



Forestry and Land Scotland (FLS) Executive Leadership Team (ELT) Meeting

01 September 2026

Attendees:

Kevin Quinlan, CEO (Chair) (KQ)

Nicola McBain, Director of Corporate Services and Transformation (NMcB)

Graeme Hutton, Director of Net Zero (GH)

David Leven, Director of Commercial Development (DL)

Brendan Callaghan, Interim Director of Operations (BC)

Others:

Andy Kerr, Director General Net Zero (AK)

Victoria Pescodd, DG Net Zero Support Team Leader (VP)

Michael Hymers, Head of Corporate Affairs, Performance & Engagement (MH)

Doug Knox, Head of Technical Services (DK)

Julie Fitzpatrick, Head of People & Organisational Development (JF)

Adam Dearnley, Head of Finance (AD)

Paul Sutherland, Senior Project Manager (PS)

Callum Macinnes, Head of Human Resources (CM)

Apologies:

Jo Ellis, Interim Director of Forestry (JE)

Summary of Action Points (AP) from Meeting

Ref.:	Action:	Owner:	Target Date:
01/09	Recirculate the 'live' Corporate Risk Register link to Directors, seeking further updates before the ARC.	Michael Hymers	04 September 2026
02/09	Prepare a Finance Deep-Dive at the end of Qtr. 2 (i.e. based on P6 data) to reassess the true in-year gap and the effect of management actions.	Adam Dearnley / Brendan Callaghan	27 October 2026
03/09	Clarify the Civil Engineering underspend position and recommend whether savings should be banked or redeployed	Adam Dearnley / Brendan Callaghan / Jo Ellis	13 October 2026
04/09	Increase focus on land disposals and test whether the current forecast remains credible	David Leven	27 October 2026
05/09	Refine the planning event design, including clearer pre-work, a tighter issue-based agenda, and simpler language for the approach. Secure facilitators for the planning session and test the proposed format in advance. Issue written guidance to leaders on the purpose of the planning session and the preparation expected before attendance.	Nicola McBain / Paul Sutherland	14 September 2026

06/09	Issue formal headcount control letters to directors and complete the related communication on redeployment and workforce controls.	Julie Fitzpatrick / Callum Macinnes	14 September 2026
07/09	Develop a value-stream-based workforce view that shows establishment and actual resource allocation over time.	Callum Macinnes	31 October 2026
08/09	Confirm the named leads (Operations & Forestry Directorates) who will maintain updates and commentary and agree the balanced scorecard, being the single point of contact for the respective Directorate.	Brendan Callaghan / Doug Knox	08 September 2026
09/09	Establish the balanced scorecard oversight / co-ordination group.	Michael Hymers	10 September 2026
10/09	Recirculate the 'live' Audit Tracker link to Directors, seeking further updates before the ARC.	Michael Hymers	04 September 2026
11/09	Review the special investigation follow-up actions and update the audit commentary before the ARC papers are finalised.	Brendan Callaghan	09 September 2026

1. Risk Register and Issue Log

MH introduced the quarterly risk review as the ELT's opportunity to test the updated corporate risk register ahead of the Audit and Risk Committee. He noted that only one materially significant change had been made since the prior version: the previous staffing risk had been replaced by a broader workforce-focused risk. KQ noted a need for the Risk Register issue to be used more actively stronger across directorates and updated regularly.

DL said his leadership team was actively using the corporate risk register, citing supply chain risk as one of the top ten areas they had already discussed in depth. He was less positive about the issue log, saying the issues listed there were already understood locally but that the mechanism for logging action, ownership and follow-through was weak. It was agreed the live version should be used more consistently between quarterly reviews.

The discussion landed on a practical expectation that directorates should use the live register regularly, particularly the issue log, rather than treat it as a quarterly reporting exercise. NMcb framed this as a question of management discipline rather than process design, noting that a stronger rhythm of updating would also improve the quality of ministerial briefing material drawn from the same source.

Action Point 01/09: Recirculate the 'live' Corporate Risk Register link to Directors, seeking further updates before the ARC.

Health and Safety Risk

KQ used the risk discussion to brief AK on the scale and character of the organisation's health and safety exposure. He highlighted that the risk had recently been split to distinguish between harm affecting staff and contractors and harm affecting members of the public. JL then set out the operational context: forestry remained one of the highest-risk land-based industries in the UK and internationally, covering forestry operations, civil engineering, deer control and lone working. He said the pattern since FLS was created

suggested both improved reporting and a genuine increase in employee accidents, with analysis indicating that the rise could not be explained by reporting changes alone.

JL described a mixed occupational health picture. Traditional sector harms such as hand-arm vibration syndrome and noise-induced hearing loss had fallen sharply. More recent concerns included Lyme disease, although he said that too had been driven down in recent years.

On contractor management, JL said the challenge was not only competence but also where FLS responsibilities began and ended. The business was trying to reduce paperwork, bring in electronic systems later in the year, strengthen contract-management capability, and use its five-year rolling assurance programme to support as well as inspect. He highlighted the SAWS work on safety zones, noting that 75 to 85 per cent of forestry fatalities worldwide involved something falling onto a person and that standing two tree lengths away remained the core control.

The public-facing side of the risk turned to visitor safety and civil liability. JL distinguished between accidents on infrastructure FLS had provided, such as mountain bike trails and waymarked routes, where maintenance and design created direct responsibility, and incidents involving people acting independently in unmanaged areas, where responsibility lay elsewhere under access law. KQ and others tied that back to wider questions about whether FLS should continue operating some of the most resource-intensive visitor assets and how spending could be redirected to improve access for underserved communities. The Visitor Sites project will look at this.

The discussion also briefly touched on alignment with wider Scottish Government health and safety practice. AK noted overlap with issues emerging elsewhere, including formal health surveillance concerns in marine settings, and suggested there could be useful comparison on occupational health surveillance standards even if the operational risk profile was different.

Stakeholder Management Risk

The focused then moved to stakeholder management. MH told AK that stakeholder management and the reputational risk surrounding it had become harder to control because stakeholder expectations were no longer consistent. He said some groups that had previously engaged through predictable channels were now seeking much higher levels of consultation and influence before operations proceeded.

The exchange broadened into a more strategic reflection on environmental regulation. BC drew on prior experience with environmental scrutiny bodies. KQ noted there was a wider issue in some regulations having been designed for earlier circumstances and now limiting pragmatic land management choices.

DK added that relationships with some stakeholders remained constructive and provided examples of strong joint working in live operational settings.

Workforce Management Risk

JF said the organisation was working hard on workforce management but needed to pay even closer attention to succession planning, skills development and the ageing profile of the sector. She noted that FLS had a positive apprenticeship record and was bringing people in at the early-career end, but many of those recruits had limited experience and would need structured development. She connected this directly to the broader public sector challenge discussed earlier in the day: with no compulsory redundancy route and natural attrition slowing in some areas, workforce change had to be managed much more actively.

Her account focused on the need to align workforce management plans with business plans and to examine roles much more critically. That meant understanding current skills, future requirements, and where agility could be built into roles and teams rather than waiting passively for vacancies to arise. She also observed that labour-market uncertainty was likely reducing turnover, which in turn could make people more risk-

averse and less willing to move. The learning and development team were therefore concentrating on leadership development, technical capability and change-management confidence, with a view to making managers better able to reshape teams and support staff through transition.

AK linked the discussion to wider public sector learning, saying there would be value in stronger cross-government exchange, particularly with support from DG Corporate and from Scottish Government public bodies facing similar constraints. NMdB then confirmed that the former people risk had been reframed. Instead of concentrating mainly on recruitment and retention, the register would now explicitly cover workforce management and development, reflecting the need for corporate focus on control, succession and capability-building. She added that this would be the subject of a dedicated deep dive at the Audit and Risk Committee.

Decision: Workforce management and development was added to the corporate risk register as a distinct risk, replacing the narrower recruitment and retention framing, and will be taken to ARC for a focused deep dive.

2. Budget Monitoring Report

AD gave a high-level financial picture, describing FLS as an organisation with roughly 180 million pounds of income, of which around 1450 million pounds was trading income, plus grant and nature-related funding of c.£20m and around c17 million pounds of SG subsidy. direct support. He said the organisation was in the first year of a three-year financial sustainability plan enabled partly by Fit for the Future. Although the previous year had ended slightly ahead of plan, current year performance had been hit by weaker standing timber prices. At the latest view, the P4 forecast showed a position around 9 million pounds adverse to budget, improved from the prior cycle after recognising around 2.5 million pounds of additional renewables income and removing some year-end provisions that were no longer needed.

AD main message was that the headline gap might overstate the true exposure. Looking back over prior years, he said delivery teams often overestimated how much activity they would complete by year-end, so costs regularly improved in the final months. The analysis suggested the real gap might be nearer 4 million to 5 million pounds. KQ agreed this distinction mattered, since the response to a 10-million-or-20-million-pound problem would be very different from the response to a more limited shortfall. The leadership discussion therefore concentrated less on cancelling activity and more on whether targeted action could close the gap.

Several areas were examined including a civils deep dive that is ongoing, disposals, energy income and crop compensation and plant and seed supply.

The wider financial conversation moved beyond the in-year forecast. All linked financial sustainability to the long-term use of the estate, natural capital, land disposals, renewables and climate adaptation. DL noted that FLS had just moved to trade its first 1,300 peatland units. KQ noted emphasised interest in making the natural capital value of the estate more visible within investment thinking, while AD and others

observed that current management discipline still focused mainly on operational performance rather than land value on a month-by-month basis.

Action Point 02/09: Prepare a Finance Deep-Dive at the end of Qtr. 2 (i.e. based on P6 data) to reassess the true in-year gap and the effect of management actions.

Action Point 03/09: Clarify the Civil Engineering underspend position and recommend whether savings should be banked or redeployed.

Action Point 04/09: Increase focus on land disposals and test whether the current forecast remains credible.

3. Minutes and Action Log

Minutes were approved. The action log was reviewed, with many of the workforce actions closing after today's discussion. Several facilities and accommodation points were updated, including progress on national office design work, the visitor reception trial, and communication still needed to staff before related actions could be closed.

4. PI Planning Approach

Discussion moved onto programme increment planning, explaining that the proposal had grown out of repeated requests for clearer prioritisation across the business plan. The intent was to bring the wider senior leadership group together to review progress against the existing business plan, surface dependencies and constraints, and collectively agree what required additional focus. PS outlined a draft structure involving retrospective review, cross-directorate prioritisation and agreement of leadership commitments, but several members cautioned that the process would only work if the preparation was strong and the session was tightly designed.

KQ, DL and DK all argued that the planning event needed more disciplined pre-work than the draft implied. They were supportive of the objective but sceptical about bringing a large leadership group together for up to two days unless each directorate first completed its own structured stocktake and arrived with a short list of the specific cross-organisational issues it needed help to resolve. The discussion shifted from a single open workshop towards a staged model: first, directorates would do their own business plan review and identify where they were on track, where they could act alone, and where they needed help; then the cross-FLS event would focus on the short list of live dependencies, trade-offs and decisions.

Members also suggested that the format should emphasise both regional voices and practical business-plan delivery rather than project-management jargon. KQ explicitly questioned the usefulness of the term "programme increment planning" and suggested renaming it in more straightforward business language. Despite reservations about the time commitment and the likelihood that some leaders would still come away unconvinced, the overall mood remained supportive of trying the approach, provided expectations, preparation and facilitation were tightened.

Action Point 05/09: Refine the planning event design, including clearer pre-work, a tighter issue-based agenda, and simpler language for the approach. Secure facilitators for the planning session and test the proposed format in advance. Issue written guidance to leaders on the purpose of the planning session and the preparation expected before attendance.

5. Workforce Reporting and Performance Oversight

JF and CM presented the refreshed workforce management report, which had been rebuilt around the new directorate structure and was intended to track progress more explicitly against the establishment targets. They acknowledged that the underlying data reshaping had been more difficult than expected, but said the

revised format now gave a better view of where people sat, what establishments existed, and how future reporting could show trends over time. A related approvals matrix was also proposed so directors and managers could see more clearly which staffing decisions sat with line managers, directors, HR or CEO.

KQ welcomed the direction of travel but emphasised that headcount control sat firstly with directors supported, not with by HR business partners. He said each director would be written to formally confirming their headcount control totals and that HR's role was to advise, challenge and keep the process safe rather than own the decisions. NMcb supported that interpretation, drawing on her experience of monthly challenge conversations noting that it improved auditability where business need and headcount logic were recorded side by side. JF warned that turnover appeared to be slowing and that this mattered because natural attrition remained the default route for achieving future workforce changes.

A significant part of the discussion focused on how workforce information should align to value streams rather than only to directorates. DL asked that the organisation needed management information showing what proportion of the workforce was allocated to each value stream at any one time and how that would change over the three-year business plan horizon. CM explained that the current activity-coding structure already allowed up to three coded allocations per role but accepted that further work would be needed to create an establishment-based picture rather than relying only on actual staff in post. The group agreed that this should be developed manually, if necessary, provided the data became useful for business planning and resource decisions.

Decision: Directors will hold formal responsibility for staying within agreed headcount controls, with HR acting as adviser and challenge function rather than as the decision-maker.

Action Point 06/09: Issue formal headcount control letters to directors and complete the related communication on redeployment and workforce controls.

Action Point 07/09: Develop a value-stream-based workforce view that shows establishment and actual resource allocation over time.

6. Balanced Scorecard

MH said the present process was still too fragmented, with finance often supplying raw data but no one consistently owning profile assumptions, commentary and updates at directorate level. Commercial had moved to a single-point-of-contact model and wanted to keep quarterly reporting for its indicators, while operations needed monthly reporting for most of its measures. The ELT accepted that mixed cadence was sensible if ownership became clearer, and KQ pushed for a small network under MH coordination to maintain the shared performance picture, with one contact per directorate or functional cluster rather than diffuse responsibility.

The substantive performance discussion itself was brief given the data challenges but not absent. BC said the apparent underperformance on some operations measures, especially deer cull and restocking, partly reflected seasonal profiles rather than delivery failure. DK agreed on seasonality but also warned that the restocking backlog was a genuine concern: if sites were left too long, conditions worsened, quality suffered and the backlog became harder to recover. KQ picked that up as an important example of why the scorecard

needed to move beyond data handling and get the leadership group into earlier conversation about performance and corrective action.

Decision: Balanced scorecard ownership will move to a clearer single-contact model in each Directorate under MH's coordination, with commercial measures reported quarterly and most operations measures reported monthly.

Action Point 08/09: Confirm the named leads (Operations & Forestry Directorates) who will maintain updates and commentary and agree the balanced scorecard, being the single point of contact for the respective Directorate.

Action Point 09/09: Establish the balanced scorecard oversight / co-ordination group.

7. Audit Tracker

MH noted that both the audit tracker and the risk register still showed inconsistent upkeep between reporting cycles. He was particularly concerned about the special investigation follow-up, which had not been meaningfully updated since December even though a follow-up audit should have resumed in July. NMcb and BC agreed this needed immediate attention before ARC, especially because the matter had already been noticed previously. The wider point was that these trackers existed as live management tools and should not rely on last-minute quarterly updates.

Action Point 10/09: Recirculate the 'live' Audit Tracker link to Directors, seeking further updates before the ARC.

Action Point 11/09: Review the special investigation follow-up actions and update the audit commentary before the ARC papers are finalised.

8. Audit and Risk Committee Preparation

In discussing the upcoming ARC agenda, NMcb outlined the expected focus: internal audit progress, risk update, a workforce-related deep dive, and annual report and accounts progress. She indicated that there was no new thematic audit reports expected at this stage. Attendance was narrowed to those most relevant to the likely discussion.

9. Forward Look

The forward look was reviewed, including scheduling for the September SAB, the renewables deep dive, future business plan work, the deferred DP review, and the place of natural capital in the October agenda.

10. AOB

There were no items raised under AOB.

The next ELT meeting will be held on 16 September 2026.