

# Title: Q4 Performance Report 2023/24

**Date: 14th May 2024**

| **Purpose:** | Decision |
| --- | --- |
| **How does this link with our corporate priorities of improving biodiversity or delivering nature-based solutions to climate change:** | This paper presents Q4 progress towards delivery of our corporate priorities as laid out in our Business Plan, A Nature-Rich Future for All: Year 2. |
| **Summary:** | At the end of Q4, performance for 14 of our 15 Corporate plan objectives is rated as ‘on track’. Our Resource and Paybill budgets are currently expected to outturn within tolerance overall at year end. There is a forecast underspend on both Capital and Indirect Capital, and we are continuing to manage and monitor the larger programmes to ensure that full budget spend is achieved.  There has been no change to the corporate risk scores this quarter, and there is one new corporate risk (Risk No. 740 – Nature Finance). In the People Report, six of the seven indicators are green and one is amber. |
| **Actions:**  | To agree the recommendations below |
| **Recommendations:**  | The Board is asked to approve:* + The overall performance of the Corporate Plan objectives (Performance Report)
	+ The position of the resource and capital budgets (Finance Report)
	+ The performance of the corporate risks (Risk Report)
	+ The overall performance of the People Measures (People Report)
 |
| **Report Author(s):** | Authors – Directors, Deputy Directors, Outcomes Managers, Finance, Planning and Performance Team, People and OD Team |
| **Sponsor:**  | Stuart MacQuarrie, Jane Macdonald |
| **Appendices**: Please note all appendices. | Annex A – Corporate Risk Register (High Risks) |

## Purpose

1. This paper presents NatureScot’s performance for the fourth quarter of 2023/24. It addresses delivery of our corporate priorities by reviewing: the alignment of performance against our Business Plan, A Nature-rich Future for All: Year 2; progress towards maximising our available budget; assessing risks for delivery; and, people information supporting the resourcing of our work. These all support delivery of our Corporate Plan 2022-26, A Nature-rich Future for All.

## Summary

1. Fourteen of the fifteen objectives are rated as green which demonstrates another quarter of strong performance. The ratings indicate that those activities planned to either complete in the quarter or to continue in line with planned progress have been achieved. These strong results are being achieved against a backdrop of a challenging operating environment regarding planning for funding pressures, ever increasing expectations on NatureScot and pressure on our staff through workload and resourcing constraints.
2. The highlights from Quarter are that we have:
* Submitted the final Structural Funds claim concluding £37.5m of investment over 6 years;
* Completed 28 Nature Recovery Fund projects resulting in transformation benefits on land and at sea;
* Advised on three major offshore wind developments, shaped legislative proposals for marine nature enhancement and published Conservation and Management Advice documents for eight Marine Protected Areas;
* Launched a new online deer management authorisation tool and received recognition for our AI powered ‘Informed Decision’ planning advice tool through Scottish Planning Innovation Awards;
* Launched a pioneering Scottish seagrass planting programme through a new innovative nature finance initiative between Scottish Marine Environmental Enhancement Fund (SMEEF) and Scottish and Southern Electricity Networks (SSEN); and,
* Remained on track to meet our target of restoring 6,100 ha of degraded peatland representing an increase of 20% compared to last year’s output.

| PRIORITY PERFORMANCE | NUMBER | CORPORATE RISK | NUMBER |
| --- | --- | --- | --- |
| Objectives | **15** | **Corporate Risks** | **10** |
| On Track | 14 | Increased Score | 0 |
| Minor Slippage | 1 | Decreased Score | 0 |

| FINANCIAL METRICS | STATUS | PEOPLE METRICS | STATUS |
| --- | --- | --- | --- |
| Resource Budget | **GREEN** | Health, Safety and Wellbeing | **GREEN** |
| Capital | **RED** | Employee Engagement | **GREEN** |
| Indirect Capital | **RED** | Attendance  | **GREEN** |
| Paybill | **GREEN** | Employee Relation | **GREEN** |
| Project Allocation | **AMBER** | Workforce Profile | **GREEN** |
|  |  | Internal Movement | **GREEN** |
|  |  | Retirement Profile | **AMBER** |

**PERFORMANCE REPORT**

## WE HAVE PROTECTED NATURE

| CORPORATE PLAN OBJECTIVE | SLT LEAD | RAG SCORE | Q4 UPDATE |
| --- | --- | --- | --- |
| Lead the delivery of 30% of land and sea being protected by 2030 | Nick Halfhide | **GREEN** | * 30x30 plan on track with significant progress made on OECM criteria drafting and flexible management approaches for Protected Areas
* Refinement of Nature Networks Toolbox with stakeholders is ongoing and on target and the toolbox is live. 29 out of 32 Local Authorities have had draft Nature Network corridors mapped.
* InformedINSIGHT prioritisation, planning and resourcing and data collection modules complete and progressing well.
* Ecosystem Health Working Groups for woodland, freshwater and wetlands, and Marine have delivered draft feedback reports against the Delivering Ecosystem Health monitoring principles.
* Site Condition Monitoring (SCM): 2023/24 SCM national contract and annual planning is completed.
* Evaluation reports for development and application of the SG evaluation of National Park nominations are completed. Scoping of 2024/25 reporting work (National Parks) is complete.
 |
| Build stronger collaboration reducing the impacts of deer and modernise our wildlife management and underpinning licencing functions to enable a net zero and nature positive future | Robbie Kernahan | **GREEN** | * Focus for deer has been on consultation for new primary legislation with stakeholders and the launch of new online licensing system.
* Worked with Cairngorm National Park Authority (CNPA) and supported additional beaver releases in the Spey catchment. We met the Minister on site in response to flooding impacts and beavers in the Tay catchment.
* Minister has instructed a 6 month licensing review. Business case completed for online licensing development commencing in Q1 (2024-25).
 |
| Engage and influence planning and other regulatory systems to ensure they deliver for nature and climate | Robbie Kernahan | **GREEN** | * Key Agency Group (KAG) Pilot with 6 participating authorities, and preparation of evidence reports for the other Scottish authorities.
* The SG Biodiversity Metric commission is finalised, and the expected work programme is near completion.
* Engagement with the Sector Deal is via ongoing discussion with Peatland Expert Advisory Group (PEAG), input to the Onshore Wind Strategic Leadership Group programme and ensuring actions from the Deal are taken forward.
* The Earraghail wind farm inquiry began 6th March. We will be present for landscape and policy evidence.
* During Q4 we have been consulted on 182 planning applications (excluding Section 36 and 37 cases), 170 pre-application requests, 95 Forestry consultations and 61 EIA applications.
 |
| Influence the transformation of marine management through new marine planning, protection and fisheries management frameworks, and working with the marine renewable energy sector | Nick Halfhide | **Green**  | * 2024 monitoring plan drafted. User needs collected for data pipeline from community-led monitoring.
* Marine Recorder migration delayed due to resource issues and data model challenges between old and new applications.
* Habitat Regulations Assessment (HRA) and MPA assessment template complete and piloted for Solway Special Protection Area (SPA).
* Work on Fisheries Management Plans (FMP) now underway, including agreement with MD to deliver joint nature advice with Joint Nature Conservation Committee (JNCC) for Scottish Seas.
* Finalised and published marine natural capital policy briefing through Marine Alliance for Science and Technology for Scotland (MASTS).
* First draft of marine protection communications strategy shared with MD. Conflict management training delivered. Draft marine web hub completed.
 |

**WE HAVE RESTORED NATURE**

| CORPORATE PLAN OBJECTIVE | SLT LEAD | RAG SCORE | Q4 UPDATE |
| --- | --- | --- | --- |
| Co-lead the production of the new Scottish Biodiversity Strategy (SBS) and develop targets to include in a new Natural Environment Bill | Nick Halfhide | **GREEN** | * Working with SG on the analysis of responses to the consultation on the Scottish Biodiversity Strategy, and the SG response. We currently expect the SG response to be published in Q1 2024/25.
* Working with SG to refine the Delivery Plan targets, making them SMART and to agree lead delivery partners, including discussions with key stakeholders.
 |
| Scale up Peatland Restoration by delivering Peatland ACTION funding to projects | Robbie Kernahan | **GREEN** | * On track to meet our target of restoring 6,100 ha of degraded peatland which represents an increase of 20% compared to last year’s output.
* Scoping a 'peatland standard' through the Peat Expert Advisory Group via guidance to cover protection, mitigation and management requirements.
* Completed New Entrants Scheme and supported Scotland’s Rural College (SRUC) short course on project design.
* Provided a supporting framework through International Union for Conservation of Nature (IUCN) to align the Peatland ACTION and Peatland Code processes.
 |
| Lead, enable and convene others around the development of ambitious and coherent actions to restore nature. Deliver a major Nature Restoration Fund (NRF) targeted at high impact nature recovery projects and seeding greater investment from the private sector | Nick Halfhide | **GREEN**  | * The Nature Restoration Fund made offers on those projects from Q3 that we could fund and, met again at the end of Q4 to reconsider projects that were unaffordable at the end of Q3.
* Species prioritisation and the Scottish Biodiversity List has progressed. The Species at Risk list should be online by the end of Q1 (2024/25). We are seeking a Commission from SG to revise the Scottish Biodiversity List in line with the SBS.
 |
| Demonstrate how agriculture can be transformed with new approaches to deliver targeted outcomes for nature and climate | Robbie Kernahan | **GREEN** | * All Agri-Environment Climate Scheme (AECS) 2023 round contracts issued and returned. 2024 application round launched.
* Latest user testing phase of the Farm Biodiversity Scotland App completed, and further functionality being added. App almost ready for wider roll out to farmer/crofter use in Q1-3 2024/25.
* Contributed to the proposed 4 tier division of future agriculture support payments within the Rural Support Plan of the Agriculture Reform Programme.
 |

**THE VALUE OF NATURE IS RECOGNISED**

| CORPORATE PLAN OBJECTIVE | SLT LEAD | RAG SCORE | Q4 UPDATE |
| --- | --- | --- | --- |
| Inspire people to connect with nature, increasing appreciation of nature’s value through impactful delivery and communication of our work | Nick Halfhide | **GREEN** | * Finalised all evidence submissions on structural funds for claims and submitted final claim, on-going wind up and reporting in progress.
* Completed visitor management action plan, signed off by Steering Group. The Better Places Fund has concluded.
* Last element of Scottish Outdoor Access Code (SOAC) spring campaign delivered.
* Completion of Nature Discovery Scotland Map delayed but on track to launch in Q1 2024/25.
* Publication of new guidance on landscape character is delayed to 2024/25 to align with work currently underway by Natural England.
 |
| Influence the regulatory, policy, market and institutional infrastructure needed to stimulate private sector investment into nature | Robbie Kernahan | **GREEN** | * £2.1m contract with Scottish and Southern Electricity Networks (SSEN) to plant 14ha of seagrass.
* Received 14 applications in Facility for Investment Ready Nature in Scotland (FIRNS).
* Started the design phase of the Wild Heart Expansion Project (WHEP) project, having attracted £155k of funding for South of Scotland Enterprise (SOSE) and other agencies.
* Governance established for The Flow Country Partnership and investor exploratory meetings held, information shared and specific follow up meetings planned.
 |
| Drive the establishment of Natural Capital as an integral part of public and private business planning and investment decisions at national, landscape and landholding/business scales | Robbie Kernahan | **GREEN** | * Developed the prototype landscape Natural Capital tool ready for testing.
* Supported growth of Scottish Forum on Natural Capital (SFNC) hub-of-hubs, participated in the new Digital Enablers hub and represented the Marine Navigators hub on the SFNC steering group.
 |
| Promote understanding and awareness of skills and capacity needs for the nature-based sector | Nick Halfhide | **GREEN** | * "Make Your Mark" new logo now includes nature - active promotion of opportunities to include nature on-going.
* Working with Chartered Institute of Ecology and Environmental Management (CIEEM) Green Jobs for Nature Project to identify an influencer for a Scottish audience.
* STEM Strategy signed off and network of over 15 Ambassadors now established.
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**WE HAVE TRANSFORMED HOW WE WORK**

|  CORPORATE PLAN OBJECTIVE | SLT LEAD | RAG SCORE | Q4 UPDATE |
| --- | --- | --- | --- |
| Deliver new ways of working to stimulate achievement of our ambitions | Jane Macdonald  | **GREEN** | * Estates Programme of locational reviews on track. Progress remains slow on Perth due to decisions pending about available locations.
* Relocation of Silvan House Data Centre and work on Cloud storage and network security.
* Successfully concluded the MS Enterprise Agreement renewal, with a £40k saving.
* Storage Area Network (SAN) server replacement implemented and has gone live.
* Successful Objective Cloud migration.
* Vacancy Process Group recommendations received and implemented; Strategic Resource Management group set up as a phase 2 organisational development project.
* Project Management Office (PMO) proposals agreed for implementation.
* Results of Members of the Scottish Parliament (MSP) Survey circulated to SLT.
 |
| Transform our individual and collective leadership capability | Jane Macdonald  | **GREEN** | * Received 5 places on the IDG (Internal Development Goals) Global Leadership for Sustainable Development course (GLSD). NatureScot now part of a UK network connected to international practitioners implementing the UN Sustainable Development Goals.
* Additional capacity added to Organisational Development to support integration of IDGs into NatureScot’s Learning Framework
* The Strategic Workforce Planning (SWP) prototype is in the process of being scoped will move forward with three identified teams for Q1 2024/25.
 |
| Sustain our focus on developing a happy and resilient workforce | Jane Macdonald  | **AMBER** | * Amber rating due to the delays in the Skills development project. External support has now been procured to conclude phase 1 and move this work into phase 2.
* As a result of managerial engagement, there has been a significant reduction in flexi balances particularly for those with higher balances.
* Career Conversation training has been continuing and Cohort 1 are nearing the end of their training. The OD team are now planning next steps for the roll out for 2024/25.
* A workshop for Health and Safety Co-ordinators has taken place and a project team is currently being established to focus on improving our safety culture.
* The continuous improvement forum in POD has been established.
 |

## WE HAVE PROTECTED NATURE

| **Measure** | **Performance Overview** | **Actual** | **Cause** | **Response** |
| --- | --- | --- | --- | --- |
| [**Stakeholder interest in MPA Information**](https://naturescot.nexus.objective.co.uk/documents/A3962324/details) **(hits on webpages)** |  | **964** | Our page on Enhancing the protection of our seas received 75 views this quarter. While our page on Marine Protected Areas (MPAs) received 889 page views.  | We are developing a joint communications strategy with the Marine Directorate (MD) for enhanced marine protection in Scotland's seas. It is anticipated that this will lead to increased social media communications which will help drive traffic to the webpages. |
| [**No. of restoration projects for which we’ve provided advice**](https://naturescot.nexus.objective.co.uk/documents/A3938660/details) |  | **14** | Existing projects on licensing and Habitats Regulation Appraisals have required significant detailed input recently. Advice has been provided to NatureScot colleagues on several Nature Restoration Fund (NRF) and Facility for Investment Ready Nature in Scotland (FIRNS) funding proposals, and to Scottish Marine Environmental Enhancement Fund (SMEEF) about the recently announced partnership with Scottish and Southern Electricity Networks (SSEN). | The enhancement team continues to provide advice to colleagues in the MD and other agencies/Statutory Nature Conservation Bodies (SNCBs). |
| [**License applications turnaround time within standards**](https://naturescot.nexus.objective.co.uk/documents/A3972998/details) | **Data Not available** | **N/A** | NA | Aiming to produce these standards in Q2 of 2024/25. |
| **[No. and Types of licenses that are processed through the online system](https://naturescot.nexus.objective.co.uk/documents/A3920276/details)** |  | **333** | Number of applications withdrawn is high (210) because applicants are applying for licences before gulls are nesting and we won't issue a licence on a precautionary basis. | From Q1 (2024/25) we will include the figures for deer as the Online Deer Service is now live |
| [**No. of catchments with established beaver populations**](https://naturescot.nexus.objective.co.uk/documents/A3920275/details) |  | **5** | We have not approved any applications in Q4, though we have received one for Abriachan that we are currently assessing. | We are aware that the Beauly application is conducting further consultation with a view for release later in the year (2024/25). |
| [**% of holding objections for formal planning applications**](https://naturescot.nexus.objective.co.uk/documents/A3918504/details)  |  | 9.57**%** | Number and proportion of holding objections are less than Q3 but still significantly higher than previously. Shared Rural Network mast applications still a high proportion of the holding objections (8 out of 18). Note the overall annual totals are 71 holding objections out of 738 Planning application/S36/S37 consultations (9.62%).  | The overall figure of 9.6% is over our Red RAG tolerance threshold which was set at 9%. The increase is largely due to a significant number of holding objections with respect to Shared Rural Network mast applications, which accounted for approximately a third of all holding objections this year.  |

## WE HAVE RESTORED NATURE

| **Measure** | **Performance Overview** | **Actual** | **Cause** | **Response** |
| --- | --- | --- | --- | --- |
| [**No. of individual farm businesses that have completed a biodiversity audit**](https://naturescot.nexus.objective.co.uk/documents/A3920272/details) |  | 71 | The NatureScot Biodiversity Audit has been tested for the first phase with 71 participants, working on the first two stages (mapping and habitat assessments).   | The final phase of testing for the Biodiversity Audit will take place in 2024/25 which will result in an increased number having at minimum a habitat map in place. |
| [**No. of marine renewable energy consultations we provide advice on avoiding impacts on nature**](https://naturescot.nexus.objective.co.uk/documents/A3920434/details) |  | 125 |  Includes the following significant consultation responses issued: Green Volt s36 additional information, Stromar OWF Scoping, Westray Tidal Array Scoping, Broadshore Hub Scoping.0.5 FTE Marine Ornithologist left post.  | Bid for additional ScotWind staff resources confirmed. Appointed F grade Marine Energy Programme Manager. Currently recruiting 2x E Grade Marine Energy Sustainability Managers. Will soon be recruiting various additional posts identified in resourcing bid. |
| [**NatureScot is in partnership with new**](https://naturescot.nexus.objective.co.uk/documents/A4124199/details) **recipients** |  | 4 | Four new recipients of NRF funding - one for Helping Nature and three for Transforming Nature | Budget for NRF delivery projects is fully committed for 2024/25 so only award made for Transforming Nature delivery funding to an existing NRF recipient.. |
| [**External funds raised by SMEEF and the amount allocated to projects.**](https://naturescot.nexus.objective.co.uk/documents/A3736347/details) |  | £317,510 | Agreements signed with Scottish Hydro Electric Power Distribution (SHEPD) - £2.1m will be profiled in donations and spending over the next 4 years. Contribution agreement signed with Scottish Power for £50k. NRF funds of £267k agreed and awarded | Expecting multiple donations in Q1 (2024/25) from a set of donors - due diligence underway now. |
| [**Area (hectares) of peatland put on the road to recovery**](https://naturescot.nexus.objective.co.uk/documents/A3736343/details) |  | 4,272ha | The figure of 4,272ha is projects completed to date. We have received 81 project applications year to date for 9,532 ha. | The number of applications and area ha forecast for delivery this financial year, after we have applied our confidence ratings, is 58 projects totalling 6,445ha. This exceeds our target of 6,100 ha. We are now, however, at the time of year where slippage in project delivery increases because of poor weather and contractor capacity issues.  |

## THE VALUE OF NATURE IS RECOGNISED

| **Measure** | **Performance Overview** | **Actual** | **Cause** | **Response** |
| --- | --- | --- | --- | --- |
| [**Engagement Rate on Make Space for Nature (MSFN) webpages**](https://naturescot.nexus.objective.co.uk/documents/A3920259/details) |  | 99% | For Q4 we worked with social media influencers only and achieved a very high view count. - No paid-for media. 484k views of videos. | The small budget was allocated to working with one social media influencer, with the aim of increasing videos views rather than driving traffic to the website, however average time and engagement rate exceeded KPIs, at 2 min 13 secs and 99%. |
| [**No. of Landscape partnerships that NatureScot is involved in that use a natural capital approach**](https://naturescot.nexus.objective.co.uk/documents/A3919298/details) | Data Not Available | N/A | There has been a major delay in the establishment of this measure due to internal resourcing constraints with multiple team members leaving, including the unexpected loss of our Data Collector, although work is still ongoing. | The development of the landscape scale natural capital tool is still proceeding and piloting of a prototype with seven landscape scale partnerships is ongoing, and due to be completed by the end of April. We need to focus on recruitment for the three vacant posts within the team to give the capacity to finish development of the tool and establish this measure as well as backdate our historic data. |
| [**Nature-restoration jobs and skill development opportunities created through our activity**](https://naturescot.nexus.objective.co.uk/documents/A3736341/details) |  | 171 | The 171 opportunities in Q4 were for Peatland ACTION, there were lower numbers due to weather restrictions and lack of response | Now planning forward into 2024/25 to offer additional new entrant training. |
| [**National Nature Reserve online engagement**](https://naturescot.nexus.objective.co.uk/documents/A3736345/details) |  | 737,037 | Steady level of engagement consistent with what is expected over winter. Slight drop due to seasonal nature of some sites.  | Meta measures no longer count engagement on shared NNR page as most posts are shares rather than written directly on page so seeing a significant drop in count for this page. |

## WE HAVE TRANSFORMED HOW WE WORK

| **Measure** | **Performance Overview** | **Actual** | **Cause** | **Response** |
| --- | --- | --- | --- | --- |
| [**Sq meterage of floorspace dedicated to NatureScot**](https://naturescot.nexus.objective.co.uk/documents/A3955829/details) | N/A | N/A | The benchmarking is out of date and there is a lack of resource funding and skills to refresh this information. | Statement of Requirements (SOR) has been prepared for NatureScot to appoint a consultant to update all drawing and benchmarking information. This will go out to tender in April with a view to appointing a consultant in Q1 (2024/25). |
| **[Total emission reduction (tCO2)](https://naturescot.nexus.objective.co.uk/documents/A3736962/details)** |  | 915 tCO2 | Total emissions for 2022/23 were 915tCO2 – up by 73tCO2 on year before. This is due to changes to reporting guidelines in apportionment, the increase of general activity across the organisation in fully opening after Covid, and an increase in staff numbers. A rise in carbon has also been reported widely through our Collaborators group. | The tCO2 per FTE was 1.28 (increased by 0.04tCO2 from last year), there was an increase in the homeworking formula used to calculate this estimated figure which is still lower than pre-covid. Each year the reporting mechanism changes, becomes more accurate, includes elements not previously, so not directly comparable to previous years. This will increase further over the next few years, when guidance for Scope 3 emissions is issued and we will need to prepare for the calculation of supply chain and capital asset carbon figures |
| [**Workforce Diversity**](https://naturescot.nexus.objective.co.uk/documents/A3724366/details) | Age RangeDisabilityEthnicity |  | Workforce diversity is not changing quickly. We continue to work to understand the root causes of the issue and develop a greater level of diversity in our workforce | We will continue to work on Equality, Diversity and Inclusion (EDI) actions and increase opportunities for diverse communities.  In Q4 the redesigned EDI data questionnaire for colleagues achieved a 59% return rate, an increase of 34 percentage points. |
| [**% Of Implemented Audit Recommendations**](https://naturescot.nexus.objective.co.uk/documents/A3920956/details) |   | 62% | Implementation rate is 62% and Priority 1 implementation rate has decreased to 86% (from 100% in Q3). There is one delayed recommendation which relates to Learning and Development.  | In relation to other recommendations, 9 are delayed, and these relate to NatureScot's Health and Safety framework, Recruitment Challenges, Learning and Development, the Organisational Response to Pulse Surveys and the Net Zero Plan. |

**FINANCE**

**Introduction**

The position presented in the report is still subject to change as we work through the annual accounts period. For example, grants recipients have until the end of April to submit claims in.

The tables reflect the challenges in delivering budget spend in indirect capital due to the inherent operational challenges in Peatland Restoration and delivering the Nature Restoration Fund. However, the overall position for NatureScot is that our flexible approach to resourcing will enable an outturn within the budget tolerances.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial Metrics (£m)** | **Measure** | **Budget** | **Forecast** | **Variance** | **Rating** |
| Resource Budget | Outturn within 1% of final budget | 61.5 | 61.7 | (0.2) | **ON TRACK** |
| Capital | Outturn within 5% of final budget | 2.2 | 1.8 | 0.4 | **MAJOR SLIPPAGE** |
| Indirect Capital | Outturn within 5% of final budget | 16.6 | 14.9 | 1.7 | **MAJOR SLIPPAGE** |
| Paybill | Outturn within 1% of final budget | 39.0 | 39.0 | 0.0 | **ON TRACK** |
| Project Allocation | Outturn within 1% of final budget | 14.0 | 15.3 | (1.3) | **MINOR SLIPPAGE** |
|  |  |  |  |  |  |
| Peatlands | Outturn within 1% of final budget | 14.2 | 12.7 | 1.5 | **MAJOR SLIPPAGE** |
| Farming with Nature | Outturn within 1% of final budget | 2.1 | 2.0 | 0.1 | **MINOR SLIPPAGE** |
| Better Places Fund | Outturn within 1% of final budget | 0.9 | 0.9 | 0.0 | **ON TRACK** |
| Nature Recovery Fund  | Outturn within 1% of final budget | 8.3 | 7.5 | 0.8 | **MINOR SLIPPAGE** |
| FIRNS | Outturn within 1% of final budget | 1.8 | 1.5 | 0.3 | **MAJOR SLIPPAGE** |

\*Operating under 1% - on track, up to 10% minor slippage, over 10% major slippage (\*\* Capital under 5% / up to 10%)

| Financial graphs | of p |
| --- | --- |
| A graph showing a line graph  Description automatically generated with medium confidenceA graph of a graph with red and blue lines  Description automatically generated | The project budget is £14.0m with a final forecast of £15.3m. This forecast reflects a lower value of surrenders received and a high value of approvals made throughout the year but also reflects our ability to maximise spend from slippage in our programme funds. The Project Allocation Forecast Tracker does not include any ring-fenced funds so NRF, BPF, Peatlands, FIRNS and FwN are stripped out. The actuals for Paybill are currently £38.812m with the current forecast being £38.985m. The flexi and holiday leave accrual is still to be processed and therefore not included in the actuals. The costs will increase or decrease once this has been completed and included.  |

**Resource Budget Performance**

* The overspend on Core GIA is balanced off by the underspend on Programme funding and Depreciation (although this is non-cash), resulting in the current positive overspend position. This reflects our agreement at the start of the year with Scottish Government to view Core and Programme spend as total available resource.
* Although we are still reporting our position against the latest forecast, the adjusting period is due to complete on 12 April, and we will move to monitoring outturn against budget from 15 April.
* Reflected within the forecast is an expense of £0.483m for an abandoned claim value relating to Structural Funds.
* We moved to using confidence levels against the Corporate Plan Objectives to identify financial risk / surrenders. The aim was for the Objective Leads to manage and reduce the allocation for their Objective programme in line with budget by year end.
* Finance team colleagues engaged with Objective Leads monthly to review progress and financial performance for their objectives, advising them to make changes to the confidence level as commitments and spend progressed.
* The current forecast for Paybill is £38.985m and the budget is £38.983m. The savings made over the year helped achieve the current forecast position which matches the Paybill budget.
* The Paybill outturn is currently £38.812m but we are still working through the flexi and holiday leave accrual which will increase or decrease the overall Paybill cost.
* The budget management exercise began in early Q2, challenging uncommitted budgets and ensuring that allocations are optimised with respect to high priority work considered achievable during the remainder of the year.
* We continued to monitor project surrenders throughout the year, using our knowledge and experience of previous slippage patterns to ensure that appropriate demand was ready to allocate when funds become available.

**Programme funding including Indirect Capital**

* An overall underspend on Indirect Capital of £1.691m is forecast.
* Peatlands total expected outturn (Resource and Indirect Capital) is £12.711m, an underspend of £1.539m (£0.556m on Resource and £0.983m on Indirect Capital) against the budget of £14.250m.
* Nature Restoration Fund expected outturn is £7.526m, an underspend of £0.824m (£0.062m on Resource and £0.762m on Indirect Capital) against the budget of £8.350m.
* Better Places Fund outturn is £0.866m, an underspend of £0.034m against the budget of £0.900m.
* Farming with Nature expected outturn is £1.951m, an underspend of £0.119m against a budget of £2.070m.
* The Facility for Investment Ready Nature in Scotland (FIRNS) expected outturn is £1.532m, an underspend of £0.268m against a budget of £1.8m.

**Structural Funds Programmes**

* Final payments to grantees were made before the deadline of 31 December 2023.  NatureScot has met further deadlines of 31 January to submit the final claims and 31 March for all claim evidence to be submitted the Managing Authority.  The Structural Funds claim value being £22,192,640 subject to verification checks, with reimbursement to be made by 30 June 2024.
* Reflected within the forecast for the resource budget is an expense of £0.483m for an abandoned claim value relating to Structural Funds. The Managing Authority changed the advice provided for apportionment after we had agreed contracts with our grantees. This leaves us unable to recover this sum from ERDF or from the recipients.

**Capital Budget Performance**

* Our forecast on Capital is an underspend of £0.367m.
* We have reported an underspend to SG in the February Budget Monitoring Return (BMR) of £0.320m for IFRS16, taking this into account, our expected outturn is an underspend of £0.047m.

**RISK AND AUDIT**

| **Corporate Risks** | **Risk Changes** |
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|  |

 | Changes to Corporate Risk Scores↑ **0** Gone Up ↓ **0** Gone Down Change to Corporate Risk Register - proposed↗ **1** New Corporate Risks ↘ **0** Risk De-Escalated  |

## Risk

The Corporate Risk Register holds the current corporate risks for NatureScot. The positions of the high and very high rated Corporate Risks are detailed in the [Corporate Risk Register in Annex A](#AnnexA). And a further Corporate Risk (on Structural Funds) is to be discussed as part of the closed session. Activity and project risks are managed within the risk management system, which underpins the corporate risk register. All risks are managed in line with the Risk Management Policy and monitored regularly for compliance and visibility of impact.

There are currently 10 approved Corporate Risks noted below, 6 medium, 3 high and 1 very high. During Q4 the likelihood score changed within two risks: 21 – Budget management (increased) and 393 – Future Funding of NatureScot (increased), but this hasn’t impacted the overall risk ratings. A further corporate risk on Nature Finance will be included after this meeting as noted below.

* No 21 – Budget Management
* No 47 – Computer Virus/Malware
* No 71 – SRDP: NatureScot’s Delivery Partner Responsibilities
* No 85 – Adapting to Strategic Change
* No 137 – Staff Resource Management
* No 253 – Peatland Action: Annual Funding Cycle
* No 393 – Future Funding of NatureScot
* No 586 – Structural Funds – Failure of Programme Delivery
* No 645 – Biodiversity Loss
* No 646 – Weakened Reputation

The Corporate Risks have been reviewed to ensure that they still require to be managed at the corporate level. None of the current corporate risks have been required to be archived or de-escalated this quarter.

One further risk has been agreed by SLT to be escalated to the corporate risk register. The risk will be included in the register as follows below. Work is ongoing to refine the controls and mitigation measures, but it is currently rated as “high”.

**740 – Nature Finance** – As a result of any or all of poor governance; lack of due diligence; or poor communications, NatureScot’s reputation could be significantly damaged by misjudged or poorly delivered interventions to influence private investment in nature. There is also a risk that, if we do not proceed with the urgency required to stimulate private sector investment into nature, that significant nature restoration will be unachievable. There is therefore a balance of acting with due diligence, versus not acting at all. There are also specific risks attributed to individual projects or partnerships which are dealt with at the project level.

## Audit



This information shows progress made with the 2023/24 Internal Audit Plan and the audit exercises completed or in progress. The RAG ratings represent the internal control rating of the area under review.

**PEOPLE**

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| **People Metrics** | **Status** |
| **Health, Safety and Wellbeing – Employee Engagement** | **Green** |
| **Key Messages:*** **Accident and Near Misses slightly higher than target but show a reduction in reported accidents and near misses from Q3; POD will monitor employee wellbeing engagement during 2024/25.**
* Q4: Accidents= 5 (Q3↓5); Near Misses = 7(Q3↓1)

A graph of accident  Description automatically generatedA graph with a line and a line  Description automatically generated(This graph shows number of accidents) (This graph shows number of near misses)* Our safety culture work will focus initially on stress management in 2024/25. In addition, P&OD will carry out an employee engagement campaign to promote the wellbeing policy suite.
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| **Employee Engagement**  | **Green**  |
| **Key Messages:** * The January 2024 pulse survey saw a significant increase in the response rate at 78% (↑30%), with a focus on workload management, safety culture and equality, diversity, and inclusion.
* Workload Management: 14% more than Jan 2023 said that they could maintain a manageable workload. 96% said they had a performance development conversation (PDC) over the last 12 months (↑10%). 61% said they had 3 or more PDCs (↑14%). Only 22% said they hadn’t had a PDC (↓36%). Topics currently not discussed at PDCs including career path progression. We are implementing an organisation-wide approach to career conversations.
* Safety Culture: 80% said their manager involves them in decisions affecting their safety and wellbeing. 48% said they rarely feel stressed at work (↓2%). Proactive work from the safety culture project in terms of stress management mentioned above will support improving this score.
* Equality, Diversity and Inclusion: 9% fewer felt NatureScot is inclusive than in Nov 2022, although 10% more said they would be comfortable calling out bad behaviour. The number who felt they had been discriminated ↓2%, with this based on competency/ability, followed by grade. Main reason for non-reporting was this wasn’t substantial enough or there was not enough evidence.
* In Q4 POD carried out an EDI data collection exercise. This successfully increased the disclosure rate from 25% to 59% (↑34%). A summary report of the results and how these can inform our equalities work, is currently being written, and will be cascaded to SLT and ELT by correspondence.
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| **Attendance**  | **Green** |
| **Key Messages:*** **Sickness is within target and annual leave is on target.**

**Sickness – Target: less than 2 days per person per quarter*** Q4: 1.62 days per person sickness (1.86 days in Q3; ↓0.24days). The rolling annual average days lost for 2023/24 is 6.37 days, which is an increase of 0.04 days per headcount from 2022/23. The total number of sick days lost in 2023/24 was 5,164 (↑256 days, 2022/23).
* Short-term absences continued to be the bulk of working time lost in Q4; 1% of 360 sick absence occurrences in Q4 were long term. The top reason for short-term sickness in Q4 (and across the whole year) was coronavirus, with 258 days (320 days in Q3; ↓62 days).
* In addition, there has been a significant increase in absences due to Mental Health – Personal stress/Depression/Anxiety with an increase of 68 sickness days lost.
* Mental health – Personal stress is the second highest absence reason in 2023/24 with 597.5 days lost in total (the highest being the Coronavirus absence reason at 755.5 days lost).
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| **Annual Leave*** Q4: 90% of holiday leave booked or taken.
* This is on target, as 10% of total leave is the allowed 35 hours (pro-rated) carryover.
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| **Employee Relations**  | **Green** |
| **Key Messages:*** **Formal casework remains low with 1 open case (as outlined below).**
* **Informal casework categories are health and wellbeing, in terms of cases relating to short- and long-term absences.**

**Formal Casework – Target <=50% of informal casework*** Q4: 1 case due to long term absence.
* In 2023/24 there were 11 formal cases, with some across two quarters in terms of duration.

**Informal Casework*** Q4: There was a slight increase in the quarter with 34 informal cases (↑5 Q3). Most ongoing cases in Q4 were health and wellbeing, short and long-term absences categories.
* Q4 saw an increase of 3 new cases of unsatisfactory performance, and 2 cases for short-term absences.
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| **Workforce Profile** | **Green** |
| **Key Message:*** **Turnover has decreased; headcount is decreasing; the number of recruitment exercises have increased in Q4; with a slight decrease to the retirement profile.**

**Turnover – target: maintain in the range of 8-10%*** Q4: average turnover is 10% (over last 12 months), with 16 leavers in Q4.
* In 2023/24 30% of leavers left for personal reasons, 25% were colleagues leaving for alternative employment and 14% of these were retirements.
* The graph below shows a reduction in turnover this quarter, this is a continued trend from Q3.

**A graph with a line and a line  Description automatically generated**(This graph shows the employee turnover)* We have seen a 73% return rate for exit questionnaires in Q4 (11 in total), (Q3 80%; 12).
* The annual average return rate for 2023/24 is 74%, (↑ 23.62% 2022/23), which indicates our promotion of the exit questionnaire has been successful. No significant issues highlighted.

A graph of a graph with numbers and a bar  Description automatically generated with medium confidence(This graph shows the leavers who left for alternative employment)* Leavers by grade – In 2023/24 most of our leavers come from B (25) and D (21) grades (out of a total of 67 leavers). This is consistent with 2022/23 and is 69% of our total leavers across the year.
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| **Internal Movement** | **Green** |
| **Target: increase internal moves*** Q4:  Internal moves have reduced again this quarter to 16 internal moves (Q3 - 23↓7). This is 2% of our headcount (note: includes those returning to their substantive post following a temporary reassignment).
* This is in line with the reduction of recruitment in Q3 and Q4. This data is likely to increase in Q1 of 2024/25 due to the increase of recruitment.
* Our strategic workforce planning project will review any targets set around internal opportunities. In addition, a review of our Internal First recruitment policy is underway.
* In Q4 there have been 40 recruitment campaigns (Q3 – 22↑18); 1 campaign (4%) failed to attract a successful candidate. The total number of recruitment campaigns in 2023/24 was 156; 14 campaigns (9%) failed to attract a successful candidate.
* Of the recruitments which have gone live in Q4, 7 recruitment campaigns have been filled internally, 3 have been filled by external candidates; 29 vacancies are currently in progress.

**Headcount and FTE**A graph of a number of people  Description automatically generated with medium confidence(This graph shows the trend of the organisations headcount and FTE to date)* In Q4 the headcount was 805 (↓9) and FTE was 741 (↓10).
* Headcount is likely to increase due to the creation of 11 new core roles in Q4 (5 x Licensing Officers + 6 x Project Management Office roles), with a further 19 fixed term roles approved for recruitment in line with our budget settlement for paybill for 2024/25.
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| **Retirement Profile** | **Amber** |
| * Q4: 184 employees are aged 57+ (23% of Q4 [2023/24] headcount). This is predicted to rise to 217 in 2025/26 (27% of the Q4 [2023/24] headcount).
* In Q4, 6 employees retired (37.5% of leavers). The total retirements in 2023/24 was 15 which is in line with our projections. The average retirement age for 2023/24 was 62. There have been an additional 7 retirements notified to POD during Q4 for 2024/25.
* The forecast for retirements in 2024/25 is 20, based on an average retirement age 60-63 and service of 25 years +. We are currently hosting pre-retirement courses with 30 attending the course in Q4, and a further 3 courses organised in 2024/25.
* Amber rating reflects that we have not yet completed work on implementing a new approach to strategic workforce planning, to respond to workforce demographic trends.

A graph with numbers and a red line  Description automatically generated (This graph shows average of employees retiring)  |  |

**Annex A – Corporate Risk Register (High and Very High Risks)**

| **Risk Title** | **DESCRIPTION** | **CONTROLS** | **IMPACT** | **LIKLE-HOOD** | **RISK LEVEL** | **Comment** |
| --- | --- | --- | --- | --- | --- | --- |
| 47 - Computer Virus/Malware | As a result of inadequate protection, or inappropriate system use, including accidental activation of email links by that lead to malware downloads, there is a risk that NatureScot systems becoming infected with a malware or virus agent, resulting in NatureScot systems and data become unavailable, encrypted or corrupted, significant system downtime and huge operational impacts | \*All file servers are protected by Sophos anti-virus protection. Upgrades are performed automatically and can also be applied in an ad-hoc manner \*All PCs are protected by Sophos anti-virus protection. Upgrades are received on a live basis but can be applied ad-hoc \*All incoming emails are scanned for viruses. \*All internet access is scanned for viruses via Zscaler service. \*Raise staff awareness of potential risks relating to email links and infected documents through regular communications. \*Control/restriction of USB devices \*Awareness raising with staff via Blogs and update articles \*Incident Management Group in place \*Corporate data backed up to cloud \*Zfilter showing us user behaviour and stopping internet threats \* Regular meetings of TDS/ICS to check on patching levels and compliance issues. | 4 | 3 | **High** | Our cyber awareness training continues to receive good completion scores (at present 98%) and we are about to embark on some further phishing exercises. We continue to be on exceptionally high alert for malware and virus attack. We are investigating joining the Police Scotland Cyber Alarm scheme in Q1 24/25 which has been recently launched. We continue with the monthly pen testing and are about to embark on an ISO27032 review with external consultants. |
| 253 - Peatland restoration target and budget. | As a result of the immature and complex operating environment, there is a risk to: meeting the annual Peatland ACTION restoration hectare target; and spending the annual budget. | • Realistic planning • Invigorating demand • Real-time monitoring • Increasing resilience to change in projections • Regular and robust review and control • New Guidance on operating during nesting season being updated to allow risk based approach to operations during that period. | 4 | 3 | **High** | The controls have been successful in stimulating sufficient demand for peatland restoration to reduce the risk of the 6,100 hectare target not being met. The indications are that we will exceed the target. However, the risk of slippage in spending the annual budget remains.  This is a result of staff churn resulting in less spend on employment costs, reduced capacity to progress feasibility studies/restoration design plans and several projects being deferred to 2024/25. |
| 393 - Future Funding of NatureScot | As a result of on-going reductions in public expenditure or new cost pressures there is a risk our grant-in-aid settlement may not match statutory and fixed costs as well as corporate plan priorities. Unless other funding sources are secured this could result in an inability to adequately resource delivery of agreed priorities, leading to failed outcomes and reputational damage. | \* Ensure that our priorities are aligned with published Programmes for Government and ministerial portfolio priorities, specifically those aligned to the Programme for Government and Bute House Agreement \* Provide realistic and evidenced assessment of the impact of possible cuts in our grant-in-aid budget through the annual Spending Review process. \* Develop and put forward proposals, through the annual Spending Review process and other avenues with Scottish Government, for delivering more and better outcomes for nature and people through wider Scottish Government funding. \*Reduce expenditure in some business areas through budget setting processes aligned to business planning cycle. \* Identify efficiencies and savings in our current spending and ways of working to maximise the resources available for front line delivery. \* Have an effective communications strategy in place which promotes the added value of our work. \* Identify and implement opportunities to generate income from the services we provide. \* Identify and implement opportunities for external funding of NatureScot-led work through the business planning process (including at Outcome and Activity levels) and at the project development stage for significant scale projects. \* Develop proposals for new, preventative projects that can help deliver a wider set of SG priorities, and build awareness and support of these. \* Develop and refresh a short, medium and longer term financial plan based on potential financial scenarios. | 4 | 4 | **High** | For the coming year, NatureScot has received an uplift in recognition of new areas of work linked to wider nature restoration ambition. However, whilst new resources will flow into key areas of focus as noted in our Business Plan, there is an expectation that decisions on resources provide us with headroom in anticipation of a challenging 25/26 settlement. Charging for advice in support of ScotWind is advancing. |
| 740 – Nature Finance | As a result of any or all of poor governance; lack of due diligence; or poor communications, NatureScot’s reputation could be significantly damaged by misjudged or poorly delivered interventions to influence private investment in nature. There is also a risk that, if we do not proceed with the urgency required to stimulate private sector investment into nature, that significant nature restoration will be unachievable. There is therefore a balance of acting with due diligence, versus not acting at all. There are also specific risks attributed to individual projects or partnerships which are dealt with at the project level. | Our approach to managing this risk is directed by the Azets report (2022) against which there were 15 recommendations. These were discussed and approved by Audit and Risk Committee in a deep dive on 7th Feb 2024 and further refined, before being presented to Board on 13 March 2024.  | 5 | 2 | **High** | This risk has been agreed to be escalated to the corporate risk register by SLT. |