



FORESTRY COMMISSION WALES NATIONAL COMMITTEE MINUTES OF MEETING HELD ON 24th SEPTEMBER IN CARDIFF

Present: Jon Owen Jones, Chairman
Roger Cooper
Trefor Owen
Clive Thomas
Judith Webb
John Lloyd Jones
Peter Garson

Also attending: Martin Veale (Finance FCW)
Terry O'Keefe (Secretariat FCW)

Apologies: Rory O'Sullivan

INTRODUCTION

1. JOJ welcomed everyone to the meeting. Apologies had been received from Rory O'Sullivan.

MINUTES AND MATTERS ARISING

2. The Minutes of the 16th July were approved as a true record. JOJ asked that in future the Secretary provide a detailed breakdown of finance matters in order to assist the Committee's understanding of this issue. MV replied that he was developing a new way of presenting this information which would be available at the next meeting.
3. TMO informed the Committee that he and Rory O'Sullivan were due to meet the Minister for Rural Affairs on the 5th October to present the initial report on the options for management of the Assembly Government Woodland Estate.

FINANCE REPORT

4. FY09/10 - MV told the committee that the 09/10 Management Letter had now been completed apart from a few remaining issues to resolve with Silvan House and Mechanical Engineering Services.
5. FY10/11 - MV explained the report and said that an expected variance due to the expenditure on *P ramorum* was not included in the figures. JOJ questioned the outturn on tree protection and PG replied that the figures were being investigated. MV highlighted the overspend in G&R due to the timing of grant payments which he expected to fall next year and that timber income was £0.7m above forecast.

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6. JOJ said that as funding was getting tighter the Committee needed a better understanding of the figures to inform their decision making and MV agreed to work with him on how this could be achieved. TMO added that he was looking at the programme and budget proposals ahead of the announcement of the Comprehensive Spending Review on the 20th October and that the usual Business Plan (BP) cycle was now underway against the current plans. He added that the Management Board was scenario planning based on the removal of grant expenditure from the FCW accounts over the next 3 years. He also informed the Committee that FCW had produced scenarios to meet the current 13.6% planning assumption for a reduction in budget over the next 3 years but agreed that members needed more detailed information to facilitate a substantive discussion of the draft BP.

**Action: Breakdown of figures in Annex 1 to be provided to NC.
Secretary to ensure action points are delivered.**

MV

7. There was a discussion on the income arising from wind farms and biomass and MV confirmed that although this was lagging at present the forecast would be met.

8. PG asked the Committee's view on whether it wanted corporate service costs to be spread over operational activities or shown separately. JLJ thought that isolating these costs would identify the fixed costs of the business and RC suggested it would be useful to know how these costs were apportioned. MV agreed to discuss this with the Management Board before returning to the NC.

MV

Action: Discuss costs of apportioning cost of corporate services with MB

9. RC asked why there was an increase in expenditure on restoration of woodland and PG replied that it was due grant aid being targeted in this area as well as capital expenditure on deer larders and biomass heating systems. MV explained that the 13.6% reduction in expenditure was only on funding from WAG not on total funding but that the future of the remainder was uncertain. TMO added that larger savings would only be achieved by changing the FCW business model and not by operation efficiencies alone. He expected WAG funding to decrease over the next 3 years (£1m this year, £1m next year and £2m the following year) and was about to launch a group to investigate organisational change. He added that he was working closely with Rory O'Sullivan on FCW's funding and on decisions such as how Glastir would be delivered and the effect of the closing of BWW on FCW's budget. The committee noted the report.

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DIRECTOR'S REPORT

10. TMO presented his report by confirming that the Minister would launch the new Woodland Creation scheme in Carmarthenshire and that she had also confirmed her attendance at the FUTUREforest event in November. He described the work on *P ramorum* and the fact that the felling programme had been reduced from 100k to 80k m3 which meant that there would be no "fire sale" of larch timber. JOJ asked if this meant that the infection was not as bad as first anticipated and PG replied that it was more a case that the instruction to fell was only for infected trees and that clear felling of stands would be done based on the development of the disease with the marketing of the timber spread over 4 to 5 years giving time for planning and for the science to catch up. JW asked about the monitoring of infected sites and whether *vaccinium* was considered to a risk factor as an alternative host to rhododendron. TMO replied that the GB group managing this outbreak included CCW and FERA so the relevant authorities on *vaccinium* were involved. He said FCW would continue to plan for the worst case scenario regarding larch although the current evidence suggested that the infection may not be as bad as first feared.
11. TMO then updated members on the development of the woodland element of Glastir and highlighted the opportunity for woodland creation that this scheme would present. He said that the woodland elements would be easier to measure and verify in order to meet EU requirements than the biodiversity targets within the scheme, and that it was key to forestry development in Wales. JOJ said that there had been a lot of negative press reaction to the scheme but that as the payment rates for woodland creation were attractive and that farmers would not need to be in the entry level scheme to take these up, he thought it would be of interest to many farmers. TMO said that FCW staff had made excellent progress on this issue as well as on the wind energy programme where several option agreements were now moving towards the planning stage. He explained that Ministers and WAG officials had provided good support to FCW during some difficult negotiations with developers and asked Committee members to refer any approach to him or PG.
12. He described the work FCW was doing with the Heads of the Valleys Project and that a woodland creation and management plan had been approved by the FCW MB before being put to the main HOV Board. He said that subject to the approval of the HOV Board the plan would then be referred to the NC for their thoughts.
13. RC congratulated FCW on the Modern Apprenticeship scheme. TMO replied that the scheme was to be trialled as part of the HOV programme but that as FCW would not need significant numbers of staff in the short term the scheme would assist the wider sector.

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ENVIRONMENTAL DELIVERY OPTIONS PROJECT

14. TMO updated the Committee on the progress of this review. He described the background to the project and the recent work on establishing functions of the bodies involved and the potential costs and benefits of making significant changes to these bodies. He added that Ministers would make an announcement in the new year on whether all or some of the bodies should be abolished or merged. He said that the Natural Environment Framework (NEF) would need further development before any decisions could be made regarding its future delivery and FCW's relationship with WAG. He explained that WAG was in discussion with the Cabinet Office over the contents of the UK Public Bodies (Reform) Bill in order to seek powers to make changes in Wales. He informed the Committee that the Secretary of State for Defra had announced a review of FC England and that WAG and the Scottish Government would be working with the UK Government on future arrangements for the management of forestry in GB. It was likely that there would be a meeting of the forestry Ministers to discuss these matters in the near future.

15. RC asked how the membership of the NEF work streams had been selected and how individuals or stakeholder groups could provide their input to the process. TMO replied that the heads of CCW and EAW Chief Executives were leading some of the groups and FCW staff were supporting. PPD were also arranging a one day workshop for the forestry sector. PG asked if the NEF work would be merged with the work on the delivery options review and TMO replied that although they were connected a decision needed to be made on the NEF before a delivery structure could be produced.

AUDIT AND RISK COMMITTEE REPORT

16. JW presented the meeting with the draft minutes from the last ARC meeting. She said that the WAO management letter had now been received and that their view was that improvements had been made. She added that Country ARC chairs would be discussing common risks at their meeting the following week. The NC accepted the draft minutes.

FOREST RESEARCH UPDATE

17. TMO presented the update as Dr Hugh Evans could not be present. He said that FR was pleased with the progress being made in building relationships in Wales and with the increased cash coming to the organisation to support its work. The Welsh model of locating research staff in partner organisations offices was considered to be a good one by the FR Board. TMO and HE would shortly be meeting the new WAG Chief Scientist and Chris Lea to share ideas on building the evidence base, avoid competition and

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reduce costs. The Dyfi Forest Research Project was now in progress and receiving support from several research bodies.

18.RC congratulated HE on the progress of FR work in Wales and in particular on securing funding for two research projects.

POLICY & PROGRAMMING – BIODIVERSITY POLICY POSITION

19.CT introduced the paper as the last in the series of the policy position papers. He added that the policy should be seen in the context of the current review of environmental bodies prompted by the view that the Wales had failed to deliver against international biodiversity obligations. He also said that trying to communicate these issues to people was difficult and that this would be an important part of the development of the NEF.

20.There was a discussion about the complexity of the issues covered by the paper and the need to try to simplify the language being used in order that it could be properly understood. JLJ commented that the issues was complicated by the dilemma over achieving favourable status by having all the qualifying features in good order whereas what was important was that favourable management was in place in order to halt the loss of biodiversity. CT replied that the first part of the paper used the EU accepted terminology even though could be hard to understand. Committee members then offered specific comments on amendments to the paper to improve its readability and clarify the messages it was seeking to provide.

Action – CT to check on legal powers under the Wildlife Act stated on page 11 and to amend the paper to reflect the comments of NC members.

CT

WOODLAND OPPORTUNITIES MAPPING

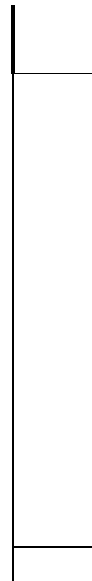
21. CT gave a presentation on the exercise to map woodland opportunities, a key part of FCW's contribution to the development of Glastir. The map was designed to identify suitable land for the delivery of WAG's target of 100k ha of new woodland. It would be used to identify the trade offs with existing land use and simplify the consultation process in order to speed up delivery. JLJ commented that the proposed planting areas largely corresponded to the best farm land in Wales and that this presented a difficulty. CT agreed with this but said that it was necessary in order to get a complete picture of the opportunities available. He added that the exercise had taken a precautionary approach to consultation in the national parks and AONBs and had excluded areas of deep peat and BAP priority habitat areas and other designated sites as these were likely to be ineligible for grant aid. JW said it was a positive tool to encourage tree planting in the right place and would re-assure NGOs on the approach to be taken to deliver this target.

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ANY OTHER BUSINESS

22. JW informed the Committee that the draft Deer Strategy had now been issued to selected stakeholders and that consultation would end on 31st October. She offered to circulate it to NC members.
23. RC asked about the composition of the NEF working groups and how organisations and individuals could submit their views. CT described the membership of the key groups in the process and how they were likely to take forward their work over the coming months. However, he added that the process was still being developed and said he would speak to Chris Lea to see how evidence could be presented to the economic development work stream. He added that FCW was represented on the Partnerships work stream which would test the work of the other groups.
24. The meeting closed at 1.30 p.m.

Next Meeting – Friday 26th November 2010 in Cardiff



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