

FRAMEWORK DOCUMENT FOR FOREST ENTERPRISE SCOTLAND

August 2015 Revision [15-08-25 Framework Doc]

STATUS

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

FES is classed as a Public Corporation (PC) 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, FCS, 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.

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 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 sector;

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

² <http://www.forestry.gov.uk/website/forestry.nsf/byunique/inf-d-6aggzw>

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

- for providing exemplars of best practice and expertise/leadership in land management.

In April 2013 Scottish Ministers agreed a set of strategic directions for the National Forest Estate⁴. This defines the role of the Estate as:

- Safeguarding 'national forestry treasures'
- Delivering economic, forestry for people and community benefits
- Timber production for market stability and development
- Contributing to the Scottish Government's climate change targets
- Landscape-scale management for biodiversity and ecosystem services
- Supporting policy, R&D and exemplars of land use integration and best practice.

The Strategic Directions document also indicates that the Estate will be managed according to six aspirations, so that it is:

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

OBJECTIVES

The objectives of the Scottish Government Land Use Strategy are:

- Land based businesses working with nature to contribute more to Scotland's prosperity
- Responsible stewardship of Scotland's natural resources delivering more benefits to Scotland's people
- Urban and rural communities better connected to the land, with more people enjoying the land and positively influencing land use.

The objectives of FES are to help deliver Scottish Government objectives and manage the estate in accordance with the aspirations set out in the Strategic Directions document by:

- Working with nature to contribute more to Scotland's prosperity through achieving good environmental and silvicultural condition in a changing climate and through providing sustainable economic benefits from the land

⁴ published as 'The role of Scotland's National Forest Estate and strategic directions for 2013-2015'.

- Responsible stewardship of natural resources, delivering more benefits to Scotland's people through working with nature and respecting landscapes, natural and cultural heritage
- Connecting urban and rural communities to the land, with more people enjoying the land and positively influencing land use, through managing a multi-purpose resource that sustains livelihoods, improves quality of life, and offers involvement and enjoyment and through ensuring that local woodlands and national treasures are well promoted, welcoming and open for all.
- Securing good value, through exemplary, effective and efficient delivery of public benefits from land management.

Scottish Ministers may vary these objectives.

KEY ACTIVITIES AND STRATEGIC GOALS IN RELATION TO THE NATIONAL FOREST ESTATE

There are four groups of key activities on the National Forest Estate, namely those aimed at securing Sustainable Land Management, delivering Social and Environmental outputs, making Capital improvements, and improving Efficiency and Effectiveness. This section of the Framework document identifies key activities and strategic goals for each of these.

SUSTAINABLE LAND MANAGEMENT

Key Activities

- Land management planning
- Harvesting and marketing of timber
- Restocking
- Forest protection and maintenance
- Deer management
- Roads maintenance
- Estate management
- Renewable energy development
- Commercial estate development

Strategic Goals

1. Maintain and publish a series of national and regional and local plans which demonstrate how the National Forest Estate will be managed in accordance with the Scottish Government Land Use Strategy principles and developed to deliver FES's objectives. These will comprise the National Strategic Directions; Forest District Strategic Plans; and Land Management Plans.
2. Ensure the National Forest Estate remains independently certified using a credible certification scheme agreed by FCS.
3. Manage the National Forest Estate in a way that contributes to the delivery of the Scottish Government's climate change targets and ensures that the Estate remains robust and able to adapt to a changing climate.
4. Maintain an effective timber production forecasting capability. Operate efficient timber harvesting and marketing activities that provide a sustained yield of timber while optimising the financial returns from timber sales, facilitating

market development and helping to promote market stability.

5. Optimise the financial returns from renewable energy developments (wind and hydro) and other commercial development where this is consistent with delivery of FES's other key objectives.

6. Achieve a positive cash flow from forest and estate management activities by March 2015.

SOCIAL AND ENVIRONMENTAL OUTPUTS

Key Activities

- Management of 'national treasures', visitor zones and urban woodlands
- Providing opportunities for involvement and empowerment of local communities
- Provision of access and recreational opportunities
- Provision of self-financing recreation hubs
- Protection and enhancement of priority species
- Protection and enhancement of priority woodland and open habitats and mosaics
- Protection and interpretation of cultural heritage assets

Strategic Goals

1. Manage national treasures, visitor zones and WIAT woodlands to deliver environmental and social benefit outcomes.

2. Encourage local communities to get involved with the planning and management of local woodlands, working in partnership where appropriate, and facilitate community ownership and leasing through the National Forest Land Scheme.

3. Promote and encourage access to the estate for informal recreational activity (walking, cycling, horse-riding), providing basic facilities where appropriate.

4. Encourage the development of commercial recreation activities by third parties where these are environmentally and economically sustainable.

5. Directly provide specialist recreation and visitor facilities where there is market failure, sufficient demand and where cost recovery will make the provision economically sustainable.

6. Manage designated natural and cultural heritage sites in accordance with plans agreed with the appropriate statutory body, and sustaining them in favourable condition.

7. Produce and deliver species, habitat and cultural heritage management plans in support of the national biodiversity strategy and related priorities and targets.

8. Implement plans for managing, and where practically feasible, removing invasive exotic species from the National Forest Estate.

9. Delivering agreed social and environmental outputs within the net costs set for Community, Recreation and Tourism and for Environment in the Corporate Plan.

CAPITAL IMPROVEMENTS

Key Activities

- Land sales and purchases
- Woodland creation
- Road construction

Strategic Goals

1. Implement land sales and land purchase (repositioning) programmes in response to policies set by Scottish Ministers (Annex D).
2. Provide cost-effective land agency services to FCS in respect of its building stocks.
3. Deliver woodland creation and land use integration programmes which may from time to time be set by FCS.
4. Develop and deliver a road construction programme which minimises capital expenditure while delivering a roading system that allows delivery of key operational activities.

EFFICIENCY AND EFFECTIVENESS

Key Activities

- Operate effective and inclusive staff recruitment and development strategies.
- Maintain effective consultation mechanisms and high quality customer services.
- Operate within agreed financial limits and flexibilities, and provide accurate and transparent financial reports.
- Demonstrate continuous improvement in operational efficiency.
- Operate in support of wider organisational goals with respect to carbon reduction targets and the implications for energy use, travel and waste management.

Strategic Goals

1. Effectively implement FC staff recruitment and development, and equality and diversity policies.
2. Maintain effective and efficient financial information and accounting systems and effective financial management, focused on delivery of agreed targets.
3. Secure positive feedback from customers and stakeholders over consultation, service delivery and partnership working.
4. Deliver agreed carbon reduction targets.
5. Demonstrate continuous improvement in the unit cost of delivery of key activities.

KEY ACTIVITIES AND STRATEGIC GOALS IN RELATION TO OTHER PUBLIC LAND

Where FES manages other public land, key activities and strategic goals are:

Key Activities

- 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.

Strategic Goals

1. Offer land management services to the satisfaction of the public land owner, where this will lead to enhanced public benefit delivery and/or efficiency.

OPERATING PRINCIPLES

FES shall operate in accordance with the following operating principles:

- **Health and Safety:** FES will practice high standards in managing health and safety of employees, contractors and members of the public.
- **Sustainable forest management:** FES will manage the estate in accordance with the principles of sustainable forest management as set out in the UK Forestry Standard. It is expected that the National Forest Estate will remain UK Woodland Assurance Scheme certified, that alternatives to clear-felling will be used where appropriate and that deer management strategies will be maintained across the National Forest Estate .
- **Maintaining effective planning and consultation systems:** FES will develop and maintain, for each Forest District, a Strategic Plan which has been agreed through a consultation and equality impact assessment process, and maintain approved Land Management Plans for all parts of the Estate.
- **Working in partnership:** FES is expected to fulfil published FCS commitments to working in partnership and to actively facilitate uptake of the National Forest Land Scheme and other forms of community engagement as set out in the Framework for Community Engagement in Forestry⁵.
- **Complementing the non-state public and private sector:** The work of FES should facilitate and complement the role of the non-state sector.
- **Supporting Forestry Commission Scotland and wider Scottish Government delivery initiatives:** FES will facilitate delivery initiatives like Woods In and Around Towns, Woods for Health and Local Woods for Local Learning. FES will take an exemplar role in implementing forestry and land use policy, for example on deforestation, land reform, community empowerment and investment in recreation infrastructure.
- **Refocusing the National Forest Estate:** FES will take a dynamic approach to increase public benefit delivery including by the operation of a 'revolving fund' for sale of and investment in land and capital assets in relation to the National Forest Estate, and through supporting management of other public land assets.
- **Efficiency and Effectiveness:** FES is expected to operate efficiently and effectively, achieving its objectives at least cost and working within the agreed financial and operating boundaries.
- **Freedom of information:** FES will be open and accountable, providing clear explanations for its operating procedures, justification of its actions and,

⁵ <http://www.forestry.gov.uk/forestry/INFD-89PCL6>

where consistent with commercial confidentiality, details of its financial transactions and operating costs.

- 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.
- Staff management: FES will practice high standards of staff management, continue to increase the diversity of its workforce and provide the training and development needed to equip FES with required skills.
- Environmental Management Systems: FES will monitor against and work to meet government environmental targets.

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.. The Chief Executive is a member of the National Committee for Scotland.

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 MEASUREMENT

GENERAL

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 measuring 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. 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.

KEY PERFORMANCE MEASURES AND TARGETS

The National Committee for Scotland will, after consultation with FES Chief Executive, set annual targets for the key performance indicators listed. The targets may be varied by agreement between the National Committee for Scotland and the Chief Executive. Performance against the agreed targets will be reported in FES's Annual Report.

Key performance measures will be kept under review with the aim of refining measures to better reflect the desired outputs and outcomes.

PLANNING AND REPORTING FRAMEWORK

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's proposed key programmes with a forecast of income and expenditure associated with each. It will propose targets for the key performance indicators and for any other targets set by the National Committee. The Plan will also set out proposals for investment and efficiency improvements.

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 the Scottish Ministers.

FES will maintain national and regional strategic plans, considered for revision at least every five years laying out how the National Forest Estate will be managed and developed to increase delivery against Scottish Government priorities and FES objectives. The national strategic plan will be agreed with National Committee for Scotland and both national and district strategic plans will be subject to public consultation. FES will prepare, and review periodically, Land Management Plans for all of the estate. FES will seek FCS approval to the Land Management Plans through the FCS Conservancies.

FES will undertake equality impact assessment on all significant programmes and strategies that impact on staff or users of the Estate.

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.

FINANCIAL PLANNING AND CONTROL

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 three year

budget. It will be required to remain within an agreed Annual Subsidy Limit (ASL) – see Annex E.

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 be able to carry forward from one financial year to another, any surplus on budgets (subject to the criteria at Annex E).

FES will maintain a comprehensive and up-to-date risk register, specifying the risks which apply to its work and how they are controlled. FES risk register will take into account risks identified in the FCS risk register and 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 FC staff group and agreeing with the FC Executive Board any proposed departure from FC 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 Director HR 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 is 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 are 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.

SUPPORT 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 the means for managing and procuring services with the FCS Management Board 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 purchase services elsewhere.

REVIEW OF THE FRAMEWORK DOCUMENT

This document was screened under the FCS 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 2016.

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:

Forestry Commission Scotland
Silvan House, 231 Corstorphine Road
Edinburgh, EH12 7AT

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;

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.

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. These must be supported by a PID and have a project champion who is a member of the FES Management Board, and a project sponsor who provides the interface between the Board and the project.
- Projects in excess of £1.5m are approved by National Committee for Scotland.

In the interests of public accountability and value for money, the Commission's policy is to 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 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

TARGETS

- National Forest Estate independently certified (i.e. FSC and/or PEFC) as being sustainably managed.
- Area of new woodland creation on the National Forest Estate.
- Percentage of notified features on designated sites in favourable or (unfavourable) recovering condition.
- Volume of wood harvested on the National Forest Estate.
- Adherence to delegated expenditure and income targets.

INDICATORS

- Percentage of woodland on the National Forest Estate managed using Low Impact Silvicultural Systems (LISS).
- Percentage of broadleaf woodland on the National Forest Estate.
- Area of broadleaved woodland on the National Forest Estate where timber production is a significant management objective.
- Area of native woodland on the National Forest Estate.
- Area of priority open habitats managed on the National Forest Estate.
- Area of PAWS on the National Forest Estate with a commitment to restoration under long-term plans.
- Installed Capacity of Renewable Energy Generation on the National Forest Estate.
- Forecast wood availability on the National Forest Estate.
- Number of people taking part in the Skills Programme (i.e. Forest Sector Skills and Employability Skills Projects) on the National Forest Estate.
- Number of day visits to the National Forest Estate.
- Percentage of forest users / day visitors satisfied with the provision of woodland recreation on the National Forest Estate.
- Area of the National Forest Estate within four kilometres of settlements of more than five hundred people.
- Number of areas of the National Forest Estate sold or leased to the community under the National Forest Land Scheme.
- Percentage reduction in carbon emissions from FES buildings.
- Percentage reduction in carbon emissions from FES administrative travel.

ANNEX D: REPOSITIONING (LAND DISPOSAL AND ACQUISITION) MANDATE FROM SCOTTISH MINISTERS

Background

In 2004, following a review of the National Forest Estate, Ministers agreed to a repositioning programme in 2004, under which areas with low potential to deliver public benefits would be sold in order to invest in programmes (including land/ woodland acquisition) which would make a significant contribution to delivery of the Scottish Forestry Strategy (and latterly the Scottish Government Land Use Strategy). The legal basis for the acquisition and disposal of land is set out in section 39 of the Forestry Act 1967.

Criteria for Selection of Properties for Sale or Acquisition

Disposals

To guide the selection of properties for disposal as part of the re-positioning programme, a portfolio evaluation exercise was carried out, and revised in 2013. This consisted of an evaluation, through a scoring mechanism, of the value of each property in terms of its current and potential contribution to the delivery of economic, social and environmental objectives, as well as cost of management. The scoring matrix arising from this exercise is used to identify those properties which contribute least to delivery of FCS and wider Scottish Government objectives, and which are therefore potential sale candidates.

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

- Relatively low levels of public access and use.
- Relatively remote from significant communities and with limited or no community involvement.
- No significant natural and cultural heritage assets that would be put at risk by sale.
- No prominent landscape features that would be put at risk by sale.
- Likely to be expensive to manage and/or to generate low levels of income.

Acquisitions

The main focus of the acquisition programme is **land suitable for the planting of new woodlands and/or demonstrating land use integration with forestry**. FCS will acquire existing woodlands only where they are an integral part of properties acquired for planting or where there would be significant public benefits arising from their acquisition. Farmland that is acquired will be managed in accordance with published guidance⁶

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

- Be capable of producing 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

⁶ Insert link when available.

demonstration of effective land use integration.

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

Introduction

The main purpose of this annex is to set 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).

Financial Arrangements and Performance Targets

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 FCS' budget and outside the departmental resource accounting boundary. Under programme costs, the FCS 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).

National Committee for Scotland will agree with FES the ASL at the beginning of the financial year to deliver an agreed programme of activities. The ASL will be set after 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 FCS 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.

Bank Account

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

At the end of the year FES will retain any cash balances but will need to identify how much of the cash balance relates to accruals and how much is due to programme slippage. Unspent cash balances may be accumulated to a maximum of 10% of turnover. Balances may not go overdrawn.

