reviewed and the decision-making process on its final content is essential.
* **Usability** - The UKFS should stand, but with local policy, guidance and supporting documents available to accommodate the different approaches of the 3 countries and the pace at which change is taking place. However, a balance needs to be struck – ensuring sufficient narrative is in place within the main document, which tells stakeholder what they need to know, without referring to too many other sources. There must be some flexibility and processes built in which enables the UKFS to be adapted on an ongoing basis to reflect changes such as the EU Exit.

*AH will take this feedback on the risks and opportunities in developing the next steps of the UKFS review.*

**5. An Outline Future Operating Model for SF Delivery Teams**– John Dougan/Brendan Callaghan

BC introduced the paper “Sustaining and Increasing Delivery – An Outline Future Operating Model for SF Delivery Teams”. It describes a proposed future operating (team structures) model for Scottish Forestry delivery teams.

BC drew attention to two figures in particular. The first showed the forecast increase in SF delivery team work volumes over the next 5 years, without taking into account any of the potential efficiencies from business improvement or other projects. It forecasts 67% increase in work volumes between 2018/19 and 2025/26, made up of all areas of work undertaken such as grant related processes, illegal fellings and felling permissions, Long Term Forestry Plans, and Statutory Plant Health Notices.

JD/BC then focused on the second part of the paper. Using forecasts based the difference the delivery of planned improvements over the next 5 years will make, this estimates a net 36% increase in work volumes between 2018/19 and 2025/26. It was stressed that these are early estimates of efficiencies, based on limited discussions and require further validation.

It was emphasised that investment in Learning and Development will be essential to support the effective staff development needed, sitting alongside team mentoring, particularly at Woodland Officer level. Improved Learning and Development opportunities must be in place to ensure staff retention. To sustain our future as an organisation, there must be a focus on recruitment, skills development and organisational capacity building.

JD/BC then highlighted some of the detail of the paper, in particular, a move towards geographically allocated technical forestry teams covering the majority of Conservancy forestry casework activities; as well as additional specialists at national/conservancy level to take the lead on more certain specialised activities

The discussion which followed is summarised below:

* **Financial analysis** - It was agreed that this is a very useful analysis, but needs to be accompanied by a financial analysis (to be developed by RMacH). This could then assist in making the case for additional resources, and facilitate discussions with SG on the impact of providing extra monies for SF (or not). It was suggested that it should be possible to state the units of output at hectare level, and put a price tag on this. Potential additional monies could be mapped alongside time scales eg 3% per year increase in funding is both credible and fits with rate of growth in resources required.
* **Incorporate information on sensitivities** - The confidence levels on the delivery of these efficiencies was queried. BC/JD are confident on the delivery of these, and in first 1-2 years, most of the steps towards these efficiencies will be have been taken, and a review of progress vs forecasts can be taken. It was felt that the paper needs to make the assumptions made explicit, as well as any sensitivities around those assumptions. Again, this will be important when having discussions with SG, especially if they wish to make other changes (eg to WC target). Management of both incremental and/or significant changes could be outlined in paper.
* **Development of new model** – Managers will be provided with an opportunity to feed into the proposals at Team Meetings. Some conservancies are already moving towards a geographic beat model due to the issues this face, providing a solution which has been tested to some extent. There are already some central specialists, and there examples of Office Mangers taking on a wider range of tasks.
* **Joint growth** – It was suggested that interactions between the Teams should be encouraged to foster new ideas and promote innovation and development.
* **Implementation** – It was felt that this should be moved forward as quickly as possible. This will be implemented in a staged manner with some changes easy to achieve (eg shift to geographic teams) and others more difficult (eg creation of new posts). It will be moved forward as part of the 21-22 Business/Team Planning round.
* **Internal Communications**  - There should be clear, internal communications for the whole organisation throughout the whole process, in particular, highlighting the benefits (such as learning and development). It should provide reassurance to staff that even though the WC targets have increased significantly, SF will be able to rise to the challenge, and there is a plan in place.
* **External Communications** – There should also be communications with external stakeholders, so that they are aware that the current ways of working at SF are going to change, and what to expect. They will see improvements to what is at present, mixed customer service and approaches.
* **Communications with Ministers** – In communicating with Ministers, SF needs to project confidence, while emphasising that the continual increase in targets will be difficult to achieve.

*BC/JD will use the feedback provided to further shape the paper and proposed operating model.*

**6. AOB**

ER’s appointment has been extended, and DS extended the SF’s gratitude to ER for her continued commitment.

It was noted by the Non-Execs that this had been a particularly effective meeting, with the papers pitched at the right level, enabling useful strategic discussion to take place.

AH will bring paper to next meeting on the topic of adaptation to climate change.

Next SAG meeting 22 June 2021