

# Title: Business Plan prioritisation and risk appetite 2025/26

**Date: 27th November 2024**

| **Purpose:** | For Decision  |
| --- | --- |
| **Which of the current Business or Corporate Plan priorities does this topic drive forward and in what way?** | This paper is the first of a number of papers as we work towards a final draft Business Plan for 2025-26. As such it covers all corporate priorities |
| **Summary:** | This paper provides an update on progress with the Business Plan for 2025/26 and seeks input from the Board |
| **Actions:**  | Board to review the paper and consider its recommendations to enable business planning for 2025/26 to move into the next phase of its development |
| **Recommendations:**  | Board is asked to consider the following recommendations and agree or comment as appropriate:* Consider the themes in the opening narrative and advise if anything further should be added.
* Review the approach taken to streamline business plan to enable more meaningful 90 day plans and reports.
* Review the revised 4 foundation blocks of the new business plan as a basis for focus for next year
* Retain the performance measures from 2024/25 subject to any minor amendments to individual measures.
* Note the current position and gap between project and staff bids and available resources forecast and the work now required to close that gap.
* Retain our current approach to risk appetite and our current stance towards each risk category
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| **Appendices**: Please note all appendices. | Appendix 1: Business Plan 2025/26 outlineAppendix 2: Risk Appetite Statements |

**Purpose**

1. This paper provides an update to Board on progress with Business Planning and risk appetite for 2025/26.

**Introduction**

1. 2025/26 is the fourth and final year covered by the 2022-26 Corporate Plan, A Nature Rich Future for All. Whilst making sure that we continue to deliver on the commitments in that Corporate Plan and set out a robust and workable plan for 2025/26, we are also taking the opportunity to pave the way to a new Corporate Plan by focusing on activities and priorities now, that will energise that new plan and give us the best opportunity to achieve our landmark targets for 2030 and beyond.
2. A significant document which shapes and directs this next Business Plan is the new Scottish Biodiversity Strategy and Delivery Plan, due for publication later this month.

**Financial Overview**

1. The budget announcement is due on 4th December. The recent UK budget might alleviate some of the previous pressure forecast, however the situation remains highly uncertain. We therefore continue to plan on the basis of a real terms cut of around 3%.
2. The position on employers National Insurance and yet unknown future pay increases is putting increased pressure on forecast Grant-in-Aid. A greater proportion of Grant-in-aid will be absorbed by payroll costs next year with mitigating action already underway to reduce headcount. A deep dive involving senior managers has taken place looking at headcount reduction targets.

**Plan Structure**

1. In response to a recent audit of corporate prioritisation, this Business Plan will look differently to previous Plans under this Corporate Plan cycle. It will lay out a small number of areas to drive our focus and present clear quarterly deliverables to simplify the 90 day planning and resourcing process.
2. At Appendix 1 is an outline for the first draft. The template draws from previous years to provide continuity and consistency. The outline identifies the following sections with further explanation provided below:
* suggestions for themes to cover in the opening positioning narrative
* revised 4 foundation blocks
* first drafts of the key actions aligned to the foundations
* performance measures for 2025/26
* indicative project bids
* indicative staff resource bids

**Opening Narrative**

1. The opening narrative will address key challenges facing NatureScot and the consistent themes that underpin our work to try and avoid repetition and reiteration in the rest of the document. This will enable us to focus on tangible deliverables that will either complete in the year or achieve identifiable milestones.
2. The Board is invited to consider these themes in the opening narrative.

**Revised 4 Areas of Focus as a Foundation**

1. Revisions have been made to the 4 Areas of Focus in the light of experience. They have been redrafted to be shorter and more focused on the outcome to be achieved.
2. The Business Plan draft is structured around what for the moment are now referred to as “4 foundation blocks” highlighting them as the “what” we are going to achieve supported by a smaller number of key actions as the “how” of an operating plan. This will help to shift the organisational focus on to fewer key priorities and provide a platform for a more focussed presentation in the next Corporate Plan.
3. The Board is invited to review the 4 new foundation blocks and agree to the changes or suggest amendments and consider suggested changes to the format of the Business Plan.

**Performance Measures for 2025/26**

1. Without the publication of the Scottish Biodiversity Strategy earlier in this current year it would be difficult to recast our performance metrics for 2025/26. It is recommended that we carry forward this year’s measurements to retain consistency with the current corporate plan and year-to-year reporting. The Planning and Performance team will work with individual measure owners should any specific measures require adjustment.
2. The Board is asked to retain the performance measures subject any minor amendments to individual measures.

**Indicative Project Bids**

1. At the moment total project bids minus ring fenced funds required to be funded from Grant-in-Aid come to £16.8m. Work ongoing by the finance team looking at paybill and likely budget scenarios is suggesting that the overall project budget will be around £13m which will require some substantial rationalisation of the project bids that currently we have in hand in parallel with progress on headcount reductions. For example, the first set of projections on new ways of working (corporate overheads) amounts to around 43% of that £13m.

**Indicative Staff Resource Bids**

1. The sum of FTE currently being sought amounts to 788. This number will need to be driven down further for future sustainability at the start of a new Corporate Plan unless further resource is forthcoming.

**Risk Appetite**

1. The current position on risk appetite is at Appendix 2. As we formulate our corporate plan for 2026-2030 the position on risk appetite will need to be reviewed to ensure that we are maximising our effectiveness in tackling the nature/climate crisis and that our approach to manging strategic risks aligns with NatureScot’s strategic intent.
2. At the recent Audit and Risk committee it was noted that a session on the organisational approach to risk should take place in the spring of 2025 informed by the emerging thinking on the focus of the next corporate plan.
3. For the 2025/26 Business Plan it is recommended that the Board retains our current approach to risk appetite and our current stance towards each risk category.

**Next Steps**

1. Pending Board feedback, a first draft Business Plan will be presented to Board on 12 February. This will include resourcing plans following the Scottish Government budget on 4 December, finalised key actions and quarterly milestones. A final draft for approval will follow on 12 March.

**Conclusions/Recommendations:**

1. The Board is asked to consider the following recommendation and agree or comment as appropriate:
* Consider the themes in the opening narrative and advise if anything further should be added.
* Review on the approach taken to streamline business plan to enable more meaningful 90 day plans and reports.
* Review the revised 4 foundation blocks and agree to the changes or suggest amendments and consider consequential changes to the format of the Business Plan.
* Retain the performance measures from 2024/25 subject to any minor amendments to individual measures.
* Note the current position and gap between project and staff bids and available resources forecast and the work now required to close that gap.
* Retain our current approach to risk appetite and our current stance towards each risk category

**Annex 1 - Business Plan 2025 -26 Outline of First Draft**

**Introduction**

* Last year of “A Nature Rich Future for All” 2022-26
* Transitional year into new Corporate Plan
* Brief reflection on successes of 24-25

**2025/26 Our Context**

The key issues underpinning this plan…

**Scottish Biodiversity Strategy**

* Guiding principles for NatureScot and metrics agreed with SG
* An internationally recognised set of commitments

**Climate Change Adaptation**

* Risk models to underpin our work
* Assumptions about our habitats and nature diversity need to be challenged through a changing lens of climate prediction
* Creating the framework for biodiversity to thrive

**Partnership Working**

* Working across public sector bodies, local authorities and with SG/Ministers. Twin crisis cannot be the preserve of just one body or the collection of ENFOR bodies. Urgent action is required.
* Genuine partnerships to be forged and maintained with the third sector based on principles of equity and parity of esteem.
* Engaging with Universities and academics in Scotland and across the world to understand the changing environment and how best to tackle Scotland’s twin crisis.
* Spreading the word about the important role Scotland is playing to tackle the crisis and the key leading role NatureScot is playing.
* Engaging with the private sector as delivery partners, financial supporters and allies in tackling the nature/climate crisis to support environmental development.

**Our “Must Dos”**

* Statutory work defined by legislation and within our framework document
* Statutory consultations set to rise (exponentially with onshore/offshore developments over next few years)
* Licencing as a key control to protect vulnerable species and habitats – new regulations
* Allocation of public funds through grant mechanisms

**Public Sector Reform - Seeking continuing efficiencies**

* Digital development
* Estate rationalisation

**People and New Ways of Working**

Activity to continue to focus on the existing three pillars we have been working on Leadership, New Ways of Working and a Happy and Resilient workforce as the “what” of what we’re doing.

Further expansion on how corporate services supports the other directorates. A wider narrative about “portfolio management” and the PMO being developed to support that approach. The emphasis on digital transformation needs a high priority. Strategic workforce planning will also need to feature prominently which in turn it will be an essential component of a revised approach to business planning and the introduction of 21st Century technology to support the wider OD project.

**Our Priorities**

2024/25 saw the introduction of 4 areas of focus which recognised the need to move beyond 15 corporate objectives since that approach was not enabling “laser focus” on our core priorities.

Learning the lessons through the year from this revised approach, it’s not yet been possible to hone our planning and reporting in such a way that provides a clear statement of our achievements and challenges since the areas were still cast widely. It also remains the case that much of NatureScot’s activity is determined by our statutory responsibilities which sit outside of these areas of work.

However, what is emerging is that there are 4 clear organisational foundation blocks that follow on from the 4 Areas of Focus and it is around these goals, informed by the contextual factors noted above, that we will form this next business plan and our thinking around the next corporate plan. These provide a clear statement of the long-term outcomes we must achieve if we are to seriously address the nature/climate crisis.

* Influence agricultural practice and land use and improve our marine environment
* Achieve our 30x30 commitment to protect 30% of our land and sea by 2030
* Increase public and private sector investment in nature, off shore and on shore wind
* Enable Scotland’s native wildlife and plant life to survive and thrive

Work is currently ongoing to identify a lean set of key actions that support these goals next year which will attract prioritisation for discretionary funding. These actions clearly don’t displace all other activities, but they will provide the focus for reporting. Other actions not captured in the business plan will be delivered through the objective delivery plans and any issues that require to be drawn to the attention of the Board (positive or negative) will be reported by exception through SLT.

The suggested actions that follow are still being developed but what is included here is provide an indication to the Board of the look and feel intended for the business plan metrics.

Influence agricultural practice and land use and improve our marine environment

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| --- | --- |
|  | **Key Deliverables** |
|  | **Q1** | **Q2** | **Q3** | **Q4** |
| Implement the joint Marine Directorate -NatureScot marine protection communications strategy with a focus on the planned public consultation on MPA management measures for fishing.  |  |  |  |  |
| Provide support under the three tiers of the Agriculture Support Framework  |  |  |  |  |
| Develop a whole farm metric development for a high nature farming accreditation scheme |  |  |  |  |
| Make the Farm Biodiversity Audit and App available to all 18,000 farmers and crofters who wish to use the app to prepare a biodiversity map and assessment of their holding |  |  |  |  |

Achieve our 30x30 commitment to protect 30% of our land and sea by 2030

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| --- | --- |
|  | **Key Deliverables** |
|  | **Q1** | **Q2** | **Q3** | **Q4** |
| Publish criteria for what designation-types and circumstances constitute contribution to 30x30  |  |  |  |  |
| Deliver 8,200 ha of peatland ACTION projects – putting degraded peat on the road to recovery and realising broad benefits for climate, nature and people. |  |  |  |  |
| Agree a marine monitoring plan for 2025-30 covering our work on the MPA network and PMF management areas and deliver Year 1 of that plan.  |  |  |  |  |
| Develop and promote a biodiversity metric for Scotland to enhance biodiversity in planning |  |  |  |  |
| Identify priority locations for new landscape scale nature restoration beyond the 6 SBS priorities and build a pipeline out to 2045 |  |  |  |  |

Increase public and private sector investment in nature, off shore and on shore wind

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| --- | --- |
|  | **Key Deliverables** |
|  | **Q1** | **Q2** | **Q3** | **Q4** |
| Engage with developers and Scottish Government to deliver the On-shore Renewables Sector Deal. |  |  |  |  |
| Progress a mechanism that can accept long term funding for terrestrial compensation payments from developers |  |  |  |  |
| Support recipients of FIRNS projects in scaling up beyond proof of concept towards investible pipelines of projects and help them to engage with investors. |  |  |  |  |
| Lead development of a Nature Recovery Code building on CivTech work, to underpin significant areas of investment in nature restoration  |  |  |  |  |
| Deliver further significant investment into nature restoration and enhancement in the marine environment, through the hosting of SMEEF.  |  |  |  |  |

Enable Scotland’s native wildlife and plant life to survive and thrive.

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| --- | --- |
|  | **Key deliverables** |
|  | **Q1** | **Q2** | **Q3** | **Q4** |
| Provide our licensing functions through a new licensing application supporting a service for around 6000 applications.  |  |  |  |  |
| Implement prioritised actions in regard to the management of Scotland’s Beaver, Geese and White Tailed Eagles population  |  |  |  |  |
| Implement the Scottish Plan for INNS prevention, surveillance and control,  |  |  |  |  |
| Work closely with Dynamic Coast to better quantify the benefits of coastal landforms and habitats, including funding research in 2024 to support this.  |  |  |  |  |
| We will focus priorities for deer with the Scottish Biodiversity Strategy and the delivery of priority Deer Working Group recommendations |  |  |  |  |
| Lead work prioritising and progressing the 6 priority landscape scale restoration areas under the SBS |  |  |  |  |

**The NatureScot Way**

The NatureScot Way describes our corporate culture, our values and how we act towards each other– it’s the way we do things. We want NatureScot to have a fantastic reputation, not just for what we deliver, but also for the way we work to Protect, Restore and Value nature.

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|  | **Key Deliverables** |
|  | **Q1** | **Q2** | **Q3** | **Q4** |
| Strengthen our operating model to become the flexible and agile organisation we need to be  |  |  |  |  |
| Secure benefits across our transformation portfolio  |  |  |  |  |
| Implement our Estates Strategy  |  |  |  |  |
| Optimise our digital capabilities  |  |  |  |  |
| Embed our strategic learning framework to ensure people have the right skills |  |  |  |  |

Project Demand

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Objective** | **Statutory** | **PfG** | **Ministerial** | **Ring Fenced** | **Mandatory** | **Total** |
| 30x30 Land and Sea | 1.010 | 0.180 | 0.097 | 0.000 |   | 1.286 |
| Modernise Wildlife Management and Licensing | 1.014 | 0.315 | 1.834 | 0.000 |   | 3.163 |
| Engage and Influence Planning and Regulatory Systems | 0.318 | 0.000 | 0.003 | 0.000 |   | 0.321 |
| Coastal and Marine Transformation | 1.367 | 0.435 | 0.200 | 0.485 |   | 2.487 |
| Scottish Biodiversity Strategy | 0.000 | 0.030 | 0.000 | 0.000 |   | 0.030 |
| Peatland Action | 0.000 | 0.000 | 0.000 | 14.100 |   | 14.100 |
| Nature Restoration | 0.686 | 0.000 | 0.114 | 0.000 |   | 0.800 |
| Transforming Land Use | 0.036 | 0.129 | 0.025 | 0.855 |   | 1.045 |
| Inspire People to Connect with Nature | 2.015 | 0.025 | 0.546 | 0.000 |   | 2.586 |
| Private Sector Investment into Nature | 0.000 | 0.050 | 0.280 | 0.000 |   | 0.330 |
| Natural Capital | 0.000 | 0.000 | 0.000 | 0.000 |   | 0.000 |
| Nature Based Skills and Jobs | 0.000 | 0.060 | 0.000 | 0.000 |   | 0.060 |
| New Ways of Working | 1.104 | 0.000 | 0.391 | 0.000 | 4.062 | 5.557 |
| Transform Leadership Capability | 0.025 | 0.000 | 0.000 | 0.000 | 0.000 | 0.025 |
| Happy & Resilient Workforce | 0.491 | 0.000 | 0.000 | 0.000 | 0.000 | 0.491 |
| **Total** | **8.065** | **1.224** | **3.490** | **15.440** | **4.062** | **32.281** |
|  |  |  |  |  | less ring fenced | 16.841 |

Staff Resource Demand

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Objective** | **Statutory** | **PfG** | **Ministerial** | **Ring Fenced** | **Mandatory** | **Total** |
| 30x30 Land and Sea | 49.5 | 13.1 | 0.0 | 0.0 |   | 62.6 |
| Modernise Wildlife Management and Licensing | 63.3 | 0.0 | 35.2 | 0.0 |   | 98.5 |
| Engage and Influence Planning and Regulatory Systems | 60.0 | 1.0 | 3.5 | 0.0 |   | 64.5 |
| Coastal and Marine Transformation | 54.6 | 1.9 | 6.3 | 25.5 |   | 88.2 |
| Scottish Biodiversity Strategy | 14.4 | 0.2 | 0.0 | 0.0 |   | 14.6 |
| Peatland Action | 4.8 | 0.0 | 0.0 | 46.7 |   | 51.5 |
| Nature Restoration | 51.0 | 0.0 | 0.0 | 8.0 |   | 59.0 |
| Transforming Land Use | 0.0 | 32.6 | 2.0 | 15.5 |   | 50.1 |
| Inspire People to Connect with Nature | 56.5 | 0.0 | 15.0 | 0.0 |   | 71.5 |
| Private Sector Investment into Nature | 0.0 | 0.9 | 4.1 | 7.3 |   | 12.3 |
| Natural Capital | 0.0 | 0.0 | 2.0 | 5.3 |   | 7.3 |
| Nature Based Skills and Jobs | 0.0 | 2.5 | 0.0 | 0.0 |   | 2.5 |
| New Ways of Working | 39.9 | 0.0 | 0.0 | 0.0 | 141.0 | 180.9 |
| Transform Leadership Capability | 14.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14.0 |
| Happy & Resilient Workforce | 10.3 | 0.0 | 0.0 | 0.0 | 0.0 | 10.3 |
| **Total** | **418.3** | **52.2** | **68.0** | **108.3** | **141.0** | **787.8** |

**Appendix 2 – Risk Appetite Statements**

There are four levels of risk appetite:

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| --- | --- | --- |
| Risk Appetite | Description | Risk Exposure |
| Minimal | Preference for ultra-safe options that are low risk and only have a potential for limited reward. | Low |
| Cautious | Preference for safe options that have a low degree of risk and may only have limited potential for reward. | Low/medium |
| Open | Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money. | Medium/high |
| Hungry | Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk and its potential consequences. | High/very high |

During 2023/24 SLT and Board were asked to consider the risk appetite levels for the 5 risk categories each of which expanded upon below. The risk appetite for each risk is as detailed in the following table.

|  |  |
| --- | --- |
| Risk Category | Risk Appetite |
| Compliance | Cautious |
| Operational | Open |
| Reputational | Open |
| Resources | Open |
| Nature | Open |

## Compliance/Regulatory

We will comply with the high standards of corporate governance expected of a public body and ensure that all our activities are carried out in accordance with the regulatory parameters set. We shall also ensure that we follow all related legislation associated with our activities in line with available capacity. Only a very limited tolerance will be taken towards any discretion over the interpretation of our compliance requirements. These would only be taken with prior consultation and approval at the relevant level of authority and where a proportionate approach to compliance is considered to be appropriate.

## Operational

We encourage innovation and creativity in the way we deliver our work, particularly at the local level, in order to maximise our impact from investing in Scotland’s nature, providing more benefits for more people, including through preventative spend. We shall also actively look for opportunities where these exist to take on new roles that help deliver our outcomes and improve our services.

## Reputation

Our work attracts a high level of interest in the policy and operational decisions we take to deliver our outcomes from a wide range of external stakeholders. We must take account of their views as part of our balancing duties. However, as an evidence-based organisation we must also be rigorous in ensuring that the decisions we take are based on best evidence. As such, we shall be prepared to take decisions where there may be no consensus across all stakeholders and where it is judged that this is in the best interest for nature and wider socio-economic needs. We shall also ensure that we are effective in how we communicate our position so that there is a common understanding about our stance.

## Resources

We recognise that public finances will continue to remain under significant pressure. We will therefore ensure that we are proficient and innovative in the decisions we take on the use and deployment of our resources to maximise the public benefit they provide. This will include seeking opportunities for the increased use of innovate technology and diversifying the workforce to help facilitate and bring new ideas to the organisation. We shall also pursue opportunities to diversify our funding and take a leadership role in the development of shared services to minimise our costs and maximise our investment in nature.

## Nature

As the body responsible for demonstrating leadership in the climate-nature emergency we shall continue to pursue policies, take decisions and undertake actions that protects and restores nature, encourages ownership, and raises awareness and appreciation of its value i.e. its natural capital. We shall also take account of our ‘balancing duties’ and acknowledge the range of interests across stakeholders but where there may be threats from proposed activities, we shall take a precautionary approach and take decisions and advise accordingly to ensure sufficient safeguards are in place.