

FRAMEWORK DOCUMENT FOR FOREST ENTERPRISE SCOTLAND

Revised: 09 May 2017

STATUS

Forest Enterprise Scotland (FES) was established as an Executive Agency on 1 April 2004 and is part of the Forestry Commission. Forestry is devolved, but the Forestry Commission currently is responsible for the management of forestry in Scotland, including forestry policy, incentives and regulation. Forestry Commission Scotland and FES also sit within the Scottish Government's Environment and Forestry Directorate.

FES is classed as a Public Corporation under the definition set by the Office of National Statistics (ONS). Its main task is to manage Scottish Ministers' National Forest Estate in accordance with their priorities and objectives.

The Forestry Commission is a UK Non-Ministerial Department headed by a Board of Commissioners established by Statute (the Forestry Act 1967 as amended) and, since devolution; the Forestry Commissioners have been designated as a cross-border public authority.

This document sets out the relationship between FES, Forestry Commission Scotland, the Forestry Commissioners' National Committee for Scotland and Scottish Ministers, and the responsibilities of the FES Chief Executive as Accountable Officer. It also establishes a framework for the operation of FES within the Forestry Act.

ROLES AND OBJECTIVES

ROLE OF FOREST ENTERPRISE SCOTLAND

FES provides Scottish Ministers with a direct land management capability for delivering their Land Use Strategy¹, their Scottish Forestry Strategy² and their other priorities³.

While this is principally related to delivery of integrated land use and forestry outcomes through management of the National Forest Estate, Scottish Ministers may ask FES to deliver wider land management outcomes through partnership with other public landholders and on Scottish Ministers' wider land holdings.

OBJECTIVES

The objective of FES is to maximise the contribution of the National Forest Estate to Scottish Government outcomes. The Scottish Government's Scotland Performs⁴

¹ <http://www.scotland.gov.uk/Publications/2011/03/17091927/0>

² <http://scotland.forestry.gov.uk/supporting/strategy-policy-guidance/forestry-strategy>

³ <http://www.scotland.gov.uk/About/Performance/Strategic-Objectives>

framework defines 16 National Outcomes. The National Forest Estate can make a contribution to many of these, but particularly:

- We realise our full economic potential with more and better employment opportunities for our people.
- We reduce the local and global environmental impact of our consumption and production.
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.
- We live longer, healthier lives.
- We value and enjoy our built and natural environment and protect it and enhance it for future generations.
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

As part of a mix of state, public and private ownership, FES will focus on situations where other forms of intervention are not wholly effective or efficient at delivering public benefits. This will usually be where one or more of the following apply:

- for management of 'national treasures';
- where co-ordinated action is needed on a nationally significant or landscape scale;
- where action is needed rapidly, of a very specific nature or consistently over a long duration;
- where public benefit delivery is difficult to secure from the private and third party sectors; or
- for providing exemplars of best practice, opportunities for research and expertise and leadership in land management.

The contribution of the National Forest Estate is captured in six objectives, (mapped here against the Scottish Government National Outcomes):

- **Productive** (economic potential), providing sustainable economic benefits from the land.
- **Healthy** (environmental impact), achieving good environmental and silvicultural condition in a changing climate.
- **Treasured** (communities) as a multi-purpose resource that sustains livelihoods, improves quality of life, and offers involvement and enjoyment.
- **Accessible** (healthier lives), local woodlands and national treasures that are well promoted, welcoming and open for all.
- **Cared for** (natural environment), working with nature and respecting landscapes, natural and cultural heritage.
- **Good value** (public services), exemplary, effective and efficient delivery of public benefits.

Scottish Ministers may vary these objectives.

⁴ <http://www.gov.scot/About/Performance/scotPerforms>

STRATEGIC DELIVERY GOALS

PRODUCTIVE

- Increase the contribution to Scotland's **economy**.
- Market at least 3M m³ of softwood **timber** every year.
- Manage a quarter of **broadleaved woodlands** to produce quality hardwoods and fuelwood.
- Increase **agricultural use** of the Estate where consistent with environmental objectives.
- Realise the Estate's **renewable energy** potential.
- Develop the Estate's potential for **tourism**.
- Support the Scottish Government's **woodland expansion** policy.

HEALTHY

- Practice **high quality silviculture**.
- Look after the **carbon** locked up in trees and soils.
- Help the Estate to **adapt to climate change** and become more resilient to pressure.
- Remove **invasive plants and animals** that threaten habitats and biodiversity.

TREASURED

- Actively engage with **local communities** and be open to work in partnership.
- Use the Estate for volunteering and gaining **employment skills**.
- Deliver benefits to a **diverse** range of Scotland's people.
- Provide a place for **research and development** of best practice.

ACCESSIBLE

- Invest available resources into **high quality facilities**.
- Encourage use of the Estate for **health benefits and outdoor learning**.
- Provide more opportunities for more of Scotland's people through **Woods In and Around Towns**.

CARED FOR

- Restore around 85% of areas on **ancient woodland** sites to largely native species, and enhance the rest.
- Increase **broadleaved tree cover** from 8% of woodland cover to around 20%.
- Maintain the best **open and native woodland habitats** in good ecological condition.
- Take specific conservation action for vulnerable **priority species**.
- Achieve at least 90% of notified features on designated sites in favourable recovering condition.

- Safeguard **archaeological sites** and recognise special places with local cultural meaning.

GOOD VALUE

- Seek a **diverse range of income sources** to underpin the cost of managing the Estate.
- Achieve **best value** in delivery of public benefits.
- **Investing in people** - our workforce and those using the Estate.
- Make progressive reductions in the **emissions** from our Estate management activities.

OPERATING PRINCIPLES

PEOPLE

Health and safety: Practice high standards in managing health and safety of employees, contractors and members of the public.

Equality and diversity: Undertake equality impact assessment on all significant programmes and strategies that impact on staff or users of the Estate.

Work in partnership: develop close working relationships with local communities, non-governmental organisations, other public bodies including our National Parks and the forestry sector in order to deliver our strategic goals and Scottish Government outcomes.

Community asset transfer: Maintain mechanisms to provide opportunity for communities to acquire Estate land in accordance with the Community Empowerment (Scotland) Act 2015.

Access to information: FES will be open and accountable, providing clear explanations for its operating procedures, justification of its actions and, where consistent with commercial confidentiality, details of its financial transactions and operating costs.

Human resources: Effectively implement Forestry Commission staff recruitment and development, and equality and diversity policies recognising the need for training and upskilling to address an ageing workforce profile.

Professional competence: FES will undertake its work with a high degree of skill and technical expertise, acting as an exemplar of forestry and land management practice.

LAND MANAGEMENT

Sustainable forest management: Manage the estate in accordance with the principles of sustainable forest management as set out in the UK Forestry Standard and ensure the National Forest Estate remains independently certified as sustainably managed using a recognised certification scheme.

Designated sites: Manage designated natural and cultural heritage sites in accordance with plans agreed with the appropriate statutory body.

Land Management Plans: Maintain spatial plans that demonstrate how the National Forest Estate will be managed in accordance with FES objectives, and how the Estate will provide a stable long-term supply of timber.

FINANCE

Trading income: FES will generate trading income to minimise the net cost of the Estate to the taxpayer. Scottish Government funding will be focused on delivery of social and environmental benefits over and above the requirements of the UK Forestry Standard.

Sale of capital assets: Sale of surplus buildings and equipment, as well as small areas of land for built development or boundary adjustments can be used to contribute towards meeting Agency capital requirements. Any mandate for more significant forest and land sales and use of receipts will be agreed with Ministers (Annex D).

Commercial partners: Work with businesses to generate business opportunities on the Estate through land management, estate development and visitor service activities that reduce the net cost of the Estate.

Financial systems: Maintain effective and efficient financial information and accounting systems and effective financial management, focused on delivery of agreed targets.

SERVICES

Business services: Where reasonable provide business services on a full cost recovery basis to Forestry Commission Scotland, currently including fleet and buildings management, procurement and health & safety advice. Give reasonable consideration to providing specialist service on a full cost recovery basis to other Scottish public bodies where there is a strong best value case for doing so.

Land management services: Provide land management services to other public bodies, where this is funded, consistent with FES's objectives and complementary to management of the National Forest Estate.

Shared services: Many services in the Forestry Commission are shared in the interests of efficiency. An internal market operates between FES and other parts of the Forestry Commission whenever one part uses another's services. The Chief Executive will agree

with other parts of the Forestry Commission the means for managing and procuring services to ensure the most cost-effective arrangements across the Forestry Commission. Neither FES nor the Forestry Commission shall be tied to the other for support services, and may procure services elsewhere.

Environmental Management Systems: FES will monitor against and work to meet government environmental standards, for example in relation to travel, buildings and waste.

RESPONSIBILITY AND ACCOUNTABILITY

Scottish Ministers decide the policy and financial framework within which the Forestry Commission (including FES), operates in Scotland and they are accountable to the Scottish Parliament for all matters concerning FES.

The **Forestry Commissioners** are statutorily responsible for the stewardship of the estate placed at their disposal by Ministers. Their relevant powers and duties of the Forestry Commissioners are set out in Annex A. The Forestry Commissioners have delegated to the statutory National Committee for Scotland the normal exercise of their powers and duties in connection with the estate. The **National Committee** is chaired by a non-executive Forestry Commissioner and its members include a further non-executive Commissioner, the Executive Commissioner for Scotland and the FES Chief Executive.

The Chair of the National Committee for Scotland is responsible, on behalf of the Forestry Commissioners, for ensuring proper governance of FES. However, oversight by Scottish Government and operational management of FES, by agreement with National Committee Scotland, comes through the Scottish Government Director for Environment and Forestry. The Scottish Government Director for Environment and Forestry ensures that FES has the delegations and authorities necessary for effective delivery of Scottish Minister's priorities.

The **Chief Executive** of Forest Enterprise Scotland is designated by the Principal Accountable Officer for the Scottish Administration, under section 15 of the Public Finance and Accountability (Scotland) Act 2000, as the Accountable Officer for Forest Enterprise Scotland. The detailed responsibilities associated with the designation are set out in the Memorandum to Accountable Officers for Other Public Bodies, published in the Scottish Public Finance Manual as Annex 2 to the section on Accountability.

The Accountable Officer is personally responsible to the Permanent Secretary of the Scottish Government and answerable to the Scottish Parliament for the propriety and regularity of Forest Enterprise Scotland's finances and for the economical, efficient and effective use of all associated resources provided to FES within the terms of the Framework Document and in pursuit of the agreed objectives and targets. The Accountable Officer is also responsible for signing the accounts of Forest Enterprise Scotland.

The FES Chief Executive is required to agree matters with the National Committee for Scotland where indicated in this Framework Document. The Chief Executive has a right of direct access to the Minister and is responsible for advising Ministers, the Scottish Government Director for Environment and Forestry and the National Committee for Scotland on FES's Corporate Plan and performance targets and for ensuring that FES operates a proper system of financial management.

In particular, the Chief Executive is responsible for:

- providing leadership on the management of Health and Safety in FES;
- preparing and maintaining FES's national and regional planning and reporting framework and for achieving the targets set in them;
- preparing FES's Annual Report and Accounts;
- organising FES's staff and other resources to achieve its aims and objectives;
- maintaining financial and management information systems to assist in the monitoring and control of performance;
- establishing and chairing an FES Management Board comprising senior managers within FES; and
- operating an effective complaints procedure.

The FES Chief Executive is liable to be summoned to appear before the relevant Parliamentary Committee to answer for their financial responsibilities. It will be for Ministers to decide who should represent them at other Parliamentary Committee hearings. In practice, where a Committee's interest is confined to the day-to-day operations of FES, Ministers will normally regard the Chief Executive as the person best placed to appear on their behalf.

Ministers will encourage Members of the Scottish Parliament to communicate with the Chief Executive on matters relating to the day-to-day operations of FES. The Chief Executive will ensure that any matters on which it is proper for the Executive Commissioner for Scotland, Director for Environment and Forestry or the Minister to reply are referred to them without delay.

The Chief Executive will provide Ministers with any information necessary to answer Parliamentary Questions or to deal with any other Parliamentary business about operational matters for which FES is responsible.

The activities of FES are subject to investigation by the Scottish Public Services Ombudsman.

PERFORMANCE MANAGEMENT AND MEASUREMENT

ROLE OF THE NATIONAL COMMITTEE FOR SCOTLAND

National Committee for Scotland will agree FES's performance measures to ensure that they:

- are relevant to the work of FES;
- reflect the desired outcomes as well as monitoring inputs and outputs;
- can be readily assessed; and
- contain qualitative as well as quantitative measures.

FES will agree with National Committee for Scotland the basis for measuring and assessing performance in accordance with the key performance indicators at Annex C as reviewed and agreed annually with the Director for Environment and Forestry and the National Committee for Scotland.

The National Committee for Scotland will, after consultation with FES Chief Executive, set annual targets associated with the key performance indicators. The targets may be varied by agreement between the National Committee for Scotland and the Chief Executive. The Chief Executive will report to the National Committee regularly during the course of the year. Changes to the annual targets may be proposed to the National Committee or by Scottish Ministers. Performance against the agreed targets will be reported in FES's Annual Report.

National Committee for Scotland may from time to time commission reviews of specific activities or operations to assess how well they are achieving the desired objectives and outcomes.

ROLE OF AUDIT AND RISK COMMITTEE

The National Committee for Scotland has established an Audit and Risk Committee (ARC) as a sub-committee to support them in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

The Audit Committee advises the National Committee for Scotland on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

CORPORATE AND SPATIAL PLANNING

The Chief Executive will prepare an FES Corporate Plan (a part of which is the current Strategic Directions for the National Forest Estate) covering three financial years. The FES Corporate Plan will set out FES delivery priorities, financial plans and key performance indicators and any other targets. The Plan will also set out proposals for investment and efficiency improvements.

FES will maintain a spatial planning hierarchy, providing a clear national and regional strategic framework, agreed with National Committee for Scotland, as a context for individual Land Management Plans. The spatial planning hierarchy will show how the National Forest Estate will be managed and developed to increase delivery against Scottish Government priorities and FES objectives. Land Management Plans will be subject to public consultation, consultation with statutory consultees and approval by the forestry regulator.

FINANCIAL AND RISK MANAGEMENT

The work of FES is funded by revenue receipts from the sale of timber and other income raised by FES, and a proportion of funding from the Scottish Government for specific capital programmes and delivery of specific social and environmental outputs. FES will be involved in Spending Review discussions about Scottish Government funding and, at the conclusion of each review, will set a two year budget. It will be required to remain within an agreed Annual Subsidy Limit (ASL) – see Annex E.

FES will prepare and periodically review a Strategic Financial Plan as part of an FES Operating Framework, which will show how FES will mobilise the resources at its disposal to deliver its corporate objectives. The Strategic Financial Plan will be agreed by National Committee for Scotland and the Director for Environment and Forestry.

The Chief Executive has the delegated financial authority set out in Annex B. FES will submit reports to National Committee for Scotland on in-year financial performance against budget with projected out turn for the full year. The frequency and format of the reports will be set by National Committee for Scotland. The Chief Executive will operate an effective management information system to generate reports on performance against financial (cash and accruals) and programme objectives. Subject to the approval of Director for Environment and Forestry, FES may carry forward from one financial year to another, any surplus on budgets (subject to the criteria at Annex E).

The Chief Executive will prepare FES Annual Report and Accounts in accordance with the requirements of the Government Financial Reporting Manual (FreM). The report will show how FES has performed against the targets set out in the Corporate Plan. The form of the accounts will be agreed between National Committee for Scotland, the Scottish Government and FES. The Accounts will be subject to external audit by the Auditor General for Scotland. The Annual Report and audited accounts will be laid before the Scottish Parliament and published.

FES will maintain a comprehensive and up-to-date risk register, specifying the risks which apply to its work and how they are controlled. The FES risk register will be subject to oversight by the Audit and Risk Committee of the National Committee for Scotland.

The Chief Executive is responsible for arranging the internal audit of FES, in accordance with public sector internal audit standards, to satisfy the responsibilities of an Agency Accountable Officer. FES is expected to follow Scottish Government requirements set out in the 'Consolidated Budgeting Guidance' and 'Scottish Public Finance Manual' where they apply to a Public Corporation.

After informing the Chief Executive, the Director for Environment and Forestry or National Committee for Scotland may also arrange for internal audits to satisfy accountability requirements.

STAFF

FES staff are employees of the Forestry Commissioners. The Forestry Commissioners appoint, and set the terms of service of, the Chief Executive, generally following open competition. The Chief Executive is responsible for the recruitment, appointment and management of all other staff, including those in the Senior Civil Service, whilst recognising that FES staff are part of the Forestry Commission staff group and agreeing with the Forestry Commission Executive Board any proposed departure from Forestry Commission staffing procedures.

In exercising these responsibilities, the Chief Executive will operate the following procedures and structures common to the Forestry Commission as a whole, agreed with the Trade Union Side:

- Pay and grading.
- Terms and conditions of employment.
- A common database of personnel records.
- Recruitment on merit, by fair and open competition.
- Fair treatment for staff in accordance with the Equality Act 2010.
- HR policies.
- A partnership approach to staff relations, ensuring that staff and their representatives (the Trade Union Side) are consulted on all appropriate matters.

The Chief Executive will consult and agree with the Forestry Commission Executive Board on any proposed actions affecting these procedures and structures which have an impact on human resource policies or people management in the Forestry Commission as a whole.

FES will prepare and periodically review a Strategic Workforce Plan as part of an FES Operating Framework, which will show how FES will mobilise the resources at its disposal to delivery its corporate objectives. The Strategic Workforce Plan will be agreed by National Committee for Scotland and the Director for Environment and Forestry.

FES shall be committed to ensuring that all staff are able to provide an effective service to customers and that staff achievements are properly recognised and rewarded. The skills and aptitudes which staff need to meet these objectives shall be obtained through sound human resource policies and career development programmes which allow opportunity for personal development and recognise the value to the Forestry Commission as a whole of promoting interchange of staff.

REVIEW OF THE FRAMEWORK DOCUMENT

This document was screened under the Forestry Commission's equality impact assessment procedure and was found not to require full equality impact assessment.

The Framework Document may be varied from time to time after consultation between the National Committee, Scottish Ministers and FES. The Framework Document will be reviewed by the National Committee no later than 31 March 2019.

Copies of this Framework Document, and of any subsequent amendments, will be placed in the Scottish Parliament's Reference Centre, and published on the Forestry Commission Scotland website. Requests for hard copies and enquiries about this Framework Document should be addressed to:

Forest Enterprise Scotland Head Office
1 Highlander Way
Inverness Business Park
Inverness, IV2 7GB

ANNEX A: THE STATUTORY RESPONSIBILITIES AND POWERS OF THE FORESTRY COMMISSIONERS

The responsibilities and powers of the Forestry Commissioners are derived mainly from the Forestry Acts 1967 and 1979 and the Plant Health Act 1967, but with important additional powers, relating to recreation and amenity, granted under the Countryside (Scotland) Act 1967. Since 1985, the Forestry Commissioners have also been statutorily required, in carrying out their functions, to endeavour to achieve a reasonable balance between the interests of productive forestry and the environment. This Annex covers the main statutory responsibilities of the Forestry Commissioners for the management of the Estate.

GENERAL

Under Section 1 of the Forestry Act 1967, the Forestry Commissioners are charged with the general duty of: *"promoting the interests of forestry, the development of afforestation and the production and supply of timber and other forest products in Scotland, and in England and Wales."* This general duty includes that of: *"promoting the establishment and maintenance in Scotland and in England and Wales, of adequate reserves of growing trees."*

Section 3 of the 1967 Act gives the Forestry Commissioners a power to manage land placed at their disposal by Ministers and provides that the timber (including all forest products) produced on this land belongs to the Commissioners.

OTHER DUTIES AND POWERS

The Wildlife and Countryside (Amendment) Act 1985 amended the Forestry Act by including a statutory balancing duty on the Forestry Commissioners: *"In discharging their functions under the Forestry Acts 1967 and 1979 the Commissioners shall, so far as may be consistent with the proper discharge of those functions, endeavour to achieve a reasonable balance between: a) the development of afforestation, the management of forests and the production and supply of timber; and b) the conservation and enhancement of natural beauty and the conservation of flora, fauna and geological or physiographical features of special interest."*

The Forestry Commissioners also have a duty, under the Countryside (Scotland) Act 1967, to: *"have regard to the desirability of conserving the natural beauty and amenity of the countryside."*

The Countryside (Scotland) Act of 1967 also gave the Forestry Commissioners powers to provide recreational facilities, and to acquire and manage land for the provision of recreational facilities and for the planting of trees in the interests of amenity: *"The Commissioners may, on any land placed at their disposal... provide or arrange for or assist in the provision of tourist, recreational or sporting facilities and equipment, facilities or works ancillary thereto, including without prejudice to that generality: a) accommodation for visitors; b) camping sites and caravan sites; c) places for meals and refreshments; d) picnic places, places for enjoying views, parking places, routes for*

nature study and footpaths; e) information and display centres; f) shops in connection with any of the aforesaid facilities; and g) public conveniences." The Commissioners have power to make such charges as they think fit in connection with any of those facilities.

In 2010, the Forestry Act 1967 was amended by the Public Services Reform (Scotland) Act to give Commissioners powers, in Scotland, to lease land to communities and to enter into joint ventures. In 2012, the 1967 Act was further amended, by orders under the Climate Change (Scotland) Act 2009 and the Scotland Act 1998, to give the Commissioners a duty to manage the Estate in a way calculated to contribute to the delivery of climate change targets and to give Commissioners powers to undertake renewable energy projects (i.e. wind and hydro) on the National Forest Estate in Scotland.

ANNEX B: FINANCIAL DELEGATIONS TO FES

The powers delegated to the Chief Executive are exercised within normal Civil Service rules, conditions and standards, except where specific exceptions have been agreed in writing with the Director for Environment and Forestry. The Chief Executive has delegated authority:

- to approve all current expenditure;
- to approve capital expenditure up to £1.5m for any single contract;
- to authorise acquisition and disposal of land in accordance with guidelines set by the National Committee for Scotland;
- to settle claims and authorise write-offs up to £750k; and
- to give written authority for appropriate sub-delegations.
- to make investments of up to £1.5m in LLPs involving the Forestry Commission.

The following limits apply for FES capital expenditure:

- Individual managers can approve projects to the value of £50k.
- Projects over £50k must be approved by the FES Management Board, or by a sub-committee of the Board based on strategic plans approved by the Board. These must be supported by a PID and have a board-level sponsor who provides the interface between the Board and the project.
- Individual projects in excess of £1.5m are approved by National Committee for Scotland.

In the interests of public accountability and value for money, and in accordance with the Public Contracts (Scotland) Regulations 2016, FES shall allocate significant contracts through competitive tendering unless there are strong reasons for not doing so. The Chief Executive will:

- sell timber by competitive tender, except in relation to long-term contract extensions and for sales not exceeding 10,000 cubic metres of timber annually; and
- purchase or sell goods or services in accordance with the requirements in the Public Contracts (Scotland) Regulations 2016 and the Procurement section of the Scottish Public Finance Manual, except by agreement of the Director for Environment and Forestry, which may be given generally or specially, and subject to or free from conditions.

ANNEX C: FES KEY PERFORMANCE INDICATORS

National Outcome	FES Objective	FES delivery goals	Headline KPI
We realise our full economic potential with more and better employment opportunities for our people.	Productive	Provide at least 3M m3 of softwood timber every year. Encourage value adding and downstream jobs.	Volume of timber brought to the market
We realise our full economic potential with more and better employment opportunities for our people. We value and enjoy our built and natural environment and protect it and enhance it for future generations.	Productive Cared for	Support the Scottish Government's woodland expansion policy. Increase broadleaved tree cover from 8% of woodland cover to around 20%.	Woodland creation
We realise our full economic potential with more and better employment opportunities for our people. We reduce the local and global environmental impact of our consumption and production.	Productive Healthy	Increase the contribution to Scotland's low carbon economy. Practice high quality silviculture. Look after the carbon locked up in trees and soils.	Area of land awaiting restocking
We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others. We live longer, healthier lives.	Treasured Accessible	Actively engage with local communities and be open to work in partnership. Deliver benefits to a diverse range of Scotland's people. Encourage use of the Estate for health benefits and outdoor learning.	Visitor, community and customer satisfaction
We have strong, resilient and supportive communities	Treasured	Actively engage with local communities and be open to	Number of areas sold leased,

where people take responsibility for their own actions and how they affect others.		work in partnership.	management agreements or partnership working with communities.
We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.	Treasured	Actively engage with local communities and be open to work in partnership.	Value of community benefit payments from Renewables on NFE.
We will value and enjoy our built and natural environment and protect it and enhance it for future generations.	Cared For	Restore around 85% of areas on ancient woodland sites to largely native species, and enhance the rest. Increase broadleaved tree cover from 8% of woodland cover to around 20% by the middle of 2050. Maintain the best open and native woodland habitats in good ecological condition.	Area of native woodland
We value and enjoy our built and natural environment and protect it and enhance it for future generations.	Cared For	Maintain the best open and native woodland habitats in good ecological condition. Take specific conservation action for vulnerable priority species. Achieve at least 90% of notified features on designated sites in favourable recovering condition.	Proportion of notified features on designated sites within the NFE in favourable or (unfavourable) recovering condition.

		Safeguard archaeological sites and recognise special places with local cultural meaning.	
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ANNEX D: LAND SALES AND REINVESTMENT - MANDATE FROM SCOTTISH MINISTERS

BACKGROUND

Since 2004 successive Administrations have mandated FES to deliver programmes of land sales and reinvestment, under which areas with low potential to deliver public benefits are sold in order to provide resources for land acquisition and woodland creation, which would make a significant contribution to delivery of the Scottish Government's objectives. The legal basis for the acquisition and disposal of land is set out in section 39 of the Forestry Act 1967. Any mandate for land sales and reinvestment is reviewed and agreed with each successive Administration.

This mandate relates to sale of significant areas of land and forest. This is distinct from the sale of surplus buildings and small areas of land for built development or boundary adjustments which contribute towards meeting Agency capital requirements.

CRITERIA FOR SELECTION OF PROPERTIES FOR SALE

Any selection of properties for sale will be guided by an objective portfolio analysis of the National Forest Estate, which evaluates each part of the Estate in terms of its current and potential contribution to the delivery of economic, social and environmental objectives, as well as cost of management.

Properties chosen for sale will typically have some of the following characteristics:

- Relatively low impact on timber supply guarantees.
- Relatively low levels of public access and use.
- Relatively remote from significant communities and with limited community involvement.
- Natural and cultural heritage assets that would not be put at significant risk by sale.
- Prominent Landscape features that would not be put at significant risk by sale.
- Likely to be expensive to manage and/or to generate low levels of income.

CRITERIA FOR SELECTION OF PROPERTIES FOR ACQUISITION

The main focus for any acquisition programme is land suitable for the planting of new woodlands and/or demonstrating land use integration with forestry. Existing woodlands would be acquired only where they are an integral part of properties acquired for planting or where there would be significant public benefits arising from their acquisition.

Properties acquired will typically have some or all of the following characteristics:

- Be capable of growing productive woodlands making a significant contribution to net carbon sequestration and the delivery of the Government's Climate Change Delivery Plan targets.
- Be suitable for the creation of new native woodlands contributing to the delivery of native woodland Habitat Action Plans.

- Be located near to centres of population and capable of contributing to the delivery of the Woods In and Around Towns (WIAT) initiative.
- Provide an important opportunity for the delivery of ecosystem services or demonstration of effective land use integration or use of vacant and derelict land.

ANNEX E: DELEGATED AUTHORITY FOR FES TO CARRY FORWARD RESOURCES BETWEEN FINANCIAL YEARS

INTRODUCTION

This annex sets out the financial arrangements regarding the provision of the Annual Subsidy Limit (ASL) for Scottish Government funding to FES and the carry forward of cash from one financial year to the next.

STATUS

FES was established as an Executive Agency on 1 April 2004 as a distinct delivery body within Forestry Commission Scotland. FES is classed as a Public Corporation (PC) under the definition set by the Office of National Statistics (ONS).

The Forestry Commission will maintain a separately identifiable balance for FES within the bank account for Scotland, used primarily to manage working capital fluctuations over year end.

ANNUAL SUBSIDY LIMIT (ASL)

As a Public Corporation FES will record its budget on an 'external finance basis', which means that its transactions are, in most cases, outside of Forestry Commission's budget and outside the departmental resource accounting boundary. Under programme costs, the Forestry Commission's budget will show the likely level of revenue cash grant to be given to FES each year and a capital grant representing the minimum level of capital spend expected by FES. Combined these two grants will make up the Annual Subsidy Limit (ASL).

Scottish Ministers will agree with FES the ASL before the beginning of the financial year to deliver an agreed programme of activities. The ASL will be set as part of the agreement of FES annual business plan, but can be adjusted during the financial year. The approved ASL can be underachieved through agreement with National Committee for Scotland, but never overachieved. ASL will be shown as an income line in the FES accounts and as programme expenditure in the Forestry Commission's accounts.

It is recognised that due to the net deficit nature of FES no interest or dividends are expected to be received from FES. HMT have agreed that a rate of return of 0% be set until a time when FES generates a surplus.

FINANCIAL CARRY-OVER

At the end of the year FES will retain any cash balances but will identify how much of the cash balance relates to accruals and how much is due to programme deferrals. Balances may not go overdrawn. Several categories of unspent balance are recognised:

- Unspent balances of external/project related income tied to specific activity will be retained for investment in accordance with the grant or income conditions

(examples include restoration bonds for mineral sites, and external grants for specific projects).

- Unspent balances relating to any land sale and reinvestment programme will be retained for use in accordance with Annex D.
- Unspent balances relating to short-term programming (such as weather delays to restocking) will be used to fulfil programme commitments in the following financial year.
- Unspent balances relating to trading and revenue income may be accumulated over multiple financial years to a maximum of 15% of FES total managed expenditure to enable FES to manage medium-term fluctuations in trading income.